

URBAN AFRICANS — GENERAL

1989

# Blacks granted leasehold rights

Own Correspondent

JOHANNESBURG. — The granting of full leasehold rights to urban blacks was an attempt to sort out an historical anomaly, a legal expert said yesterday.

The Conversion of Certain Rights to Leasehold Act (Act 81 of 1988) which was gazetted on Friday meant home-owners would also have leasehold rights on their ground. The act came into effect on January 1.

Blacks have formerly only had occupation rights on the property on which their houses stood.

The act provides for the further promotion of black house

ownership and the repeal of a set of comprehensive regulations over black urban homes, the Department of Development Planning said.

"It is expected that the act will cause an upsurge in the property market in black cities and towns because both residents and business sites are involved," it said.

Until 1978, when the 99-year leasehold system was introduced, blacks could not have leasehold rights, but occupied homes and businesses through permit ownership.

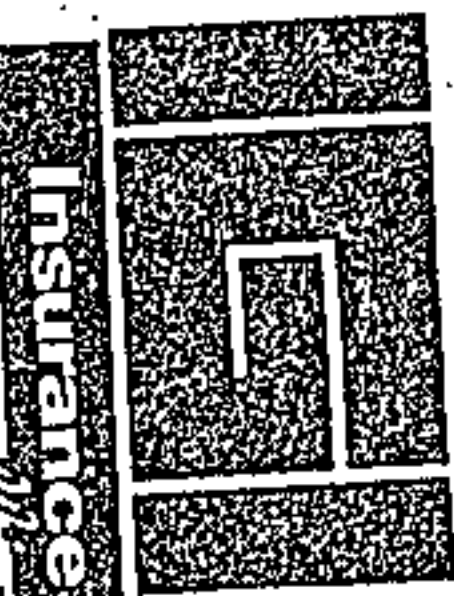
Leasehold owners had the op-

portunity of applying for building society loans, selling the house or business without permission from the local authority and were granted permanent registered title.

The full leasehold act means permit-holders can convert to leasehold rights without the cost suffered by those who converted to the 99-year leasehold system, the expert said.

The act allowed the government to get rid of the abnormal permit system. "It is an anomaly in common law for people to own the structure, and not the land," he said.

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## Govt gives 200 000 black permit-holders free urban title

EDYTH BULBRING

IN A major deregulation move, government has granted free leasehold rights on property to 200 000 permit-holders in black townships, making them effective owners of the land.

The (Conversion of Certain Rights to Leasehold) Act is a mass donation of urban title, a legal expert said.

He said government had to deregulate black business, and could do so only by repealing 1968 permit regulations that allowed blacks to build or buy buildings but not own the land on which they stood. He said the registered title rights would enable businessmen and homeowners to obtain loans, to build on the

property and to sell far more easily.

The legislation, gazetted on Friday, "was an attempt to sort out an historical anomaly," the expert said.

The Act meant permit-holders would now also have free leasehold rights to the land where before they had only occupation rights. The Act came into effect on January 1.

The legislation allowed government to get rid of the abnormal permit system, said the expert, who asked not to be named for professional reasons.

"It is an anomaly in common law for

people to 'own' the structure, and not the land."

A statement from the Development Planning Department said the Act provided for the further promotion of house ownership for blacks and the repeal of a set of comprehensive regulations regarding the control and supervision over black urban homes.

"It is expected that the Act will cause an upsurge in the property market in black cities and towns because residence and business sites are involved," the statement said.

The 99-year leasehold Act, introduced in 1978, gave blacks the opportunity to apply for building society loans, selling the house or business without permission from the local authority and to be granted permanent registered title, the expert said.

These leasehold owners were not affected by the new legislation. However, there could be grievances on the part of former permit-holders who had obtained the 99-year leasehold rights before the new Act.

They had paid a minimal transaction

fee to obtain registered title and homeowners had paid between R250 and R460 a square metre for the property on which their houses stood, Urban Foundation manager, enterprise development, Keith Foster said.

Businessmen paid twice this much for industrial sites, and 10 times the amount for commercial sites, Foster said. However, the permit-holders who had not converted to 99-year leasehold would not suffer this cost and would qualify for free registered title, the expert said.



## Gaining ground

The Conversion of Certain Rights to Leasehold Act, which came into effect on January 1, will enable thousands of blacks with only occupational rights to the property on which their houses stand to obtain full leasehold rights to "their" ground.

This means that a black person will now be in a better position to raise mortgages and establish a capital base — a right which was previously denied to him, as Wits University law professor Louise Tager points out.

Passed by parliament last year, the Act immediately repeals a 1968 law — Regulation 1036 — which governed all aspects of black socio-economic activity with unusual restrictiveness.

The Act, says Tager, "replaces statutory controlled occupation with the common law of lease. It preserves existing rights acquired under the repealed law; it makes provision for the acquisition of full ownership rights and for the conversion of ownership from the deed of grant rights or leasehold title. The old restrictions imposed on these forms of the title have been removed."

"There is no duplication of the laws and there are no special provisions governing business activity. From a racial point of view, business activity has been deregulated."

The Department of Development Aid said the Act provides for the further promotion of house ownership for blacks and the repeal of a set of comprehensive regulations regarding the control and supervision of black urban towns in SA.

### Market boost

"It is expected that this Act will cause an upsurge in the property market in black cities and towns because both residential and business sites are involved," said the department.

According to Tager, "The importance of the Conversion Act, apart from its repeal of R 1036, is that it makes provision for the conversion of the old site permits and certificates of grant to 99-year leasehold title."

"The holders of these permits are persons who under R 1036 were permitted to build a house or purchase a council house with their own funds."

"These persons were not, in terms of R 1036, owners of the houses which they purchased or built because they did not own the land on which the houses were built."

No black in urban areas could acquire any title until 1978 when leasehold was introduced, marking government's acceptance of the permanence of blacks in "white" SA. The new Act, explains Tager, sets out a procedure for granting registered leasehold title without any payment for the land by these house "owners."

The Act also allows businessmen who built or purchased business premises on State land to obtain leasehold title. The leasehold title, which will be granted free of charge, may be

urban area which is set aside for occupation by blacks.

"The new legislation also makes it possible for private sector developers to develop new townships. Prior to 1986 the provision of serviced land and housing was exclusively in the hands of the State. This process can be compared to Margaret Thatcher's privatisation of council houses."

Regulations for establishing new townships in black areas have been streamlined and make it possible to establish one in less than a year.

is transferred to another person the 99 years commence to run afresh. Leasehold title is registered in the Deeds Registry office. Buyers of leasehold title do not pay transfer duty or stamp duty.

"In 1986, by an amendment to the Black Communities Development Act of 1984, the restrictions against a black person's right to own property were removed. Today any black SA citizen, including black persons who are citizens of the so-called independent States and the six self-governing territories, may acquire (lease or own) property in any

converted to full ownership at the wish of the holder, as soon as township registers are opened, Tager adds.

She estimates that about 300 000 people will then be able to acquire registered title. This is important because to date only some 50 000 have registered 99-year leasehold titles under existing law.

Leasehold title, explains Tager "is a statutory form of tenure which confers on leaseholders the right to improve and occupy their lots, to mortgage, dispose of, let and bequeath their rights. When 99-year leasehold



Star 6/1/89

## New business legislation 'falls short' 339

By Stan Hlophe

New legislation which allows white businessmen to own up to 49 percent of businesses in black urban areas, while freeing black businessmen from crippling regulations, was yesterday described as falling far short of addressing the fundamental trading restrictions faced by black entrepreneurs.

Black businessmen interviewed by The Star were unanimous that the legislation, gazetted last Friday, which eases restrictions on whites owning shares in black businesses, was detrimental to the growth of black trade and against the free enterprise system.

They maintained that as long as the Government still retained statutory laws such as the Group Areas Act, the Separate Amenities Act and the Population Registration Act, the black entrepreneur would be out-classed by his white counterpart.

The new Act, the conversion of certain rights to leasehold Act (Act 81 of 1988), repeals restrictions to economic growth in black urban areas and came into effect on January 1, according to a University of the Witwatersrand law professor, Mrs Louise Tager.

### PROSECUTED

The Act replaced Regulation 1036 of 1968, which permitted blacks to build and occupy existing business premises in the black urban areas. No "non-black" could own shares.

Mr Reul Khoza, chairman of Shareworld and managing director of Co-ordinated Marketing, said whatever the Government did was still short of addressing the fundamental issues faced by the black entrepreneur in particular and blacks in general.

"Until the Government does away with these apartheid laws, whatever it does will not ameliorate things. Giving white businessmen 49 percent ownership of the black trade is tantamount to making pains more unbearable.

"The 49 percent-51 percent ownership gives whites more advantage because they have more expertise and capital, and the difference means nothing as whites will eventually have more influence," he said.

# Retail sector excitement over new urban areas law

EDYTH BULBRING

TOP retailers reacted with some excitement at new legislation that allows white businessmen to own shares in businesses in black urban areas, but remained cautious about plans to branch out in these areas.

Checkers group deputy MD, Sergio Martinengo said, Checkers did not have stores in black urban areas and he did not think this would be economically viable.

The legislation certainly opens up possibilities, but until infrastructure and logistics are improved, white entrepreneurs are still going to be reluctant to enter the black areas. He said the new legislation would, however, remove confusion as to the rights of

black urban areas.

businessmen in the black urban areas. Martinengo said he had been under the impression white businessmen had been entitled to own shares in businesses in black urban areas since 1978 when 99-year leasehold was introduced.

"It just shows how confusing our law is when one can have rights on the land, but not have shares in the business," He added the "morality" behind the legislation was "encouraging".

OK Bazaars legal adviser John Pels said the new legislation still had to be investigated thoroughly. OK does not have supermarkets in

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"Any legislation which removes restrictions is exciting. It holds great possibilities of financial institutions financing business in the black areas," he said. Pick n Pay's joint MD Hugh Herman said although white businessmen had wanted a foothold in the black market for a long time, it was still too early to say what the company planned to do.

He welcomed the legislation as a "step in the right direction". CHARLOTTE MATHEWS reports a mixed reaction from estate agents to legislation granting free leasehold rights on property to 200,000 permit holders in black townships.

Aida Real Estate chairman, Aida Geffen said: "Provided government does not reintroduce the bureaucracy and the delays that have usually been associated with blacks trying to acquire property, the new developments are most exciting and signal a new era in SA property."

George Rennie & Malakou director John Malakou said the legislation would create a wider market for their business.

"All it's doing is allowing another batch of people to get their own property which I welcome, but I don't think it has all that much excitement for property companies."

Mr Chris Ball speaking to reporters yesterday after it largest bank, and leaving the country to take up a positio Swart has a reputation for the hands-on approach to man

# Merger may provide negotiation platform

Star 17/11/89

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By Peter Fabricius, Political Correspondent

The merger of the two major black municipal bodies — the United Municipalities of SA (Umsa) and the Urban Councils' Association of SA (Ucasa) — to form a new national negotiating forum could provide the platform for negotiating with urban blacks.

Sources in both camps said today that the two bodies were likely to merge soon to establish a body to represent urban blacks at national level and to participate in Government negotiations for a new national constitution.

This body will probably become the institution which provides urban blacks with a platform for participating in the Government's proposed National Council.

The decision to create the new national forum was taken yesterday at a meeting between the Government and about 65 black council leaders from around the country.

For Umsa the decision indicates an important shift in tactics.

It had previously refused to join in negotiations with the Government until all black leaders were free to participate.

Minister of Constitutional Development and Planning Mr Chris Heunis, who convened the meeting, said that the initiative was very important and underscored the point that the evolutionary movement was "gaining tremendous momentum against the radicals".



## Mayors in talks 339

ABOUT 200 mayors and councillors from black local authorities councils countrywide yesterday agreed to participate in talks with the Government aimed at including a delegate of blacks to represent urban residents in parliament.

The decision was taken at the end of a five-hour meeting hosted by the Minister of Constitutional Development and Planning, Mr Chris Heunis, at the Helderfontein Centre in Bryanston, Johannesburg.

Meanwhile two major black municipal bodies — Umsa and Ucasa — have joined forces to establish a new forum to represent urban blacks at national level and to participate in Government negotiations for a new national constitution.

They agreed yesterday to create a body which could become the platform for non-homeland urban blacks to participate in the Government's proposed national council for Umsa.

# National forum for blacks to be formed

PRETORIA — A national forum or organisation to represent blacks outside the self-governing territories is to be created.

This was decided at a meeting in Johannesburg yesterday between a top-level government team headed by Constitutional Development and Planning Minister Chris Heunis and representatives of black local authorities.

Heunis said after the meeting the forum could eventually take part, with other components, in the broad national process of negotiations.



HEUNIS

GERALD REILLY

A steering committee would draft its constitution and report back to the meeting before the end of March.

The meeting subscribed to evolutionary reform as opposed to revolutionary change, and this should be achieved through negotiations.

The absence of a suitable organisation for black communities outside the self-governing states was an obvious and unacceptable omission.

A spokesman for Heunis said 69 black community leaders had attended the meeting, most of them councillors representing the United Municipalities' Association (Umsa) and the Urban Councils' Association (Ucasa).

6/Day 17/1/89

# Legislation qualifies families for leasehold

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About 260 000 black families qualify to acquire leasehold rights over their properties under the Conversion of Certain Rights to Leasehold Act which came into effect on January 1.

They are families who since the mid-50s have bought or built their houses under regulations which, by a curious bureaucratic anomaly, allowed them full occupation rights to the buildings, but not the land on which the houses stood.

## Legislation

The new legislation means the owners of these houses will now, free of charge, also acquire leasehold rights on the land. This will give them the security of tenure they need, for instance, to register mortgage bonds against their properties, something they have not been able to do until now.

The Act affects only those people who have occupation rights to their

New legislation has corrected an anomaly that allowed many thousands of black families the right to own their homes, but denied them rights to the land on which they lived. **PETER FABRICIUS** of The Star's political staff reports.

houses but no rights to the land.

It does not affect those who bought 99-year leasehold over their houses when this was first permitted in 1979 or those who acquired full ownership when this was allowed by the Government in July 1986.

These people acquired the leasehold or full ownership rights of the land and buildings from the start.

Nor does the new Act affect the average person who is renting his house. If he wants to acquire leasehold or full ownership rights, he can already do so under previous legislation, but must pay for these rights.

Government officials say the reason those affected by this new Act do not have to pay now to extend their leasehold rights to the land as

well is that the instalments they have been paying over the years for their buildings included a small rent payment for the land. The Government feels they now have paid enough for their properties.

## Leasehold

It seems at first glance rather puzzling that the new legislation should be granting mere leasehold rights to blacks when they have been entitled to full ownership for over two years.

In that sense the Act seems regressive. But Government officials hasten to explain that a technicality is responsible for this anomaly.

Before a black can get full ownership of his property, the township in which it is situated must be pro-

perly surveyed and a township register opened. This has not been done in all the townships affected by the Act and so the leasehold rights were granted as an interim measure.

Those who live in properly registered townships will be able to convert to full ownership immediately, and the others will be able to do so when their townships are registered.

The Minister of Constitutional Development and Planning, Mr Chris Heunis, hailed the legislation as a major reform measure when it was debated in Parliament last June.

The Progressive Federal Party did not disagree and supported the legislation.

The main parties in the Houses of Representatives and of Delegates also supported the legislation.

The Conservative Party opposed the legislation as "just another link in the chain of granting ownership to blacks outside the national states".



# Merger may provide negotiation platform

Star 17/11/89  
339 By Peter Fabricius, Political Correspondent

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For Umsa the decision indicates an important shift in tactics.

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Minister of Constitutional Development and Planning Mr Chris Heunis, who convened the meeting, said that the initiative was very important and underscored the point that the evolutionary movement was "gaining tremendous momentum against the radicals".

## US sanctions not helping to end apartheid, says Baker

*AKUS 18/1/89*  
The Argus Foreign Service

WASHINGTON. — Mr James A Baker, who is to serve as US Secretary of State under President George Bush, has appealed to Americans to consider carefully their actions on South Africa since sanctions were not helping to end apartheid.

In testimony before the US Senate's foreign relations committee, Mr Baker said: "The stresses and strains that accompany the inevitable end of apartheid will provide a severe test for all involved."

"We must think long and hard about the effects of our actions — not on our own self-esteem but on the people we want to help."

Mr Baker also promised an immediate investigation into allegations that the Cubans were storing poison gas in Angola at the 15th parallel — to which they must withdraw by July 1.

In reply to questions by Republican Senator Jesse Helms, Mr Baker said he had not been aware of the Cuban action.

"Clearly, that's something that would be of major concern to me. All I can promise you to do is to look into it immediately," he said.

Senator Helms told the committee the Cubans had used poison gas against Unita in three battles last year and this had been documented.

"Now my representatives have brought back reports, documented, that tons of poison gas have arrived in Angola in Soviet transports within the past few months and have been stored on the 15th parallel," the senator said.

Mr Baker said he had not yet had a chance to develop policy proposals towards South Africa and would have to discuss the issue with Mr Bush.

But, he added: "The core problem of apartheid persists down there. I suppose it's fair to say the detention laws, if anything, have got worse rather than better."

"I really don't see the possibility for the United States normalising relations with South Africa without there being real progress toward dismantling that system."

"I think our sanctions have amplified that message, but I think we ought to all be candid enough to recognise that the sanctions we've imposed haven't produced the desired result and by themselves they probably cannot produce the desired result."

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# Forum to help fill glaring void

Stars 20/11/89

BY PETER FABRICIUS, Political Correspondent

The new forum for urban blacks will partially fill a glaring void in the edifice — the lack of urban black representation in the Government's proposed national council — or whatever name it eventually gives to the body which will be entrusted with negotiating a new multiracial constitution and giving blacks an interim say in central government.

Failure to get such an institution off the ground has dogged the Government for years as it tried in vain to persuade any credible black leader — most notably kwaZulu's Chief Mangosuthu Buthelezi — to agree to participate in the national council.

Then, when it passed the Promotion of Constitutional Development Act last year to enable the national council to be established, it took a new tack.

The act provided that urban blacks outside the homelands would be represented on the council via an electoral college drawn from township councillors who would elect nine representatives.

It seems highly likely that the new national forum proposed this week will have at least that func-

The decision this week by black township councillors — mainly from the two main black municipal bodies Umsa and Ucasa — to establish a national forum representing urban blacks in central constitutional negotiations, is another small building block in the Government's dogged, brick-by-brick erection of its national constitutional structure.

tion. The establishment of some such body has been on the cards since the general municipal elections last October, so it came as no surprise.

## Ready to join

Nor did the leading role played by officials of Ucasa (the Urban Councils Association of South Africa) in forming the forum since it has always been ready to join the national council.

But the involvement in the initiative of top officials from Umsa (the United Municipalities Association of South Africa) has raised a few eyebrows since Umsa has to date set tough conditions for participating in the national council, including the release of all political leaders and the unbanning of banned political organisations.

Mr Tom Boya, president of Umsa,

said in an interview after the meeting that Umsa had dropped none of its conditions for participating in the national council.

At the same time he readily acknowledged that the proposed national forum could become the means whereby urban blacks participated in the national council.

Mr Boya said the forum would place Umsa's grievances — such as the release of prisoners and freeing of organisations — on the negotiating agenda and iron them out. He likened the forum to the joint committee set up by the South African and kwaZulu governments last week to identify and address obstacles to negotiation.

It is clear though that the kwaZulu committee is a very different institution from the national forum. It is a temporary body dedicated to one objective, whereas the forum is obviously a more permanent organ-

isation or institution representing urban blacks at central government.

The joint statement issued after the meeting between township councillors and the Government said they had decided to "create a forum, organisation or movement at a national level to represent black people outside the self-governing territories which can eventually participate as a component, together with other components, in the broad national process of negotiations".

## Obvious omission

While other communities of South Africa were represented in formal structures at regional and national level, the lack of such a structure for non-homeland blacks was an "obvious and unacceptable omission".



Mr Tom Boya, president of Umsa ... Umsa has dropped none of its conditions for joining the forum.

That is pretty close to a definition of the role of the proposed national council, though it was not mentioned by name in the statement.

Why then did Mr Boya — and by implication Umsa — agree to join the forum? His answer is that he has grown tired of the stalemate in negotiation. And the Government's attitude to negotiations was now more open-ended than it had been in the past. For instance, it had not precluded the possibility that the forum's negotiations could lead to black participation in Parliament, he said.

Critics of Umsa are not surprised by the decision to participate in the national forum. Dr Nthato Motlana, of the restricted Soweto Civic Association said that Umsa and Ucasa "were fundamentally the same, as both were already participating in the Government's segregated local authority system."

"For these people to masquerade as representatives of the black urban community is a sick joke. They represent virtually nobody."

"This national forum will be still-born. The Government might push it but it will still be as unloved as the present councils."

The low percentage polls during the municipal elections in October last year do indeed suggest that the forum will enjoy little support, even at local level.

And compounding the forum's credibility problem will be the fact that none of the councillors that will serve on it have any national profile at all.



# SA cities face serious obstacles — Urban Foundation

Business Day 24/1/89

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SA's cities were at the crossroads in facing two serious obstacles — the negative consequences of apartheid and the belated recognition of black urbanisation, Urban Foundation policy director Ann Bernstein said yesterday.

Speaking at Cape Town University, Bernstein asked if it was possible to meet the challenges of urbanisation if the country persisted with racial thinking on urban issues.

SA faced three major challenges — the economic challenge to increase the growth rate to provide millions of new jobs, the challenge of urbanisation, including the maximisation of the dyna-

DIANNA GAMES

mic of black urbanisation, and the political challenge of building an inclusive nonracial democracy.

Such a democracy would create institutions able to make the ongoing choices necessary to meet the economic development challenge and provide the mechanisms to manage urban growth.

She said all urbanising cities were facing a race against time, a race to spend time debating whether a black South African can live next to a

white South African is precious time wasted on the wrong issues altogether.

The key issues facing city managers included the enormous task of managing cities that would more than double in population between 1980 and 2000, the provision of jobs, services and facilities, and the creation of institutions capable of meeting the large-scale challenge of urbanisation.

The racial division of cities had serious implications for every urban area.

She said institutions had to develop a shared vision of the future that had to include all citizens, be built on democratic processes, focus on economic

growth and be realistic about the scale of the challenge faced by SA.

The cities were the country's key mechanism for coping effectively with urbanisation as they provided the core environment in which economic growth occurred.

She said cities needed to be managed so as to emphasise their comparative advantage as an efficient and desirable environment for economic growth.

The squatters were SA's new city builders and squatter settlements should not be demolished but upgraded because they provided prolific and affordable shelter.

# Kgame gets back into Ucasa fold

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**FORMER** president of the Urban Councils Association of South Africa, Mr Steve Kgame, stormed back into the leadership of the organisation at the weekend when he was elected to a newly-created position of "director."

The resolution to appoint Mr Kgame a director of Ucasa was taken during a meeting attended by 700 delegates on Sunday, according to a Ucasa press release.

Mr Kgame, a founder member of Ucasa, was disgraced during the October municipal elections last year in which he lost to an

**By MOJALEFA MOSEKI**

unknown in his ward. A former mayor of Dobsonville, Mr Kgame helped found Ucasa some years ago to liaise and co-ordinate the activities of councillors in dealing with community issues and government directives. The loss of his seat in the Dobsonville council also cost him the presidency of Ucasa — a position he had held onto since the inception of the body.

On a merger with the United Municipalities of South Africa (Umsa),

Ucasa resolved: "We deny any suggestions of mergers, splinter or breakaway groupings but would consider applications from such groups for membership on Ucasa's terms."

The organisation is, however, prepared to work together with others in forming a national forum for negotiations. But, this will only be on the basis of "Ucasa's own identity."

Other resolutions were that Mhluzi township mayor, Mr Philip Nhlapo, be appointed president until a further decision.





Ms Bernstein ... new ideas for cities needed.

# New agenda needed for SA cities

By Adele Baleta

A new national agenda for South African cities was necessary if the country was to have an effective urban policy, says The Urban Foundation's policy director, Ms Anne Bernstein.

She was addressing the University of Cape Town's summer school on the topic "Focus On The Cities — Towards a New National Agenda".

Ms Bernstein said South Africa faced three major

challenges — increased economic growth and massive job creation, rapid urbanisation and the political challenge of building an inclusive non-racial democracy.

These challenges "all come together at the fulcrum of the nation, in the cities", she said.

The Government should focus on the cities, their place in the social structure, how they should be managed and the inter-relationship of urban growth with rural and regional development.

Ms Bernstein regarded South Africa's cities, which would lead the country to the future, as the key mechanism for coping effectively with urbanisation.

This was because they provided the core environment in which economic growth had to occur, expand and provide jobs and in which the benefits of urbanisation such as modern sewerage systems and big department stores had to become available to an expanding population.

But she said two serious obstacles faced our cities. These were the negative consequences of apartheid and racial segregation and the belated recognition of black urbanisation.

Attitudes and policies had to change so that cities of exclusion — restriction and control — could become cities of opportunity where there was expansion and growth for all.

## Issues

To achieve this a number of key inter-related issues needed to be dealt with.

These included the necessity of concentrating on managing cities — job provision, services and facilities — that would double in population by the year 2 000, and to stop wasting time debating whether black and white South Africans could live next to each other.

South Africa's racially — as opposed to functionally — divided cities caused serious economic, political, financial and administrative consequences, Ms Bernstein said.

"National and local leadership must seek to develop popularly accepted and effective processes and institutions that will develop and then communicate a shared vision of the future".

This vision had to be inclusive of all citizens, built on democratic decision-making and focused on economic growth and on opening opportunities for the poor.



CAPE TOWN 8/2/87

## Morobe tells meeting of detentions

(339)

HARARE. — The third meeting of the Committee of Commonwealth Foreign Ministers on Southern Africa yesterday heard testimonies of two former detainees who hid in a US consulate after escaping last year.

Mr Murphy Morobe and Mr Mohammed Valli, senior officials of the restricted United Democratic Front, told journalists they gave the ministers an overview of the situation in South African jails.

Mr Morobe said they told the meeting of the need for the Commonwealth to increase pressure on South Africa.

— Sapa

# SAIRR warning on township stability

GOVERNMENT was unlikely to achieve long-term stability in the townships unless it was willing to alter the local government system significantly, the SAIRR said.

In *Fragile Figures?* — The 1988 PWV Township Elections, an analysis of last year's municipal elections, author Harry Mashabela said polling figures by no means indicated endorsement of the constitutional system.

He said: "Government will have to

begin dealing with all township groups, including those who oppose the system, to frame an alternative which enjoys wider support."

Mashabela's analysis covered the Pretoria/Witwatersrand/Vereeniging townships, where percentage polls were lower than the national average (17,3% opposed to a national figure of 25%). This is the country's most populous and economically important urban region, and a failure to win credibility for offi-

cial local government here could have serious implications for long-term stability.

The analysis said: "Polls appear to show that, even in the absence of a boycott campaign, township residents remain at best indifferent to the official local authorities."

In spite of sustained voter-registration campaigning, few areas showed polls approximating the total eligible population. — Sapa.

0786. Twp. 21/2/89

# Townships 'indifferent' to official local govt

Political Staff

TOWNSHIP residents are "at best indifferent to the official local authorities", according to a study of last year's municipal elections released yesterday by the South African Institute of Race Relations.

Fragile Figures? — The 1988 PWV Township Elections, written by Mr Harry Mashabela, says the government is unlikely to achieve long-term stability in the townships unless it is willing to alter the present local government system significantly.

Mr Mashabela says the 17,3% PWV poll "appears to show that, even in the absence of a boycott campaign, township residents remain at best indifferent to the official local authorities".

Another indication of this indifference was low registration. In Botleng near Delmas, a 43% poll was recorded but only 34,4% of its adults were registered. In KwaThema near Springs, the poll was 20% but only 42,2% of adults were registered.

Mr Mashabela said the fact that many residents did not register reflected a widespread reluctance.

Even were it established that most residents failed to vote or register because they were afraid to do so, "this would show that two years of sustained security action had failed to persuade residents that they could take part in official political structures without fear of reprisal".



## Call for policy to provide 'shelters'

339 ALAN FINE

IN THE absence of a big state-financed housing initiative, it had become necessary to address the accommodation shortage in terms of forms of shelter rather than proper housing, the Labour and Economics Research Centre's Taffy Adler, said yesterday.

He told the FSA Contact 1989 industrial relations seminar that there was a shortage of 1.8-million housing units, in a situation where only 25% of blacks could afford even the cheapest available formal housing. Without the first-time homeowners state subsidy, that figure fell to 11%.

The figures made it clear private sector projects could do little more than provide housing for the small numbers of high-income earners.

Adler, a consultant to the trade union movement on housing and related matters, said several steps had to be taken before even the most elementary forms of shelter could be brought within the reach of most people.

Firstly, to counter land shortages, what was required was the abolition of all restrictions on land purchase by blacks.

Employer groups should lobby government, perhaps together with the labour movement, for the release of land at reasonable prices.

Another requirement was the need for cheap finance and subsidies for people wishing to build shelters.

# Houses up for grabs

*Soweto*  
ABOUT 69 percent of State-owned houses offered at discounts of up to 40 percent are still up for grabs, according to a survey conducted by the Department of Community Services.

Mr Alex Weiss, assistant director of housing of the Department of Community Services, said 102 000 or 31 percent of the 332 727 houses which were put on the Government's "Big Sale" in 1983 had already been sold countrywide.

He said the number of houses which were still up for sale were more than 230 000. The total is made up of 158 923 houses in the Transvaal, 30 308 in the Eastern Cape, 17 387 in the Western Cape, 5 961 in the Northern Cape, 5 661

*23/2/89*  
in Natal and 12 427 in the Free State.

He said the "Big Sale" was a great success in the Northern Transvaal where all 1 409 State-owned houses were bought under the scheme by the registered tenants.

He added the campaign

*339*  
achieved a 54 percent success in the Central Transvaal where 7 379 of the 13 657 houses were sold.

Mr Weiss expressed optimism that more houses would be sold during the course of this year.

# Black housing: R2bn is needed annually

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INVESTMENT of R2bn annually for 22 years was needed in the urban black housing market to overcome housing backlogs and meet demand, Urban Foundation residential development and construction division MD Matthew Nel said.

Nel told a capital expenditure conference last week this would provide about 125 000 housing units a year.

He said he had arrived at the projection by basing an assessment of financial investment requirements on the determination of current and future effective housing demand as indicated by the buying power in the black urban housing market.

It was apparent most of those in need of housing could afford only

EDWARD WEST

those products substantially below the R35 000 cut-off point. This was below the level at which most private homebuilders operated.

Investment in housing generally had resulted in the overhousing of a fairly small segment of black urban dwellers while the rest remained underhoused.

Nel said there would be a conservative annual demand for about 200 primary schools and 67 secondary schools. A primary school now cost R1,5m to build and a secondary school R3m.

It was essential to optimise the manner in which housing resources were deployed.



# Black housing: challenge or tragedy?

AN EXPECTED 75% increase in the black urban population by the year 2000 would present the greatest challenge, or the greatest potential tragedy, for housing, SA Perm MD Bob Tucker said yesterday.

He told the Wits Business School there would be a shortfall of three-million black housing units by 2000 if housing trends continued.

Based on estimated demand for housing finance and the capacity of financial institutions to satisfy that demand, Tucker said after 2000, building societies would need an additional R20bn and banks an additional R30bn.

To address this backlog in housing,

Tucker advised home-loan financiers to try to convince pension funds, which invested little in housing, of the benefit of fully paid homes to their clients.

Secondly, he recommended a viable securitisation system to mobilise the savings resources of life offices, pension funds and major corporations.

Thirdly, investment instruments would have to be developed in retail and wholesale markets to bring about a better correlation between increased earnings and rates of return. This would enable homeowners to pay bigger bond and pension instalments.

Several factors had distorted normal market mechanisms for the delivery of home loan finance. Negative interest rates had resulted in low savings while, until recently, government had influenced a lower rate of interest for the smaller loans which were administratively more expensive.

This meant that while institutions were charging high rates for big bonds, home-buyers with smaller funding requirements were receiving little or no financial assistance.

□ GERALD REILLY reports from Pretoria the the Central Statistical Service said the black population was growing at a rate of nearly 500 000 a year.

EDWARD WEST

THE TRADE union movement is coming to grips with the issue of housing, which could become one of the most important items on the collective bargaining agenda.

A discussion paper recently circulated within the National Union of Metalworkers of SA (Numsa) is one of the first attempts by a union to set its own agenda where government and the private sector has so far taken the initiative.

The paper argues the consequences, and in some cases the intention, of state and private sector black housing policies would be the creation of a new privately-housed elite comprising the better-paid sector of the workforce.

The majority, those on the lower end of the pay scales and the unemployed, unable to afford even a sub-economic R25 000 house, would remain victims of SA's severe housing shortage.

Therefore, the paper says, when Numsa — at its May conference — formulates a comprehensive policy, the main focus should be on finding solutions to the housing problems faced by this group and to minimise potential for social stratification.

☐ ☐ ☐ ☐

THUS, it says, a major housing campaign "will have to include calls for the construction (adap-

# Homing in on housing

tation in the case of hostels) of homes and flats for rental by blacks, as well as for the scrapping of building restrictions on individually-owned plots, so facilitating owner-built unconventional housing."

Demands can be made to employers and employer organisations, but they would be interested only insofar as it affects their employees. This would not aid the unemployed.

Given this, and that land allocation is in the hands of local authorities, a serious housing campaign would have to address the question of the possibility of negotiations with black local authorities or RSCs.

The paper proposes the establishment of democratically-controlled housing advice offices in each township to handle individual home ownership problems and to develop local housing campaigns. The strategy would also require the resuscitation of community organisations to participate in housing matters.

Finally, the paper argues, unions need to become more pro-active regarding company

housing schemes, which presently offer only private conventional home ownership in urban areas. Demands must be made for serviced sites for owner-built homes, and rentable houses and flats. Equal subsidisation must be provided to employees who opt, for example, for rural home development, and company subsidies should not discriminate against older, female, or rural-based workers, it concludes.

☐ ☐ ☐ ☐

CAN NEW talks between trade unions and the SA Co-ordinating Committee on Labour Affairs (Saccola) employer group on labour legislation succeed? The unions, and at least one component of Saccola, are sceptical that Saccola structures lend themselves to national resolution of the debate.

The question arises after the decision by last weekend's worker summit in Johannesburg to draft a new version of the Labour Relations Act

for negotiation with individual employers and their organisations.

The unions will, simultaneously, seek amendments to recognition agreements creating rules and structures by-passing the disputed sections of the Act and the Industrial Court.

Cosatu vice-president Chris Dlamini is optimistic that agreements can be reached with "liberal" employers, but foresees a widespread necessity in many cases to follow the summit's recommendation to declare disputes.

A national agreement with employers is unlikely, he believes, because of Saccola's incohesiveness, which renders members unable to reach consensus among themselves on complex and controversial issues. Saccola chairman Bobby Godsell said this week his organisation would approach new talks in a constructive spirit and, if the unions did the same, there were good possibilities for progress.

However André Lamprecht, who represented Assocom in last year's Saccola/union talks, appears to agree with Dlamini's assessment of Saccola. He told a management conference last month that Saccola — an organisation with limited, if any, political cohesion, a lack of flexibility and where members are also business competitors — was unsuited to the role of collective bargaining.

REVIEW

PROPERTY

# Black homes ahead — but costs behind

TERRY MEYER

MORE houses were built for blacks than whites last year, although in money terms white housing is still ahead, according to Riley Schachat, chairman of the National Association of Home Builders (NAHB).

Speaking at the annual general meeting of the NAHB yesterday, Schachat pointed out that black housing only accounted for some 24% of money spent on housing, while 55.4% of homes built were for blacks.

However, high volumes were necessary to make the black sector viable, bearing in mind the low margins and high risk factor.

"But with innovative design, construction and financing packages this market could be considerably increased," said Schachat.

Another interesting development within the industry last year was the increased usage of the informal sector for construction activities. A development, he points out, which has contributed materially to curtailing cost increases.

A trend for the future, Schachat told the AGM, was the setting up of joint ventures between black entre-

preneurs and white building companies. "This is an essential ingredient in order to spread involvement within a private enterprise economy," he said.

Schachat, however, believes that arresting the declining trend in the value of building plans passed is a top priority. "By June 1988 the figure showed a 50% improvement against the comparable period in 1987. But in December 1988 this improvement had decreased to 30% against 1987."

"Housing needs demand that this tempo of improvement should, at least be maintained, if not bettered," he said.

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# R280-m for black housing

FINANCE Minister Barend du Plessis has presented Parliament with a R65,5-billion budget pushing up Government spending by 12,4 percent despite widespread calls for it to be kept below 10 percent.

The 12,4 percent is based on the revised

government figure of government spending for last year, taking into account the R2 691-million by which the Government overspent on its own estimates of last year.

Compared with its original estimated spending for last year,

the new estimates are 18 percent higher.

Protection services — which include the police and Defence Force — have absorbed 23 percent of the budget with social services being allocated 37 percent.

Education as an individual item, although

divided among five different education authorities, at R11,8-billion is the single biggest amount representing 18,6 percent of the budget. The amount has been increased R1,9-billion (19,2 percent) on last year.

Mr du Plessis said it

was difficult for the Government to cut back on expenditure.

"We have to expand with all speed the First World segment of our society so as to accommodate the Third World component.

"This will mean opening the doors of opportunity on the one hand and equipping people to enter them on the other."

Saying the people had to be set free in the realm of mobility, both spatial and occupational, he cited housing as an example of essential spending.

The allocation for housing has gone up by 8,9 percent to R917,1-m for this year.

The main contributors to increased spending over last year's estimates in cash terms are:

Defence, which is to spend R9,9-billion (up by R1,7-billion). The jump has been mainly attributed to the peace agreements in Namibia and Angola;

The Department of Finance, which increases its spending by R1,8-billion to R10,7-billion, mainly to service State debt with R9,9-billion required for the year; and

Constitutional Development and Planning, mainly as a result of increases in the budgets of the provinces as well as R50-million increase in urban development and housing aid for blacks with R280,2-m budgeted.

In percentage terms the SA Police (with a R2,4-billion budget) and Foreign Affairs (with a R3,2-billion budget) have gone up the most.

decreased to 5 270 as at 15 February 1989.

- (b) : 1 230  
(c) : 15 February 1989.

**NPA: strikes/work stoppages amongst employees**  
105. Mr R M BURROWS asked the Minister of Constitutional Development and Planning:

- (1) Whether any strikes and/or work stoppages occurred amongst staff employed by the Natal Provincial Administration during the past six months; if so, (a) (i) in what departments, (ii) amongst which employees, (iii) what total number of employees was involved and (iv) in respect of what specified period is this information furnished and (b) what (i) were the reasons for and (ii) was the outcome of these strikes or work stoppages;  
(2) whether the services of any employees were terminated as a result of these strikes or work stoppages; if so, what are the relevant details?

**B257E**  
The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

This matter vests in the Administrator of Natal and he has furnished the following reply:

- (1) Yes.  
(a) (i) in the Hospital Services and Roads' Branches as well as the Chief Directorate: Works  
(ii) General Assistants (Labourers)  
(iii) 3 100.  
(iv) 15 November 1988 to 28 November 1988.  
(b) (i) — A demand for the recognition of the National Education, Health and Allied Workers' Union.  
— A demand for a minimum basic wage of R1 500 per month.  
— Intimidation of workers to strike.  
(ii) — Workers were given the assurance that their grievances would be looked at.

— The Administration is taking steps to establish a more effective communication system

— Workers were informed that the strike was illegal and an ultimatum was issued for them to return to work before 28 November 1988 or their services would be terminated.

- (2) The services of 1 589 employees were terminated as a result of their participation in the illegal strike and their failure to report for duty by 28 November 1988. The Administration has since re-employed 986 of these employees.

**Group Areas Act: exemptions granted**

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

Whether any applications received in 1988 by his Department or any provincial administration for exemptions from the provisions of the Group Areas Act, No 36 of 1966, in respect of business premises were granted; if so, how many persons from each race group were granted permission to occupy such premises in areas reserved for (a) Whites, (b) Coloureds, (c) Indians and (d) Blacks in each province?

**B277E**  
The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

This matter vests in the Administrators of the different Provinces and they have furnished the following information:

— No. Rest of question falls away.

**Land available for occupation by Blacks**

128. Mr J J WALSH asked the Minister of Constitutional Development and Planning:

- (1) (a) How much land has been made available for occupation by Blacks in each development region since 1936 and (b) under what statutory provision in each case;

- (2) how much of this land was situated in (a) urban and (b) rural areas?

**B281E**

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The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

- (1) (a) No statistics before 1 January 1986 are readily available. To obtain the information, archive files dating from 1936 for the approximately 300 Black towns will have to be requisitioned for and studied which will result in a tremendous number of man hours being spent with high costs involved.

- (b) Since 1 April 1984 land has been designated in terms of section 33(1) of the Black Communities Development Act, 1984 (Act No 4 of 1984) as development areas. In terms of section 33(4) of the said Act any area deemed to be set apart before 1 April 1984, shall be deemed to be set apart as a development area.

- (2) (a) and (b) It is sometimes difficult to distinguish between urban and rural areas and therefore land which has been designated since 1 January 1986 to 28 February 1989 in terms of section 33(1) of the Black Communities Development Act, 1984 (Act No 4 of 1984) as development areas in respect of the various development regions is reflected hereunder.

| <i>Situated</i>                      | <i>Surface (ha)</i> |  |
|--------------------------------------|---------------------|--|
| <b>(Black township in brackets)</b>  |                     |  |
| <b>Region A</b>                      |                     |  |
| Cape Town (Khayelitsha)              | 2 727               |  |
| Cape Town (Nyanga)                   | 248                 |  |
| George (Tyolotha)                    | 474                 |  |
| Oudshoorn (Bongolethu)               | 97                  |  |
| Victoria West (Masinyusane)          | 25                  |  |
| Kuisebmond (Walvisbaai)              | 442                 |  |
| Mosselbay (Kwanongqaba)              | 142                 |  |
| Total                                | 4 155               |  |
| <b>Region B</b>                      |                     |  |
| Hanover (Nompumelelo)                | 73                  |  |
| Kimberley (Galeshewe)                | 480                 |  |
| Total                                | 553                 |  |
| <b>Region C</b>                      |                     |  |
| Bethlehem (Bohlokong)                | 778                 |  |
| Bloemfontein (Mangaung)              | 786                 |  |
| Bothaville (Kgotsong)                | 310                 |  |
| Hoopstad (Tikwana)                   | 5                   |  |
| Parys (Tumahole)                     | 200                 |  |
| Paul Roux (Molomo)                   | 122                 |  |
| Theunissen (Masilo)                  | 142                 |  |
| Welkom (Thabong)                     | 1 394               |  |
| Zastron (Matlengkeng)                | 108                 |  |
| Koffiefontein (Ditshaki)             | 60                  |  |
| Odenaalsrus (Kutwanong)              | 38                  |  |
| Viljoenskroon (Rammulotsi)           | 111                 |  |
| Total                                | 4 054               |  |
| <b>Region D</b>                      |                     |  |
| Bathurst (Nolukhanyo)                | 33                  |  |
| Cathcart (Kaikani)                   | 168                 |  |
| Molteno (Nomondo)                    | 165                 |  |
| Port Elizabeth (Motherwell)          | 2 285               |  |
| Port Elizabeth (Kwadwesi)            | 396                 |  |
| Port Elizabeth (New Brighton/Ibhayi) | 12                  |  |
| Uitenhage (Kwanobuhle)               | 573                 |  |
| Grahamstown (Rini)                   | 237                 |  |
| Port Alfred (Nkwenkwezi)             | 341                 |  |
| Port Beaufort (Kwatidubu)            | 115                 |  |
| Elliot (Masibambane)                 | 100                 |  |
| Jansenville (Kwazamukucinga)         | 47                  |  |
| Kenton-on-Sea (Marselle)             | 238                 |  |
| Klipplaat (Wongaluthu)               | 118                 |  |
| Lady Grey (Khwezinaledi)             | 62                  |  |
| Maclear (Sonwabile)                  | 75                  |  |
| Indwe (Mavuya)                       | 35                  |  |
| Queenstown (Mlungisi)                | 120                 |  |
| Barkly East (Nkululeko)              | 47                  |  |
| Craddock (Lingelthe)                 | 230                 |  |
| Ugie (Dyoki)                         | 109                 |  |
| Dordrecht (Sinakho)                  | 102                 |  |
| Total                                | 5 606               |  |
| <b>Region E</b>                      |                     |  |
| Durban (Chesterville)                | 93                  |  |
| Durban (Inanda/Glebe)                | 238                 |  |
| Durban (Langelontcin)                | 121                 |  |
| Moorriver (Brunville)                | 28                  |  |
| Pinetown (St Wendolins)              | 300                 |  |
| Tongaat (Hambanati)                  | 72                  |  |
| Louwsburg                            | 125                 |  |
| New Hanover (Trust Feed)             | 213                 |  |
| Stanger (Shakaville)                 | 123                 |  |
| Total                                | 1 313               |  |

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**Region F**

|                           |              |
|---------------------------|--------------|
| Balfour (Siyathemba)      | 85           |
| Ermelo (Wesselson)        | 261          |
| Greylingstad (Nthorwane)  | 57           |
| Komatipoort               | 87           |
| Ogies (Phola)             | 82           |
| Middelburg (Mhluzi)       | 767          |
| Leandra (Lebohang)        | 105          |
| Volksrust (Vukuzakhe)     | 149          |
| Witbank (KwaGuqa)         | 2 454        |
| Kriel                     | 358          |
| Waterval-Boven (eMgwenya) | 27           |
| Hendrina (Kwazamokuhle)   | 92           |
| Perdekop (Siyazenzela)    | 14           |
| <b>Total</b>              | <b>4 538</b> |

**Region G**

|                       |            |
|-----------------------|------------|
| Warmbaths (Bela-Bela) | 191        |
| Thabazimbi            | 360        |
| Northam               | 100        |
| Ellisras              | 325        |
| <b>Total</b>          | <b>976</b> |

**Region H**

|                                     |               |
|-------------------------------------|---------------|
| Pretoria (Mamelodi)                 | 1 760         |
| Kempton Park (Tembisa)              | 1 360         |
| Germiston/Boksburg                  | 5 756         |
| (Kaitlong/Vosloorus)                | 41            |
| Alberton (Tokoza)                   | 1 538         |
| Springs/Brakpan/Nigel               | 91            |
| (KwaThema/Tsakane/Duduza)           | 529           |
| Sandton (Alexandra)                 | 38            |
| Johannesburg (Groter Soweto)        | 198           |
| Randfontein (Mohlakeng)             | 1 648         |
| Magaliesburg (Steenekoppie)         | 744           |
| Bronkhorstspuit (south of Ekangala) | 5             |
| Krugersdorp (Kagiso)                | 2 870         |
| Vanderbijlpark (Boipatong)          | 850           |
| Vanderbijlpark (Sebokeng/Evaton)    |               |
| Carletonville (Khutsong)            |               |
| <b>Total</b>                        | <b>17 428</b> |

**Region J**

|                        |              |
|------------------------|--------------|
| Fochville (Wedela)     | 815          |
| Klerksdorp (Jouberton) | 408          |
| Orkney (Kanana)        | 180          |
| Sitfontein (Khuma)     | 428          |
| <b>Total</b>           | <b>1 831</b> |

**Group Areas Act: exemptions refused**

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

Whether any applications received in 1988 by his Department or any provincial administration for exemptions from the provisions of the Group Areas Act, No 36 of 1966, in respect of business premises were refused; if so, (a) how many persons from each race group were refused permission to occupy such premises in areas reserved for (i) Whites, (ii) Coloureds, (iii) Indians and (iv) Blacks in each province and (b) for what reasons in each case?

**B278E**  
The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

This matter vests in the Administrators of the different Provinces and they have furnished the following information:

— No. Rest of question falls away.

**Brits: fines for traffic offences**

134. Mr A GERBER asked the Minister of Constitutional Development and Planning:

(a) How many citizens of (i) independent Black states and (ii) self-governing territories were fined for traffic offences in the magisterial district of Brits during the latest specified period of 12 months for which figures are available, (b) in how many cases (i) were the traffic fines that were imposed collected and (ii) could the offenders not be traced and (c) what steps were taken by his Department and/or the authorities concerned to trace these offenders?

**B326E**

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

This matter vests in the Administrator of Transvaal and he has furnished the following information:

Statistics in respect of the past 12 months:

- (a) (i) 3 051.  
(ii) 12.  
(b) (i) 1 447.  
(ii) 1 616.  
(c) Letters of demand are sent out. Courts do

not issue warrants because the offenders live outside the jurisdiction of the Republic of South Africa.

*Reply substituting reply to Question No 2 on 15 March 1989, put by Mr P H P Gastrow (col 405):*

**C R Swart: offences reported**

2. Mr P H P GASTROW asked the Minister of Law and Order:

How many cases of (a) murder, (b) culpable homicide, (c) assault with intent to do grievous bodily harm, (d) common assault, (e) rape, (f) burglary of business premises, (g) burglary of residential premises, (h) robbery with aggravating circumstances, (i) robbery, (j) common theft, (k) theft of vehicles and cycles, (l) possession of drugs and (m) dealing in drugs were reported at the C R Swart police station in the Durban police district of the Port Natal Division in 1988?

**B23(b)E**

The MINISTER OF LAW AND ORDER:

(a) (b) (c) (d) (e) (f) (g) (h) (i) (j) (k) (l) (m) 64 50 385 953 79 868 366 937 541 3391 1825 6 18

NOTE: Para (j): since 1 July 1987 separate statistics have been kept in respect of ordinary theft and theft from motor vehicles. A decrease in ordinary theft may therefore be indicated.

**Own Affairs:**

Abused children: national toll-free service

26. Dr M S BARNARD asked the Minister of Health Services and Welfare:

- (1) Whether his Department intends to establish a national toll-free service for abused children; if so, (a) when is it to be put into operation and (b) during which hours is it to operate;  
(2) whether any persons and/or organizations were consulted before the decision to introduce this service was taken; if so, (a) what persons and/or organisations and (b) when; if not, why not;  
(3) whether he has received any representations regarding this service; if so, (a) from

whom and (b) what was (i) the purpose of each such representation and (ii) his response thereto in each case?

**B351E**

The MINISTER OF HEALTH SERVICES AND WELFARE:

- (1) Yes. The Department intends to establish a structured after hour social work service, for crisis cases, by making available a toll-free telephone number to applicants.  
(a) It is the intention to introduce the service on 1 April 1989 if all the arrangements can be made timeously. If not, it will be introduced on the first possible opportunity.  
(b) On working days from 18h00 to 06h00, and a 24 hour coverage over weekends and on public holidays. Hours will be adjusted according to needs.

(2) Yes. The councils of nationally and provincially controlled welfare organisations which render family care services, were informed by letter on 23 December 1988 and were invited to take part in the project. A meeting on the project was held with the welfare departments of the other population groups on 9 January 1989.

— The welfare organisations informed were:

Afrikaanse Christelike Vrouevereniging  
Apostolic Faith Mission's Welfare Council  
Diens van Barmhartigheid of the Nederduitse Hervormde Church  
Catholic Women's League  
Natal Christelike Vrouevereniging  
National Council for Child and Family Care  
Oranje Vrouevereniging  
Suid-Afrikaanse Vroue Federasie  
Sinodale Kommissie vir die Diens van Barmhartigheid of:  
— Western Cape, Eastern Cape, Northern Cape, Northern Transvaal, Southern Transvaal, Western Transvaal, Eastern Transvaal, Natal and the Orange Free State.



# FHA challenge on low-cost homes

IN A new bid to encourage low-cost housing, FHA Housing has challenged inventors and the construction industry to come forward with home building plans affordable to dwellers earning R500 a month. *B/Ow 28/3/89*

FHA was originally established by the Urban Foundation.

Turnover grew from R2m in 1984/85 to a projected R103m in 1988/89 and the company is currently involved in the development of 29 000 homes.

FHA said in a statement released yesterday that it would allow respon-

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dents to display their skills and wares in show houses and might also offer them franchise agreements.

The construction industry, hampered by unrealistic specifications to conform to lending institutions' and local authorities' norms, had not fulfilled the need for low-cost housing, FHA said.

More than 50% of the black population could not afford houses costing more than R16 000.

# Most urban blacks oppose sanctions <sup>330</sup>poll <sup>331</sup>

LONDON — Most urban black South Africans opposed the use of sanctions and violence to end apartheid, a new survey has found.

The Markinor poll, commissioned by ITV and The Independent, also showed that Nelson Mandela would be the most popular choice to lead the country.

Of the 550 urban blacks polled,

54,7% were opposed to sanctions, 39,9% favoured them and 5,5% did not have a position. B/Dcu 30/3/89

The poll showed that more than 61% were opposed to the use of violence.

Questioned about the most serious problem facing black South Africans today, 57,7% said it was jobs, wages and unemployment. Only 1,1% said it

was the question of voting rights.

On the national leadership issue, 41% supported Mandela. The second choice was President P W Botha with 18%.

Archbishop Desmond Tutu received 8,7% support, Mangosothu Buthelezi 6,8% and NP leader F W de Klerk 4,8%. — Sapa.

*Sowetan 20/3/89*

# Technology challenged

FHA Homes, a utility company of the Urban Foundation, has challenged South African technology to provide a building system to make it possible for families earning R500 a month to own basic, but durable, homes.

The challenge was made by Mr Alan Kitchin, research and development manager of the company, who said his company's mission was to take housing down-market.

"In fact, the challenge is to see how far we can reach. Our aim for 1989 must be to make housing available to families earning as little as R500 a month," Mr Kitchin said.

He said houses costing in the region of R16 000 were affordable to less than 50 percent of the black population, while the top end of the market — houses for R40 000 and more — was becoming saturated.

## Low-cost housing

The construction industry, he said, was unable to fulfil the need for low-cost housing because of "unrealistic specifications" laid down by financial institutions.

Mr Kitchin said his company was now taking the initiative to induce inventors to come forward with new building systems and materials.

"Systems most likely to succeed are those that allow the owners themselves to extend their houses as and when they have funds at their disposal," he said.

To encourage entrepreneurs to develop and market viable low-cost building systems, the company has set aside a number of stands in a newly established township for the erection of showhouses.

## Urban Foundation

"Systems that merit consideration, but do not progress beyond drawing boards of their inventors or are unable to gain initial acceptance can now be tested in the market sector for which they are intended," Mr Kitchin said.

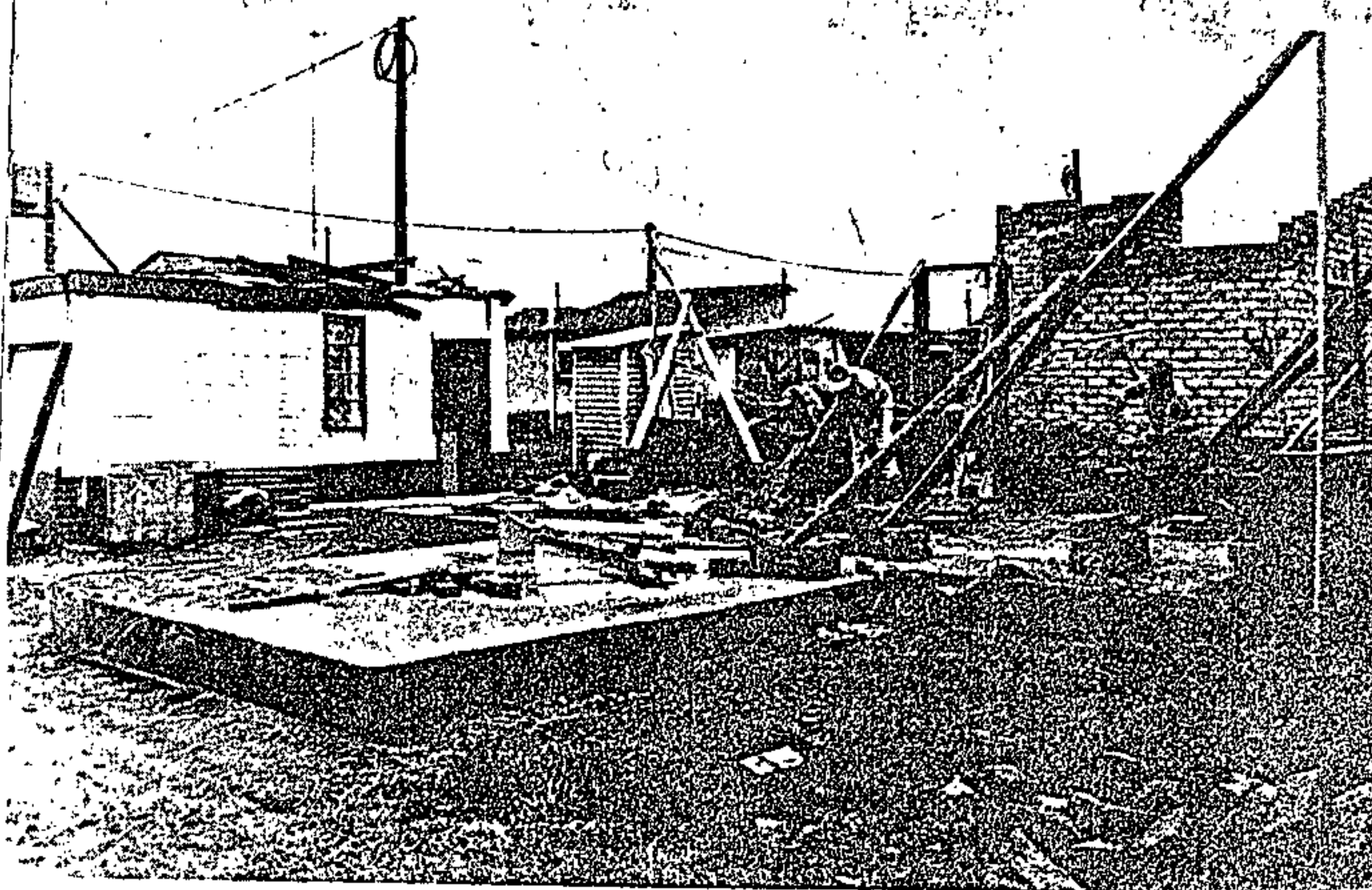
The company originally established by the Urban Foundation under the name Family Housing Association. For the past five years, the company has been supplying serviced stands and a variety of housing options in the PWV area.

It is currently involved in the development of more than 29 000 stands. Turnover has increased from a modest R2 million in 1984/85 to a projected R103 million in 1988/89.



## HOME IMPROVEMENTS

# Solving critical housing shortage



A HOUSING utility company has challenged South African technology to come forward with ideas which will contribute towards making housing affordable to families earning as little as R500 per month. Systems most likely to succeed are those that allow the owners themselves to extend their houses as and when they have funds at their disposal.

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A SOUTH African company has developed a unique and cost-effective construction system in an effort to solve the critical shortage of housing in the country.

Mr T D Berbeyer, marketing manager of Ultraplan Systems Limited, said the newly invented system was based on a dry stacking interlocking system with numerous features, making it the most economical system available to date.

He said the system was designed in such a way that no cement was required for adhesion, thereby eliminating the need for a team of labourers to mix and supply dagha to the bricklayer.

### Dagha mix

The Ultraplan blocks are delivered on site as a package and put together as a kit. By eliminating cement and the dagha mixing team, costs of materials and labour are considerably reduced.

"The blocks are designed in such a way that they fit into one another. This feature eliminates the need for skilled labour. Once the initial layer of blocks has been laid, the rest are stacked easily and quickly.

### Conventional

"Since the size of the Ultrablock is the equivalent of about eight conventional bricks and is much lighter, the construction of a house requires much less time than a conventional brick house," Mr Berbeyer said.

He said the design of the blocks was of such a nature that no skilled labour was required. He said the blocks could actually be assembled by the owner himself.



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PRETORIA, 31 MARCH 1989  
MAART 1989

No. 11792

## PROCLAMATION

by the Acting

State President of the Republic of South Africa

No. R. 34, 1989

### HEALTH MATTERS.—BLACK AREAS.

Under the powers vested in me by section 25 (1) of the Black Administration Act, 1927 (Act 38 of 1927), read with section 21 (1) of the Development Trust and Land Act, 1936 (Act 18 of 1936), I hereby declare as follows:

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

"Black area" means any area consisting of land referred to in section 21 (1) of the Development Trust and Land Act, 1936 (Act 18 of 1936), or any scheduled Black area as defined in that Act, but excluding the self-governing territories referred to in section 26 of the National States Constitution Act, 1971 (Act 21 of 1971);

"Minister" means the Minister of Education and Development Aid; and

"the Act" means the Health Act, 1977 (Act 63 of 1977).

2. Notwithstanding the provisions of any law but subject to the provisions of this Proclamation, all powers, functions and duties affecting health matters in respect of Blacks in any Black area shall be under the control of the Minister.

3. The provisions of any ordinance of a provincial council or any other law relating to the establishment, maintenance and management of hospitals shall, in so far as they relate to any hospital in a Black area, continue to be of force and effect in respect of that hospital: Provided that any power, function or duty conferred or imposed by any such provision upon an Administrator of a province or an officer or employee of a provincial administration shall be exercised or performed by the Minister or by an officer or employee of the Public Service or provincial administration acting under the authority and instructions of the Minister.

## PROKLAMASIE

van die Waarnemende

Staatspresident van die Republiek van Suid-Afrika

No. R. 34, 1989

### GESONDHEIDSAANGELEENTHEDE.—SWART GEBIEDE

Kragtens die bevoegdheid my verleen by artikel 25 (1) van die Swart Administrasie Wet, 1927 (Wet 38 van 1927), gelees met artikel 21 (1) van die Ontwikkelings-trust en Grond Wet, 1936 (Wet 18 van 1936), verklaar ek hierby soos volg:

1. In hierdie Proklamasie, tensy uit die samehang anders blyk, beteken—

"Minister" die Minister van Onderwys en Ontwikkelingshulp;

"Swart gebied" 'n gebied bestaande uit grond bedoel in artikel 21 (1) van die Ontwikkelingstrust en Grond Wet, 1936 (Wet 18 van 1936), of 'n afgesonderde Swart gebied soos in daardie Wet omskryf, met uitsluiting van die selfregerende gebiede soos bedoel in artikel 26 van die Grondwet van die Nasionale State, 1971 (Wet 21 van 1971); en

"die Wet" die Wet op Gesondheid, 1977 (Wet 63 van 1977).

2. Nieteenstaande die bepalings van enige wet, maar behoudens die bepalings van hierdie Proklamasie, is alle bevoegdhede, werksaamhede en pligte rakende gesondheidsaangeleenthede in verband met Swartes in 'n Swart gebied onder die beheer van die Minister.

3. Die bepalings van enige ordonnansie van 'n provinsiale raad of enige ander wet met betrekking tot die stigting, instandhouding en bestuur van hospitale bly vir sover dit betrekking het op enige hospitaal in 'n Swart gebied van kragten opsigte van daardie hospitaal: Met dien verstande dat enige bevoegdheid, werksaamheid of plig wat by so 'n bepaling aan 'n Administrateur van 'n provinsie of 'n beamppte of werknemer van 'n provinsiale administrasie verleen of opgedra is, deur die Minister of deur 'n beamppte of werknemer van die Staatsdiens of provinsiale administrasie, handelende kragtens die gesag en opdragte van die Minister, uitgeoefen of verrig word.

April 1989.

## BUSINESS

# Homeowners affect wage talks

THE increase in the number of black homeowners and rising mortgage rates was causing pressure on managements during wage negotiations, consultant Steuart Pennington said yesterday.

Pennington, publisher of the SA Township Annual which is to be released this week, said in almost every set of negotiations in which he had been involved in the past six months, demands for wage increases had been related to increases in bond repayments.

The SA Township Annual found that 35% to 40% of homes in black townships were now privately owned.

Pennington said many employers had encouraged and facilitated home ownership. They were now saying they should have been more careful in terms of examining employees' eligibility and circumstances.

He said financial institutions which granted bonds in terms of company housing schemes had made "inappro-

priate assumptions about financing". For example, financing was often based on remuneration calculations which included overtime.

"This means that when mortgage rates rise, as is happening now, new homeowners have little leeway. The possibility of eviction means that employers are pressured to make up shortfalls."

### Urbanisation

He said housing development had generally grown dramatically in 1988 in line with the state's policy of shifting some responsibility for housing provision to the private sector.

Pennington said the growing momentum of urbanisation had created further housing needs and pressure to upgrade existing homes, along with a mushrooming of squatter development.

Informal activity in townships had also increased dramatically — the result of the removal of restrictive legislation, he said.

However, he added, there was evidence of this contributing to the housing shortage as entrepreneurs converted living quarters to work quarters.

The annual contains extensive information on living and social conditions in 28 townships and contributions on the economy and various aspects of industrial relations.

It was designed, said Pennington, to narrow the information gap between parties to negotiations. Very often, he said, neither party had any idea of the other's circumstances so negotiations took place on the basis of threats and a destructive power play.

The survey found the average monthly budget for a five-person family was R870,56 — a 7,5% increase on the previous year's figure. At R276, he said, the monthly food budget had increased by only 7%, a decline in real terms.



## 'Govt not considering more western Cape land for blacks'

CAPE TOWN — Government was not considering making more land available for black housing, commercial or industrial development in the western Cape, Constitutional Development and Planning Minister Chris Heunis said in the House of Assembly yesterday.

97 Day 12/4/57 (33°) (34°) Political Staff

He said, however, should any applications be submitted to him in terms of the Black Communities Development Act for the provision of more land for

black development in the western Cape, he would consider them on their merits.

Heunis was asked whether he was considering declaring any land available for blacks for informal housing or other development, but he replied: "No."

| School                                      | Single Table  | Double Table | Chairs | Desk/Table combination (Double seat) |
|---|---|--------------|--------|--------------------------------------|
| Isilimela Secondary School                  | 220   | 512          | 1 100  |                                      |
| Crossroads No.3 Secondary School            | —   | 573          | 1 146  |                                      |
| Sizamile Secondary School                   | 146   | 289          | 694    |                                      |
| Mvuzemvuze Secondary School                 | 57  | 480          | 960    |                                      |
| Sebenza Secondary School                    | —   | 462          | 924    |                                      |
| Simon Hebe Secondary School                 | —   | 272          | 487    | 250                                  |
| Lagunya Secondary School (Finishing School) | School is housed in a Church Complex and also makes use of that institution's furniture |              |        |                                      |

(2) All information as on 20 March 1989

#### Townships: incentives for upgrading by private companies

151. Mr J J WALSH asked the Minister of Constitutional Development and Planning:

- (iii) No, except that the building line must not be exceeded.
- (b) Yes.

- (1) Whether any incentives are given to private companies involved in the upgrading of Black townships: if so, (a) what incentives, (b) by whom were such incentives authorized and (c) what was the total cost to the State of such incentives during the latest specified period of five years for which information is available:

- (2) whether private companies involved in township upgrading are subject to any restrictions or regulations regarding the

- (a) (i) type, (ii) cost and (iii) size of structure and (b) use of building materials: if so, (aa) what restrictions or regulations, and (bb) on whose instructions, in each case: if not, why not?

B350E

#### THE MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING

This matter vests in the Administrators of the different provinces and they have furnished the following information:

- (1) No

- (a) to (c) Fall away

The replies to question 2 differ in so far as the various provincial governments are entitled to promulgate their own regulations.

#### ORANGE FREE STATE

- (2) (a) (i) and (ii) No.

HOUSE OF ASSEMBLY

- (aa) and (bb) A quality restriction is applied in as much as any building system must either have a Mantag or Agrément certificate or must comply with the National Building Regulations. In areas earmarked for the low income group for example in Khayelitsha (Town 2 Village 3) the Cape Provincial Government has set a limit on the selling price of the houses. The S.A. Housing Trust, which is also involved in the area, has added an additional condition for financing purposes namely that the houses must have a minimum floor area of 40 sq. meters.

#### Zolani Township: schools

171. Mr K M ANDREW asked the Minister of Education and Development Aid:

- (1) Whether there are any schools at Zolani Township in Ashton: if not, (a) why not and (b) when are schools to be provided there; if so, (i) what schools and (ii) into what school categories do they fall:

- (2) whether there is provision for Standard 8 or higher education in this township; if so, (a) what provision, (b) where and (c) since when: if not, (i) why not, (ii) how many children from Zolani passed Standard 7 in 1987 and 1988, respectively, and (iii) (aa) where is the nearest school offering Standard 8 and higher classes and (bb) what facilities are there for children from Zolani to attend this school:

- (3) whether it is intended to offer Standard 8 and higher classes in Zolani: if not, why not; if so (a) where and (b) when?

B406E

#### THE MINISTER OF EDUCATION AND DEVELOPMENT AID:

- (1) Yes.

- (a) and (b) fall away.

- (i) Zolani Intermediate Public School.

- (ii) Intermediate school.

- (2) No.

- (a), (b) and (c) fall away.

- (i) The provision of education after Standard 8 in the Zolani Township has a low priority in view of the national need for educational facilities within the framework of available funds.

- (ii) 1987: 67

- 1988: 69

- (iii) (aa) Worcester.

- (bb) Accommodation exists at the secondary school at Worcester.

- (3) Yes.

- (a) Ashton.

- (b) According to planning in 1992 if funds are available.

#### Matriculation examinations

173. Mr K M ANDREW asked the Minister of Education and Development Aid:

- How many pupils at schools falling under the Department of Education and Training (a) (i) wrote and (ii) passed the 1988 matriculation examinations and (b) obtained (i) A, (ii) B, (iii) C, (iv) D and (v) E aggregates in these examinations (aa) in respect of each departmental region and (bb) in total?

B408E

#### THE MINISTER OF EDUCATION AND DEVELOPMENT AID:

- (a) (i) (ii)

- (aa) N. Transvaal 7 583 5 139

- Highveld 10 029 4 694

- Johannesburg 6 773 2 465

- Orange Vaal 5 547 3 317

- Orange Free State 4 766 2 625

- Natal 3 276 1 668

- Cape 3 838 2 001

- TOTAL 41 812 21 909

- (b)

- (i) (ii) (iii) (iv) (v)

- (aa) N. Transvaal 0 13 98 692 1 121

- Highveld 0 3 36 486 816

- Johannesburg 0 1 7 221 352

- Orange Vaal 1 4 57 340 603

HOUSE OF ASSEMBLY

Star 14/1/89

339

# Foundation will put emphasis on low-cost housing

**PORT ELIZABETH** — The Urban Foundation, South Africa's largest private provider of housing, says its mission is to move down-market and enter the arena of informal settlements.

A spokesman said 200 000 homes needed to be built each year, but only 35 000 a year were being built.

The answer to this problem was to become involved in housing at the bottom of the scale.

The spokesman said the Foundation, as the leading private sector housing policy analyst, had to prove to industry that it was not only possible, but profitable to become involved in low-cost housing.

A study commissioned by the Port Elizabeth Northern Areas Management Committee, based on the upgrading of an impoverished "coloured" area, Heenvale, proved that people's expectations were not as high as was expected.

The Port Elizabeth municipality also commissioned the Urban Foundation to do a study of greater Algoa Bay for the municipality's guide plan.

The study involved planning on a rational and cost-effective basis of recreational, residential and commercial land usage.

It proved it was more economical to link black urbanisation with the existing infrastructure. The conclusion was that to place "black out of sight" was an expensive ideological policy. — Sapa.



# UCASA'S PLEA

THE Urban Councils Association of South Africa has insisted that a statutory negotiating forum be established as soon as possible, the Minister of Constitutional Development and Planning, Mr Chris Heunis, said yesterday.

In a statement he said the president of Ucasa, Mr Philip Nhlapo, also urged him to have the various regions demarcated in terms of the Act to enable black local authorities to elect their representatives to represent them on the

statutory negotiating forum.

Mr Nhlapo also asked Mr Heunis to urgently proceed with the Bill to enable black people to be appointed to central government.

Mr Heunis confirmed he had agreed to initiate the process to have the regions of the electoral colleges demarcated in consultation with interested parties.

Ucasa had decided to establish a joint committee to deliberate with the minister and his department regularly.

# Private sector aids town development

Political Staff

CAPE TOWN — The private sector was actively engaged in the provision of services and erection of houses in towns, the Department of Development Aid said yesterday.

It said in a report from April 1 1987 to December 31 1988: "No less than 54 town developers from the private sector were involved in the development services and/or the erection of dwellings on 13 557 sites."

The development of towns to establish stable communities and raise living standards remained a priority.

"After deliberation with the respective governments, land within and outside the self-governing territories was identified as urbanisation areas.

"The most significant development in this field is the involvement of the private sector in the whole urbanisation process."

The department said R144m had been made available for town development in the SA Development Trust.

Land purchased by the trust was also used for the development of towns to anticipate urbanisation.

"The policy is to help the greatest number of people to acquire a home of their own choice and to give the individual a greater share and responsibility in providing his own housing."

## FINANCE HITCH FOR TOWNSHIP DEVELOPERS

CHRIS CAIRNCROSS

CAPE TOWN — A serious problem beginning to impact on private sector township development is the growing uncertainty of how financing will be done and when the installation of bulk services to these developments will occur.

The main reason is that most black local authorities are now clearly not in a position to meet their obligations in this regard and are, in a sense, technically bankrupt.

This emerges from the Public Works and Land Affairs Department's annual report, tabled in Parliament this week. It states that, if the financing of bulk services is undertaken by private sector developers, the cost will be passed on to the buyers of stands at a level most of them will not be able to afford.

### Representations

The situation has seriously dampened private sector involvement in needy black township development. It has also led to representations from the private sector that developers should be permitted to establish towns for blacks outside existing black local authority areas, and for them to be vested with the responsibility for the short-term financing of relevant servicing.

Government's five-year capital works programme makes provision for new services with an estimated cost of R4,5bn, the report adds.

An estimated R2,6bn is expected to be spent in the current year. Main projects on which these funds are to be spent include: a new complex near George to house the Forestry Research Institute; the financing of the new mission headquarters for the Foreign Affairs Department in Maputo and the restoration of the Union Buildings in Pretoria.



## **POLITICS**

# Govt's housing sale not too successful

Political Staff

CAPE TOWN — Government's housing sale to black people did not have much success last year — only 150 people, all in the Transvaal, bought property under freehold title last year.

However, Constitutional Development and Planning Minister Chris Heunis said in Parliament last week that 34 688 applications for 99-year leases were approved last year.

He said 145 properties in Johannesburg and five in Witbank were sold under freehold title to black people in 1988.

### Properties leased

In the Cape, 9 867 properties were leased under 99-year title, 6 031 of which were in the eastern Cape, 2 606 in the western Cape and 1 230 in the northern Cape.

In the Transvaal, 18 888 properties were leased under 99-year title, including 4 483 in Johannesburg, 9 373 on the East Rand, 2 574 in Potchefstroom, 1 398 in Witbank, 1 194 in Pretoria and 333 in Pietersburg.

Heunis said 4 949 applications for 99-year leases were approved in the Free State, as were 984 in Natal.

He also said 89 509 plots were surveyed in SA with a view to the 99-year leasehold scheme, 46 663 of which were in the Transvaal, 35 581 in the Cape, 2 625 in Natal and 14 640 in the Free State.

## R4bn invested in home improvements

*B 1 Day 26/4/89*  
NEW research conducted in the building industry contradicted recent home improvement figures supplied by Central Statistical Service, suggesting the official figures "severely under-read" the industry.

Business Marketing Intelligence (BMI), a member of the Information Transfer Group, SA's largest marketing research group, reported that in 1988, more than R4bn was invested in home additions and extensions, representing 50% of the total investment in housing during 1988.

CSS reports show that while R2,09bn was budgeted for additions and alterations, only R1bn was spent on completed alterations during the same period. This compared with the total R2,3bn spent on completed residential buildings.

BMI conducted its study among 2 000 manufacturers, builders' merchants, specifiers, contractors and local authorities. It covered 150 building products and reflected short- and long-term prospects of the industry.

*339*  
EDWARD WEST

BMI building studies director Jan Strauss said the CSS's under-estimation of the home improvements market had led building material suppliers to under-estimate the demand for home improvements.

The CSS only reflected home improvements for which municipal approval had been requested, he said.

The CSS ignored the increase in home improvements undertaken on the owner/builder basis where plans were usually not submitted.

### Approved plans

Official CSS statistics showed non-residential building activity had a much higher proportion of additions than residential building activity.

This did not reflect the real situation, as non-residential alterations were usually executed with approved plans and were therefore more likely to be included in official statistics, Strauss said.

# Black forum makes 'great indaba' possible

By PETER FABRICIUS,  
Political Correspondent

The Government's plan to create a National Statutory Forum has been given impetus by the forming of a body of black council leaders in Johannesburg at the weekend.

form.

The forum will participate in the broad negotiation process as a "component together with other components".

Member of the Transvaal Executive Committee Mr John Mavuso, who convened Saturday's meeting and is an ex-officio member of the executive of the new forum, said that the problem had been for years that the Government did not know who to negotiate with in the urban black community.

Now the hundreds of black leaders chosen in the municipal election last year were all represented in the new forum.

And he said that 206 of the country's 260 black towns outside the homelands had attended Saturday's meeting.

Mr Heunis said that he welcomed any initiative by any community to form an organisation to further the democratic process by negotiation.

He would welcome the earliest possible meeting with the new forum.

It is understood that the forum's executive committee could meet Mr Heunis this week.

CAPE TOWN — The urban black body formed in Johannesburg at the weekend is expected to provide the impetus to launch the Government's long-delayed "great indaba" to negotiate a new constitution.

Government sources gave this indication yesterday after the launching of the National Forum for Black Leaders.

It was formed by several hundred black municipal councillors from three organisations — the United Councils Association of South Africa (Ucasa), United Municipalities of South Africa (Umsa) and the Federal Independent Democratic Alliance (Fida).

However, Umsa president Mr Tom Boya has made it clear that the Umsa members were present as individuals and that Umsa itself had rejected the forum.

## Banned

He said Umsa condemned the fact that many black organisations were not able to take part in talks with the Government because they were banned.

The forum will be led by Ucasa chairman Mr P D M Nhlapo, mayor of the black suburb of Middelburg.

Minister of Constitutional Development and Planning Mr Chris Heunis made it clear recently after meeting a delegation from Ucasa in Cape Town

that he intended going ahead with the "great indaba" — officially known as the National Statutory Forum — with whatever black leaders were prepared to take part.

The forum could be launched within the next few months.

He said Ucasa had expressed the view that while the leaders of self-governing territories were opposed to participation in the statutory forum, they already had a foothold in the system.

Urban leaders did not have this foothold and felt that the National Statutory Forum would provide this platform in central government.

Urban black leaders met Mr Heunis for the first time in January near Johannesburg to appoint a steering committee to consider the formation of an urban black forum.

This would provide the basis for urban black participation in the national forum.

## Reform

This will be the function of the National Forum for Black Leaders formed on Saturday.

Its constitution states that it has been founded to advance negotiation for a new constitution and for evolutionary re-



## 'Forum' gets cold shoulder

By Montshiwa Moroke

The formation of an organisation at Crown Mines, Johannesburg, at the weekend, calling itself the National Forum, is already embroiled in a controversy as "moderate leaders" distanced themselves from it.

Surprisingly, those who have unequivocally rejected the move are people known to believe in the Government's reform process and its new political dispensation.

Those who immediately refused to be associat-

ed with the new organisation were Mr John Gogotya, the controversial president of the Federal Independent Democratic Alliance (Fida), and Mr Tom Boya, president of the United Municipalities of South Africa (Umsa).

The central figures in convening the meeting and in the formation of the National Forum are Mr John Mavuso of the Transvaal Provincial Administration and Mr B Nhlapo, president of the Urban Councils Association of South Africa.

I am just asking the hon member whether the reply of the hon Deputy Minister does not fully cover that question?

Mr D J N MALCOMESS: Mr Speaker, I do not believe it does because I did not say the present Administrator.

Mr H H SCHWARZ: Mr Speaker, arising out of the reply of the hon the Deputy Minister, does he know that there are innumerable hon members of this House who are aware of the fact that there is such a report? How therefore can he say there is no such a report?

The DEPUTY MINISTER: Mr Speaker, I refer again to the last part of the question by the hon member for Port Elizabeth Central which reads as follows —

... to inquire into the establishment of a Black township at Wavcrest

The Administrator says he has not appointed a commission to inquire into such a Black township.

#### Jameson: Black township registered

\*9. Mr D J N MALCOMESS asked the Minister of Constitutional Development and Planning:

Whether a Black township in Jameson has been or is to be registered; if not, why not; if so, when?

B883E

The DEPUTY MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

Yes. A development area was designated at Jameson and defined in Government Notice No. 1846 dated 5 September 1980.

#### Cape Peninsula: new principals

\*10. Mr K M ANDREW asked the Minister of Education and Development Aid:

Whether any new principals appointed to schools in the Cape Peninsula since 1 January 1988 have been appointed in a temporary or acting capacity; if so, (a) why, (b) who made these decisions and (c) how many of these new principals were appointed in a (i) permanent and (ii) temporary or acting capacity?

B884E

The DEPUTY MINISTER OF EDUCATION:

Yes

(a) All the posts were advertised but to date only in one case has it been possible to finalize a permanent appointment. In three cases the Department has been forced to appoint persons in an acting capacity.

(b) The Regional Chief Director.

(c) (i) One. Since 1 May 1989.

(ii) Three. In an acting capacity.

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

SAP investigation into alleged shooting in Soweto

\*11. Mrs H SUZMAN asked the Minister of Law and Order:

Whether there has been an investigation into the alleged shooting by the South African Police in Soweto on or about 12 November 1988 of a certain person, whose name has been furnished to the Police for the purpose of the Minister's reply; if not, why not; if so, (a) when, (b) what were the results of this investigation and (c) what is the name of the person concerned?

B888E

The MINISTER OF LAW AND ORDER:

Yes

(a) to (c)

A murder case was opened on 12 November 1988 as a result of the death of the person whose name has been furnished by the honourable member. The investigation has been completed and the docket is at present with the Attorney-General for his decision.

#### INTERPELLATION

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

*Own Affairs:*

Community life: implementing of decisions

1. Mr J S PRINSLOO asked the Minister of Local Government and Housing:

Whether the Government is taking any steps to implement the decisions of White local authorities on matters affecting the community life of the Whites within the areas of jurisdiction of those local authorities; if so, what steps; if not, why not?

B937E.INT

\*The MINISTER OF LOCAL GOVERNMENT AND HOUSING: Mr Speaker, in this reply I shall confine myself to the activities of the Ministers' Council of the House of Assembly, and in particular to Local Government and Housing.

Naturally the Cabinet and certain general affairs departments are also involved in local authorities and the decisions of local authorities, as well as the maintenance of the own community life of the respective communities in South Africa. The Ministers' Council derives its task from the 1983 Constitution, especially as set out in Schedule 1 of the Constitution, *inter alia* with reference to social welfare, education, art, culture, health affairs, community development, which includes housing and the development of the relevant White community, as well as local government in the area declared a local government area for the White population group.

We therefore deal with essential matters that are required in order to conduct a meaningful own community life. With regard to housing the local authorities are assisted in terms of the Development and Housing Act, which was passed by the House of Assembly as own affairs legislation in 1985, in performing their housing duties, also where this takes place in co-operation with community organisations. This includes the making available of housing in various forms, including welfare housing and housing for the aged, loans for the safeguarding of the homes of the elderly who have a limited income, the provision and improvement of the housing in Government villages, the provision of rental accommodation in Schubart Park in Pretoria, for example, as well as in Parow Park.

This Act was amended this year and now grants local authorities powers with reference to the handling of slum conditions in the declared local government areas. In fact, local authorities are being acknowledged and also given the decision-making authority to prevent slum conditions and urban deterioration. Local authorities, under the leadership of the Ministers' Council of the House

of Assembly, also make a contribution to improving and establishing an orderly community life on an acceptable level.

Own local authorities are maintained and developed as institutions of the community by whom they have been elected or established. In fact, new local government institutions are also created. In terms of the Local Councils Act, 1987—also own affairs legislation of the House of Assembly—local councils are established for local areas or for communities which do not have local authorities. Corporate bodies come into being, which can then take decisions on their own affairs and can conclude agreements in order to implement such decisions in such areas. A local council is a local authority which is recognised as a representative body in a regional services council, and consequently can also negotiate there in the interests of its community. In establishing a local council, one establishes an ordered authoritative institution which can promote and further develop the community life in such an area.

Since 1 April 1989 I have been entrusted with certain local government functions in respect of three provinces, including the decision-making in connection with township establishment—full decision-making functions in the declared areas of the White local authority. There are authorised local authorities who have the right to take essential decisions in connection with township establishment. We acknowledge the decisions of these local authorities and after further consideration, we shall probably grant local authorities additional decision-making powers in due course. [Time expired.]

\*Mr J S PRINSLOO: Mr Speaker, the hon the Minister went no further today than what we hear from the Government with reasonable regularity, in that he merely sketched the legal framework which they rely on with reference to the community life of Whites.

It involves much more than that, however. The real issue is the implementation of decisions of local authorities that affect the community life of the people in their areas of jurisdiction. [Interjections.] There is no better illustration of the shortcomings of the steps taken by the Government in this connection than in the implementation of decisions on group areas and separate facilities. Only yesterday *The Argus* contained a



**'Property important  
for black progress'**

THEO RAWANA

DENYING blacks access to fixed property was the most comprehensive and effective policy in keeping them down, Anglo American and De Beers Chairman's Fund chairman Michael O'Dowd said yesterday.

He told an SA Property Owners' Association seminar that making property available in suitable and accessible forms was the most important area in promoting the economic progress of blacks.

Granting that not all the necessary changes had been made to the laws, O'Dowd said: "But some have and others are in the pipeline, so there is now a particular task and opportunity for the property developers, who are the producers and retailers of immovable property in the sense not only of erecting buildings but of sub-dividing land and making it available."

Job Creation MD Ian Hetherington said to be successful, the start-up black entrepreneur had to learn to do without justice, premises and cash.

He said: "For most of our population, the law has nothing to do with justice. It is a vehicle for harassment, corruption and exploitation. But, technically, to break the law is to be a criminal."



## New National Forum causes misgivings

By Montshiwa Moroke

Serious splits are looming within the Urban Councils Association of South Africa (Ucasa) and the United Municipalities of South Africa (Umsa) following formation of the Government-created National Forum at the weekend.

Members of both Ucasa and Umsa attended the meeting in Johannesburg.

Umsa had decided not to attend, but some members went as individuals. Ucasa's national executive is split between those for and those against the forum.

Mr Steve Nkatlo, Dobsonville mayor and public relations officer for Ucasa, walked out of the meeting. He said the forum was not representative of the people.

Leader of the new body is Mr Phillip Nhlapo, president of Ucasa.

Umsa's president, Mr Tom Boya, said yesterday there was "a lot of unhappiness" in the body among members who attended the forum.

There is open revolt against the Minister of Constitutional Affairs and Planning, Mr Chris Heunis, and the three black Cape, Free State and Transvaal provincial administration officials who introduced the idea to black mayors in Cape Town in December.

Mr Nkatlo said the new body stood for the aspirations of the Government, whereas the first National Forum — formed by members of the Black Consciousness Movement — stood for the aspirations of the people.

● See Page 4M.

# Blacks fear business Act change

*Sowetan 17/5/84 339*

BLACK businessmen fear that the Government's deregulation policy could lead to the penetration of their businesses by whites.

According to the president of the National African Federated Chamber of Commerce and Industry, Mr Sam Motsuenyane, black businessmen were concerned that the Conversion of Certain Rights to Leasehold Act might increase white penetration rather than free black business of legal restraints.

## SOWETAN REPORTER

The Act, which became effective in January, abolished controls on township businesses and allows whites to operate businesses in black areas provided that they form partnerships with blacks.

The Act further allowed the occupants of at least 300 000 township properties to acquire leasehold titles free of charge.

Details of problems facing black business are contained in the latest issue of the social and economic update, published by the Institute of Race Relations.

In terms of the Conversion of Certain Rights to Leasehold Act, whites may own a maximum of 49 percent in business ventures with blacks.

Star 17/5/89 339

## Group areas here to stay, housing conference is told

Pretoria Correspondent

Group areas will exist in the future, but the Government is endeavouring to allow for upward mobility out of these segregated areas into grey areas.

This is according to Dr Dries Oosthuizen in his address at the two-day National Association of Home Builders housing conference, which started in Pretoria yesterday.

Eight people delivered papers at the conference yesterday on the housing market and its future development.

Deputy chairman of Barlow Rand Group and director of the South African Housing Trust, Mr D E Cooper, said South Africa's need for capital would not be solved until inflation had been brought down and there were positive interest rates.

He said the national shortage of low-cost housing was in the region of 800 000 units. In the PWV area between 1,6 million and 2,4 million people were living in shacks, and 7 million people lived in shacks in the homeland areas.

These people could not be helped overnight and the country would have to accept informal housing as part of its policy.

Mr John Mavuso, member of the executive committee of the Transvaal Provincial Administration, said the Government was no longer responsible for the provision of housing for blacks.

Land holding costs were cited by Mr Neville Berkowitz, a consulting property economist, as being one of the biggest reasons for some home builders not showing a profit.

He felt that by using a land inventory data bank, builders could increase profits by up to 33 percent because it would allow them to have details of available stands at their fingertips.

Managing director of the National Building and Investment Corporation of South West Africa/Namibia, Mr G J Merrington, said the housing problems in his country were moderate compared with other developing African countries.

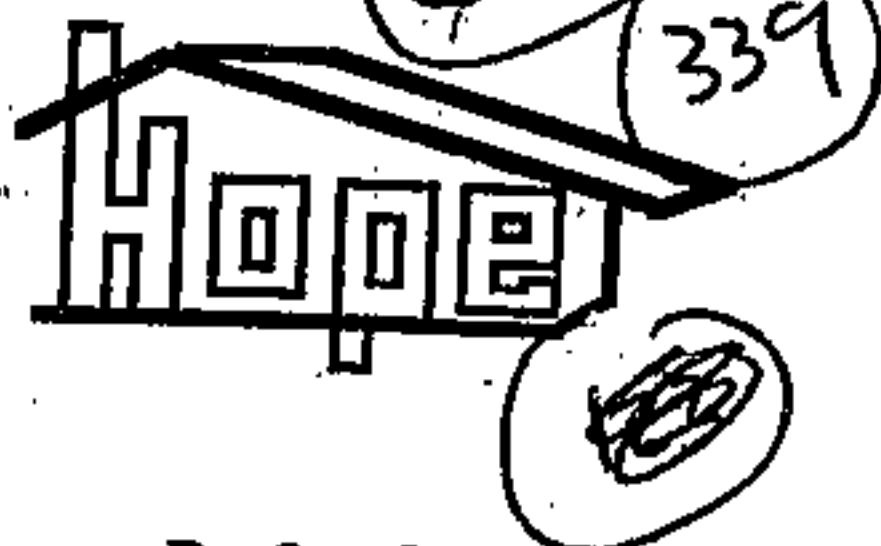
"Existing local expertise, experience and institutions are capable of handling the housing problems, given adequate political support and resources by the incoming government, and provided internationally accepted low-income housing policies are adopted; foreign advisers with extreme views are kept at bay; and adequate foreign aid is directed towards low-income housing."



## Star Private property the way to democracy, says Minister

Pretoria Correspondent

The Government saw home ownership as the most important way to implement democracy, and the private sector as the way to decrease the backlog in housing and to provide for future needs, the Deputy Minister of Finance, Dr Org Marais, said today.



Opening the National Association of Home Builders' (NAHB) housing conference in Pretoria, Dr Marais said in attempting to increase democracy, the Government was faced with increased spending on one side and the need to increase economic growth on the other.

The possibility was that in future the Government would encourage people to buy property and erect "sinkhuisies" and when funds were available build more permanent structures.

He pointed out that at present the average white South African was subsidised by the Government for infrastructure by R1 580 and members of other communities by R600. Although those coming into the democracy process wanted equal infrastructure and subsidies, he said, this was not financially possible.

Dr Marais said the private sector should become more involved in the provision of housing and in particular sub-economic housing.

He said the Government must shift its development role from the economic to the sub-economic field, with the emphasis on the creation of infrastructure.

# Huge low-cost housing shortfall

310-1 171 3/89 (339)  
PRETORIA — The shortfall of low-cost and sub-economic housing countrywide is about 800 000 units, Barlow Rand deputy chairman DE Cooper said here yesterday.

Speaking at the National Association of Home Builders conference, he said about 130 000 units a year were needed to meet the demand and eliminate the shortfall by 2010.

In 1989 terms this required spending upward of R2bn a year on house-building, let alone development of land and township infrastructures.

"At the present rate we will never even get close to this scale of delivery, and the more we fall behind the worse things get."

Disregarding massive overcrowding in formal and informal housing, seven-million people were living in shacks, he said. Two or three families sharing a two-roomed house was "typical".

GERALD REILLY

"We know also that about 50% of the urban population cannot and are unlikely to ever be able to afford formal housing in any shape or form.

"In the PWV area alone, between 1,6-million and 2,4-million people were living in spontaneous shack settlements or backyard shacks in 1987 — and I can assure you the number has not decreased."

## Choice

Urbanisation had developed an unstoppable momentum.

"The sooner we realise the choice facing policy makers is between the planned growth of informal settlements in a policy framework, or unplanned spontaneous growth, the more informed our thinking will be.

"We don't have the luxury of wishing those people away."

Controlled informal housing, possible on a site-and-service basis, must become part of overall strategy, Cooper said.

Opening the conference, Deputy Finance Minister Org Marais said government had given a high priority to the provision of appropriate housing as part of urban and rural development.

If SA was not hit by more sanctions "or any other unforeseen disaster, it might just be possible to allocate an increasing proportion of the budget to housing over the next five years — a rise perhaps of 1 percentage point".

Marais stressed if government was to spend on housing on a lock, stock, and barrel basis of the past, eliminating backlogs and meeting growing demands would be gravely prejudiced.

## Fewer blacks require any housing subsidy

The proportion of blacks able to afford housing without subsidies had increased from 16 percent to 19 percent over the past two years.

SAIRR researcher Elaine Cosser said that over the same period the number of blacks able to contribute to their own housing costs had more than doubled — having risen from 25 percent to 55 percent between 1987 and 1989.

Calculations by the National Building Research Institute indicated that about 71 percent of blacks now needed a subsidy to afford any housing at all (as against 84 percent in 1987), and 45 percent of the total black population could not afford to make any contribution to housing.

Despite the improved situation, finance remained the greatest obstacle to housing provision and almost half the black population still had to rely on informal dwellings. Land shortages in some areas, exacerbated by the Group Areas Act, were also a constraint on housing provision.

As a result speculators had been able to take advantage of artificially scarce land and had driven prices beyond the reach of many potential buyers. In Zuurbeek, west of Soweto, speculation increased prices by 75 percent after the Government announced that it was to be developed as a black area.

"The availability of land, and the authorities' willingness to countenance informal settlements, will have a crucial bearing on most people's access to shelter," the report says.



By Esmaré van der Merwe,  
Political Reporter

Tension between two municipal umbrella organisations, the Urban Councils' Association of South Africa (Ucasa) and its younger rival the United Municipalities of South Africa (Umsa), is increasing following the participation of some Umsa officials in the newly-established National Forum of black leaders.

#### MEETING

Umsa president Mr Tom Boya yesterday said an extraordinary meeting would take place in Kgotsoeng, Carletonville, on Sunday to discuss the election of four Umsa officials to top positions in the NF.

They are Mr D M Modiba,

## Tom Boya in row over participation in forum

8/2/78 18/1/78  
Umsa's deputy president, Mr S E Mpholo, Mr F L Mahlangu and Mr E K Motebang.

Mr Boya, who was involved with the formation of the NF but has since distanced himself from the body which this week claimed its recent discussions with the Government was the first step towards negotiations, said: "I have been inundated with calls from Umsa members countrywide who have voiced strong concern about the situa-

tion. There has been a lot of emotional barragement."

He denied that the dissension in Umsa ranks was threatening the organisation's unity.

"I rule by consensus, and it is for the meeting to decide what will be done. But Umsa will not break up."

NF leader and Ucasa president Mr Phillip Nhlapo lashed out at Mr Boya, saying Mr Boya had cut ties with the NF be-

cause he had not been elected to the original two-man steering committee which had prepared the NF's constitution. Mr Modiba and Mr Nhlapo served on the committee. 3/3/78  
CUT TIES

"Mr Boya was the co-founder of discussions about the creation of a broad forum which could present black aspirations to the Government. He addressed two meetings, in December and January respectively, at which he said we should all be one."

"The four Umsa officials will not cut ties with the National Forum. We are tired of yo-yo politics. We now mean business, and our aim is participation at the highest level and negotiations on a new constitution."

Ceiling cost of a home 'should be higher'

# Housing subsidy limit is now 'uneconomical'

Bldg 16/5767

THE ceiling cost of a home set by government for its first-time buyer's subsidy has become uneconomical, according to National Association of Home Builders' (NAHB) chairman Llewellyn Lewis.

Speaking at the NAHB housing conference this week, Lewis said the association had made representations for a revision of the housing subsidy scheme to Ministers of Housing in all houses of Parliament.

The ceiling on the cost of dwellings liable for the subsidy was raised to R45 000 in August 1988 from the original R40 000.

However, an inflation-linked ceiling should by now have been more than R86 200. Taking into account land costs and special concessions, the total package should

EDWARD WEST

stand at R120 500, rather than the current maximum of R75 000, Lewis told NAHB members.

The NAHB proposed that the scheme be simplified by the introduction of a single ceiling of R100 000.

Concessions for land conditions should be increased to R6 000, and the ceiling and rate at which subsidies were calculated should be revised half-yearly.

## 'Retrogressive'

The association also proposed that state assistance in buying existing homes should be divorced from the present subsidy scheme from July.

Lewis said housing ministers realised the amendments to hous-

ing subsidies were retrogressive, and that hardships in the building industry and difficulties faced by the prospective first-time homeowner could largely be attributed to the rules of the subsidy scheme.

Minister A A Venter of the House of Assembly said his subsidy scheme budget of R28m was barely enough to service existing bonds, let alone assist with new bonds.

□ Deputy-Minister of Finance Org Marais said at the conference an amount equalling 40% of last year's budget would have to be spent to solve SA's housing shortage by the year 2000.

Given the tight fiscal situation in the country, progress would be made if government encouraged larger private involvement in the housing sector.

# Negotiation is 'a must' to solve crisis

18/1/87  
ADELE BALETA

GOVERNMENT must negotiate meeting black housing needs with trade unions and community organisations to resolve the financial and political problems bedevilling its housing policy, says author Paul Hendler.

Hendler researched government's urbanisation policy in the PWV area.

In a publication, *Politics on the Home Front*, released today by the SA Institute of Race Relations, Hendler examined the state's orderly urbanisation and housing policies, and the role of black local authorities.

He found government would not be able to provide housing for all urban residents who required it, and it would have to choose priorities.

While negotiation was a "definite option" to the housing crisis, it was unlikely government would follow this path because of the view that dealing with unofficial groups "threatened" state security goals.

## Strategy

His research showed that despite the expansion of homeownership, political conflict over housing had escalated. He predicted township instability would continue.

Hendler said material improvements were unlikely to meet the goals of government's "security strategy".

Government had planned to implement its "inward industrialisation" policy — the reliance on local markets as opposed to export markets to create employment — mainly through privatisation and deregulation.

This involved the provision of loan finance to black builders, businessmen and homeowners, the promotion of self-help housing schemes, the sale of existing housing stock, and the allocation of more land for black housing.

All these strategies faced huge obstacles.



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## HOUSING: BLACKS MUST BE INVOLVED IN PROCESS

GOVERNMENT might not be able to solve problems in its African homeownership drive unless it involved blacks in choosing priorities and setting targets, SA Institute of Race Relations (SAIRR) research has found.

In a publication, *Politics on the Home Front*, author Paul Hendler said government, in trying to promote African home-ownership, was caught up in a vicious circle of financial and apartheid-based problems.

In spite of the expansion of home-ownership, political conflict over housing had increased. "Material improvements are unlikely to be widespread enough to meet the goals of the 'security strategy' of

THEO RAWANA

government."

The research into the urbanisation policy in the PWV area, showed that government's home-ownership drive was prompted not only by a desire for stability, but was meant to also stimulate growth and employment. "Government aims to implement this 'inward industrialisation' policy by means of privatisation and deregulation.

### Inability

"The policy also involves the provision of loan finance to black builders, businessmen and home-owners; the promotion of self-help housing schemes; the sale of existing housing

stock and the allocation of more land for black housing."

Hendler said government's unwillingness or inability to finance housing on a large scale had prompted its stress on privatisation; black entrepreneurs could not compete financially with established white developers and white developers were constrained by the inability of most residents to afford privatised housing.

He concluded government would not be able to provide housing for all urban residents and would have to choose priorities. "These are only likely to enjoy residents' support, and so contribute to stability, if they are negotiated."

## Forum men disciplined

THE United Municipalities of South Africa yesterday suspended all its members taking part in the newly formed National Forum.

This was announced by Umsa president, Mr Tom Boya, after a meeting of the organisation in Khutsong, Carletonville.

The decision to suspend all Umsa

members who are participating in the NF was a "unanimous" one by the members present. They were suspended with immediate effect and given a chance to appear before the executive committee in a special meeting to be convened within 21 days. Those failing to attend the disciplinary meeting stand to forfeit their Umsa membership.

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# Township boomtime is going to spread

**BOOMTIME** has come to the townships — and it is going to spread, experts predict.

The Central Statistical Service estimates that the informal black business sector contribute millions of rands to the country's economy every year.

Indications are that the amount is rising dramatically.

The Free Market Foundation has engaged The Information Transfer Group (ITG) and its

**BY JOSHUA  
RABOROKO**

associate, Econometrix — both research companies — to head an investigation into the contribution made by the informal black business.

ITG director Mr Jan Strauss said: "We believe no-one knows what is really going on. Officially figures are at best not reflecting the tremendous growth and energy or the patterns of trade of the needs of this sector."

Strauss said the studies will reveal details of the economic structure of life in the townships.

"The spaza shops, which operate from a homeowner's garage or lounge, were born when boycotts of white shops were enforced in the most brutal ways. But they are not going away now that things are quieter."

"Also, in their off-peak hours black taxis are becoming delivery vehicles for the spazas. This is the start of

wholesale hawking. And conventional wholesalers cannot compete because their cost structure is all wrong," he said.

He believed that spazas and other informal black businesses will bring about fundamental changes in the national social fabric.

"They show that more and more people will work where they live," he said.

"It is ridiculous that the city the size of Soweto

has no central business district.

"Once the regulations are changed we will see businessmen buying blocks of houses, razing them and putting up offices, shops and factories.

"Blacks are now aware of convenient shopping.

"If they can shop at a spaza, even paying fractionally more than at a white supermarket, they will not shop anywhere else.



## Rent arrears are R550-m

24/5/89  
329  
MORE than R550 million was owed by blacks in rent arrears from rent boycotts, the Minister of Constitutional Development and Planning, Mr. Chris Heunis, said yesterday.

In reply to a question from Mr W J D van Wyk (CP Witbank), Heunis said his department had neither authorised nor approved the write-off of these rent arrears.

500  
As at March 31 1989, the total arrears in Natal was R3,105 million and town committees were constantly encouraged to take active steps to recover outstanding rentals. Where justified, legal action was taken.

In the Orange Free State, the total arrears — as at March 31, 1989 — was R27 045 million. — Sapa.

| <i>Adres van eiendom</i>  | <i>Ligging van eiendom</i>   |
|---|--|
| Sesde Laan 144 en 144a, Bezuidenhoutvallei, Johannesburg .....  | Erf 252, Johannesburg te Bezuidenhoutvallei.                       |
| Carterweg 30 en 32, Forest Hill, Johannesburg .....   | Erf 552, Johannesburg te Forest Hill.                              |
| Woonstelle 1-4, Observatoryhof, Hunterstraat 141, Bellevue-Oos, Johannesburg  | Erf 117, Johannesburg te Bellevue-Oos.                             |
| Woonstelle 5-12 en 14-21, Lawson Mansions, hoek van Loveday- en Breestraat, Johannesburg  | Erf 1240, Johannesburg.  |
| Woonstelle 1-4, Armandhof, Raymondstraat 31, Bellevue, Johannesburg   | Erf 239, Johannesburg te Bellevue.                                 |
| Marsstraat 6 en 6a, Malvern, Johannesburg .....   | Erwe 116 en 118, Johannesburg te Malvern.                          |
| Woonstelle 401-412, 501-514, 601-610, 701-710, 801-810, 901-910, 1001-1010, en 1101-1108, Africa House, hoek van Rissik- en Kerkstraat, Johannesburg                  | Erwe 1115, 1116, 1117 en 1123, Johannesburg.                       |
| Banketstraat 83 en 83a, Hillbrow, Johannesburg .....  | Erwe 3254 en 3155, Johannesburg te Hillbrow.                       |
| Atholstraat 222, Highlands-Noord, Johannesburg .....  | Erf 1923, Johannesburg te Highlands-Noord.                         |
| Woonstelle 1-18, Elfredahof, Sherwellstraat 59, Doornfontein, Johannesburg  | Erwe 165, 166, 167, 218, 219 en 220, Johannesburg te Doornfontein. |
| Woonstelle 11, 12, 21-26, 31-36, 41-46, 51-56, 61-66, 71-76, 81-86, 91-96 en 101-104, Dorchester Mansions, Rissikstraat 73, Johannesburg                              | Erf 4571, Johannesburg.  |
| Woonstelle 1-12 en 14-28, Clive Mansions, Eastlaan 27, Hillbrow, Johannesburg   | Erf 4026, Johannesburg te Hillbrow.                                |
| Woonstelle 1-4 en een woning, Ascotweg 31 en 33, Bertrams, Johannesburg   | Erf 180, Johannesburg te Bertrams.                                 |
| Woonstelle 31-35, 41-45, 51-55, 61-65 en 71-75, Twinbro House, hoek van Noord- en Wandererstraat, Johannesburg  | Erwe 1810 en 1811, Johannesburg.                                   |
| Lilystraat 50 en 50a, Rosettenville, Johannesburg .....   | Erf 368, Johannesburg te Rosettenville.                            |
| Araratstraat 96 en 96a, Westdene, Johannesburg .....  | Erf 1013, Johannesburg te Westdene.                                |
| Anzacstraat 94, Newlands, Johannesburg .....  | Erf 2626, Johannesburg te Newlands.                                |
| St Albanslaan 32, Mayfair-Wes, Johannesburg .....   | Erf 132, Johannesburg te Mayfair-Wes.                              |
| Sesde Straat 46, Parkhurst, Johannesburg .....  | Erf 1954, Johannesburg te Parkhurst.                               |
| Sesde Straat 29 en 29a, Vrededorp, Johannesburg .....   | Erf 159, Johannesburg te Vrededorp.                                |
| Wesstraat 36 en 36a, Mayfair, Johannesburg .....  | Erf 2040, Johannesburg te Mayfair.                                 |
| Gardenstraat 17 en 17a, Rosettenville, Johannesburg .....   | Erf 360, Johannesburg te Rosettenville.                            |
| Sesde Laan 17, 17a en 17b, Bezuidenhoutvallei, Johannesburg .....   | Erf 25, Johannesburg te Bezuidenhoutvallei.                        |
| Woonstelle 2, 4, 6, 8, 10, 12, 14, 16, 18, 20, 22, 24, 26, 28, 30, 32, 34, 36, 38, 40, 42, 44, 46 en 48, Houghton View Heights, Kenmereweg 50, Yeoville, Johannesburg | Erwe 930 en 931, Johannesburg te Yeoville.                         |
| Mabelstraat 79, Rosettenville, Johannesburg .....   | Erf 814, Johannesburg te Rosettenville.                            |
| Ferreirastraat 21 en 23, Turf Club, Johannesburg .....  | Erf 9, Johannesburg te Turf Club.                                  |
| Woonstelle 1-12, 12a en 14-42, Manleyhof, Goldreichstraat 4, Hillbrow, Johannesburg   | Erf 3898, Johannesburg te Hillbrow.                                |
| Mullerstraat 156, Bellevue-Oos, Johannesburg .....  | Erf 126, Johannesburg te Bellevue-Oos.                             |
| Tweede Laan 18 Westdene, Johannesburg .....   | Erf 190, Johannesburg te Westdene.                                 |
| Woonstelle 1-4, Yeoville Maisonets, Hunterstraat 64, Yeoville, Johannesburg   | Erf 745, Johannesburg te Yeoville.                                 |
| Woonstelle 316-319, 401-412, 501-512, 601-608, 701-708 en 801-808, Mansfield House, hoek van President- en Joubertstraat, Johannesburg                                | Restant van Erwe 665 en 666, Johannesburg.                         |
| Fawcusstraat 212 en 212a, Jeppe, Johannesburg .....   | Erf 2152, Johannesburg te Jeppe.                                   |
| Woonstelle 1-4, Dorsamhof, hoek van Jules- en Kingstraat, Malvern, Johannesburg   | Erwe 785 en 786, Johannesburg te Malvern.                          |
| Woonstelle 1-5, 11-16 en 21-26, Stanrosehof, De Kortestraat 52, Braamfontein, Johannesburg  | Erf 2812, Johannesburg te Braamfontein.                            |
| Johannestraat 9 en 9a, Troyeville, Johannesburg .....   | Erf 651, Johannesburg te Troyeville.                               |
| Woonstelle 1-6, Bettyhof, Mullerstraat 151, Bellevue-Oos, Johannesburg  | Erf 111, Johannesburg te Bellevue-Oos.                             |
| Woonstelle 1-12, 12a en 14-17, Haighhof, hoek van Haigh- en Prairiestraat, Rosettenville, Johannesburg  | Erf 627, Johannesburg te Rosettenville.                            |
| Woonstelle 1-6, Stelderhof, St Georgestraat 75, Bellevue, Johannesburg..  | Erf 183, Johannesburg te Bellevue.                                 |

## DEPARTMENT OF DEVELOPMENT AID

No. 1014

339 26 May 1989

### HEALTH MATTERS — BLACK AREAS.— DECLARATION OF LOCAL AUTHORITIES

Under the powers vested in me by Section 4 (2) of Proclamation No. R. 34 of 1989, I, Gerrit van Niekerk Viljoen, Minister of Education and Development Aid, hereby declare that for the purposes of the application of the Health Act, 1977 (Act No. 63 of 1977), in Black areas that—

(a) the Director-General of the Department of National Health and Population Development shall be the local authority in respect of environmental health and dental care; and

## DEPARTEMENT VAN ONTWIKKELINGS- HULP

No. 1014

26 Mei 1989

### GESONDHEIDSAANGELEENTHEDE — SWART GEBIEDE.—VERKLARING VAN PLAASLIKE BESTURE

Kragtens die bevoegdheid my verleen by artikel 4 (2) van Proklamasie No. R. 34 van 1989 verklaar ek, Gerrit van Niekerk Viljoen, Minister van Onderwys en Ontwikkelingshulp, hiermee dat die doeleindes van die toepassing van die Wet op Gesondheid, 1977 (Wet No. 63 van 1977), in Swart gebiede dat—

(a) die Direkteur-generaal van die Departement van Nasionale Gesondheid en Bevolkingsontwikkeling die plaaslike bestuur is ten opsigte van omgewingshigiëne en tandheelkunde; en



Black capital at a disadvantage because of apartheid laws

# Why no township malls?

SKR 2115789

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South Africa has a wealth of shopping complexes in white urban areas, but there is a lack of similar developments in the townships. One property developer says this is due to restrictions and stumbling blocks created by vested interests. **SUE OLSWANG reports.**

The prerequisites to creating the "right climate" for the development of shopping centres in South Africa's black townships would be the scrapping of the Group Areas Act and the Separate Amenities Act, says Mr George Skinner, chief executive of Coreprop, Tradeagro's property arm.

"We will see a positive outreach from black businessmen when these two Acts are removed from our statute books," he said.

One of the stumbling blocks presently preventing white business from developing shopping centres in black townships is the Black Communities Development Act, which basically restricts development by anyone other than blacks.

Another is the recommendation made by the Rieker Report in the late 1970s that black town councils "make their own recommendations on the admission of whites, coloureds and Indians to trade in black urban areas".

## No credibility

However, black local authorities, some elected in a poll as low as 3 percent, frequently have no, or very little, credibility with township residents so it is difficult for property developers to become involved with them.

Also preventing development by white business is Natcoc's (National African Federated Chamber of Commerce) defensive tactic of arguing that white capital should not be allowed into black townships unless blacks are allowed to trade in white CBDs.

White business may also be seen to be reluctant to participate in the 51-49 partnership concept produced by the Government in an attempt to foster township business without handing over control to whites, Indians or coloureds.

These 51-49 arrangements are not governed by law, but there is an understanding that blacks must not have less than 51 percent and "non-blacks" not more than 49 percent of the interest in a partnership or shareholding of a company.

In addition, the black partners must be entitled to purchase full interests.

While bodies such as Natcoc and the Small Business Development Corporation (SBDC) may perceive development by white property developers as a threat to the small black trader, Mr Skinner says a shopping centre environment would allow the small trader to "feed off the traffic generated by a centre's major or anchor tenant".

He does, however, concede that few small traders would be able to afford the rentals in



The scene at the opening of Blacktown in Diepkloof in 1980. Hundreds waited for hours before the ribbon was cut.

such centres.

One major supermarket chain, Pick 'n' Pay, shares Natcoc's view about the threat to the small black trader.

Mr Hugh Hermann, managing director, said his group would consider moving into black townships, but one problem is "competition from black traders who claim they would be disadvantaged by competing with the major chains".

"We believe in the free enterprise system so we would rather consider entering into co-operative ventures," he said.

Coreprop's Mr Skinner said the availability of suitable land does not pose a problem for property developers, but some may be reluctant to move into townships because they will often be

faced with the additional cost of developing infrastructure such as sewerage and electricity — a cost factor which they don't have to contend with when developing in white urban areas.

The fact that many black people can barely afford to purchase basics is another major factor preventing large scale shopping centre development in the townships.

"Township residents may have to 'mature' before we see any major moves into black urban areas," Mr Skinner said.

This basically means that there must first be a degree of affluence in the townships as the more affluent residents are the ones most likely to support a major shopping centre, especially with mobility being such a big problem.

While white property developers have been unable, or reluctant, to move into black townships, there are a number of black businessmen who have successfully overcome the handicaps of race, legal restrictions and lack of capital.

Richard and Martina Maponya, for example, are a successful husband-and-wife team who own a neighbourhood shopping centre and supermarket, and other enterprises.

Another example is Mr Ephraim Tshabala, whose interests include shops and a cinema. In addition, a number of black traders have joined white-established co-operatives such as Spar and others receive support and service from Metro Cash 'n' Carry and other wholesale operations.



# Black housing funds for cities slashed 30 %

off Times 30/5/89 183 339

## Political Staff

GOVERNMENT funding to the nine major South African local authorities for black housing development from the National Housing Fund dropped by R23,8 million, or 31,4%, over the past two financial years, the Minister of Constitutional Development and Planning, Mr Chris Heunis, said yesterday.

During the 1987/8 financial year, R75,6 million was allocated by the National Housing Fund for the provision of infrastructure and material loans for black

housing development in the nine cities.

However, in the 1988/9 financial year, this dropped to R51,9 million.

Mr Heunis was asked in a question tabled in Parliament by Mr Jasper Walsh (DP Pinelands) how many houses the government had built during the two financial years in Cape Town, Durban, Maritzburg, Pretoria, Port Elizabeth, Kimberley, East London, Bloemfontein and Johannesburg.

He replied: "The state does not build homes in black local authority areas.

"Funds, however, are made available to black local authori-

ties via the National Housing Fund as loans mainly for the development of infrastructure and for material loans to promote self-build schemes."

In the 1987/8 financial year, R69,1 million was made available for infrastructure and R6,5 million for material loans.

However, in the following financial year R44,4 million was made available for infrastructure and R7,5 million for material loans.

Mr Heunis added: "Reliable statistics regarding the construction of houses by the private sector are not readily available."

# Minister hails black local govt 'success'

CMC Times 30/5/87  
By BARRY STREEK  
Political Staff

SUCCESSES achieved in black local government were important because they were building democracy, the Minister of Information, Dr Stoffel van der Merwe, claimed yesterday.

"Success" had been made possible because peace had been brought to black areas and intimidation had been restricted to a large degree, he said at a press conference.

"The visible result of the government's efforts on these two levels is being used as an instrument to build," he said.

"The opportunities offered by black local government are important, whether people agree with the philosophy of the government or not, because the experience gained will stand them in good stead in the future."

In March this year, there were 259 black local authorities functioning in South Africa outside the homelands and only 10 (or 4%) of these were under the control of administrators.

In last year's municipal elections, the average poll in the black areas was 25,2% and 367 475 people participated in the elections.

Though there had been an exceptionally high voter turn-out in the white municipal elections last year because of the involvement of political parties, the results in black areas were similar to those in white areas in the previous elections.

In Mamelodi near Pretoria there was a 27,3% poll, compared to the 26,6% poll in Pretoria in 1982, while in Khayelitsha there was a 43,3% poll compared to the 35,2% poll in Cape Town in 1982.

## Sanctions: AG ruled

announces

everybody on top for  
the family is

Our  
lunch



Current Government housing and land policies cannot remove the tensions they are designed to address because some of the major constraints to Government housing goals are political, rather than technical. The Government cannot achieve its housing goals unilaterally, but may have to pursue them in negotiation with communities.

This is the finding in a book, "Politics on the Home Front" by Paul Hender, released recently by the South African Institute of Race Relations.

Hendler says there is a growing realisation in official circles that housing policies require revision and that pressures for adaptation will grow.

"In theory, more effective land use and subsidy policies might achieve Government housing goals without creating a need for negotiation. But the freeing of land on the scale required would hold risks for the Government — in the form of heightened white resistance — which it may be unwilling to accept."

**The goals of the Government's urbanisation policy are economic growth, job creation and social stability. Planners can believe that conflict potential can be reduced by home ownership and the encouragement of local industries in the black townships.**

This policy, however, is a much shaped by social pressures as by the intentions of the policy-makers. Hendle says:

# Housing policy needs negotiation

**By JOE LATAKGOMO**

The Government's black urbanisation policy is being hampered by political constraints, and to implement it successfully the Government may be obliged to negotiate with the community.

policy had previously been based on the assumption that blacks were temporarily in these areas, and legislation like the Housing Act (No 35) of 1920, for instance, which established the first housing board, was rarely used to fund black housing, but instead used to combat the "poor white" problem. It then took over the townships, and some townships which had enjoyed subsidies from municipalities, lost these subsidies as the boards did not get a State subsidy. The monopoly on sorghum beer provided some revenue for the boards, but they used this revenue to fund housing in the homelands while restricting controlling access to

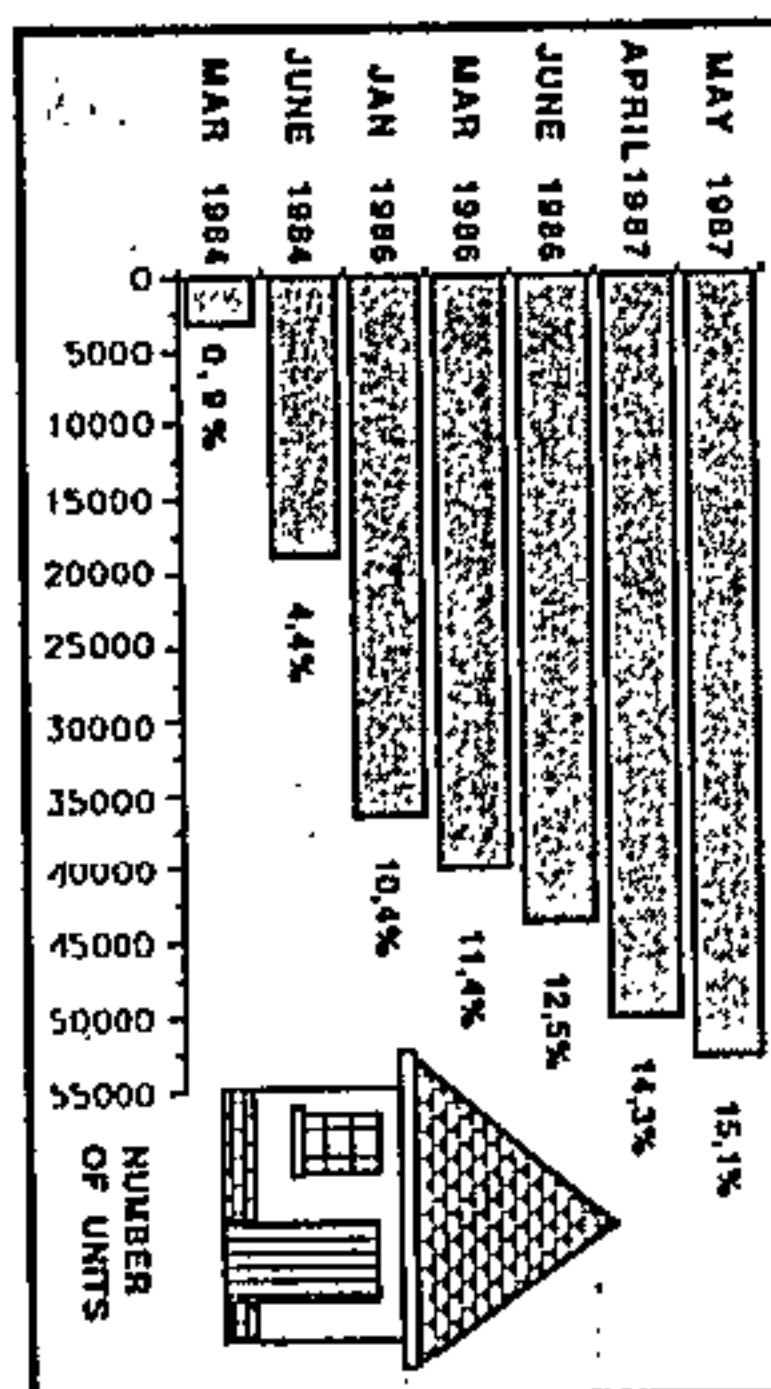
However, expenditure on black housing from State funds rose only from R246 million in 1949 to R6,48 million in 1957. **Declined.** From 1958, when an estimated R272 million was spent on housing in black housing areas, only R22 million was available for housing in urban townships. The limited State funds were used to finance migrant workers' hostels — resulting in deteriorating conditions in the townships. These — and other social and political factors — led to the unrest in 1976. The Government's response was to provide

This decline reflects the fact that in 1976-77, 4,545 houses were built, a year up to 1965, but from 1967 when houses to the value of R1,658 million were built, the value of housing provision declined to a low of R2,695 million in 1976-77.

The Government was unwilling to introduce the provisions between the residents and the local authorities introduced by the Government.

The administration boards are being set up to limit the number of blacks in the urban areas through insisting that the townships should be self-sufficient. The administration boards are being set up to limit the number of blacks in the urban areas through insisting that the townships should be self-sufficient. The administration boards are being set up to limit the number of blacks in the urban areas through insisting that the townships should be self-sufficient.

# RATE OF SALES OF HOUSES IN THE GREAT SALE



## housing delivery

But the government's tax and use policy still remained a major constraint on housing delivery. The Government's 1986 "orderly urbanisation strategy" abandoned most of the formal controls on slack labour mobility, but still attempts to channel labour consistently with its earlier policies — namely away from the major cities to prescribed de-concentration points.

Despite its stress on deconcentration, however, the Government has been prepared to release some land in metropolitan areas — but not enough to contribute to growth, says Hender.

The new strategy faces major obstacles, including:

- The private market has had little impact on housing short-

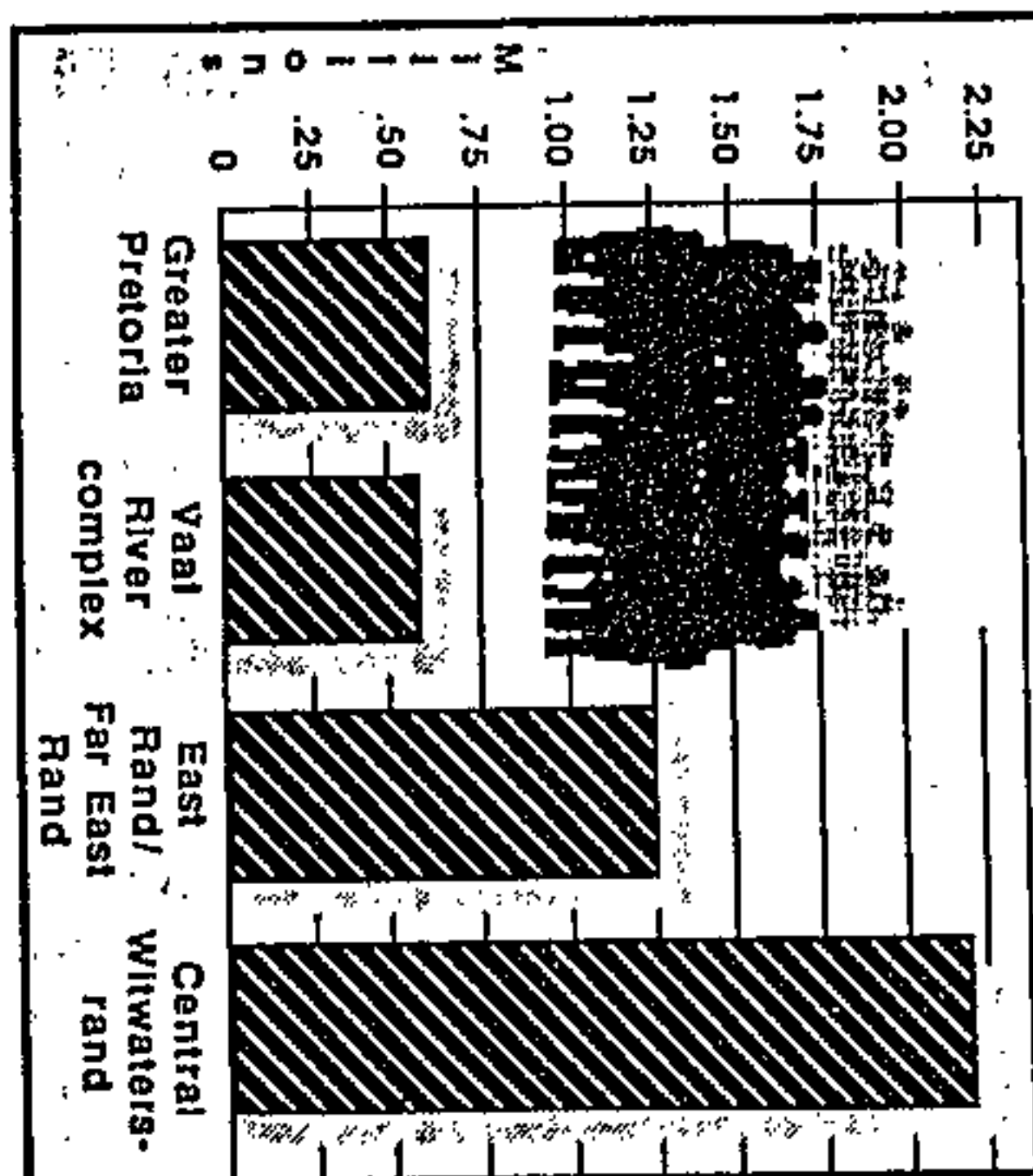
age because most township dwellers cannot afford loan finance. For privatisation to work, State subsidies would have to be vastly increased. "But it is precisely the Government's inability or unwillingness to finance housing on this scale that has prompted its stress on privatisation," Hendler writes. However, private developers' imperative to recover costs and make a profit would price land out of the reach of many of those whose need for housing is greatest.

Privatisation has therefore created possibilities for increased land allocation and housing negotiation, but development is still constrained by land policies which restrict growth — the authorities remain the final arbiters of where land is made available

development

by land policies which restrain growth — the authorities remain the final arbiters of where land is made available

**ESTIMATED AFRICAN POPULATION IN THE PWV AREA PROJECTED TO THE YEAR 2000**



— and could be a source for conflict.

● **De-regulation** — the removal of controls over the development of black builders and other entrepreneurs would be a double-edged sword. While it might generate wealth for some small businessmen and workers, the removal of minimum wage regulations could depress wages and inhibit black consumer power, including people's ability to buy

- **Black entrepreneurs** — a key factor in the “inward industrialisation” strategy do not have sufficient capital to enable them to compete with established white developers.
- **Self-help schemes** backed by low interest loans are hampered by affordability problems.
- **Affordability:** This constraint has ensured that all but a handful of residents require subsid-

Because of white resistance, as well as the State's decentralisation strategy, land has been allocated too far away from the region's economic centre, thus inflicting increased transport and service costs on those who can least afford them —

### Problems

● Homeowners will continue to pay substantial servicing charges, which are likely to remain a source of conflict. Hender argues that raising Regional Service Council taxes to help provide cheaper services might create further financial and political problems.

Hender concludes by saying that because the State was unlikely to be able to unilaterally remove all the obstacles to the achievement of its policy goals, the crisis of urban development can be expected to continue. For the Government, he says, the challenge is how best to control the crisis in order to keep it within manageable proportions.

### Security measures alone

might offer it a temporary solution, but it has a very real interest in negotiations with community groups as a complementary tactic for maintaining social stability.

## Problems

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Security measures alone might offer it a temporary solution, but it has a very real interest in negotiations with community groups as a complementary tactic for maintaining social stability.



# Government is caught in a vicious circle regarding homeownership

**I**N trying to promote African homeownership — after decades of doing the opposite — the Government is caught in a vicious circle of financial and apartheid-based problems. And it may not be able to solve any of these problems unless African communities are involved in choosing priorities and setting targets.

This emerges from research into the Government's urbanisation policy in the Pretoria / Witwatersrand / Vereeniging area, released by the South African Institute of Race Relations.

In a publication entitled *Politics on the Home Front*, author Paul Hendler says that despite the expansion of homeownership, political conflict over housing has increased.

He predicts that the potential for instability in the townships in the foreseeable future will continue. Material improvements are unlikely to be widespread enough to meet the goals of the "security strategy" of the Government.

## Stress

The research shows the Government's stress on African homeownership is prompted not only by a desire to achieve stability, but is meant also to stimulate growth and employment.

The Government aims to implement this "inward industrialisation" policy mostly by means of privatisation

## FOCUS

and de-regulation.

The policy also involves the provision of loan finance to black builders, businessmen and homeowners, the promotion of self-help housing schemes, the sale of existing housing stock, and the allocation of more land for black housing.

These strategies face severe obstacles:

- The private market has had little impact on the housing shortage because most township dwellers cannot afford loan finance. For privatisation to succeed, State subsidies would have to be vastly increased.

"But it is precisely the Government's inability or unwillingness to finance housing on this scale that has prompted its stress on privatisation," Hendler writes.

- De-regulation — the removal of controls over the development of African builders and other entrepreneurs — could be a double-edged sword.

While it might

generate wealth for some small businessmen and workers, the removal of minimum wage regulations could depress wages and inhibit black consumer power, including people's ability to buy houses.

- Black entrepreneurs — a key factor in the "inward industrialisation" strategy — don't have sufficient capital to enable them to compete with established white developers.

And white developers are constrained by the inability of most residents to afford privatised housing.

- Self-help schemes, backed by low interest loans, are hampered by affordability problems. Hendler found that black local authorities are inclined to resist implementing these schemes because they stand to accumulate more money by selling sites to established developers.

## Strategy

- Attempts to release suitable land for black housing run up against political constraints all along the line.

Because of white resistance, as well as the State's de-centralisation strategy, land has been allocated too far away from the region's economic centre, thus inflicting increased transport and service costs on those who can least afford them — and cancelling out the attempt to place housing within the reach of those who need it most.

- Despite "give-away" prices and a concerted selling drive, the sale of Government housing stock has encountered consumer resistance.

Hendler reports that many tenants are suspicious of the motives behind the sale and the regulations that support



John Kane-Berman is the director of the SA Institute of Race Relations.

it — and people were uneasy about their ability to honour long-term repayments.

- Homeowners will continue to pay substantial service charges, which are likely to remain a source of conflict. Hendler argues that raising Regional Services Council taxes to help provide cheaper services might create further financial and political problems.

Hendler concludes that the Government will not be able to provide housing for all urban residents who require it, and it will have to choose priorities.

"These are only likely to enjoy residents' support, and so contribute to stability, if they are negotiated," he says.

He acknowledges that significant constraints still confront negotiation. "They include the view that dealing with groups operating outside

official structures would threaten State security goals."

But other State officials whom Hendler interviewed acknowledged the Government cannot achieve its housing goals unilaterally and will have to negotiate with extra-parliamentary community groups.

According to a senior official of the Department of Development Planning, the department has already negotiated with what he called "the so-called non-acceptors or the rejectors of the local authority system."

Another official acknowledged that the black local authorities "are not acceptable to all people" and said the department would not hesitate to consult "important other groups who are specifically geared to promote housing and homeownership."

"Unlike the securocrat strategy, negotiations with representative organisations hold out the distinct possibility of more stability in the townships," Hendler says.

Politics on the home front is available from the Publications Department of the South African Institute of Race Relations, PO Box 31044, 2017 Braamfontein, at R10,75 inclusive, R8,75, plus R2 postage and packing.



Political comment in this issue by Aggrey Klaaste and Sam Mabe. Sub-editing, headlines and posters by Sydney Mathaku. All of 61 Commando Road, Industria West, Johannesburg.

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# Improving quality of urban life

Staff Reporter

Environmental guidelines were presented to delegates to the annual meeting of the Institute of Town Clerks of South Africa in Kempton Park last week.

The guidelines, drawn up by the Council for the Environment (CE), are designed to help local authorities conserve and improve the urban environmental quality in their structure planning.

According to Mr Brian Egan of the CE, introducing publications on these concepts to urban administrators could contribute towards a higher quality of life.

Urban structure plans should also provide for environmental impact assessments in respects of water, air, noise and visual pollution, and the socio-economic consequences of development plans, according to the guidelines.

To promote participation from residents and businesses, incentive packages such as tax rebates and the easing of building regulations have been suggested. Copies are obtainable from Mr Egan at Private Bag X447, Pretoria.



ed within the six-week time-

with some refugees who arrived

and privacy now," a camp supervisor said. — Reuter.

## Blacks 'positive' about owning homes

By Esmaré van der Merwe, Political Reporter

The Government's socio-economic reform programme has progressed well under the "security umbrella" provided by the state of emergency, says Information Minister Stoffel van der Merwe.

At a press briefing in Pretoria yesterday, he revealed details of the Government's housing scheme for low-income blacks and the State's efforts to promote black home-ownership.

Dr van der Merwe said the improvement of living conditions was an important aspect of a balanced reform package.

By accepting the permanence of black citizens

in all parts of South Africa, the Government had reversed the policy of previous governments.

Over the past two years, more than 24 600 South African black civil servants, including teachers and other categories of civil servants who qualified for government housing subsidies, had bought their homes in urban areas.

The sale of government houses to blacks in the lower-income group of the private sector now exceeded the 105 500 mark.

"These facts not only indicate the important role blacks play in the civil service but also provide an insight into a new social order that is developing, in which home-ownership and full property rights occupy a prominent position."

Dr van der Merwe said the positive approach to private home-ownership among blacks demonstrated that "socialism is not all that attractive".

A recent Bureau of Information opinion poll found 85,1 percent of blacks on the Reef favoured private home-ownership. Only 6,1 percent opposed it, while 8,8 percent held no opinion.

Among the higher-income group earning more than R1 500 a month, support was the highest.

Black civil servants were the owners of 80 percent of all middle-class homes erected in black residential areas since 1985.

The number of black home-owners outside the homelands had more than trebled since 1985.

Dr van der Merwe said that despite sanctions and boycott actions, the State had paid out more than R322,3 million for further housing development during the financial year to March.

## Strydom's bid to obtain leave to appeal postponed

Pretoria Bureau

The bid by mass murderer Barend Hendrik Strydom to obtain leave to appeal against eight death sentences has been postponed by a day.

Strydom (23) was to have applied to the Pretoria Supreme Court today but the date has been changed until tomorrow.

Strydom was found guilty in the Pretoria Supreme Court by Mr Justice Louis Harms of murdering eight people and of the attempted murder of a further 16 during an orgy of violence in central Pretoria and at the Weiler's Farm squatter camp near De Deur in November last year.



# A system that guarantees development of people

Stw 14/6/89

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The economic and political empowerment of black South Africans demanded a proper analysis of long-term structural change which was vitally necessary in the formulation of appropriate responses to crises, says Mr Jan Steyn, chairman of the Urban Foundation.

He told the Carnegie Council on Ethics and International Affairs in New York yesterday that while political participation was an integral and essential part of the package of change elements, it could not be achieved successfully in an economic vacuum or operate with justice in an economic wasteland.

Mr Steyn gave an analysis into a number of economic factors manifesting the current background against which structural changes would occur.

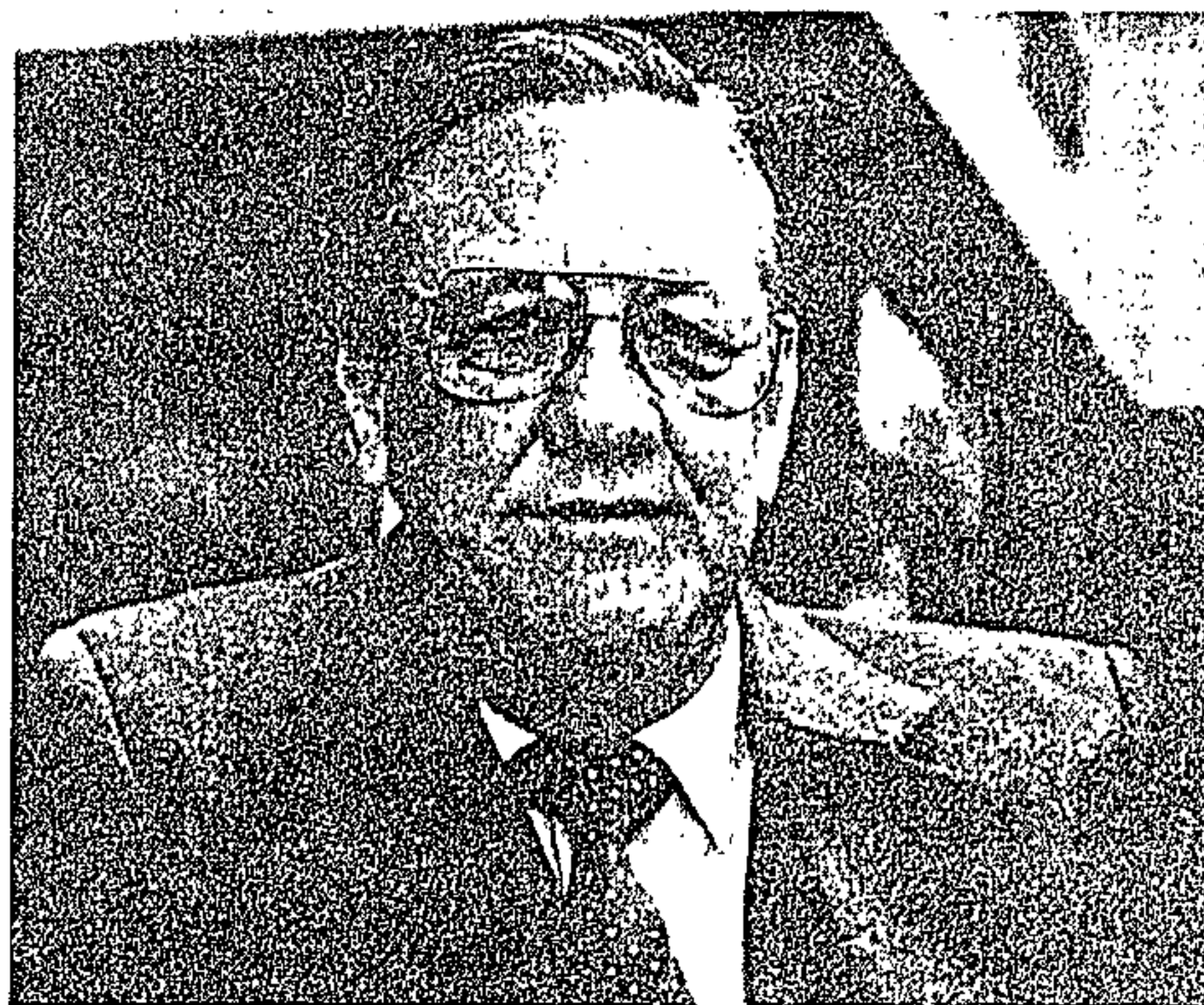
Figures by the Bureau of Market Research at Unisa showed that the black share of disposable income would increase from 45 percent in 1985 to between 55 and 60 percent in the year 2000. This meant that the higher the growth rate in South Africa, the more black people would benefit in relation to white people.

The black people best able to take advantage of a growing economy were the better educated and the urbanised. By 1980, urbanisation was virtually complete for South Africans of European and Asian extraction, with over 90 percent of both groups living in cities and towns. Eighty percent of coloured South Africans were urbanised on that date. The figure for black South Africans was much lower at 43 percent.

But the situation is changing rapidly, said Mr Steyn. In 1980, 8,7 million black people lived in cities and a further 2,3 million in towns. By the year 2000, these figures were expected to increase to 18,6 million and 4,3 million respectively, reflecting 62 percent urbanisation.

The white population was heavily concentrated in the PWV area, Durban and Cape Town. Only 27 percent of the total population in these areas was white in 1980. By the year 2000, this proportion would have dropped to 15 percent.

With urbanisation came a general enrichment in the skill structure of employment outside agriculture,



A proper analysis of changes occurring in South Africa proved that the economic empowerment of blacks was taking place, says chairman of the Urban Foundation Mr Jan Steyn (above). But he argues that economic empowerment could never be a substitute for political participation.

HELEN GRANGE reports.

domestic service and the informal sector.

In 1985, 47 percent of white South Africans were in middle class occupations. The corresponding figures for Asians and coloureds was 31 percent and 17 percent respectively. It was 9 percent for black South Africans. Small as the black proportion was, the number of black people in middle class occupations tripled between 1971 and 1983.

"Unless the economy collapses", said Mr Steyn, "the gap will close and the rate at which it closes will increase with the economic growth rate. The movement of educated people into more and more economically strategic positions was bound to increase black influence and authority".

It did so by obliging employers to deracialise their employment practices. It put pressure on existing racial patterns of residential location and the legislative instruments which regulated these, notably legislation providing for the racial zoning of land. It created a class of people with the talent and the capacity to make structured political

inputs.

Another important development was the modernisation of South Africa's industrial relations system. Black trade unionism dated from the 1920's, but it was very fragile until the efforts at re-organisation which started in the early 1970's. State recognition of black trade unions in 1979 was a turning point, and in the 1980's trade union membership had grown by leaps and bounds.

"Black trade unions have been much more stable than political organisation in the last five years and the biggest unions are now very powerful", said Mr Steyn.

In a capitalist society, another major source of power was the ownership of productive assets. The picture here was not encouraging. The black share of productive assets was pitifully small.

But urbanisation was rapidly creating a much bigger and more concentrated market. Small black entrepreneurship was growing rapidly and becoming much more visible. Both government and business were beginning to contract out vari-

ous activities to small businesses which would ever-increasingly include black entrepreneurs.

Mr Steyn said that the principal constraints to further progress were the lack of technical and management skills and the difficulties of financing. At all levels (apart from university training in business and engineering skills), the South African educational system was grossly deficient in technical and management training.

Financing black entrepreneurial development was equally difficult, he said. It was not beyond the economic capability of South Africa to offer secure tenure in the urban areas to all but the poorest 10 percent of black households, and the Urban Foundation was pressing for the public policy changes necessary to realise this potential.

The Foundation's experience was that, as the Government zoned more land to be available principally for black residential development, finance emerged as the major constraint on the delivery of housing to black families. The problem lay in making small loans of up to R20 000.

The difficulties were two-fold: firstly, how to grant and collect repayments on the loan without incurring administrative expenses which are high in relation to the loan size; secondly, how to make loans against assets which are not conventionally regarded as collateral or against no assets at all.

These factors all showed how changing patterns of urbanisation and income distribution had empowered black people. And this process would continue.

Economic empowerment however, was no substitute for political empowerment. It was not designed to prevent the concentration of power in the state.

"We need to be flexible in our approach to the future", said Mr Steyn. "No single-stranded strategy can succeed in resolving the complex issues that face us. What is certain is that economic ruin would inevitably follow the construction of a new authoritarian political system, with no guarantee of real development of people.

"We should plan for a growth rate of 4 percent per annum sustained for a generation," he added.



# Sales of houses to blacks rising steadily, says Stoffel

339  
ADELE BALETA

5/10/89 14/6/89  
THE sale of houses in black urban areas to the low income group had exceeded the 105 500 mark and sales were climbing steadily, Information Minister Stoffel van der Merwe said in Pretoria yesterday.

Bureau for Information statistics showed the number of black home-owners had more than trebled over the past four years, he said.

Of the 332 919 houses available for purchase by blacks, about 32% (106 605) of them had already been sold by April this year.

This compared well with June 1986, where of the 344 477 houses available only 13% (45 522) had been sold.

On the Witwatersrand the figure for April was 28,6%.

In the far northern Transvaal nearly all government houses offered for sale were bought by blacks.

In the northern Transvaal the sale figure was 44,3%; in the Northern Cape 53,33%; and in Natal 44,6%.

The average sales of about 2 000 houses a month began declining in June 1988. This was because of the municipal elections in October.

"During this time, sales took a back seat in order to utilise more personnel for the administration of local authorities," Van der Merwe said.

He added that — despite the damping influence of sanctions and boycotts on SA's economic growth rate — the state had paid more than R332,3m for further housing development during the past financial year up to the end of March 1989.

## Civil servants

Disinvestment had also left its mark on the housing market as home-owners and potential home-owners who had been dismissed were left without an income.

Over the past two years more than 24 600 black civil servants, including teachers, had bought their own homes.

Van der Merwe said the increase in black home ownership was "spectacular" in the light of economic sanctions and "sluggishness" affecting the economy, and was indicative of a new social order developing.

# The sick truth of apartheid society

By SELLO SERIFE  
Cawu 19/6/89.

132A

URBAN black South Africans die prematurely while whites live longer, says Rev Phakimile Tshazibane.

ed whites' healthier status and better living conditions.

He said the health service was focusing on the healthy, rather than the sick.

Tshazibane of Wis Centre for the Study of Health Policy told the 23rd SA Association of Occupational Therapists' AGM in Johannesburg that this reflect-

In 1985 about R450 was spent on health care for each white while about R115 was spent on each black. In areas like Lebowa, less than R25 was spent on each person's health care.

Inequalities were reflected in the availability of doctors. In Johannesburg there was one general practitioner for about 800 people, while in the homelands the rate varied from one doctor to 14 000 people in Lebowa and KwaZulu, to one to 32 000 in KaNgwane.

Inequality was also reflected in hospital bed availability and ease of referral for secondary

and tertiary care.

He also said that fragmentation - through multiplicity of health authorities - and privatisation were obstacles to the provision of good health care.

Privatisation was an attempt to shift state responsibility for essential services to private enterprise, which did not provide for those most in need, Tshazibane said.



## Students to design affordable homes

# Contest to promote low-income houses

Stev 19/6/89 (128) 339

By Kaizer Nyatumba

The South African Housing Trust (SAHT) has come up with a plan to help ease the country's housing problem: a country-wide affordable housing design competition for university and technikon students.

Unveiled at a press conference in Randburg last week, the competition was aimed at helping the homeless and focusing the thinking of architectural students on "the most fundamental problem facing the country's architectural profession and the building industry — how to provide affordable homes", according to SAHT managing director Mr Wallie Conradie.

### Prize

Mr Conradie said the competition was aimed at senior university and technikon students doing architecture and building science.

A prize of R10 000 would be given to the student who came



up with the best new design for affordable housing. The runner-up would receive R2 500. The home should not cost more than R15 000 to build.

Individual as well as team entries would be allowed, but a team would be permitted a maximum of three members who would be required to nominate a leader.

Mr Conradie said the need to keep building costs low to enable as many people as possible to benefit from the plan meant participating students would be required to waive any copyright to their designs.

"The competition has a dual purpose," said Mr Conradie.

"The first is to elicit new solutions to the problem of providing mass housing for poor people when cost escalations threa-

ten to keep them permanently homeless.

"The second is to get young architects and designers thinking creatively and urgently about low-cost solutions. This is a national priority. The days are long gone when we could afford the luxury of thinking solely in terms of the biggest, the finest, the best."

### Impossible

He said South Africa had reached a point where provision of affordable homes for the poorest sections of the community had "ceased to be difficult and has started to become impossible".

The SAHT's assessment, he said, was that by the end of this decade it would no longer be feasible to provide housing for the lowest target group "if only traditional clay brick materials and traditional assumptions and standards are employed".

The competition closes on September 15. The winner will be announced at a function in Johannesburg on October 6.

## New building laws too restrictive, says Boya

BLACK local authorities had to play a pivotal role in addressing the housing shortage crisis because an effective system of local government was the prerequisite of any community development, the president of the United Municipalities of South Africa, Mr Tom Boya, said yesterday.

Launching the Rabie Homes in Spruitview Gardens, he said black local authorities would have to streamline procedures to escalate private sector involve-

ment in housing developments.

He said the new building regulations promulgated last year still did go far enough.

Black local authorities had to insist on being exempted from certain aspects of these regulations, which failed to take into account the peculiar circumstances of their communities.

"We must allow people to provide their own shelter using the best materials and methods they can find without

being unduly restricted by building regulations designed for more affluent people."

To address the backlog of applications for housing units, black local authorities had to persuade the Government to move away from planning based on ideology and make more land available.

He said it was necessary to revise prevailing attitudes towards the provisions of housing for lower income groups. — Sapa.

# Employers must help fund housing

B1 Day 57/187 VAL PIENAAR

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DEDICATED to the creation of a stable population of homeowners, Urban Foundation subsidiary FHA Homes is to build 2 500 houses this year, but CE Brian Longley said this is a mere 2,5% of the number needed to meet demand in the Transvaal.

"SA needs to build 2 000 low-cost houses a year between now and the turn of the century to catch up on the existing backlog and keep pace with expected black population growth. The need in the Transvaal alone stands at 100 000 houses," he said. However, he pointed out that only an estimated 25% of the need figure can in fact afford formal housing. A drop in interest rates to 12,5% would increase

the size of the market by between 15% and 20%, while, he said, large numbers would never be able to afford to own homes under existing conditions.

"These are the people at present living in shacks. For the foreseeable future they will have to continue to do so — the Urban Foundation simply tries to give them security of tenure of a serviced stand where they can erect the best home they are able to afford."

What Longley would like to see is increased involvement in the provision of housing on the part of employers. At the same time, he hoped to see FHA move increasingly into the "site and service" market.

But he stressed that entry into this market could be undertaken only on a commercially viable basis.

"In the Transvaal, the cost of providing water, water-borne sewage systems and graded roads amounts to about R5 500 a stand. Raw land prices average about R2 000 per 250m<sup>2</sup> stand — a total of 7 500.

"This is still far too high for an enormous number of people. We need to halve our costs — or gain the financial support of corporations that take their commitment to SA's future seriously."



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No. 11985

## GOVERNMENT NOTICE

### DEPARTMENT OF DEVELOPMENT AID

No. R. 1414

30 June 1989

#### REGULATIONS FOR LOCAL AUTHORITIES

I, Gerrit van Niekerk Viljoen, Minister of Education and Development Aid, do hereby, under the powers vested in me by section 30 (2) of the Black Administration Act, 1927, (Act No. 38 of 1927), read with section 2 (2) of the Laws on Co-operation and Development Amendment Act, 1984 (Act No. 83 of 1984), hereby amend the Schedule to Government Notice No. R. 405 of 9 March 1988 to the extent set out in the Schedule hereto.

G. VAN N. VILJOEN

Minister of Education and Development Aid.

#### SCHEDULE

##### CHAPTER I

1. Insert after the definition of "Act" the following definitions:

"polling officer" means any person appointed by the returning officer for the purpose of performing the functions of a polling officer under these regulations;

"regional representative" means an officer in the Department of Development Aid having the official designation of regional representative;

"returning officer" means the regional representative or any person appointed by him for the purpose of performing the functions of a returning officer under these regulations.

##### CHAPTER II

2. Regulation 3 is hereby amended by adding the following subregulations:

(3) The Minister may by notice in the *Government Gazette* establish a town council for a town.

(4) A town council shall consist of one elected member for each ward, who shall be elected separately by the voters of the ward concerned.

## GOEWERMENSKENNISGEWING

### DEPARTEMENT VAN ONTWIKKELINGSHULP

No. R. 1414

30 Junie 1989

#### REGULASIES VIR PLAASLIKE OWERHEDE

Ek, Gerrit van Niekerk Viljoen, Minister van Onderwys en Ontwikkelingshulp, kragtens die bevoegdheid my verleen by artikel 30 (2) van die Swart Administrasiewet, 1927 (Wet No. 38 van 1927), gelees met artikel 2 (2) van die Wysigingswet op Wetgewing op Samewerking en Ontwikkeling, 1984 (Wet No. 83 van 1984), wysig hierby die Bylae tot Goewermentskennisgewing No. R. 405 van 9 Maart 1988 in die mate uiteengesit in die Bylae hiervan.

G. VAN N. VILJOEN,

Minister van Onderwys en Ontwikkelingshulp.

#### BYLAE

##### HOOFSTUK I

1. Voeg na die woordskrywing van "Wet" die volgende woordskrywings by:

"kiesbeampte" die streekverteenvoordiger of iemand deur die streekverteenvoordiger benoem om die werksaamhede van 'n kiesbeampte kragtens hierdie regulasies te verrig;

"stembeampte" iemand wat deur die kiesbeampte aangestel is om die werksaamhede van 'n stembeampte kragtens hierdie regulasies te verrig;

"streekverteenvoordiger" 'n beampte in die Departement van Ontwikkelingshulp met die ampsbenaming streekverteenvoordiger.

##### HOOFSTUK II

2. Regulasie 3 word gewysig deur die volgende subregulasies by te voeg:

(3) Die Minister kan by kennisgewing in die *Staatskoerant* 'n dorpsraad vir 'n dorp instel.

(4) 'n Dorpsraad bestaan uit een verkose lid vir elke wyk wat afsonderlik verkies word deur die kiesers van die betrokke wyk.

# Exodus from National Forum denied

THE general-secretary of the Government-created National Forum and Deputy Mayor of Kagiso, Mr David Modiba, yesterday dismissed as "false" reports of a mass exodus from the body and has threatened to lodge a complaint with the Media Council.

Mr Modiba denied his council had withdrawn from the United Municipalities of South Africa (Umsa).

A report in Thursday's *Sowetan* said 62 councils in the eastern, western and northern Cape had pulled out of the NF at a meeting attended by more than 50 councils in De Aar at the weekend.

The report said this brought to 122 the number of councils which had rejected the

**MONTSHIWA MOROKE**

body. It said the other 60 were affiliated to Umsa, which did not take part in the formation of the NF on May 6.

It said the 62 councils were all affiliated to Umsa whose president, Mr Phillip Nhlapo, is also chairman of the National Forum.

"I as general-secretary have not received any formal letter of withdrawal from any council in the Cape," said Mr Modiba.

Instead, he said, he had received positive responses from local authorities in the Cape in response to the NF constitution, copies of which were sent to all councils in the Cape for adoption or rejection.

"I, as Deputy Mayor of Kagiso, am not aware of any motion which was adopted by my council withdrawing from Umsa.

"I dismiss the report with the contempt it deserves. Furthermore my council is taking steps with the Media Council. (339)

"I am lodging a complaint with the Media Council against the report which stated that 122 councils have withdrawn from the NF, and that 60 Umsa councils have withdrawn from the NF, because that statement is false. There aren't even 122 councils in the Cape.

"Umsa does not have 60 affiliated councils. I challenge them to prove that they have 60 councils affiliated to Umsa."



July 11 1989

# MUNICIPAL COPS FALL UNDER SAP

THE control of the municipal police force throughout the country is to be taken over by the South African Police on October 1 this year.

This was announced by a senior officer of the SAP responsible for the

take-over, Brigadier I Coetzee.

Coetzee was addressing the 21st annual conference of the Urban Council's Association of South Africa (Ucasa) in Durban at the weekend.

The aim of the take-over was to render a better service to the com-

munity, he said.

It was envisaged that a unified force would ultimately be formed.

His department, he said, was planning to re-train all the existing municipal police to upgrade their standard of work. About 10000 municipal police would have been trained by the year 1990.

## Benefits

The police would not be transferred from where they were stationed at the moment and would enjoy all the benefits received by the members of the SAP.

He said all the various black local authorities were expected to submit recommendations regarding the regulations which would govern the municipal police after the take-over.

These were expected to reach his office in Pretoria by July 7 this year.



By MZIKAYISE  
EDOM

THE United Municipalities of South Africa expelled four of its executive members for joining the Government-created National Forum.

They are: vice-president Mr David Modiba, public relations officer Mr Edwin Motebang, chairman of the United Municipalities of the Transvaal, Mr Fanyana Mahlangu and executive member of the United Municipalities of the Orange Free State Mr Elias Mpholo.

### Resign

Modiba is general-secretary of the NF and Motebang is its public relations officer.

They were sacked at a meeting of all Umsa affiliates held at Agisanang township

## 4 Umsa

Sowetan 11/7/84  
**officials**

**are given**

**the boot**

near Sanieshof on Sunday.

Umsa president Mr Tom Boya said the four were dismissed because they refused to cut ties with the NF. His organisation had decided that none of its members should serve in the NF.

Boya said the four can rejoin Umsa if they first resigned from the NF.

## Ousted Modiba may challenge Boya

By Stan Hlophe (339)

The former vice-president of the United Municipalities of South Africa, Mr David Modiba, said yesterday he would seek legal advice about the status of the Umsa leader who expelled him.

Mr Modiba said Umsa president Mr Tom Boya represented the Daveyton Town Council, which had pulled out of Umsa.

"Now that the Daveyton Council has distanced itself from Umsa, I am going to seek legal advice on the legitimacy of its president, who has no constituency," said Mr Modiba.

"Umsa is the organisation of councils not of the councillors. Therefore the implication of disaffiliation by the Daveyton Council creates a legal problem in terms of the constitution."

The decision to expel Mr Modiba, Umsa public relations officer Mr Edwin Motebang, Umsa chairman Mr Fanyana Mahlangu, and executive member Mr Elias Mpholo, was taken at a meeting of all Umsa affiliates in Agisanang township, near Sanieshof, at the weekend, because the four men had joined the Government-created National Forum. *Star 12/7/89*

Mr Modiba is the general secretary of the National Forum and deputy mayor of Kagiso. Mr Motebang is the National Forum's public relations officer.

Mr Boya has said the four could apply to re-join Umsa if they dissociated themselves from the National Forum.



# Examining solutions to the housing dilemma

The enormity of the black housing shortage has been laid out in estimates that to close the gap would need a programme to build no fewer than 200 000 new homes every single year over the next decade — a total of more than 2 million, with costs put at R60 billion or more.

Far less has been spoken about new strategies to bring home-buying within the reach of lower-income families who bear the brunt of the problem. Or who will finance the entire operation. And on what terms.

The dilemma was highlighted at a recent conference by Mr Mike Matsela, a director of Co-ordinated Marketing. Among the facts he quoted:

- Three out of every four black households struggle to foot the bill of basic living needs such as food, clothing and transport — leaving any notion of buying their own home, under current mortgage schemes, no more than a pipedream.

## Interest payments

- More than half of all black households, even bursting a few budget arteries, would be financially unable to meet even the interest payments on a normal bank or building society home loan — let alone find the cash to wear down the capital balance on the bond.

- Only about 12 percent of them can afford an unsubsidised bond of R30 000 or so, still well below the size of the national average in loan balances.

Mr Bob Tucker, managing director of The Perm building society, however, be-

We all know there is a severe shortage of lower-income housing. But perhaps the first step is not to view the problem with dismay but to seize the challenges and opportunities it offers, reports  
**MICHAEL CHESTER.**

lies there may be solutions — if South Africa grasps the nettle with radical new thinking.

"The first essential is to view the problem not with dismay but with an enthusiasm to seize both the challenges and opportunities it offers," he says.

"On the positive side, it offers the chance to create thousands of new jobs to fill the labour pool needed to tackle house construction on a massive scale, launch lots more small businesses in the building trade, create much more social stability.

"The challenge is to escape the alternative: rapid expansion of slums, worse unemployment, unrest and the remorseless decay of the family unit in society.

"What has become crucial is a totally new attitude and interaction of radical fresh ideas on how to deal with the issue."

Among the proposals Mr Tucker wants to see on the agenda for a brand new plan of action to reshape home loan finance:

- Pension funds should be persuaded to think in terms of retirement benefits as a whole rather than simple pension payments.
- What better retirement benefit, Mr Tucker would like to know, than a fully paid house?

- New legislation to pledge viable security for home loans mobilised out of the savings resources of insurance companies, pension funds and corporations — perhaps with subsidies to motivate more loan schemes.

- Radical new home bond packages that allow monthly repayments to start on a low scale and move higher in notches as incomes grow. In other words, packages that take into account how bigger loan instalments can be matched by gradual increases in wages and salaries that also entail increases in contributions.

- No interference with free market mechanisms used by the private sector to device new innovations.

Here, Mr Tucker is especially anxious that the Usury Act should not inhibit the granting of loans to lower income groups, which usually involved higher administration costs than normal.

He is convinced that the time is fast approaching when there will be varying differentials on mortgage rates that will be linked not to the actual size of home bonds but to the risk factor and administration cost of each home loan.

In short, bond rates may need to look and operate very much like the overdraft rate on a bank account.

"At present," he says, "all financial institutions are using variable mortgage rates that simply follow inflation trends. But the system goes off the rails if inflation goes above 20 percent."

"That has been clearly demonstrated in South Africa only lately, when increases in



accommodate lower income families, the prospective home-owner could put down a bigger proportion of total costs and the term of mortgage payments could be shortened.

That would leave scope to introduce sliding scales in monthly payments, starting low and moving upwards with gradual rises in income, plus the choice of variable rates, or index-linked rates, or other innovations.

- If financial institutions were expected to involve themselves in loans in the lower-income market, where mortgages were riskier, some sort of insurance or guarantee fund would be needed to spread the risks.

## Rental accommodation

Yet Mr Tucker fears that even with the full commitment of financial institutions and with a well-oiled mechanism to deliver the finance, about 55 percent of black families would still not be able to afford home ownership provided by the private sector.

"It is significant," he adds pointedly, "that today there is virtually no private sector owned rental accommodation for occupation by black people — despite the fact that a rented home is all that can be afforded by a very substantial portion of the black community."

"Again I would advocate free market mechanisms for the delivery of such rented accommodation — and if necessary direct subsidies of rentals for those who cannot even afford full rent."

"The financial institutions have a huge role to play — if radical new thinking goes into solutions."



PROPERTY/Edited by Terry Meyer

# Commercial sites for blacks need funding

SOME progress has been made in addressing the housing shortage, but attempts to create integrated communities have been unsuccessful, according to a recent report from the Family Housing Association (FHA Homes).

Very few new black townships have access to well-developed commercial areas, and the provision of community facilities has also lagged.

One solution to the problem, according to the report, would be for large developers — such as insurance houses — to assist small operators financially, in the same way as oil companies help finance the construction of filling stations.

In addition, the size of commercial sites should be reduced to make development more affordable.

"This problem is urgent. Providing homes is only one ingredient in solving the housing crisis. Only when fully inte-

VAL PIENAR

grated communities have been created will houses have been turned into homes," says the report.

The origins of the problem go back a long way. Prior to 1978, it was government policy that housing blacks in and around urban areas was the responsibility of the public sector.

The private sector did not enter the arena until the Black Communities De-

velopment Act was passed in 1984, by which time it was fully accepted that 99-year leasehold rights were tantamount to black home ownership.

Prior to the involvement of the private sector, black townships were essentially appendages to existing white townships, and there was little provision for the creation of viable business centres and community facilities.

Regulations governing the establishment of townships, passed in 1986, pro-

vided for more scientific planning. Developers are now obliged to set aside parcels of land for future development as business centres and for community facilities.

At this stage, however, few of the stands set aside are being developed, and the only real demand is for filling station sites.

The reason for this, according to the report, is that only "competent per-

sons" — as defined in the Black Communities Development Act — can own property in a black township.

This limits development to companies controlled by black investors and developers who have successfully applied to the Minister of Constitutional Development and Planning to be declared competent persons.

Since it is unclear what criteria the Minister uses in judging whether to declare people competent, and the only alternative is for a developer to incorporate a new company in which he will not hold a controlling interest, many potential investors are lost.

In addition, many developers of commercial properties have a negative perception of black townships.

Although black entrepreneurs have shown strong interest in acquiring and developing commercial sites, they are blocked by a lack of finance, since commercial stands can be as large as 10 000m<sup>2</sup> in size.

# Move to improve housing subsidy

The acute shortage of housing in the townships could improve if the South African Government reviewed its housing subsidy scheme offered to black families, the chief executive officer of the FHA Homes, Mr Brian E Longley, said this week.

The subsidy is offered to first time home buyers whose houses are valued between R40 000 and R65 000. The Government pays the subsidy, an average of R147 a month, for seven years only.

Longley said his organisation, formerly known as the Family Housing Association, a subsidiary company of the Urban Foundation, had set up a commission of inquiry to investigate ways of improving the subsidy scheme.

He said the findings of the commission would be sent to the Government for its recommendations. The FHA hopes to complete the investigations within the next 12 months.

"In the past two years housing sales had dropped because of the ever escalating prices of new houses and the mortgage bonds. If the country's economic situation does not improve in the near future, the purchasing of houses would drop further," said Longley.

He said the FHA was in favour of the families being granted a capital subsidy which could be used to help them pur-

chase their stands. "By doing so, the Government would be helping thousands of homeseekers to buy houses," said Longley. 16/8/89

He said since the subsidy was paid out according to the purchase price of a house, white families always got better subsidies because they bought houses costing more than R60 000.

Longley said the majority of homeless families were in the low-income group. "These are the people who are most stranded and need help. At least those in the upper and middle-income groups can manage to buy houses in the lower-income group if the going gets tough up there," said Longley.

## Problem

"But what about those families in the lower-income class. Where do they run to?" he asked.

He said the squatting problem in the country will not be eradicated in the many years to come but could be reduced if the FHA recommendations were accepted by the Government.

The FHA was established six years ago to provide housing for the low and middle-income groups in the Transvaal's black townships.

"We buy land from farmers, service it by providing infrastructure, including water, sewerage and electricity facilities.



**Brian E Longley, chief FHA executive officer of Homes.**

We later sell the stands to other private building construction companies who will put up houses," said Longley.

FHA also builds houses for the lower-income group.

Since its formation, FHA has built 8 000 houses and serviced 28 000 stands in most of the black townships in the Transvaal. Longley said most of their building projects were mainly in the Pretoria-Witwatersrand-Vaal Triangle area.

He said their stands were priced at R6 000 and R12 000 and their houses were valued at between R15 000 and R34 000.

Longley was appointed to his new position last August. He took over from Mr Matthew Nel, who has been promoted as the managing director of the Urban Foundation's construction division.

# Need for informal dwellings

Star 17/8/89  
Higher residential densities will have to be more readily accepted as well as informal dwellings in towns as part of the transitional phase in the urbanisation process.

This was said at the Sapoa convention by Mr E G de Beer, director general of the Department of Development Planning.

"Land for township development in our country is in short supply and higher residential density in the form of multi-storey family units — already in limited use — will have to gain still greater acceptance," he told delegates.

Mr De Beer emphasised that the Government's policy of orderly urbanisation did not relate just to existing metropolitan areas but at rural towns and cities which have the potential to develop into alternative mini-metropolises.

About 70 percent of the black population of southern Africa will have to be housed in informal shelters, he said.

"In this regard the Government has taken the initiative and since 1986, it has identified about 66 000 ha of additional land for black urbanisation.



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## BUSINESS

WHEN government officials talk these days about urbanisation, it's clear that they have absorbed at least some of the Urban Foundation's ideas about managing the cities and addressing the housing crisis.

But, while the government seems to have accepted that black urbanisation is inevitable, it still doesn't see it as desirable — and that, say the Foundation and other academics and town planners concerned to plan for post-apartheid cities, means that it is still not able to adequately plan for or manage the cities.

Government and provincial officials stress that blacks have come to the cities to stay. They talk of the need to provide land and finance which would make housing affordable and promote the concept of site and service schemes.

But they are still committed to a "decentralisation" policy which assumes that the growth of the major cities should be curbed and that the government should spend billions creating jobs outside them.

The debate was highlighted at last week's annual conference of the South African Property Owners' Association (Sapoa), whose 700 members control some R17-billion of the country's property.

Director General of Development Planning E G de Beer outlined to conference delegates the government's "two basic policy instruments, orderly urbanisation and the decentralisation of industries", which he

## The Nats hover between the inevitable and the desirable

said were essential to resolve the country's vast development problems and achieve its potential.

He said the need for "orderly urbanisation" was clear, given that some 70 percent of blacks could not afford formal housing and would have to be housed in informal shelters. He said 70 percent of the additional land the government had made available for black urbanisation would be used for informal housing. "Informal dwellings in conventional and informal towns will have to be accepted as forming part of the housing stock," he said, using the terminology for "squatters" more usually used by the Urban Foundation.

But De Beer emphasized that government policy on urbanisation must be seen in the context of "balanced regional development".

While he outlined the virtues of urbanisation in terms of creating growth he pointed to the need to limit the growth of the cities, by means of the decentralisation policy. This, he said, was "based on the premise that the country cannot adequately accommodate the expected rate of urbanisation in an orderly manner in the exist-

**Government officials now accept that blacks are here to stay in the cities. But that doesn't mean they like the idea — or plan for it in any coherent way. HILARY JOFFE reports**

ing metropolitan areas alone".

The policy, as he explained it, was to influence the rate of migration to the metropolitan areas by stimulating development and job creation in rural areas and by creating "alternative centres for urbanisation".

The Regional Industrial Development Programme was not seen as an alternative to urbanisation, De Beer said. The urgency of decentralisation had in fact been enhanced by the government's introduction of planned urbanisation.

"Orderly urbanisation" did not only relate to metropolitan areas, he said, but also aimed at urbanisation in rural towns and cities. One of its major objectives was to develop "viable economic concentrations in the various regions with a view to initiating self-generating growth in such regions".

There were also, he said, many eco-

nomical and social advantages to providing job opportunities in rural areas.

But the Urban Foundation has taken issue precisely with the government's policy of decentralisation, often referred to as "deconcentration" when it refers to encouraging the growth of small towns near metropolitan areas. The UF argues that urbanisation and deconcentration are directly opposed — and that the government's continuing focus on deconcentration indicates its failure to address the urbanisation issue.

At the Sapoa conference, Erky Wood of architects Gallagher Aspoas Poplack Senior, who has done research for the UF, commented that "anti-city" preconceptions were hamstringing South Africa in dealing with the challenge of urbanisation.

"White, enfranchised South Africans enjoy the apartheid city on their own terms at present and reactions range from mild panic to full-on paranoia in contemplating its future on any other terms," he said.

It was mostly because of apartheid ideology that deconcentration to marginal areas continued. South Africa's

cities were limited in the extent to which they could effectively assimilate rural migrants because they confined accommodation for such people to rural fringes, he added. And, he said, "we tend to see urbanisation simply as a housing problem rather than as a complex issue of urban management".

Wood was fairly mild in his comments to Sapoa on deconcentration.

But UF executive director Ann Bernstein was more scathing in her criticism of government policies in a speech to a conference on the future of the Witwatersrand earlier this year. "It makes no sense to accept black urbanisation and the expansion of the cities and yet simultaneously cling to policies designed to prevent, redirect and disguise black urbanisation," she said.

The deconcentration policy was based on the misconceived notion of ideal city size, a theory which is now totally discredited in the international literature, Bernstein said.

It was a policy tied intimately to homeland development — rather than to economic growth, she stressed. The government's Guide Plans for the PWV area showed a string of deconcentration points to the north, close to homeland borders — Brits, Garankuwa, Bronkhorstspuit and Ekangala. But there are no such points in the Vaal Triangle — the one deconcentration success story in South Africa — apparently because there are no homelands in the south of the PWV.

"Ideology takes predominance over economic and development considerations in the identification of deconcentration points," Bernstein said.

The policy created a form of urban growth which was uneconomic and required ongoing subsidies — for example the estimated R1-billion a year in subsidies for commuters to the cities from far-away homeland townships. It also hindered small business and informal sector development, she said.

She added that the UF's analysis showed South Africa's pattern of urban development was not unbalanced. "Over concentration" was not the problem in the Witwatersrand, she said, the issue was "how to manage greater concentration at the centre".

The government had recognised black permanence in the cities with the 1986 White Paper and the abolition of influx control. But the White Paper did not provide South Africa with an urbanisation strategy nor an urban policy, Bernstein said.

"The practical consequences of accepting black urbanisation entail a fundamental reassessment of South Africa's cities and the policies that affect them," she said.

Demographic analysis suggested that:

- South Africa's population would be nearly 60-million people by the year 2010, compared with 34-million in 1980

- Metropolitan areas would have a total black population of 26.8-million by 2010 — an increase of nearly 300 percent on the 1985 figure of 9.3-million

- By the year 2000 South Africa would have at least four major centres with population of over 4-million people. The total population of the PWV would be close to 12-million people by the year 2000 and over 16-million by the year 2010.

Bernstein said a decade was a short time in urban planning terms — planning had to be done now for a hugely increased scale of urbanisation. Accepting the inevitability and irreversibility of black urbanisation implied "an acceptance of the ascendant role of the cities in the development of the country", she said. The cities were at the crossroads and must respond to the challenge of the country's future. The cities must spearhead economic growth and demonstrate the effects of planning for all 35-million South Africans. They must be arenas for racial accommodation and new ways of living together. And they must provide the environment for democratic decision-making and institution-building, Bernstein said.

## The invisible divides in office eating places

Industrial canteens are generally desegregated these days, but more subtle hierarchies remain. PHILIPPA GARSON reports

WHERE people at work sit down for lunch these days can reveal much about just how progressive companies really are.

Most seem to have adopted "non-racialism in the eating place" as official policy. But there are ways and means of separating a (mostly black) work-force from (mostly white) office staff and management sectors.

Despite a new initiative on the part of many companies to do away with separate canteens for workers and management, most continue to keep up these hierarchical divisions in one way or another.

The companies argue there are practical reasons for this; but some trade unionists see it as a way of entrenching hierarchy in the workplace, and in some cases as merely a smokescreen for racial segregation in a new, less formal guise.

Canteens segregated by rank have become an issue on Anglo American's mines recently when black workers entered canteens reserved for supervisors, as part of the defiance campaign initiated by the Mass Democratic Movement.

Anglo public affairs manager Adrian Du Plessis said this week the group would encourage unions who wish to discuss the issue to approach management "through the established channels".

"Where service conditions, including mine catering, are differentiated, they are based on levels of skill and seniority. It is not our policy to differentiate on race," he said.

Says Neil Rodseth of Supervision Food Services, which caters for 300 companies nationwide: "Most of the companies we cater for have separate canteen facilities for white collar and blue collar workers, though in some of the bigger companies, we're finding a move away from this."

But the public relations officer of another leading catering company, which supervises 800 canteens countrywide, says: "There's been a definite move away from formally or informally racially separate canteens, especially over the last three years." And the fact that some companies have two or more canteens is "usually for practical considerations", like geographical separation between the factory or workplace and office

### Open, but not too far open

OFFICIAL non-racial company policy on eating facilities may be one thing — but practice quite another.

What actually occurs in the canteen environment of those companies where workers, office staff and management grab their hour of leisure time together? Do class and culture meet head-on round the dining room table?

Or is the day-to-day lunchtime experience just another example of a situation where apartheid's walls have stood for so long they refuse to crumble — even when "officialdom's" foundations have been removed?

The amount of "mixing" seems to depend largely on the location of the canteen. This is the view of Jeremy Daphne, from Commercial Catering

and Allied Workers Union, who describes the work eating place as a "microcosm of society".

Daphne says one would be hard-pressed to find any major company in the retail trade whose canteens are not officially non-racial. But what happens at lunchtime varies greatly.

In some regions, particularly in the Transvaal and Orange Free State, unofficial segregation is "rife". Even in urban areas, where a fair amount of mixing occurs, Daphne says there is still a tendency for different racial groups to stick together.

OK Bazaars' Gavin Brown describes this tendency as one of "natural segregation" which, he agrees, is most prevalent in the northern provinces.

headquarters, he adds.

So functional requirements do undoubtedly call for different eating facilities, although status considerations can, it seems, creep in as the hidden agenda.

At Volkswagen's Uitenhage plant there are separate canteens for white and blue collar staff — and the distinction is based on clean versus dirty jobs. Says manager Leslie Bezuidenhout: "There are no racial divisions whatsoever. Those that exist are based on rank, not colour." But, he adds: "You don't want a worker with a dirty overall coming into a place with clean office workers. But if a blue collar worker is clean, of course he can go into an office staff canteen."

Bezuidenhout says that though there are different eating facilities for different ranks the budget allocation for the various canteens — excluding the executive dining room — is the same. "Food comes out of the same kitchen, and the menus are identical. The executive dining room is a bit fancier, though, with more upmarket decor and a wider variety of food served."

Some companies do spend more on management meals than on those of the work-force. Rodseth says though the quality of the meals his company provides varies greatly, depending largely on the budget dictated by his clients, "there is usually a definite differing of standards. We usually pro-

vide a three-course meal on the management side, and a two-course meal on the other.

Canteens generally provide both "traditional" or "ethnic" meals, and "standard" or "Western" ones. Where separate dining areas exist for each food category, the result can be an enforced but generally racial separation.

Caterer for Consol, Corrie Nel, says though there is one kitchen at the company's Pretoria head office, there are two dining rooms. She caters for 260 people per day, 200 of whom eat in the "ethnic" dining room.

"About one in 10 white workers eat here, because they prefer pap and meat," she says. "And about a quarter of the people who go to the 'standard meal' dining room are black. Some workers in overalls go there just as they are. Dirty hands, the lot."

Another unforced way in which divisions between work-force and office staff/management may continue even in totally desegregated canteens is where there are separate lunch shifts — whether the company chooses these or not.

This is the case in the metal industry, covered as it is by an Industrial Council agreement that factory workers must break for lunch at noon — yet office workers and managers, who are not covered by the agreement, generally eat at 1pm.

The most prevalent dividing line with regard to canteens seems to be

that between hourly-paid and monthly-paid staff, a distinction which in some cases has been manipulated to guarantee an "unofficial" racial separation.

The National Union of Metalworkers' Jeff Schreiner says that though desegregation has occurred on a fairly wide scale, artisans — most of whom are white — frequently oppose the move and are thus classified with "office staff" for canteen purposes, even though their wages are clocked on the same basis as those of workers.

Another scenario, says Schreiner, is that where desegregation has occurred but has not been adequately publicised to the work-force: "Workers are often not aware that the situation has changed and things continue in much the old style."

The standpoint of most unions seems to be that the most important battle — for non-racial canteen facilities — has been won, and though they stand against divisions according to rank and seniority, there are more important matters to take issue with.

There are those companies which have broken completely with any form of separation, save the executive dining room reserved for upper management. BP South Africa says its canteen is used by everyone at the same time — irrespective of job grade: "Workers and management eat side by side, and people sit together in every possible permutation."

The same goes for OK Bazaars. Where canteen facilities do exist, workers and management eat together.

These companies still have executive dining rooms but, says OK executive Gavin Brown, these are specifically utilised for functions and promotions. However, he adds, some senior management groups still frequent them on ordinary days.

At Vanderbijlpark steel manufacturer Cape Gate a modern canteen facility has been recently erected, which, says industrial relations manager Louis van Wijck, was designed for people to relax in a pleasant atmosphere. A definite spin-off has been the breakdown of racial barriers.

But though the canteen is large enough to house everyone together, mixing between factory and office workers is limited by the metal industry council agreement on lunch breaks, Van Wijck says.

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## Better homes for black middle class

STW 5/9/89

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Building better homes for a rising black middle class has been given top priority by a new housing construction project team engaged in a major community development.

The Quantum group and quantity surveyors, Reid Kippen & Associates, are to concentrate their resources in helping FHA Homes, part of the Urban Foundation, in its efforts to ease the black housing shortage.

Quantum, through its specialised housing subsidiary, Quest Construction, and Reid Kippen are currently engaged in a R30 million FHA Homes project to build hundreds of "new-generation" houses for expanding communities in the Springs area.

"The total annual housing requirement to meet the current backlog and

natural population growth in South Africa, the TBVC countries and self-governing states to the year 2000 is estimated at around 400 000 units," says Rodd Kippen, of Reid Kippen & Associates, which is project managing the extensions to Kwa-Thema and Tsakane.

Deon Meyer, chairman of Quantum, says: "We have already built thousands of houses for blacks.

"Our decision now to dedicate all our resources in this vital area is evidence of Quantum's corporate commitment to do all it can to reduce the enormous deficit in black housing."

In a first phase, 582 homes ranging in price from R25 000 to R45 000, are being built in the next 15 months by Quest Construction.



OVER the next few weeks, we will run a six-part series of articles - brought to you by Schachat - about everything you need to know about owning your own home.

With an increasing number of homes being made available to buy, on either the freehold or leasehold systems, opportunities now exist for the aspirant home owner to realise his dream.

However, in order not to "get caught", or make a bad buy, the first time home owner needs to be fully informed about all aspects of home ownership.

This series will look at the most important topics such as "what it will cost?" and "How to choose the right home?"

Many people place the dream of owning their own home higher than any other lifetime ambition.

This is not surprising. It is wonderful to have the independence that home ownership provides and it makes good sense for both financial stability and your family's security and peace of mind.

#### 1. Benefits

##### (a) Excellent investment

Buying a well-built house from a reputable builder is one of the best ways to make your money grow. Due to the short supply of housing, the value of your home will continue to grow year after year.

By the time your bond is paid off, your house will usually be worth many times what you paid for it. You can also sell your house at any time and you will almost always make a good profit.

You can even rent out your house to other people.

##### (b) Security

A home of your own gives you security and peace of mind, knowing you have a permanent place to live and to bring up your family. Rising rents need never bother you again as the house belongs to you, not a landlord.

Best of all, by the time you retire, your house will usually be paid off and you'll have a permanent roof over your head in your old age.

##### (c) Money for the future

As the value of your house increases, you can use it as security for other loans, e.g. for your children's education, or even extensions to your home.

##### (2) Buying versus renting

When you rent a house, rental payments usually increase yearly and every cent goes into your landlord's pocket.

When you buy a house your monthly repayments are fixed to the original purchase price and they stay more or less the same, depending on interest rates. Once you've paid off your loan you have a roof over your head and it's free from then on.

Also remember that you can always build an-

# Enjoy the benefits of owning your home

property by the time you become a family man.

Buy soon, even when interest rates are high. Because the rates and your payments will come down again, but building costs won't.

In our next two articles we will look at how to go about buying your own home. We'll explain all the terminology and procedures, as well as how to determine what sort of a home you could afford.



## What is the best time to buy a house?

other room or garage onto your own home as your family grows. You cannot do this with a rented house.

##### (3) Freehold or leasehold

Depending on the area in which you live, houses can be built on land which is either freehold or leasehold.

In the case of freehold land the home buyer buys the piece of ground on which his house is to be built and this is added to the cost of the home.

In the case of leasehold land the ground is owned by someone else and the home buyer has to pay a low yearly or monthly fee for the lease of the land.

While building on someone else's land may sound worrying, it is much the same as build-

ing on your own land.

Building on leasehold land allows you just as many choices as on freehold land. As with freehold land, you have permanent rights; you can leave the property to heirs in your will and you have the right to sell.

Building societies will give you a loan to build a home on leasehold land and you may even rent the house out.

Leasehold land saves time and money in that you can build on it without the expense of having the ground surveyed - as in the case of freehold land.

You are also spared the cost of stamp and transfer duty which you need to pay when buying freehold land and even the conveyancing fees are less.

Any type of home can

be built on leasehold property as long as it complies with the normal building regulations and by-laws.

In addition, leasehold property can be held in shares if there are several of you buying the house.

Under leasehold, an owners rights are permanent and your house will remain yours until you sell it.

Although the term "leasehold" sounds temporary, each householder has leasehold rights for 99 years and any new buyer or heir starts the cycle afresh.

Under leasehold you still have the right to own more than one property. Women - whether single, married or divorced - are also entitled to lease land.

##### (4) What is the best time to buy a house

If you have decided to buy a home of your own then do it as soon as possible. Building costs increase every year because of inflation, so the sooner you do it, the cheaper it will be.

You need not wait till you have a family before you buy a home. If you can afford it now, you will already have the security of your own

# New loans scheme for low income borrowers

By Jabulani Sikhakhane

The Urban Foundation is to launch an innovative scheme, the Group Credit Company, to give small loans of up to R5 000 and make loan finance more accessible to low-income households.

Such loans could be used for the purchase of serviced sites, building materials, the hire of sub-contractors, a deposit on a house or to meet legal fees.

A spokesman for the Urban Foundation has confirmed the formation of the Group Credit Company.

A pilot project, which will last for about two years, will be initiated shortly to assess the concept under market conditions, and its commercial viability.

Estimates are that the pilot scheme will need a capital base of about R1.5 million which will be borrowed from the Development Bank of SA.

In order for loan finance to be made available to the Group Credit Company, commercial rates will have to be paid, a source said.

The company will charge interest rates high enough to offer commercial returns to the providers of the capital.

The Group Credit Company will

target households which would normally not qualify for loan finance from the conventional financial institutions.

Households will be encouraged to organise into stokvel groups, credit unions or other informal savings institutions acting as "building societies" to their members.

The Credit Company will loan funds to the "building societies" who will then administer the loans to their members. In this way the whole group will be held responsible for the repayment of the loan funds.

## Peer pressure

As the products to be financed by the scheme will not be "mortgageable", the scheme will have a very strong reliance on the "peer pressure system" which is a central feature of the informal savings institutions. Further extension of credit to the group will depend on its repayment record.

The Group Credit Company will develop its own infrastructure; identify potential participating savings clubs and access their eligibility.

It will process loan applications, collect pledges of deposits from par-

ticipating savings clubs, lend funds, collect interest and capital repayments.

The concept of using stokvels or other informal savings clubs as a vehicle to administer small loan amounts to the poor has been put into practice by the Pretoria-based community organisation, Get Ahead Foundation.

During the year to February 1989 Get Ahead created more than 2 200 jobs — a large proportion of them in Mamelodi and Atteridgeville — through its stokvel and business loan schemes.

The recovery rate in the stokvel programme was 100 percent, although bad debts in the business loan programme were 28 percent higher from R116 870 to R149 919.

"We believe we are the pace-setters in the country, showing banks and lending institutions that they can lend money to backyard operators who play an important part in our economy," the annual report said.

"Unlike the banks, Get Ahead does not call for collateral when advancing loans to these business people. We rely on peer pressure and character references."



1989 backlog will quadruple by 2000

# How will houses for our millions be built?

The lack of shelter for the underprivileged is one of the most pressing problems facing South Africa today. Millions have become backyard and shack dwellers as urbanisation continues. In the urgency to come to grips with the problem, urban planners are proposing new and unexplored strategies. **HELEN GRANGE** reports.

Urbanisation



With urbanisation in South Africa growing by nearly 5 percent every year, the State and private sector are faced with the increasingly urgent need to find long term solutions to the low-cost housing crisis.

Reliable estimates of the housing shortage show that by the year 2000 there will be a shortage of 3 407 000 houses for people of all races.

Blacks alone will require 2 818 000. Last year, there was a backlog of 805 000 houses in the country.

In an effort to meet the enormous challenge of housing provision the State is re-examining its housing subsidisation policy and innovative financing formulae.

The question of long term continuous interest versus a one time capital subsidy is being considered as an alternative for low income families.

According to Mr Selwyn Myers, chairman of the Federation of SA Housing Associations and a director of Natal Building Society, the State's present policy that the individual, employer and private sector is responsible for the provision of housing has left the greater need for informal housing largely unattended.

## Affordable

"If the housing policy is altered to allow for a capital subsidy of a serviced site, then access to shelter would be available to a considerably wider section of the underprivileged."

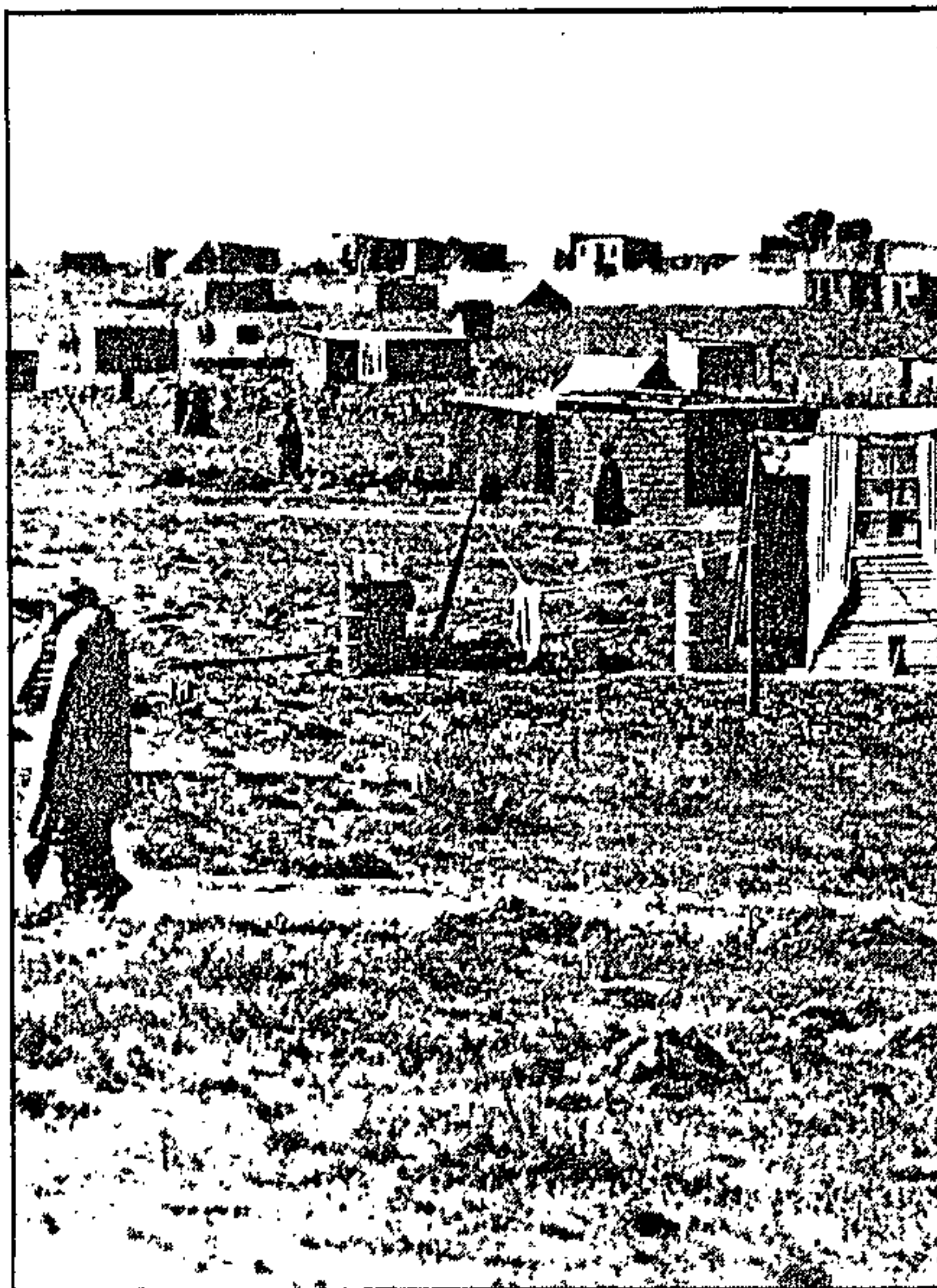
If the policy remained unaltered, only 5 percent of black families would be able to afford a conventional house, 31 percent could afford a starter or "core" house, 53 percent a serviced plot only and 11 percent could not afford housing in any form.

Given the scale of shelter needed and the limited funds, there was no doubt that appropriate affordable housing for the masses would have to be a serviced site on which to build a shack or core house, Mr Myers said.

The implementation of vast programmes of informal shelter at an effective rate necessitated a lowering of building and servicing standards, and a relaxation of "our sophisticated First World bureaucracy to cope with a Third World housing crisis".

Mr Myers added that another means of addressing the crisis was to form a "specialist all embracing housing agency".

This would mobilise resources of the public and private sectors so that development of low cost shelter could proceed on a co-or-



A house is not a home . . . desolate shacks like these are on the increase in tandem with rapid urbanisation. The solution may be to provide serviced sites for individuals to build "core" houses, slowly upgrading them.

minated, businesslike basis where maximum use was made of private consultants, builders, contractors and various sub-contractors.

Although many local authorities — provincial administrations, the SA Housing Trust, the Urban Foundation and various non-profit housing associations — were involved in informal housing, none of them operated on a mass scale.

Time and time again, the private sector had called for such an organisation, stating that it was clear that the most important key to this issue was the ability to co-ordinate and integrate the efforts of the public and private sector.

Mr Myers said such a housing agency would offer the community access to shelter options ranging from a basic serviced site to a completed house.

It would comprise individuals whose sole purpose was to improve social conditions, and would be perceived by the community as being a non-political organisation operating on grass roots level.

Being an "on-going body", the agency would be able to plan ahead and co-ordinate its development programme, thus minimising premature use of capital.

Another advantage would be the ability of an agency to negotiate on behalf of employees with their employers for assistance, and to implement and control housing projects on their behalf.

As a "private company" it would be free of red tape and bureaucratic procedures, and could establish its own financial, development and planning goals, taking into account the specific needs of the region it served.

Said Mr Myers: "The agency would have to provide a facility for granting and administering small building loans to individuals, as the future housing effort will focus on basic self help and incremental housing."

"South Africa has the resources and the expertise. If housing agencies can co-ordinate these to expedite a solution to the housing crisis, should they not be given the chance?"



In some areas, it was said, TPA officials had "broken world records" with laying out townships and providing services to speed up the provision of housing.

sources of income, townships, infrastructure, and educational and recreational services.

It was recommended that the

trade areas was also urged. In terms of existing legislation, these shopping areas could be open to all races.

## SA 'urgently needs national housing policy'

By Jacqueline Myburgh

South Africa is in desperate need of a national housing policy, Mr Keith Nurcombe of Toncoro — holding company for Corobrik — said yesterday.

He called on housing and building associations throughout South Africa, and the Ministers responsible for housing in all three Houses of Parliament, to combine their efforts to produce a national policy

and a clear action-plan to implement agreed strategies.

He said the housing backlog in SA was out of control, with the number of homes needed now exceeding 1,25 million.

"Efforts made so far by the South African Housing Trust with its involvement in projects valued at R865 million are a drop in the ocean," he said.

Estimates indicated that

3,7 million squatters existed in and around the major cities and towns, and by the year 2000 this figure could increase to 34 million.

Mr Nurcombe said 56,4 per cent of blacks in South Africa could not afford a housing loan, and it was therefore up to both the public and private sectors to co-operate in providing affordable housing for these people.

Proclamation red tape a big obstacle

# Bold joint venture to boost housing

By Norman Chandler,  
Pretoria Bureau

A bold new plan to cut through the red tape which is strangling efforts to beat South Africa's housing crisis is being developed by the Transvaal Provincial Administration.

The Southern African Development Bank, the private sector, regional services councils and economic development boards are working with the TPA to put together an urban development support programme (UDSP).

Mr Andre Cornelissen, director-general of the TPA, told a black township development conference at Broederstroom yesterday that the UDSP was "equal to the best such programmes in the world".

More details on how it would operate would be released later, he said. The UDSP would cover every aspect of the provision of housing, from land to finance.

In some areas, Mr Cornelissen said, TPA officials had "broken world records" with laying out townships and providing services to speed up the provision of housing.

The meeting heard earlier from working groups which have been studying housing problems that there would by the year 2010 be 16 million people living in the PWV area.

Delays in developing land for housing would result in a massive bottleneck, so urgent action was necessary.

It was said that the proclamation of land for township use took "ages", and provision had to be made for the elimination of red tape.

The establishment of a "land bank" was also mooted. This would involve buying up tens of thousands of hectares at current prices and releasing it to developers as the need arises. At present, land in the PWV area costs R15 000 to R38 000 a hectare.

## Key element

Provision of land was pinpointed as a key element in the findings of all working groups. They reported on land, finance, sources of income for black townships, infrastructure, and educational and recreational services.

It was recommended that the

Government — "preferably a Cabinet Minister" — be asked to make direct representations to mining houses for the release of land owned by them in the PWV.

Mining houses would also be approached to assist with the financing of schools and other facilities. A bid would be made to obtain tax relief for mines which offered such assistance.

The meeting heard that the provincial and State authorities were unable to pay for new schools or to buy the land required for educational purposes.

There were already moves to allow private-sector organisations to provide schools and hospitals "which could be taken over at a later date by the relevant authorities".

The meeting heard that people living in existing townships were not enthusiastic about moving to areas which did not have schools, shopping facilities, or medical services.

The possibility of designating township shopping areas as free trade areas was also urged.

In terms of existing legislation, these shopping areas could be open to all races.

## SA 'urgently needs national housing policy'

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# Private sector unlocks R3bn for housing

IN THE first R1bn tranche of a R3bn mobilisation of local capital for low-cost housing, 40 000 heads of households will get new homes and access to tens of millions of rands of government mortgage bond subsidies.

This will help cut the current 800 000 unit black housing backlog.

With seed money from three foreign governments — Britain, West Germany and Switzerland — the Urban Foundation (UF) has announced a revolutionary Loan Guarantee Fund. An initial R20m will be injected into the fund by Western governments, international companies and SA corporations.

The British and German governments have put up about R2m each, and the Swiss about R4m.

The low-cost housing package meant a new homeowner would have to put down only 5% cash of the purchase price.

The announcements in London and Johannesburg yesterday unlocked a potential R3bn from financial institutions for low-cost housing mortgage bonds.

About R1bn worth of new mortgage

THE net inflow of foreign money to the Urban Foundation (UF) housing initiative could be zero. The UF confirmed the R1bn-R3bn to be unlocked from financial institutions for low-cost housing bonds would all be raised in SA.

Asked if the R8m in foreign funding underpinning the project would be made via the finrand, the UF said the issue was still unresolved. The money is to be invested as interest-free loans qualifying foreign states for entry via the finrand. If invested this way, the effect would be no fresh injection of foreign capital.

BARRY SERGEANT  
and ADELE BALETA

bonds were expected to be placed in the next few years, financing 40 000 new homes, and housing 250 000 people. Financial institutions have committed themselves to investing a further R2bn if the fund proved viable.

In London yesterday, UF president Harry Oppenheimer said the initiative had been developed jointly with the Mortgage Lenders Association and the short-term insurance industry.

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And in Johannesburg yesterday, Mortgage Lenders Association president Bob Tucker said the effect of the fund would be that financial institutions' risks on bonds could be reduced to as little as 60%.

He said there was a perception low-cost housing bonds were expensive to administer and high risk. The new initiative would substantially reduce risks from the normal 80%-90% seen in conventional housing.

The UF's Matthew Nell said besides a prospective homeowner needing to put down as little as 5% of the purchase price in cash, insurance premiums, reinsured by the fund, could be capitalised so that there was no further initial outlay of cash.

There was a further benefit in that it was likely the homeowner would qualify for the first-time homeowner's government subsidy. Nell said the formula was complex, but on average, the reduction in the monthly repayment was about a third.

Nafcoc president Sam Motsuenyane said

□ To Page 2

## Housing 8/Day 6/10/87

at the Johannesburg launch government needed to focus its housing subsidies on providing the poor with an opportunity to gain access to serviced land.

He said finance should be made available on condition of the non-reinforcement of the Group Areas Act.

British Ambassador Sir Robin Renwick said the response by the SA sector in the past nine months of negotiations on the initiative was impressive.

He added Britain did not regard the provision of housing and education as a substitution for full political rights.

A US embassy official said the government was aware of the initiative and the "matter was under review".

Nell said the UF remained committed to

the removal of the GAA.

A Caltex Oil SA spokesman said the company was contributing R500 000 interest free to the fund during the first quarter of next year. Caltex had committed these funds because of its view that low-cost housing was one of the most important priorities as far as the needs of the black communities were concerned.

BP SA declined to comment.

Toyota SA Charitable Fund trustee Elizabeth Bradley said R400 000 had been pledged as part of the Japanese contribution towards the "upliftment of black people in SA".

Anglo American Corporation/De Beers refused to disclose their financial contribution.

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financial institutions, must be welcomed.

For the first time it puts formal housing within the reach of those of modest resources by unlocking a potential R2bn for financing mortgages in the R12 500-R35 000 range.

Financial institutions have, traditionally, been reluctant to invest in the lower end of the black housing market because of the perception — largely untested — that risks would be higher.

Initial take-up in the scheme is likely to be slow. Prevailing high interest rates, expected to remain around the 20% mark at least in the short term, and high inflation will keep the prospect of home ownership beyond the reach of many for whom the funds are intended.

The consensus is it's likely to take off only once interest rates fall substantially or revisions to the State system of housing subsidies are adjusted to favour the lower rather than the middle end of the market.

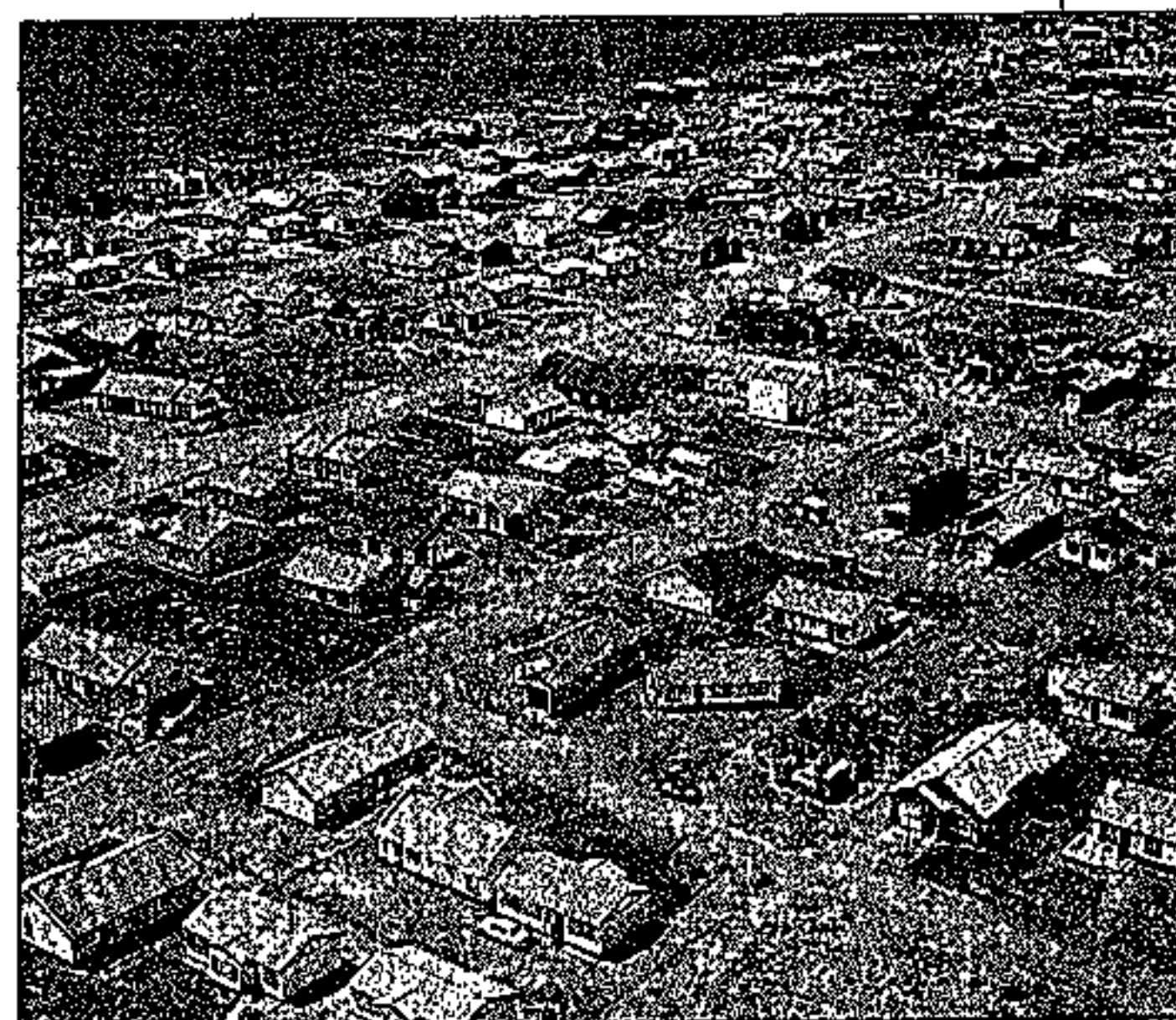
#### Lower risk

In addition, according to Bob Tucker, of the Mortgage Lenders' Association, differentiated mortgages, which will offer preferential bond rates to lower risk buyers, are likely to be phased in slowly by lenders as overall interest rates fall.

"The rate will be worked out by reference to the risk profile of the loan, which is unrelated to the colour of the borrower or the amount of the loan."

He says lower-income group borrowers are largely more reliable borrowers than their better-off counterparts. "This is largely because financing a bond tends to be a family affair in these households. Several wage earners pool resources to meet repayments. If one loses his job it makes paying instalments more difficult but not impossible."

Further up the ladder, he says, bonds are



Bringing housing within economic reach

## BLACK HOUSING

### Slow but sure

The Urban Foundation's bold initiative, which creates a safe bridgehead into the bottom end of the black housing market for

typically serviced by individual earners who cannot meet repayments if they are out of work.

He also believes the negative impact of high interest rates could be cancelled out because many companies put a high priority on making decent housing a reality for employees.

Another aspect, which will have a dramatic impact on the success of the project, will be home ownership education. Standard Bank GM home loans Terry Power says: "This is key to the whole issue. All the participants in the project must tell the new owners what they are getting, what they must pay and why they have to pay. Many of the buyers will be moving out of very low quality shelters and will, for the first time, have to do some very basic financial planning."

The Urban Foundation initiative should, as it takes effect early next year, make a significant dent in 1988's 800 000 housing backlog.

According to Urban Foundation residential and development division MD Matthew Nell only 10% of blacks can now afford conventional homes. It would require the construction of 127 000 homes a year until 2010 to erode the deficit and meet the additional demand of 2m dwellings which will be needed during that period. Only 45 000 dwellings were built last year.

Foundation CE Sam van Collier says implementation of the scheme will be gradual. "This initiative creates a mechanism which will eventually enable the provision of a further 40 000 to 50 000 homes a year to the total housing pool. However, we hope the first 40 000 units will be provided over three years. It will start slowly and gather momentum."

The scheme has two facets. The first, involving Britain, Switzerland, West Germany and international business along with the private sector in SA, provides a R20m loan guarantee fund. This will provide cover which effectively reduces the risk exposure of the home-loan institutions from the traditional 80%-90% of the property value to 60% for bonds of less than R35 000.

The second entails a commitment of a further R2bn to finance bonds of less than R35 000. The rate at which this capital will be absorbed depends on how quickly the private home building industry can provide

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the required lower-cost houses.

"This is a new market, the insurance industry and home builders will have to develop experience, and the materials supply industry will have to gear up to meet demand," says Nell.



Supreme Court Reporter

THE Town Committee of Mbekweni was yesterday interdicted and restrained in the Supreme Court from cutting off the electricity supply to the homes of two residents or requiring them to pay increased site rental, sanitation and refuse removal and water and electricity charges.

Mr Acting-Justice I Farlam granted the order after Mr Pinkipayi Jackson Letweli and Mr Holiday Sikota brought an application against the town committee and the Administrator of the Cape.

The provisions of the order will operate as an interim order pending the return day of the interdict application on October 27.

In an affidavit, Mr Letweli, who lives at U Block, Mbekweni, said that from the time the town committee assumed local government responsibility for the township he had been paying charges relating to his occupation of the house.

He had since then

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(340)

## Court order to stop cutting off of power

been issued with three separate accounts each month — one for electricity, one for water and one for house rental. He did not know how the rental charge was made up but it appeared that a portion of the amount related to service charges.

His lawyer had told him he had been informed by the town committee secretary that the committee did not have and never had the right to increase rental for Mbekweni houses because none of the houses were constructed with funds provided by the Mbekweni Town Committee.

On August 18 Mr Letweli had received his three accounts as usual and was alarmed to see

that many of the charges and tariffs were considerably higher than the previous month.

He had received no prior warning and had learnt that the increases had been implemented only when he received his accounts, Mr Letweli said. When he was unable to pay the new, higher electricity account in full, the committee cut off his electricity.

He was unable to afford the increased charges and tariffs and there was no prospect that he would be able to do so in future, Mr Letweli said. He added that he feared the town committee would cut off his electricity again.

# Government policies 'still fail to meet housing crisis'

AT LEAST 14 government commissions and committees have investigated housing issues since 1970, yet the housing crisis continues unabated, says Robin Lee of Wits Centre for Policy Studies.

In a keynote address to the Affordable Housing Conference at Halfway House last week, Lee said the continuing crisis was a serious indictment of successive public sector housing policies and posed further challenges to policy change.

## Government

Echoing the World Bank's slogan that no good projects can be developed in a bad policy environment, Lee said: "No single developmental project, however massive in scope and however technically sophisticated, has the power, initiative or funds to succeed in its project aims if the framework of law, regulation and custom in which it must operate is hostile to these aims."

Lee said government had begun to see the crisis could only be solved if the private sector started to play a dominant role in the housing of low-income households. Government's role should be one of facilitator to the private sec-

THEO RAWANA

tor and it should only become directly involved in housing the needy.

Lee said two key issues had still to be confronted: "Firstly, the rate and scale of the supply of housing has been nowhere near the order of magnitude of the requirement, and secondly, the housing that has been delivered has not been targeted at the poor, but rather at the upper-income sector."

Lee said land availability was an absolute constraint on housing production, but a relative constraint in producing homes for poor people.

Timely identification and setting aside of land for development was one of the key necessities for housing development in low-income communities.

"In SA at present that process is operating in a way that makes it one of the overall constraints."

Lee said that the racial zoning of land, the guide plan system and the deconcentration policy created an inflexible framework for the private sector's development activities.

The private sector was constrained by the present policy and the procedure of township development.



**mathieson + ashley h**

(Registration No. 02/00093/)

**AUDITED FINANCIAL RESULTS: YEAR E**

The lightweight camera looks like a pair of compact binoculars. It is fully automa-



**EVERYBODY** involved in the complex web of financial transactions backing the Urban Foundations' bold initiative to house hundreds of thousands of low-income earners will earn adequate returns, says NedPerm MD and chairman of the Mortgage Lenders' Association Bob Tucker.

There is a widespread perception that low-cost housing is risky, costly relative to the returns and expensive to administer. "The new initiative solves all these problems," says Tucker.

The Nedcor group, through the Perm, had the most experience in financing low-cost housing. "What we have learned is that risk is irrelevant to location, size of loan and skin colour."

The initiative is one of many aimed at attempting to solve the 1988 backlog of 800 000 homes for blacks and an unknown number for other low-income earners. A Business Marketing Intelligence report on the building industry (1987-1992) noted: "Despite the tremendous backlog in housing for blacks, only some 35 577 houses were built in SA in 1987."

It said "it is even more alarming to find that in SA, in terms of the percentage of the total investment of R498m, 40% was spent on upmarket housing and only 25% on low-cost housing."

Matthew Nell, MD of the Urban Foundations' residential development and construction division, concedes that the scheme is complex. "If there is any common denominator, it's cash flow."

Firstly, and most important, where will the R3bn cash come from?

The Reserve Bank, explains Tucker, has "correctly maintained capital adequacy standards of 5%, but allowed the creation of a special new instrument. Home loan institutions (see diagram) — for example, NedPerm — could issue R50m worth of convertible debentures into the market, at market-related interest rates.

"This would enable NedPerm to lend R1bn to new owners of low-cost houses. The cash will effectively be taken on deposit by us, as usual, and then on-lent.

# Housing: private sector opens door for privatisation

B/Dav 6/10/89

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**BARRY SERGEANT**

"The Reserve Bank regards the 5% as adequate, in keeping with international attempts to maintain adequate capital standards," says Tucker.

At the top end of the scheme is a new body, the Urban Foundation Loan Guarantee Fund. Foreign governments and business enterprises are putting R20m into it. The R20m will be used to reinsure South African short-term insurers who insure the new class of homeowners.

"Perhaps the best way to understand what happens," says Nell, "is to consider what occurs on the day the property is transferred into the buyer's name."

In the example given in the diagram, of a property valued at R25 000, the homeowner needs to put

down a cash deposit of only R1 250 (5%).

If this is all the cash he has, he will then pay two premiums to a short-term insurer:

□ R260 for deposit replacement cover, and;

□ R375 for risk-reduction cover. The amounts can be capitalised into the loan, so he need not pay in cash. "If he has paid these two premiums," says Tucker, "the financial institutions' risk is reduced to 60%.

This is crucial, as it is far below the normal 80%-90%."

On the date of registration, the vendor (for example a property developer), is paid R25 000 in cash — R1 250 provided by the new homeowner and the balance by the financial institution. The homeowner's principal debt mortgage bond would then be R25 000, plus the insurance premiums, plus other possible expenses such as a life policy to cover the possibility of his death.

"The Loan Guarantee Fund," says Tucker, "should be seen as a catalyst. The range of support is wide. Three governments have put money into the fund, although most of the money comes from South African business."

"It must be stressed that throughout the scheme, all rates paid will be market-related. The financial institutions involved, and the short-term insurers, all have shareholders to answer to, and shareholders expect profits."

The Reserve Bank has agreed that the R50m convertible debentures will be classified as debt, not equity. For tax reasons, the instruments are classified as debt. "This means the debentures are more tax-efficient than equity, because dividends have to be paid after tax," says Tucker. The convertible debentures will eventually be converted to preferential shares.

Nell says one of the more crucial aspects of the scheme is that most, if not all, new homeowners will qualify for the government's first-time home-owner's subsidy. "This means that in the example given, the monthly repayments will be much lower than would otherwise have been the case. The reduction is by roughly one third."

"It allows for the re-allocation of existing government resources from roles which can be performed by the private sector, and allows government to concentrate on its correct role, such as the provision of proper planning and bulk services. "The implication is that it accelerates the entire urban development process. The Urban Foundations' initiative offers a glimmer of hope in solving SA's housing crisis."

Nell adds: "This is privatisation initiated by the private sector. Perhaps the most important aspect of this initiative is that it is economic."

"The effect of the scheme is that 40 000 heads of household who did not previously qualify will now qualify for the subsidy."

In this year's Budget, government allocated R183m (1988-1989; R222m) for housing aid.

A separate amount of R280m (R231m) was voted for urban development and housing aid to blacks, which included an amount of R220m for addition to the capital of the National Housing Fund. And Simon Brand, chairman of the SA Housing Trust (SAHT), said in the annual report this week that the value of projects approved by the board almost doubled from R441m in February 1988 to R865m at June 30.

"These approvals are expected to result in the construction of 49 000 houses and the servicing of 38 000 stands. Since inception, a total number of 9 200 houses was constructed and 19 350 stands serviced through SAHT involvement."

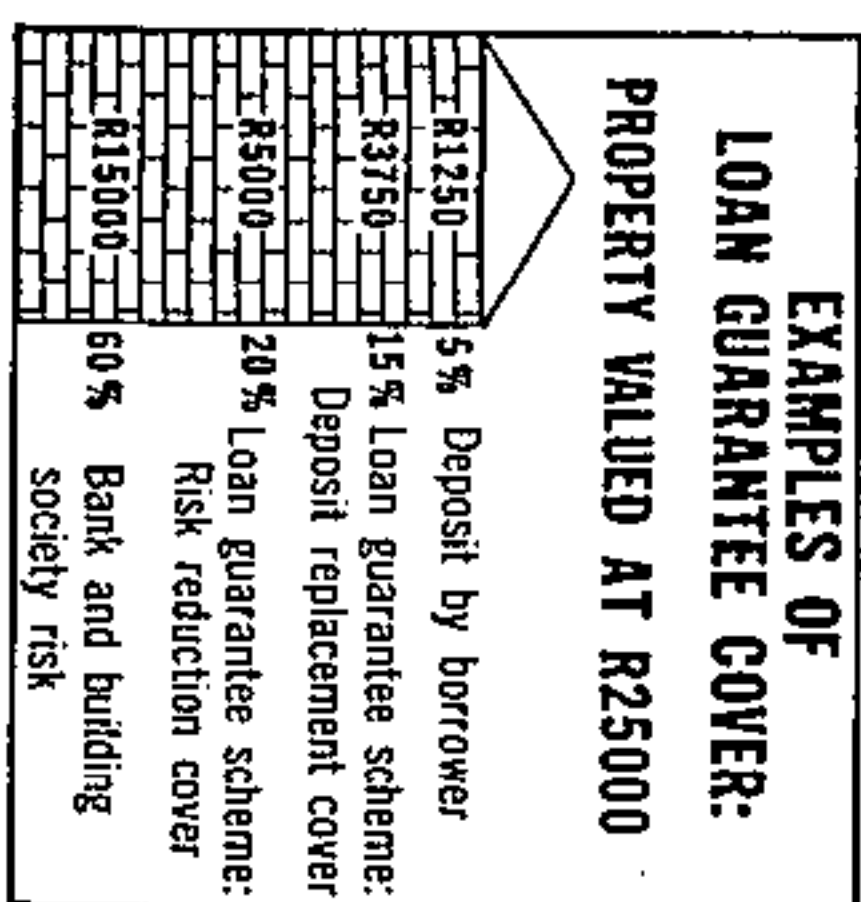
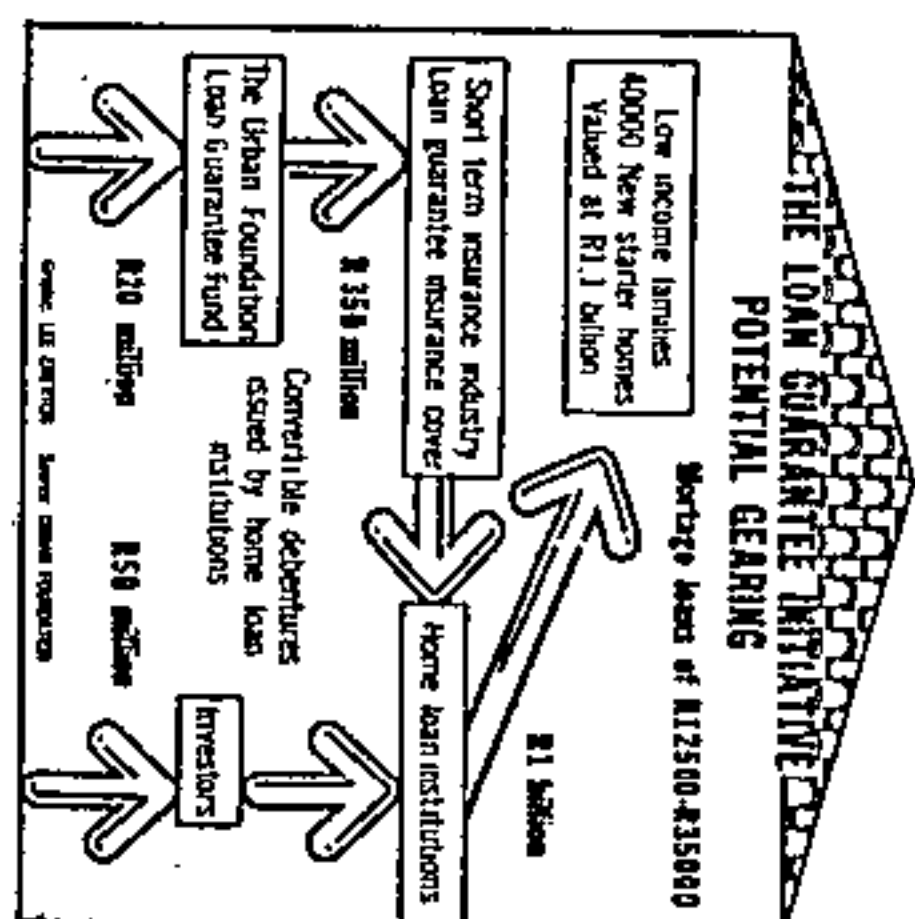
The implications of the various initiatives in housing are immense. The construction industry, which has shown negative annual growth for the past decade, can look forward to better times. The economic multipliers affect dozens of areas: employment, transport, manufacturing, provision of bulk services ...

Johan Kruger, group manager, urban, of the Development Bank of SA (DBSA), comments: "The importance of the Urban Foundations' private sector initiative is that it allows a number of bodies — government, quasi-state and parastatals, such as the SA Housing Trust, provinces, Regional Services Councils and DBSA — to play their correct roles. This, we believe, is to enable the private sector to promote this type of initiative."

"It allows for the re-allocation of existing government resources from roles which can be performed by the private sector, and allows government to concentrate on its correct role, such as the provision of proper planning and bulk services."

"The implication is that it accelerates the entire urban development process. The Urban Foundations' initiative offers a glimmer of hope in solving SA's housing crisis."

Nell adds: "This is privatisation initiated by the private sector. Perhaps the most important aspect of this initiative is that it is economic."





# What a boom for the builders



NEIL FRASER: Informal sector will benefit.

A TREMENDOUS breakthrough. That was the reaction from all sectors of building and ancillary industries over this week's announcement of a multi-billion rand masterplan for black housing.

And it's welcome news for the depressed building industry but a major worry is whether or not builders can cope with the surge in activity which must now come.

In the initial phase of the programme, announced by the Urban Foundation which involves financial assistance from Britain, West Germany and Switzerland, more than R1 billion is to be poured into "starter homes" for blacks.

Through a unique R20 million loan guarantee scheme, it enables local banks and building societies to extend home mortgage finance worth more than R1 billion, to an area of black housing which has been neglected.

Mr Neil Fraser, executive director of the Building Industries Federation (Bifsa), says: "There is little doubt that the greatest spin-off will be in the informal sector."

"While the major sector of the industry can be expected to get the largest chunk of the business, the informal builders will undoubtedly be the ones to feel the greatest benefits."

While the masterplan clears the way for many more black families to secure homes for as low as R12500, the question arises: What can be built as a home in today's high-cost market place?

Builders believe such a "start-

## FRANK JEANS

er home" will be the basic of the core-house type.

"Not only is this great news for the building industry but it is good for the country as a whole," says Mr Fraser.

"The big plan must also provide more and more employment and the supply industries and manufacturers will all feel the benefit in the long-term."

There is unlikely to be any supply problems from the materials side to meet the increasing demand.

Mr Graham Hardy, chief executive of the cement division of Blue Circle Cement, says: "I believe we will have no problems from a cement point of view, for at present the industry, generally, is working well below capacity."

"The current output of cement is about 8 million tons a year and I have no doubt we could cope with an additional 25 percent demand."

## Brick supplies

Mr Errol Rutherford, president of the Clay Brick Association, says: "The clay brick industry is running at only 70 percent of its capacity. Stocks currently exceed 360 million bricks and therefore the industry is well positioned to supply from stock and to gear up spare capacity."

"The association has devised some innovative concepts for

using clay brick for walling in low-cost housing. An application is now with the authorities for these concepts to be used in the provision of affordable housing."

The building societies are equally enthusiastic about the big housing plan.

Mr Brian Short, general manager, public affairs of the Natal Building Society, says: "As one of the financial institutions involved in this initiative, we welcome the announcement as it fills a gap in the home loans market which allows the lower end of the market to become involved in homeownership."

"At the same time, there is also a limiting of the risk for the financial institutions."

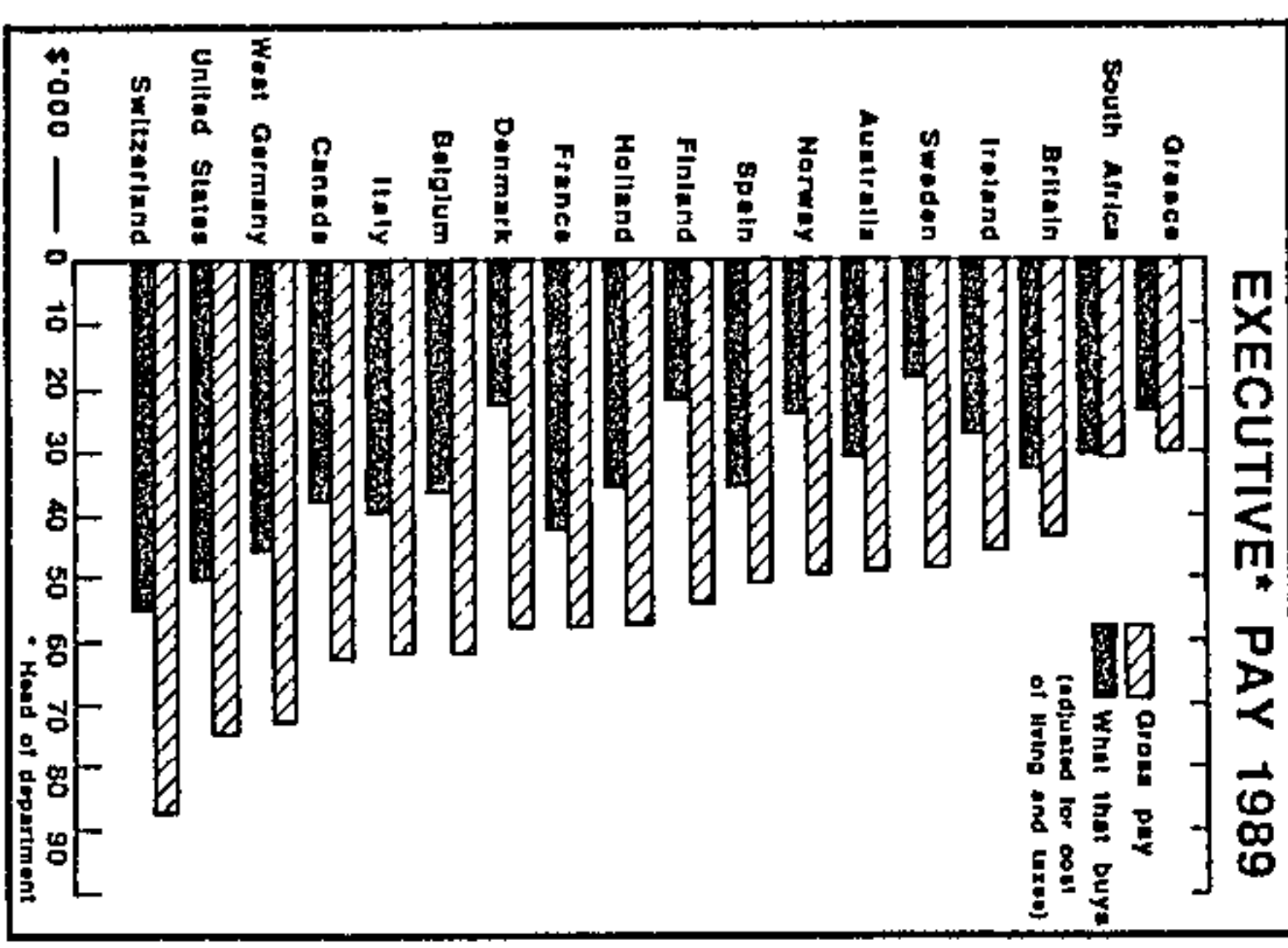
Mr Short has no doubt that South Africa has the required skills and ingenuity to develop homes within the price bracket of the new scheme.

"Without doubt, the big plan will allow tens of thousands of families who previously did not get assistance, to become homeowners," he says.

● The Urban Foundation has pointed out that the overseas contribution to the R3 billion housing scheme is limited to the Loan Guarantee Fund.

The Loan Guarantee Fund has raised R20 million both locally and from various overseas governments and companies to provide insurance cover to loans institutions for bonds of less than R35000.

It's what you can buy that counts



SOUTH AFRICAN executives may feel underpaid when they see what their counterparts overseas earn. When they take out their calculators and convert executive



# Repossession rate not yet alarming, says Perm man

6/10/89

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HOME loan foreclosures had increased significantly since last year, but repossessions by institutions had not yet reached alarming proportions, SA Perm senior finance and accounting GM Peter Hibbit said yesterday.

He said that in May, sales in execution came to 550 homes excluding banks. In June the figure was 677 homes, including bank sales in execution.

The July figure jumped to 801 homes while in August the figure was 850 homes.

The rapidity of the increase in foreclosures is revealed when these figures were compared to only 475 sales in execution in November 1988, said Hibbit.

Property economist Neville Berkowitz said people seeking home loans should seek professional advice on family affordability levels, preferably from an independent attorney, before committing themselves to a home loan agreement.

Berkowitz was reacting to newspaper reports about on the substantial increase in home loan foreclosures compared with last year.

He said most foreclosures were on buyers who had taken out home loans when interest rates were low at 12.5%.

Rising interest rates and relatively

EDWARD WEST

fixed incomes had killed affordable bond repayments for many.

Loans had often been made without the prospect of rising interest rates being taken into account.

Berkowitz also stressed social implications which was not reflected in home loan foreclosure figures. Each foreclosure represented a family which no longer had its own home.

The Urban Foundation's FHA Housing CEO Brian Longely said foreclosure was a trauma for the dispossessed white homeowner.

Black homeowners faced with home loan foreclosures usually returned to shared or shack housing, which often was not new to the black, but still represented a trauma.

Analysts said home loan foreclosures were a last resort by financial institutions caused by the administration costs of maintaining a property portfolio.

The institution rarely retrieved the full value of its initial capital outlay.

Hibbit said each case of bond repayments in arrears was looked at on its merits and discussed with the client.

DURO  
DROS GROUP



# Upsetting the planners

Officials in the Department of Development Planning are slowly having to come to grips with the consequences of scrapping influx control four years ago.

Experts have, of course, always argued that the process of urbanisation is unstoppable. They will not be surprised by the Urban Foundation's recent figures showing just how rapidly SA's rural population is urbanising.

For government planners, on the other hand, the statistics are a rude awakening from the delusion that you could scrap influx control yet still, somehow, deflect migration to the cities by offering "attractions" in alternative rural development centres.

Research done by the foundation's urbanisation director Ann Bernstein and her team, reveals that by the year 2010, SA's population will be around 60m, compared to 34m in 1980. Blacks would comprise 80% of the total, up from 72% in 1980. Moreover, whereas in 1985 SA's metropolitan areas had a total black population of 9,3m, this is expected to rise by 300% to 26,8m by 2010.

That's not all. By the year 2000, SA will have at least four major centres with populations the size of the Witwatersrand today (4m), while the PWV alone will have some 12m by then.

These figures have jolted the bureaucrats in Pretoria. For years urbanisation was seen as an undesirable process that had to be curbed at all costs. Now they're beginning to concede that their previous policy of pouring money into decentralised growth points might have been ill-advised. The lesson of the uneconomic cost of job-creation in far-flung decentralised industries, rather than concentrating on existing metropolitan areas, is getting through. Some estimates are that as much as R700m/year was pumped into incentive schemes in a vain attempt to keep blacks out of the cities.

An estimated 300 000 job seekers enter the labour market each year. The Decentralisation Board's 1986/1987 annual report says 126 366 jobs were directly created by its initiatives in the previous five years. At a cost of R2,054bn, that's about R15 882 a job.

Government's own research highlights the weaknesses in the system. The Nkuhlu report, a critical analysis of current decentralisation policy by the Development Bank of Southern Africa (DBSA), found that the majority of industries established in these areas were unsustainable. In 1986/1987, 25% of them were technically insolvent, while 33% had not made a profit. Between 52% and 74% would not have been profitable but for subsidies. Profits in 1986/1987 were lower than in 1982/1983. Average profit — taking the subsidies into account

— was 2% on assets.

The DBSA's report (not yet officially released and due to be discussed by the Cabinet and the TVBC States in the new year), concludes that the existing industrial development points are not generating enough momentum to become self-sustaining. It also questions whether the cost of the programme justifies its results.

It broadly recommends that the costs of the programme should be scaled down and that assistance should be confined to two types of incentive packages (details yet to be defined). Also, that sectors other than manufacturing (such as agriculture, small business and tourism) should also qualify for some form of aid. In short, a multi-sectoral approach based on comparative cost advantages, urban industrial integration and people participation.

DBSA officials confirm a major shift in decentralisation policy is in the offing, but say the situation is "extremely sensitive" as the proposed changes do not yet have government's blessing. DBSA director of policy analysis Stef Coetzee admits there are "structural weaknesses" in the present scheme and there is to be closer integration between urban and regional development policy in future. He stresses, however, that "even if there are serious shortcomings, there are aspects of the current policy that have worked well. You can't just discredit the

whole policy. What we are dealing with is a process of structural economic reform."

So despite overwhelming international and SA evidence that decentralisation policies have failed, government planners seem reluctant to jettison the old policy entirely.

Emphasis is at least likely to shift to a larger number of deconcentration points located between the homelands and the cities. There's also growing recognition of the importance of cities as such and a realisation that planners ignore them at their peril. In short, there has been progress, but we're still likely to be saddled with pretty contradictory and inappropriate legislation.

Bernstein believes ad hoc approaches like the ones likely to emerge no longer have any relevance. Government, she says, has to acknowledge the reality of urbanisation and stop trying to stand in its way. She points to foundation research which revealed that "of the 2,4m people living in informal settlements in the PWV area, 67% had been resident in the area for between five and 10 years. That means two-thirds were living here *before* the abolition of influx control."

Research shows that the major trend in urbanisation in SA is to the important urban centres. The reality, says Bernstein, is that "cities have coped better than people thought they would in improving the quality of life of individuals and as centres of economic activity. The decentralisation policy seeks to create self-sustaining urban centres to offer a choice to people. That's not happening. In fact, the evidence is to the contrary. The number of people who can be induced to live in these areas is demographically insignificant."

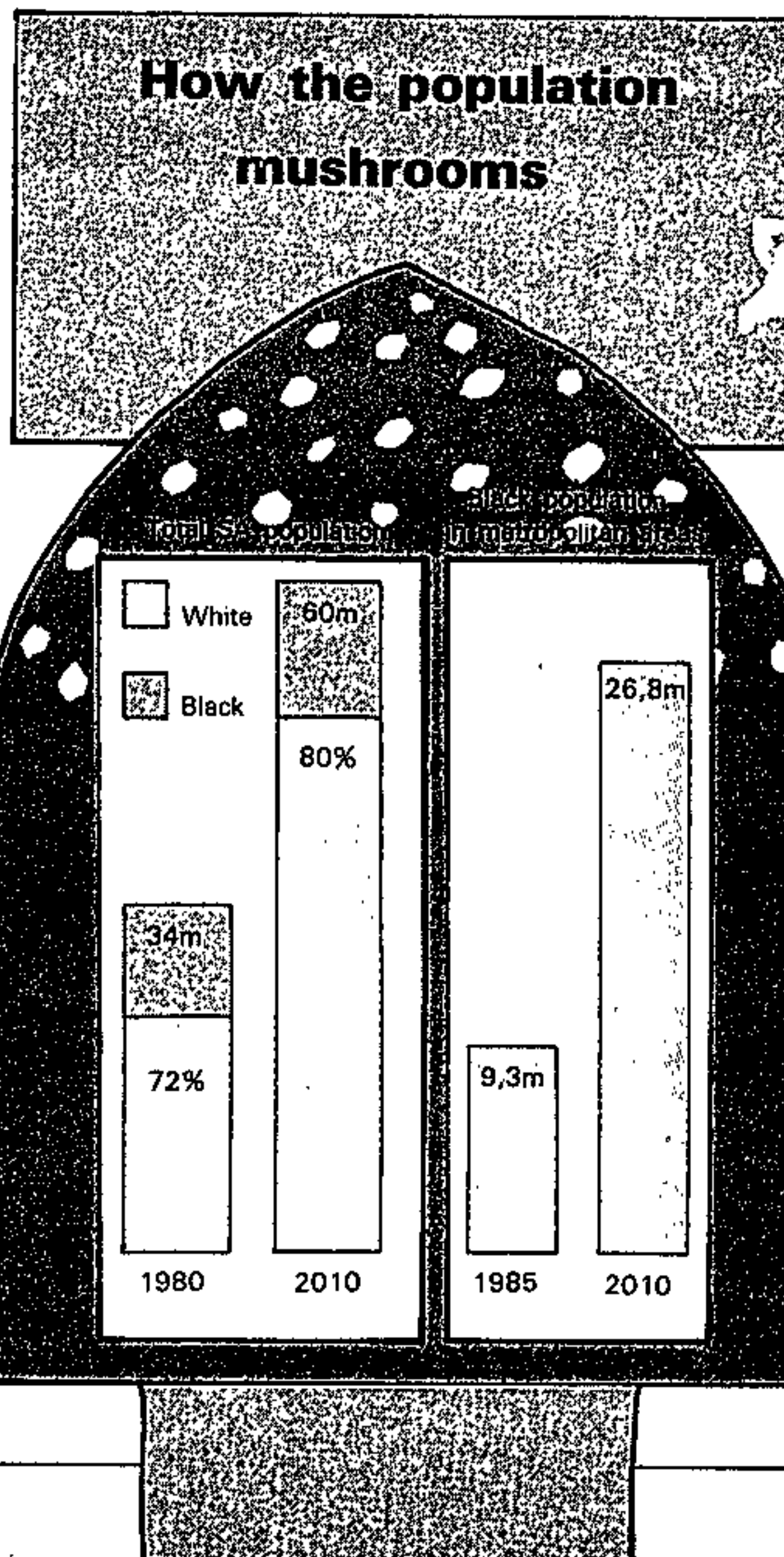
The evidence clearly suggests that government must abandon its decentralisation policy and concentrate, instead, on what Bernstein calls managed urban growth. Here the focus should be on managing the real problems of urban development, such as the massive growth of informal housing on city peripheries and the effective "greying" of inner city areas.

The tragedy, says Bernstein, is that decentralisation has distracted policy makers from their primary goal of planning a democratic, non-racial metropolitan future.

"To compound the problem, we waste time by debating whether a black South African can live next to a white South African."

She adds: "This is not the key issue facing our city managers. The priority for investment shouldn't be Bronkhorstspuit or the capital of Venda."

"The key issues should be how we should be managing our cities that will more than double in population between 1980 and the year 2000 — a decade away."





# Homes plan could cut (33%) backlog by 33 percent (33%)

By Michael Chester

The Urban Foundation estimates that no fewer than 264 000 black families would now have their first chance to buy homes of their own as a result of its new R1 billion black housing drive. *Stew 6/10/89*

This represents about 33 per cent of a current black housing backlog of 800 000 that had threatened to grow to 2 million homes by the year 2010.

Banks and building societies have intimated they are prepared to boost the R1 billion package of new home loans to as high as R3 billion as the scheme gathers momentum.

But the Urban Foundation (UF) and associates behind the scheme have underscored that government action to remove the Group Areas Act will be crucial to the ultimate success of the housing drive.

## ENOUGH LAND

Mr Matthew Nell, managing director of the UF residential development and construction division, calculated that there was enough land available for new building operations in the metropolitan areas to meet the scheme's needs for the next three to four years.

Beyond that, he said, it was vital that all inhibitions and restrictions such as the Group Areas Act were dismantled.

At the launch of the scheme, Dr Nthato Motlana, chairman of the Soweto Civic Association, said that overseas backers of the initiative, including the British, German and Swiss governments, should insist on the scrapping of the Group Areas Act as a strict condition of their cash contributions.

British Ambassador Sir Robin Renwick also launched an oblique attack on group areas legislation. Britain had launched a number of projects to help black South Africans that were all aimed at trying to undo the effects of such legislation as the Group Areas Act, the Bantu education laws and land laws in general, he said.

● See Page 6.

# UK to spend R50-m on black advancement

By Michael Chester

New schemes to encourage black advancement in housing and education were no substitute for black access to full political rights, British Ambassador to South Africa Sir Robin Renwick said in Johannesburg yesterday.

He announced that British government spending next year on schemes to help black South Africans in all spheres could reach R50 million.

He applauded the Urban Foundation initiative to launch its R1 billion programme to tackle the massive black housing shortage.

He also revealed that Britain had agreed to contribute towards a R20 million loan guarantee fund at the heart of the initiative — along with West Germany and Switzerland — with the proviso that South Africa's private business sector committed the bulk of funds to finance the operation.

"In our view," he stressed at the launch of the scheme, "it is for white South Africans to take the lead in helping to change the circumstances and create new opportunities for black South Africans."

"Our experience is that black South Africans want better housing, better education — and full political rights. Anyone genuinely concerned about the situation should be trying to help people attain all three."

Sir Robin said Britain was already supporting efforts to solve the problem of informal settlements by its involve-

ment in the Innova scheme in Natal and pilot projects in the Western Cape. And Britain would be looking further at ways of assisting the large number of black families who could not afford access to formal housing.

The main British effort in South Africa would continue to be devoted to education. A dramatic expansion of its programme would include:

- By next year Britain would be providing 1 000 scholarships for black students at universities and institutes of higher education in Britain and South Africa.

- Scholarships were now being funded for black students at all the liberal universities — Cape Town, Wits, Rhodes and Natal.

- Britain planned to double the number of awards open to candidates in the leadership programme it had established to honour Mrs Helen Suzman.

- A new British Council Resources Centre — an education centre with study facilities for 100 black students at any one moment — was due to be opened in Johannesburg on October 25.

- Britain would continue to try to overcome the effects of the Bantu education system through its support of the new, privately funded Promat colleges which had been launched in Mamelodi, Natal and KaNgwane.

- Britain also intended to assist in the creation of the first independent teacher training college to be approved since such colleges were closed down by apartheid laws in 1953.

## Sponsorship for scheme

The list of sponsors — expected still to grow — that have so far confirmed support of the Urban Foundation loan guarantee fund are:

### OVERSEAS

The governments of Britain, Switzerland and West Germany, plus the Hans Seidel Foundation.

### INTERNATIONAL BUSINESS

BP South Africa, Caltex Oil SA, Toyota SA Charitable Trust and the Japan-SA Fund.

### SA BUSINESS

Anglo American Corporation, De Beers, Oppenheimer and Son, Anglovaal, Barlow Rand, First National Bank, Gencor, Liberty Life, Nedcor, Rembrandt, Sarnam, Southern Life, Standard Bank, Tongaat-Huilett and the United Building Society.

The home loan institutions taking part in the scheme are: the Allied Group, Eastern Province Building Society, First National Bank, Natal Building Society, Santam-bank, Standard Bank, UBS and Volkskas Bank.



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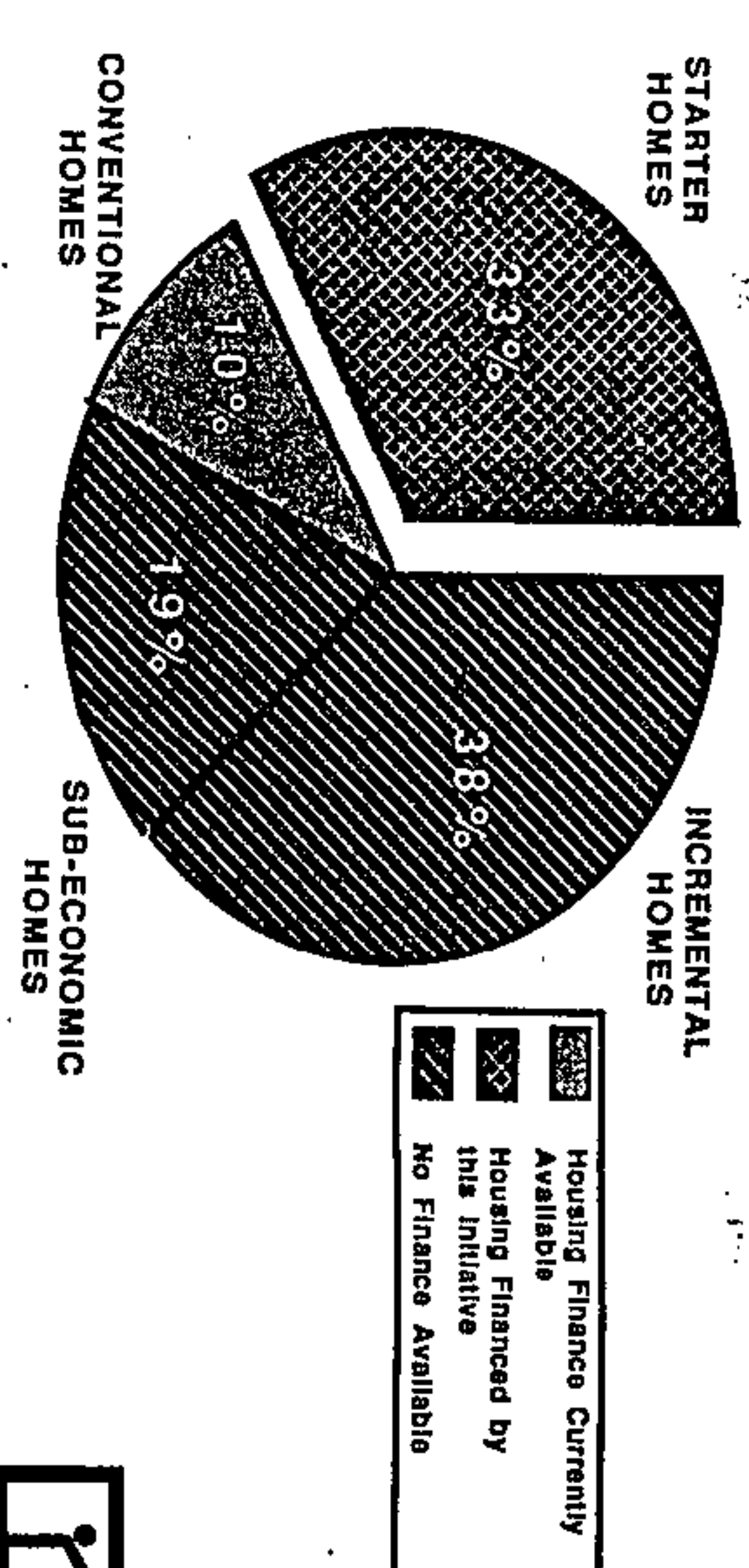
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## NEED FOR HOMES BY BLACK FAMILIES (1989 - 2010)

|   |                   |
|---|-------------------|
| Current backlog (1988)                        | - 800 000 homes   |
| Projected new family formation<br>1988 - 2010 | - 2 000 000 homes |
| Annual demand 1988 - 2010                     | - 127 000 homes   |
| Current estimated supply 1987/88              | - 45 000 homes    |



## ANNUAL DEMAND FOR HOMES BY BLACK FAMILIES (1989-2010)



## 'Make money conditional'

By Michael Chester

There were sharp attacks on the Group Areas Act at the launch of the Urban Foundation's new black housing drive.

Dr Nhato Motlana, chairman of the Soweto Civic Association, said: "There is no way black people will be happy if the millions of rands pouring into South Africa help to reinforce the status quo."

Referring to the backing from the British, West German and Swiss governments and several Japanese private companies, he added: "I would love to see suppliers of the money make it a condition that unless the scheme insists on non-observance of the Group Areas Act, the money

may be unacceptable."

Mr Bob Tucker, president of the Mortgage Lenders' Association, said any inhibitions to free-market operations were a frustration to financial institutions ready to discuss home loans.

But because of the independence of each institution, it was virtually impossible for the association to take a position on the Group Areas Act — other than to stress that any inhibitions to freedom in the market were undesirable.

Mr Matthew Nell, managing director of the residential division of the Urban Foundation, emphasised that the foundation was committed to the removal of the Group Areas Act.

## New mass housing package

By Michael Chester

The Urban Foundation sees the R1 billion new masterplan aimed at tackling the critical black housing shortage as the first phase in efforts to clear a backlog that already stands at 800 000 homes and which threatens to grow to 2 million homes in the next 20 years.

### FINANCE

The first objective is to remove a basic stumbling block that has thwarted progress for decades: the lack of adequate private-sector finance.

The result of the new initiative, which creates guarantees on loans via insurance cover, is

that home loan institutions such as banks and building societies will now be able to reduce the floor level of loans to as low as R12 500 (previously it was about R35 000).

The package has been put together by the Urban Foundation in association with the Mortgage Lenders' Association and the short-term insurance industry in negotiations that have been going on behind the scenes for months.

Urban Foundation president Mr Jan Steyn estimates that the new scheme will allow no less than 30 percent of black families to consider home-buying plans for the first time.



**T**HE next two to five years could see the establishment of a negotiating forum, constituent assembly or other appropriate instrument, facilitative of producing a new constitutional dispensation.

A major question is whether or not SA will enter that phase within an ever-escalating spiral of socio-economic disaffection. Politics, after all, is about people and the condition of their lives.

We need to promote the economic and social adjustments that will support a political resolution of the right kind.

One can identify various socio-economic conditions supportive of democracy.

If economic inequality, and inequality in access to resources and opportunities continue to be patterned in terms of race, SA's hope of reducing the importance of race in political conflict is bound to fail. Racial identities will lurk behind every conflict of political interests.

Recent trends in patterns of employment and in the allocation of state development resources are softening the stark outlines of racial inequality. However, substantially better progress in dismantling racial zoning, in education, in training and in occupational development are urgently necessary.

**A** persistent racial structuring of our society will weaken democratic processes because it obscures people's real political interests. Interests can be addressed constructively — and shared interests unite people. Race can only divide.

If certain problems in development remain intractable, generating sharp mass-based grievances, it will tend to dominate the debate and will encourage the politics of irresponsible promises a millennium ideologies. Faced with a marketplace of fatuous rhetoric and improbable claims, military authorities are typically inclined to think in terms of coups to induce discipline.

If a society has a large and growing segment of its population unemployed and facing the prospect of being permanently excluded — or at best only marginally involved in the

# Building the right structure to support political change

JAN STEYN of the Urban Foundation

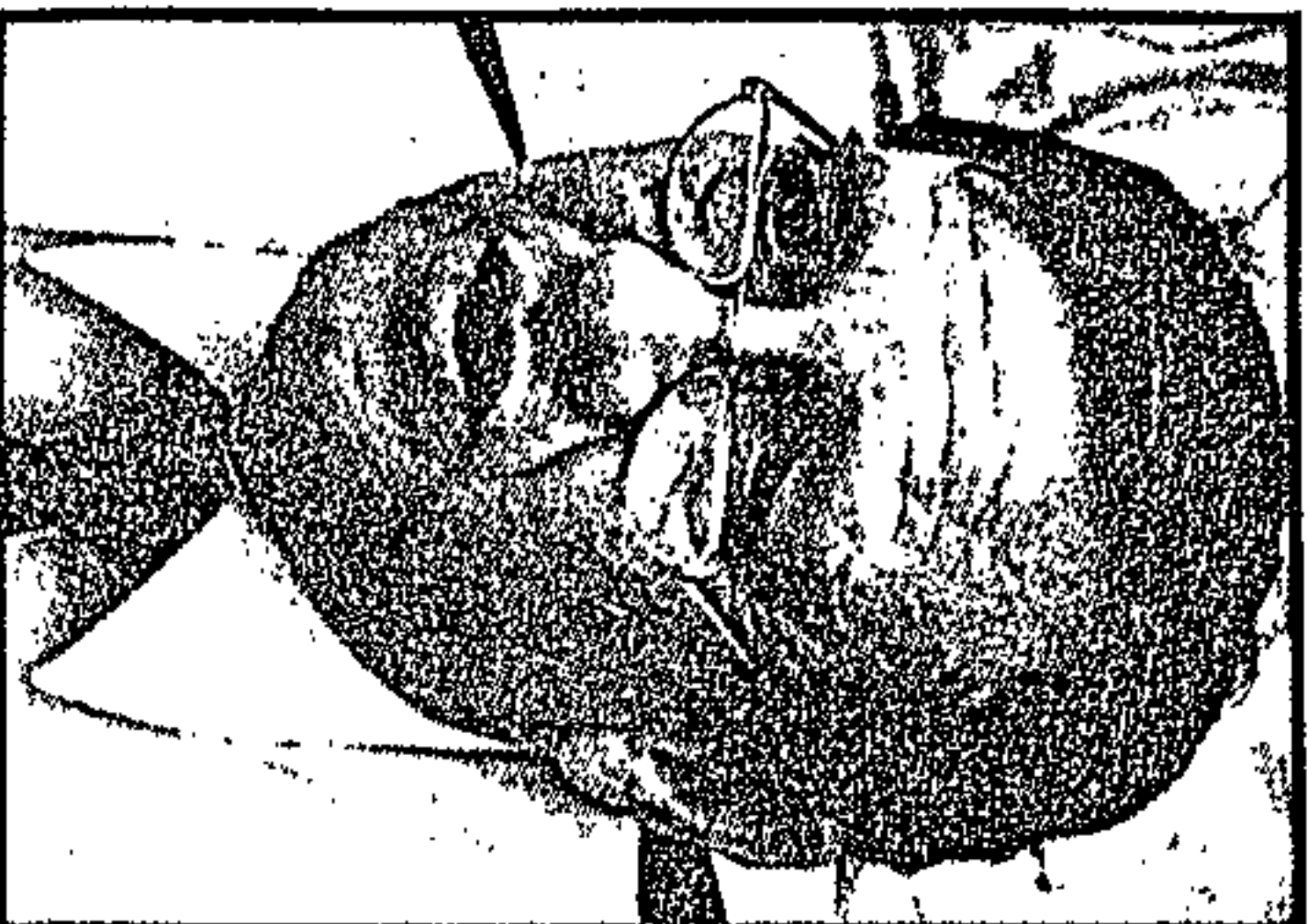
economic activity — authoritarian administration becomes almost inevitable.

If the concept takes hold (or persists) that individual endeavour is less effective than a paternal, all-protecting welfare state, the urge for one-party socialist solutions, already strong, will grow. For all the good intentions behind comprehensive welfare socialism, we know from a host of failed experiments that it leads to overextended state budgets, chronic inflation, lack of investment in production and, ultimately, shortages of foreign exchange, of the capital goods required for growth and a deterioration in the very circumstances the system was supposed to address.

Governments cannot allocate resources to redress social ills unless private business is allowed to create the wealth that is to be taxed.

These comments about socio-economic development and democracy seem logical to me, and are borne out by experience elsewhere in the world. The arguments, however, clearly do not "sell" themselves to black South Africans. None of the relevant actors on the scene will succeed unless there is effective political advancement.

Just as the international expert-



□ STEYN

ence shows the hazards of reform which ignores the socio-economic dimension, so there are telling examples of socio-economic reform that ignores the political dimension.

I would suggest that some of the conditions for effective democracy are:

□ Policies must be concrete. Policy

gies will need to rise above their historic antagonisms. They will have to become capable, above all, of understanding the demands and constraints under which all the different political programmes in SA have to operate and of identifying areas in which rapid progress is possible.

Thirdly, the pace of change cannot be determined by one group's requirements alone. The expectations and fears of all groups must determine the process. In turbulent circumstances, optimal speed is of the essence. A prolonged period of uncertainty will serve only to heighten fears and allow expectations to spiral out of control.

Fourthly, socio-economic reform must accompany political change in such a way as to support it.

The abolition of racial discrimination in the form of controls over movement of black people accompanied by the partial restoration of citizenship has made more urgent the search for solutions to the housing problem and the challenge of urban development. In turn, these socio-economic changes inevitably raise the issues of the racial zoning of land and the development of non-racial city-wide local government.

**F**inally, in the field of socio-economic reform, announcement of policy change is not sufficient. The government must implement policy change by entering into firm commitments about legislative change, the reallocation of resources and the development of effective delivery mechanisms.

The Urban Foundation has no choice, but to press ahead and do what we can to address the relevant fundamentals — socio-economic development and the laws and regulations which inhibit it. High key political prospects are in the air and on everyone's lips, but we dare not neglect the sub-structures that could subvert all our hopes of political progress.

One cannot have good projects in a poor policy environment.

□ Steyn is chairman of the Urban Foundation. This is an edited extract from his address to the foundation's AGM in Johannesburg yesterday.



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Urban Foundation chairman Jan Steyn, left, and CE Sam van Coller at the AGM in Johannesburg yesterday.

Picture: ROBERT BOTHA

## June 16 should be a holiday — Steyn

CHARLOTTE MATHEWS

JUNE 16 should be made a public holiday to acknowledge the struggle of black communities for better housing, education and urban conditions, Urban Foundation chairman Jan Steyn said at the AGM in Johannesburg yesterday.

He urged white South Africans and the major institutions in the country to become aware of the justifiable expectations being raised among the black population by the current intentions of government, the private sector and others.

He said SA had been run as if it were a white society, with a black component.

"Our perceived subordinate component is and always has been a majority with a deep and pervasive sense of having been displaced and alienated in their own continent and society."

Steyn said it was imperative that government's words be followed by concrete actions.

● See Page 8

# Show the poor the way ahead — Van Coller

THE real development challenge for SA was to provide opportunity for those at the very bottom of the income spectrum, and this is where the Urban Foundation was increasingly focusing its attention, CE Sam van Coller said at the AGM in Johannesburg yesterday.

"It seems to me the role of the Urban Foundation in a new and non-racial SA will increasingly be to open and signpost the road out of poverty."

In the past year the organisation's housing utility companies around the country sold 5 877 houses and 5 575 serviced stands with a total value of R245m — a 60% increase over the

6/1/89 16/11/89 (339)  
**CHARLOTTE MATHEWS**

previous year.

The organisation now faced the challenge of addressing the needs of those unable to finance the minimum loan available in the conventional market, Van Coller said.

To provide access to "end-user" finance in the lower end of the market, the Urban Foundation recently established a pilot project, the Group Credit Company, to develop a new loan mechanism linked to group savings clubs to provide loans below the R5 000 level.

The foundation was also involved

in developing proposals for a new urbanisation strategy in SA.

"Our research suggests that, because of its skills and infrastructure, SA is better placed than many other developing countries to turn to advantage the increasing concentration of its citizens in metropolitan areas."

Another area of activity in the past year had been the consolidation of the foundation's education programme.

"It is to be regretted that the state is neither able to provide meaningful financial support to this key area nor does it, through tax incentives, encourage the private sector to give support to early childhood education."



B/Day 29/11/89

## Only 10% of SA's blacks qualify for housing loans

(28) TANIA LEVY (339)

MORE than 90% of SA's black population earned less than R800 a month, TPA housing director Jan Breytenbach said in Pretoria yesterday.

At a conference for representatives of self-governing states, Breytenbach said this meant only 10% of blacks could be served with housing loans by building societies. He was quoting figures in a survey accepted by the Committee of Housing Ministers.

Breytenbach said building societies were not keen to grant housing loans for less than R20 000 — an amount way beyond the reach of the lower income group.

According to the Urban Foundation and Society of Financial Institutions, individual loans could be granted to suitable applicants for amounts as low as R12 500, representing monthly instalments of R210 at 20% interest over a 30-year repayment period.

However, it was generally accepted that individuals could afford to spend up to 25% of their monthly income on housing. A loan of R12 500 would only be affordable to applicants with a minimum income of R840 a month, he said.

The SA Housing Trust required a minimum monthly income of R600 before considering an application, Breytenbach said.

It was safe to say the backlog in black housing in SA amounted to between R1m and R2m. A provincial survey in March disclosed that about 1,25-million families lived in temporary structures.

It would cost R8,2m to provide each family with a site and rudimentary services. To erect a low-cost house on each site would cost a further R10bn (R7 000 a house).

Lack of funds would force government to supply only affordable rudimentary services such as water provision.

No more money would be available for loans for self-build houses. Local authorities and the private sector would have to play a role in provision of housing.

Involvement of private sector finances had still to be exploited.

# A good year for property

By Neville Berkowitz of  
the Property Economist

Most people will look back on 1989 as a good year for property. The tail end of the 1987/88 economic upswing wagged for the better part of the year.

The white homes market saw schizophrenia reign. In the lower end of the market, under R100 000, hundreds of homes were being repossessed monthly by major mortgage lenders as high interest rates crippled limited family budgets.

At the top end of the scale the R1 million home barrier was crossed numerous times and the R3 million barrier breached on a few occasions.

The security driven townhouse and especially cluster home market at R300 000 to R1 million saw much increased demand and rising prices.

Most of the activity taking place in the construction of homes for blacks, coloureds and Asians was in the cheaper end of the market where builders' profits are paper thin. The losses by many major homebuilders show that this is not "the promised land" for the homebuilding industry.

The Urban Foundation's loan guarantee scheme, initially injecting R1 billion in homes under R25 000, was, in my opinion, the most important property news of the year. Now we must all make it work for the ultimate benefit of all South Africans.

Prospects for the residential market in 1990 are for initially high in-

terest rates with the possibility of a 17%-18% bond rate by next Christmas.

Demand for new homes will continue to slow due to the weak economy and high interest rates. Demand for existing homes over R150 000 will continue, initially at a slower rate. However I expect the second half of 1990 to see the tentative beginnings of the next upswing in the residential market.

The office market was substantially more active in the first half of 1989. Tenant demand dropped off noticeably in the second half as the 1990 downswing became a reality.

Some office markets currently have limited supply of good A grade space. However buildings currently under construction will come on-stream during 1990/1991 and a tenants market will re-appear once more.

Old Mutual continued their buying spree of Johannesburg CBD properties as well as completing their Menlyn office park in Pretoria. While Sanlam were active, announcing inter alia, three R100 million office developments in Parktown, Arcadia in Pretoria and in Durban.

I foresee 1990 being used to plan new office building for the possible 1992 upswing.

The retail market saw the expansion of Westgate to become the third

largest shopping centre in the country. The start of Southgate, near Uncle Charlies and the recent announcement of Northgate in Randburg will add yet more retail space to a near saturated market place.

Black shopping in the Johannesburg CBD is as popular as ever and rentals for relatively small retail space have broken through the R100 sq/m a month barrier.

The industrial market was dominated by the mini factory market with rentals in high demand areas such as Strydom Park, Amalgam, Selby, and Sebenza ranging from R7-R10 sq/m.

Large industrial space users are also looking to position themselves for the 1990s and there are a number of large enquiries for space in excess of 5 000 sq m in the market at present.

Overall 1990 is likely to be remembered for a slowing economy, relatively high interest rates averaging 19% during the year, increased political reform, possibly softening prices and rentals in areas of increased supply with reduced demand — in general an unexciting year.

A year to keep the costs down and an eye open for opportunities for the potential upswing starting during 1991.

## OUTLOOK 90

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28/12/89



URBAN AFRICANS — GENERAL

1990

JANUARY — JULY

## Govt funding continues

TANIA LEVY

Bldg 5/11/90

DIRECT government spending on infrastructure in black areas is still more than 10 times the amount spent by Regional Services Councils (RSC), the SA Institute of Race Relations (SAIRR) said in its latest newsletter.

(339) (229)  
The newsletter said government officials had acknowledged RSC funding alone could not eliminate existing backlogs in the townships and more state and parastatal funds would be spent on black infrastructure in the future.

(228)  
Despite continued state funding, black local authorities are unable to maintain, let alone develop, township infrastructure.

Black local authorities would have to increase their total income by 40% to be financially independent, the SAIRR said.

The authorities seem to be looking to the Development Bank of SA to shoulder an increasing amount of the burden of development in black areas, the SAIRR said.



## BLACK HOUSING

**A nip in the bud**

FIM 51110 (143) (339)

Concern is growing that unscrupulous operators could permanently damage the emergent black private housing market. Many developers admit that the pot of gold which was supposed to be at the end of the black housing rainbow is extremely elusive.

There's no doubt that many have lost money. Others, perhaps in order not to do so, have exploited the fact that home ownership is a new concept to most blacks for making a fast buck by using what can, most politely, only be described as sharp practice.

Some people believe that if these practices get out of hand they could cripple the black housing market. Others maintain that, as with hire purchase, the market will quickly normalise and it will become far more difficult to pull the wool over unsuspecting black buyers' eyes.

SA Housing Trust MD Wallie Conradie believes the key to the successful implementation of the home ownership programme involves creating a feeling of confidence in the market among buyers.

"We've seen a period, and it is probably still happening, where promises have been made and money taken for deposits and then the developer disappears. There have also been instances of developers walking away from half-completed homes.

"It is terribly sad, but these things are so destructive to the establishment of the trust and confidence needed for this sort of programme to work. The client in the end must be satisfied that he is being given fair value for money — in short, a fair deal."

While the scams mentioned by Conradie may be the most common, there are others, right down to ones that, though legal, are shortsighted in that they offer special financial packages which the promoters know buyers won't be able to meet in the long run.

These financial incentive schemes vary in nature, but, generally, tempt buyers with fixed-period subsidies, over and above the first-time buyer subsidy, on home loans. In fact, they just defer repayment. The buyer ends up paying more — if he can — on expiry of this so-called subsidy.

Between these extremes are those who, for example, try to hide all the additional costs of buying a house until it is too late for a customer to back out. While the white market is familiar with add-ons, like transfer costs and connection fees for a new house, they are often a complete surprise to black buyers. There are also those who induce customers to sign release forms for the construction when the contract to buy is signed, even though the home has not been built. This robs the owner of control over the withdrawal of funds from the institution.

Clearly, there are causes which have created the climate for such exploitation. As Matthew Nell of the Urban Foundation says, the fundamental problem is that black communities were excluded from private-sector homebuilding and financing mechanisms until the mid-Eighties. This has made them vulnerable to exploitation because they are inexperienced as a result of having been barred from the market mechanism.

He adds that the distorted market, where blacks' demand for homes far exceeds supply, makes it an ideal hunting ground for the unscrupulous. FIM 51110 (143) (339)

Nevertheless, middle- and upper-income blacks have been buying houses for several years. Organisations that monitor the situation, like the Urban Foundation, notice increasing buyer awareness of the rules of the game. Certainly, Conradie believes fewer people are being taken in by the conmen.

Someone extremely critical of misleading subsidy schemes is Perm GM Dennis Creighton: "I don't support some of the incentives offered by developers. In some cases, the buyer may be at risk and in most cases is prejudiced on net interest."

The Perm has consistently refused involvement in such schemes.

Just as important as identifying the problem is finding solutions. Many share Nell's view that it would be counterproductive to try to increase protection through more legislation. He maintains that the most effective weapon against exploitation is a combination of keener competition among developers, providing a greater choice of products and investment in consumer awareness. ■

# Employers the housing funds

## blacks look to

EMPLOYERS are SA's "housing oracles" and they don't even know it, says SA Housing Trust chief socio-economic researcher Louise Botha.

Dr Botha has completed studies connected with the housing delivery process. She found that employers are the sources of information most highly regarded by would-be black homeowners. But employers are often uninformed or underinformed about affordable housing.

She says this finding highlights a major opportunity for companies and employer organisations to motivate workers and improve industrial relations.

"They must take the first, important step in the affordable housing process — contribute to a better understanding of the benefits and disciplines of home ownership."

However, Dr Botha believes this opportunity could be lost without some employers ever realising that it exists. A national survey of employers last year by the SAHT showed that few regard housing as a priority.

The study shows a general awareness that housing is a problem, she says, but senior executives are more likely to focus their attention on inflation and on their company's day-to-day agenda.

"But there was a general realisation that trade unions were beginning to make housing an issue, and therefore, at some stage, employers would give it more thought."

"Yet as soon as questions shifted from general considerations to exact details, we started to draw a blank."

The SAHT carries out surveys of prospective homeowners in all areas where housing projects are planned. The latest project-related survey covered the Northern Free State.

There, 53% of respondents listed their employers as a source of possible help and information about housing.

This, says Dr Botha, is a typical reaction. "The worrying aspect about the survey was that 23% of firms originally contacted refused to take part in the study."

Dr Botha believes that the vital initial need is for information and education at worker level. Making a training room available for briefings on housing or for question-and-answer sessions with specialists would be a big step forward, she says. "The cost to the employer would be minimal."

A start has been made — but much more will have to be done if the opportunity is not to be lost.



LOUISE BOTHA... opportunities missed



**IMAGINATIVE** schemes are being devised to unlock the huge investment funds of life offices for investment in the low-income housing market. However, direct investments of pension and provident funds for this purpose are becoming increasingly unpopular among trade unions and life offices alike.

Life offices have billions of rands of investment funds available annually. But the major proportion goes into the stock market.

Neither life offices, investing on behalf of policyholders, nor unions whose pension and provident funds are invested on behalf of their members, are prepared to accept the lower rates of return from housing project investments.

Workers, as investors in the funds, naturally wish to receive a maximum return, but as recipients of housing loans from the funds also desire a subsidised rate of interest.

**G**oeff Schreiner, national organiser of the National Union of Metalworkers of SA (Numsa), in an article in the November issue of *Trustee Digest*, expressed Numsa's view on the issue, saying: "Numsa does not believe that workers' money in pension and provident funds should be used to subsidise housing needs. The state and employers should subsidise housing. Numsa does, however, accept that a portion of pension and provident fund assets should be invested in community projects, provided that such investments do not jeopardise returns to members of the fund."

Numsa, Schreiner says, is considering investing part of the assets of more than R3bn in the funds in which the union is represented. Projects to be considered are investments in the purchase of land for housing, low-cost building activities, rental accommodation and rural developments, and in financial institutions prepared to provide small loans.

"The union will not negotiate further on individual housing loans from any particular pension and provident fund until a housing allowance (from employers) has been agreed to. This is to ensure that workers are not

# The thorny problem of unlocking funds to boost housing

LINDA ENSOR

called upon in any way to subsidise their own homes."

Life offices have been criticised for not using the massive funds at their disposal to assist in solving the housing crisis. Their response that this is not justified by the lower rate of return from such an investment is the same as that of the trade unions.

As Dick Geary-Cooke, executive director of the Life Offices Association, says: "Life insurers look after the interests of their policy- and pension holders and it is their fiduciary duty to these people to maximise returns... the rates of return from housing projects do not justify the investment."

"The problem is to create a situation in which instruments used to fund low-cost housing give a market-related return and are themselves marketable. And to be marketable they must carry a guarantee that the money will be repaid."

Certain life insurers — Liberty Life, Sanlam and Southern Life — contributed to the establishment last year of the Urban Foundation Loan Guarantee Fund, set up with an initial capital of R20m injected by Western governments, international companies and SA corporations.

The contribution was an interest-free five-year loan, which, while small in relation to total investment funds available to life insurers, represented about 10% of the Loan Guarantee Fund (LGF).

Franz Pretorius, the Urban Foundation's GM of project finance, says the investment by life offices in the LGF "is a very positive step by that industry. The Urban Foundation's R20m LGF enables the short-term insurance industry to underwrite R30m of R1bn worth of mortgages to be granted by banks and building societies under this scheme."

However, the life offices do not see it as their responsibility to devise such initiatives.

**E**xpanding on union objections to the use of provident funds, Taify Adler of the Labour and Economic Research Centre, in a paper last year to the conference on affordable housing, said: "It has become increasingly common to look to trade unions and their influence over pension and provident funds as a solution."

Adler said it had been suggested that the approximately R65bn under the control of pension and provident funds (the industry now estimates the figure at R100bn), instead of being invested on the stock exchange, could be directed under union pressure to the housing market.

"Workers in some provident funds have agreed to a small loans facility for housing purposes at the 'official' interest rate (of 16%). Given that the fund could have been earning a re-

turn on investment of, on average, around 20%, this of course represents a subsidy by the benefit fund to the individual borrower."

He says trade unions are thus becoming more wary of any attempt to use pension funds for housing, which should, he believes, be subsidised by the state and employers.

"While union trustees should be prepared to use the monies in these funds for socially responsible investment, such investment should not be to the detriment of the members of the fund. Funds will remain willing to invest in the provision of housing, but will now require guarantees in relation to the returns and security of their investments."

Apart from the problem of the general rate of return on the fund, there is also the question of equity.

This was pointed out by Chris Bosenberg, senior manager, Group Benefits Evaluations at Sanlam, which has been involved in provident fund housing schemes.

"To do it equitably, one must arrange for the loan to affect only the lending member's benefits, otherwise all members will suffer from receiving a return on the total fund which is lower because the loan to the member is made at a lower rate of return than that earned on the total fund. That would mean that members were subsidising the loan or that employers would have to do so by making a greater contribution."

"The fairer way would be to credit the member with the lower rate but this would mean that his total retirement benefit would be less. He would eventually be paying for the subsidisation somewhere else."

Matthew Nell, acting CE of the Urban Foundation's FHA Homes, believes the problem of a reduced benefit could be addressed by regarding the house as a source of security and possible revenue for the member who would rejoin the fund after repayment of the loan.

Another aspect of the equity question, Bosenberg adds, is the fact that legislatively only 25% of a provident fund can be made in loans. "The majority of members will be excluded by the restriction."

Bosenberg confirms the trend away from the use of provident funds directly for housing loans, but says another way in which they could be used is by investing an amount in building societies on condition that they make it available to members for housing loans.

"Building societies are quite amenable to that solution as it means they have security and it also means the fund earns normal rates of return. The other advantage of this is that there is a rollover of the investment every three years and the fund is free to make a new investment."

**N**ell says several schemes for channelling life office funds are under consideration at the moment. He says life assurance companies could perhaps adopt the UBS scheme of securitisation of mortgages through the issue of stock on a portfolio of mortgage bonds. This step to develop a secondary mortgage bond market was not developed specifically for low cost housing.

The knotty problem persists. The Urban Foundation estimates that 127 000 housing units will have to be built each year over the next 20 years to house black urban families. The current housing backlog stands at about 800 000 units.

Until solutions are found, the investment funds of life offices will continue to find their way onto the stock exchange, while shanty towns mushroom and overcrowding reaches intolerable levels.

LETTERS



## Urban inevitability

FIM 19/1/90

### ■ Accepting the irreversibility of black urbanisation (222) 339

The old apartheid belief that blacks were temporary sojourners in urban areas has had a fundamental impact on the nature of cities and towns, says Ann Bernstein, head of the Urban Foundation's Urbanisation Unit.

"It influenced the way in which the urban areas are structured, administered, financed, governed and perceived," she adds.

The late Seventies saw the start of a shift in the official philosophy. With it came a tentative exploration of the legal, practical, social, economic and political ramifications of recognising the permanence of some blacks in urban areas.

"Over the past 10 years or so, the reality of burgeoning black urbanisation became more visible throughout the country, and the inability of present policy, structures and attitudes to deal with this situation increasingly apparent," she says.

Bernstein says government's White Paper on Urbanisation, published in 1986, can be seen as a watershed document. "It contained the first official and formal recognition of the inevitability and irreversibility of urbanisation for the black population as a whole. The significance of the White Paper should not be underestimated but neither should it be exaggerated," she says.

With the abolition of influx control, the national debate on the implications and significance of the official recognition of black permanence in the cities was further opened.

"But the White Paper did not provide SA with an urbanisation strategy, nor with an urban policy. In essence it is an inherently ambiguous document and, as events in the short period since 1986 have already shown, a transitory one as well," notes Bernstein.

The White Paper is "a document that has, in a relatively short time, been overtaken by events," she adds.

"The full implications of accepting black urbanisation entail far more than a mere shift in the rhetoric of apartheid, or a belated acceptance of black population growth and migration to the cities. The practical consequences of accepting black urbanisation entail a fundamental reassessment of cities and the policies that affect them."

Bernstein says some broad demographic trends need to be considered:

□ By 2010 the total population will be very near 60m people, compared with nearly 34m

in 1980;

□ Population growth is most rapid among blacks who will comprise about 80% of the total population by 2010 compared with 72% in 1980;

□ The major expected geographic shift in the population to the metropolitan areas means that the urban black population of 9,3m in 1985 could grow to 26,8m in 2010; and

□ "By the year 2000 SA will have at least four major centres with populations similar in size to the Witwatersrand today — more than 4m people. If the PWV is conceived of as a single metropolitan complex, which it will functionally be, the total population of this region by the year 2000 will be close to 12m people, and by the year 2010 more than 16m people," says Bernstein.

To think of the PWV as a metropolitan area of over 12m people in just over 10 years' time requires "a quantum leap in how we think about this urban region and its future. A decade is a short time horizon by metropolitan planning standards. What these figures indicate is that we should already be dealing with planning for a scale of urbanisation which makes existing institutions and approaches look parochial.

"Accepting the inevitability and irreversibility of black urbanisation implies an accep-



Ann Bernstein

tance of the ascendant role of the cities in the development of the country. SA's cities are today at the crossroads. They must respond to the challenge of dealing with the country's future." These challenges include:

- Unprecedented numbers (Bernstein says our cities will more than double in population in the period 1980-2000);
- Limited resources, taking SA's high population growth rate into account;
- New issues like informal housing, job-creation and urban poverty;
- New relationships as blacks are incorporated into the urban environment, with new roles for private and public sectors; and
- New methods like privatisation, community involvement in planning, shelter provision and job-creation.

"In SA, as elsewhere, the cities must play

their historic role as the vehicles for modernity. The urban areas are the arena in which economic growth must take place to increase and maximise job-creation; the benefits of urban agglomeration must become available to an expanding population; and blacks and whites must learn to live together on an equal basis."

Obviously, the future of the PWV region is central to the whole issue. ■

FIM 19/1/90

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ment criterion.

He says there is more of a case for

month for R425 000.

Annualised, these returns can outperform the stock markets.

# Housing subsidy scheme proposed

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Bldg 29/11/90

BENJAMIN COCKRAM

A CAPITAL housing subsidy scheme offering one-off capital subsidies to low income black families may be the solution to SA's present housing shortage, a survey by the CSIR's Division of Building Technology (Boutek) says.

The Department of Public Works and Land Affairs-sponsored evaluation of the effects of housing subsidies said such a scheme was currently being mooted as a solution to the problems of low income blacks, who could otherwise be tied to repayment obligations they would find difficult to meet.

A suitable scheme was currently being discussed by the South African Housing Advisory Council (Sahac) and the relevant state departments, a Boutek newsletter carrying the results of the survey said.

If such a scheme could be introduced, it would address a wide spectrum of families across SA in need of housing aid. The newsletter said this was because funds would be applied far more effectively across a wider field of participants than was now possible.

The newsletter said the scheme would release a large portion of the state machinery, currently involved in administering

housing on a national scale, to tackle other fields of the housing problem in need of attention.

Discussions came about as a result of government's wish to dispel the previously held belief that housing for the low income portion of the population was the sole responsibility of government.

However, government's recent policy concerning the enhancement of the private sector emphasised the concept of individual responsibility, as well as encouraging home ownership with all its advantages of a more stable community.

The scheme was under discussion as it was felt it could compensate for some of the inadequacies of schemes such as the first-time home-buyer scheme which, although it had gained momentum since its implementation, was now leading to a increase in demand on available funds.

Since 1985 a large number of blacks had subscribed to the scheme.

The newsletter said this placed an increasing demand on available funds, resulting in a state-commissioned inquiry into its viability.

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## Urbanisation to be reform's 'testing ground'

TANIA LEVY

THE high rate of urbanisation and deep-rooted politicisation of SA's urban communities would make the urban question the testing ground and central focus for reform, Education and Development Aid Deputy Minister Piet Marais said in Pretoria yesterday.

Opening a symposium on Developing Urban Environments, Marais said urbanisation was the most dominant force shaping the social, economic and political structure of SA.

He said the urban population was expected to increase to 38-million by the year 2000. In 1985 it was about 19-million. Marais said about 88% of the increase would be the urbanisation of black people. B/DW 13/2/90

President F W de Klerk's recent political initiatives added a new dimension to the concept of positive urbanisation, he said. New urbanisation strategies would be based upon a participating, planning process underpinned by a wide-ranging debate about challenges facing urban communities.

Marais said national negotiations about a new constitution could not be divorced from underlying developmental realities.

Areas which would have to be addressed would be:

- ☐ Allocation and ownership of land and funds for housing and infrastructure;
- ☐ Establishment of structures for participation in the planning and development of urban areas;
- ☐ Promotion of private sector involvement; and
- ☐ The resolution of conflict, which had become endemic among sectors of urban communities.

On the local level, debate would centre around access to social amenities and facilities such as schools and clinics, provision of land and financing for development and sharing of human, physical and financial resources, Marais said.

He said SA was still dealing with the consequences of the decision in the late 1970s to allow blacks to own land outside the self-governing territories.

The decision represented a turning point in government's approach to urban development but also its approach to shaping the country's socio-economic and political future.

Marais said SA's urban structure was already established and most urbanisation would take place in the metropolitan areas. In 1985, SA's four metropolitan areas already housed 70% of the black urban population.



## Steyn: involve the poor in self-help projects

~~224~~ MICHAEL ACOTT

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URBAN Foundation chairman Jan Steyn said yesterday that the only way SA would be able to help its very poor communities would be to involve them in new programmes focused on solving their own needs.

Steyn told a Port Elizabeth seminar on change that government and the private sector would have to be involved, but that experience here and abroad showed the success of development programmes depended on obtaining the co-operation and participation of the communities concerned. *Blom 16/2/90*

"We must take our poor people seriously enough to involve them, together with government, the private and the voluntary sectors, in development which is both efficient, flexible and focused on the real needs."

There was a danger that the problems of SA's marginal poor would not be adequately addressed under the present or any future government unless the voicelessness of very poor communities was addressed.

"The huge inequalities in SA and the depth of need and deprivation in our large but economically marginal communities make it essential that we should think much further than the standard approaches to development in both capitalist and socialist systems."

Steyn said collaborative effort was the key to two recent projects in which the Urban Foundation had been involved; joint plans to rebuild black schools in the eastern Cape and upgrade the Soweto-by-the-sea squatter community.

More than 600 eastern Cape classrooms had been damaged or destroyed in the 1985-87 disturbances. After discussions with government and community organisations, the Urban Foundation and the National Education Co-ordinating Council would launch a joint initiative this year to rebuild destroyed schools.

Parents and community leaders would be involved in deciding how the money would be used, which schools would be rebuilt and how they would be protected.

Similar discussions at Soweto-by-the-sea had led to the appointment of engineering consultants to undertake an upgrading project which, if it succeeded, could be replicated with local modifications elsewhere.



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## Home improvement

# Housing boost in April

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BY MZIKAYISE  
EDOM

THE huge housing scheme for the low-income group announced by the Urban Foundation in October last year will come into effect in April. This was announced by Mr Stewart Carlyle of the UF.

Through the venture, about R1 billion will be provided initially for 40 000 houses for an estimated 250 000 people in South Africa's metropolitan areas. There is presently a backlog of 800 000 homes in the country.

Major sponsors of this project are the British, West German and Swiss governments. South African financial institutions participating in the scheme are Allied, Eastern Province, Natal Provincial, Sanyal and United Building Societies, First National, NedPern, Santam, Standard and Volkskas Banks.

## Loan

The project will comprise two components:

- \* The establishment of a R20 million loan guarantee fund which will be used to enable the private insurance industry to provide cover to home loan institutions on loans of less than R35 000.
- The insurance cover will reduce the exposure of the home loan from a traditional 80 to 90 percent of the property to 60 percent, in the event of losses experienced on properties sold in execution.

\* The establishment of low-income housing finance arrangements within the existing home loan institutions whereby loans under R35 000 will be granted.

## Aim

Carlyle said the aim of the scheme was to put home ownership within reach of thousands who have so far been denied this.

He said: "Although the announcement of the R20 million Loan Guarantee Fund on October 5 gained widespread publicity, there is still confusion in the minds of some people about the nature of the fund.

"A common misconception is that it involves the development of particular projects on the ground. This is not so. The fund is simply aimed

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# R20m fund boost for black housing

**PRETORIA** — The significance of the R20m loan guaranteed fund to the home building industry and the informal sector was vast and would revive black housing, Planning and Provincial Affairs Minister Hernus Kriel said here yesterday.

Speaking at an SA Housing Advisory Council seminar at the CSIR, he said employment would be created and the private sector would be able to acquire between R4bn and R5bn worth of business.

The development would have a positive influence on the economy.

Kriel said there would be renewed pressure on developers to lower housing costs.

## Manipulate

He emphasised developing countries could not afford high building and services standards.

Housing of a lower affordable standard was preferable to serious housing shortages and building costs had to be looked at urgently.

"There are unfortunately economic concentrations which manipulate the prices of building materials. Costs of specific materials are out of proportion to production costs and reasonable profit levels."

This issue would also get priority attention.

**GERALD REILLY**

Kriel emphasised the loan guarantee initiative had made revival in the black housing market possible.

By limiting the risk involved in granting loans of under R35 000, banks and building societies would be able to extend mortgage finance to 40% more black households which could afford housing in the R12 400 to R35 000 bracket.

While efforts had been made to make metropolitan land available since 1985 and developers had built urgently needed housing, the costs were too high and hardly a third of the black population could afford these homes.

The loan scheme was an example of an efficient use of funds.

However, financial institutions' risks would have to be limited before they would become involved in providing housing.

Interest rate increases had made the acquisition of enough land even more remote and ground availability was a major issue.

It was an economic fact that land in and around large urban areas was costly, he said.

"It is a priority that we identify land where people can live." His department was treating this issue urgently.

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# Black home ownership gets boost

Sowetan 28/2/90  
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GOVERNMENT'S loan guarantee scheme for housing loans

Staff Reporter

under R35 000 has boosted black home ownership, says the Minister of Planning and Provincial Affairs.

Speaking at a seminar in Pretoria yesterday, Mr Hernus Kriel said affordable housing was crucial for the lower income groups and the R20 million loan guarantee scheme had led to a revival in the black housing market.

Since 1985, he said, efforts had been made to make land available in the metropolitan areas and developers had built urgently needed houses. However, these were "too expensive" and

barely a third of the black population could afford to buy them.

Now, by limiting the risk involved in granting loans under R35 000, banks and building societies would be able to extend mortgage finance to 40 percent more black households who could afford housing in the R12 400 to R35 000 bracket, Mr Kriel said.

No finance had been available to these people before.

The significance of the loan guarantee fund to the home-building industry and informal sector was vast, he said.

## Stop ignoring us say black builders

THE secretary of the United Builders Association of South Africa, Mr Kenneth Cele, claims that black builders are ignored by the South African Housing Trust when stands are allocated to contractors.

The trust is responsible for the development of black areas and stands are allocated by the black councils.

Cele says sites are instead allocated to white contractors, who are then able to take advantage of the massive housing shortage in the townships - estimated at over 800 000. The squatter community now extends beyond six million.

The builders also contend that their progress is hampered by:

- Lack of access to legislation.
- Little or no capital to acquire land.
- Bureaucratic clumsiness.
- The Group Areas Act.
- Over regulation and
- Lack of skills and expertise.

According to Ubasia white contractors, who have the financial muscle, have flooded the townships.

They say local authorities appear to be working with the Trust to stifle the advancement of the small entrepreneurs be-

### Supportive

The president of the African Builders Association, Mr Josias Mogale, says the black entrepreneur has never been able to gain momentum in terms of capital. He operates in a deprived community and has been hampered by a number of obstacles beyond his control.

He says white contractors cannot meet the demands of their own areas and should thus be supportive of the black colleagues. They can do this by passing on their skills and injecting capital into the black building sector, he says. Given current disparities, a tremendous input is required.

A spokesman for the SA Housing Trust says there are doing all they can to help black builders. They normally hold discussions with individual builders who experience problems with finance and skills. He did not have estimates of how much money the Trust used last year to help them.

The spokesman denied that they discriminated when allocating sites to builders. However, he added, "We have to screen applications to find out whether each entrepreneur is of good standing and whether he can be trusted."

He confirmed that they sometimes worked in conjunction with the local authorities, but said their main task was to develop the land.

### Approach

An executive member of the United Municipalities of South Africa, Mr Godfrey Mochibane, said their policy was based on the free enterprise system. They believe that black builders have to be given an opportunity to advance economically.

They are against discrimination in the allocation of sites and want all builders approach them with their problems. "There are certain disparities regarding allocation of sites, in the townships, but these issues have to be treated at a high level," he said.

The association is concerned about white builders who exploit the black market. He invited black builders to a meeting of the association to be held in Daveyton on March

Black builders claim they are being ignored in the allocation of stands in the townships, despite an escalating housing shortage. Sowetan Business Reporter JOSHUA RABOROKO investigates.

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# Is this man a killer?

## He saw victim hacked with pangas but 'refused to die'

"done me more good than harm".

For example, he could leave his house, business premises or cars open and nobody would dare try to steal because "they are scared of me. They believe what they hear about me is true", he laughed.

But Ngobeni admitted he was once involved with four other men in a "bizarre" attempted murder and grievous bodily harm case after a man was repeatedly stabbed with a panga, had his heart pierced twice, his throat slit and his genitals cut off before being left for dead.

"That incident had

nothing to do with multi or ritual whatsoever," said Ngobeni. They were acting under the instructions of his father, Dr John Mangoma Maluleke, who wanted the man killed for running away with one of his 14 wives.

Maluleke was a notorious witchdoctor with a prosperous practice in Klipgaat, Odi, who was suspected of multi murders in the Pretoria area.

He allegedly committed suicide in his cell after police found a man's genitals in his house.

Said Ngobeni: "The man we wanted to kill was a former employee of my father who ran away with

my father's young wife. He also threatened to kill my father.

"To defend himself, my father decided to strike first and ordered that the man's private parts should be brought to him when we had done our job."

Ngobeni said when the "culprit" was eventually found they took him to bushes where he was repeatedly assaulted.

"I did not take part in the assault," Ngobeni said. "I was merely the driver of our car but watched as the man was stabbed."

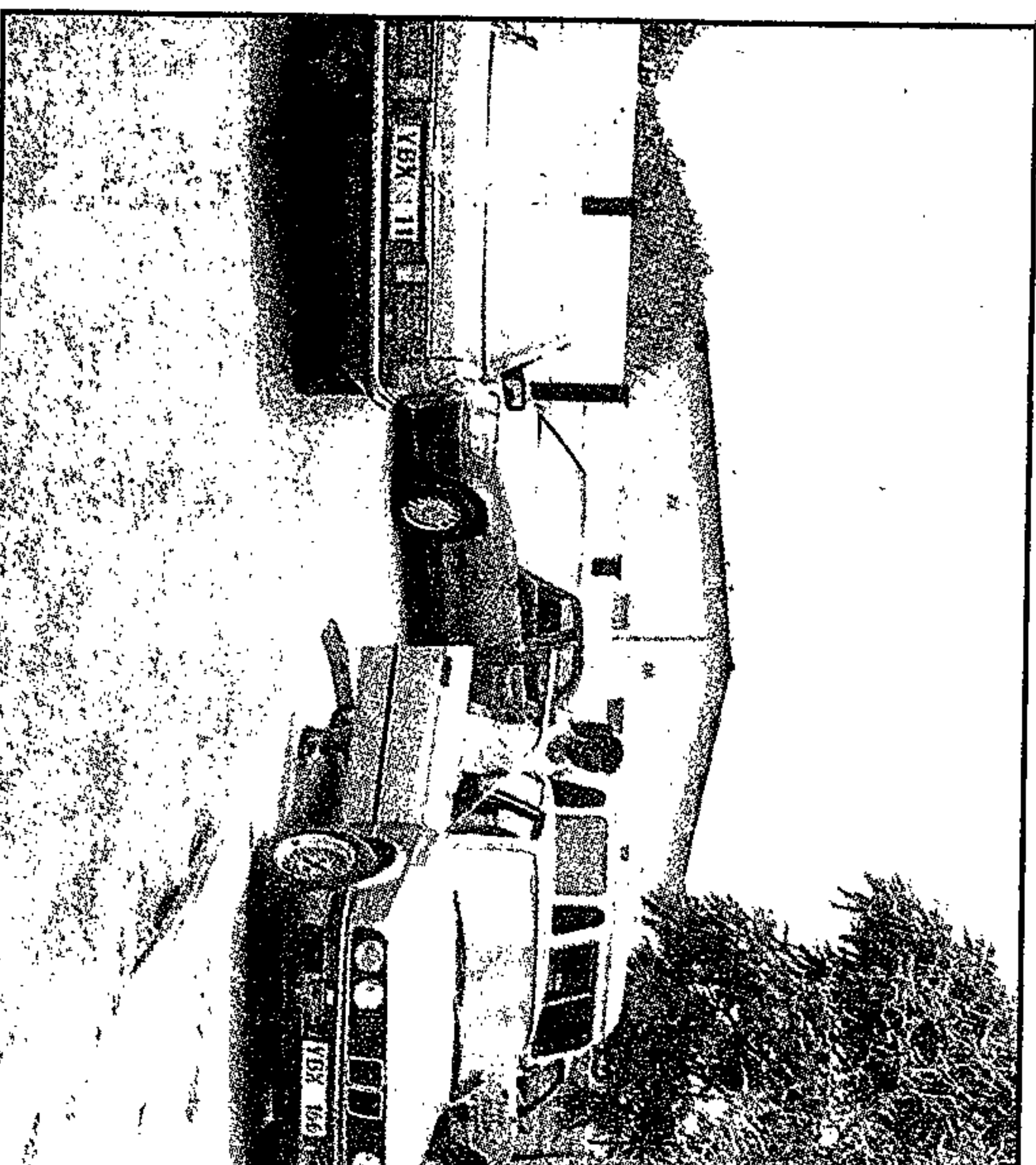
"They cut off his private parts, punched his

heart with a panga twice and slit his throat but he refused to die, so I intervened and told them to stop."

He said the man was left for dead but miraculously survived and the police were informed. Ngobeni was found not guilty and discharged, but the others were each sentenced to 12 years' imprisonment.

"Perhaps as a result of this bizarre incident people have associated me with ritual murders and spread rumours about me which led to President Mangope asking me questions and the constant police raids I have experienced," he said. "But I am innocent."

Ngobeni, who claims he has over R3,5 million in hard assets, is a self-confessed former "thug".



Ngobeni's fleet of expensive cars.





4/3/90

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C Press

ALLEGATIONS have for years been doing the rounds that Sonnyboy "Bra-Sanza" Ngobeni is involved in ritual or muti murders.

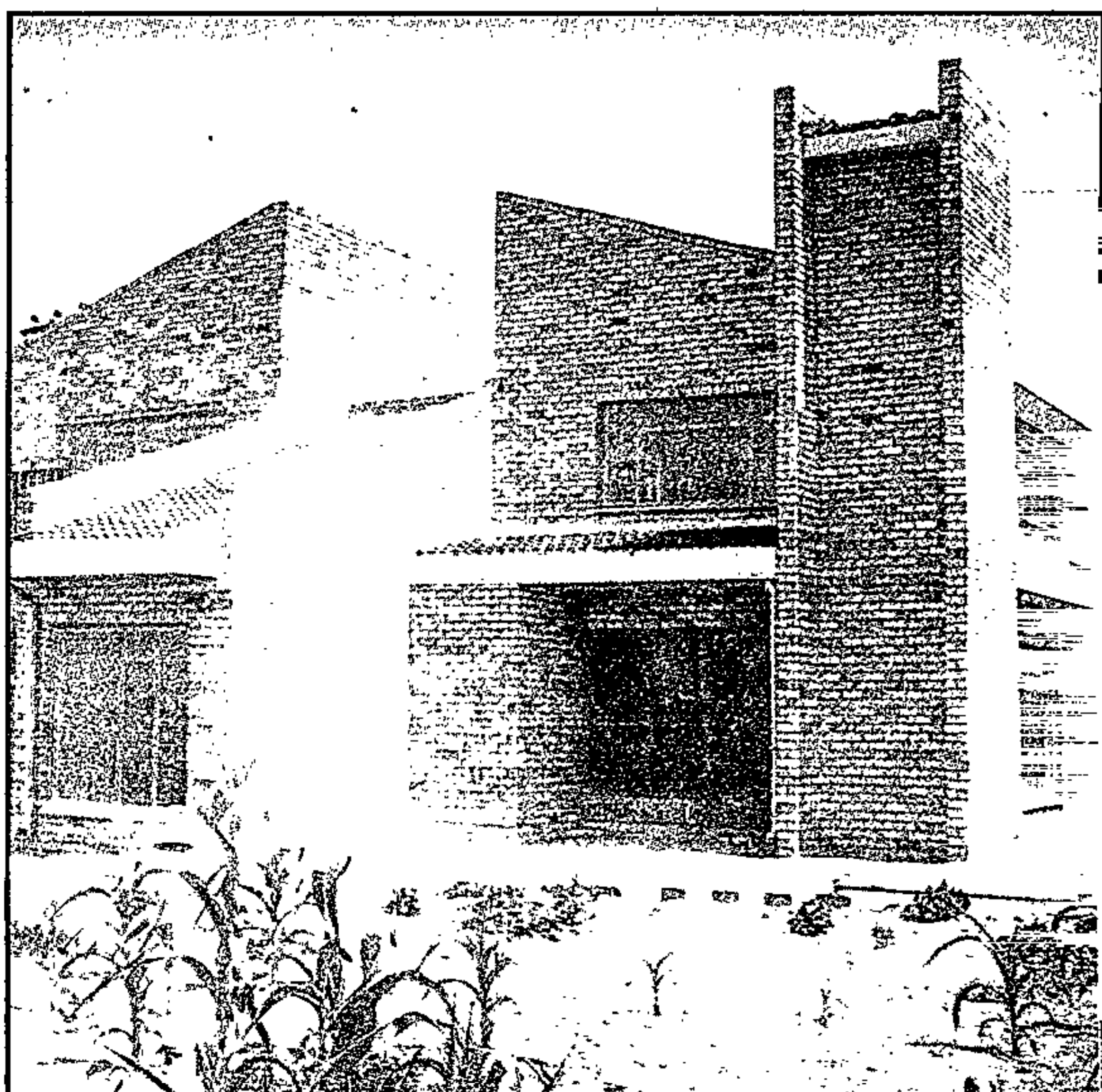
Many people have openly accused him of dealing in "private parts" and as a result there have been frequent police raids on his house and business premises. He was once even summoned to Mmabatho by President Lucas Mangope to answer the allegations.

In our exclusive interview – the first Ngobeni has given to the Press on the issue – he refuted the allegations as unfounded and "nonsense".

He was speaking from his spacious mansion in Boekenhout, near Pretoria, a huge house in a big yard cluttered with expensive cars.

Although these rumours might be expected to adversely affect Ngobeni and his family, he said the allegations had

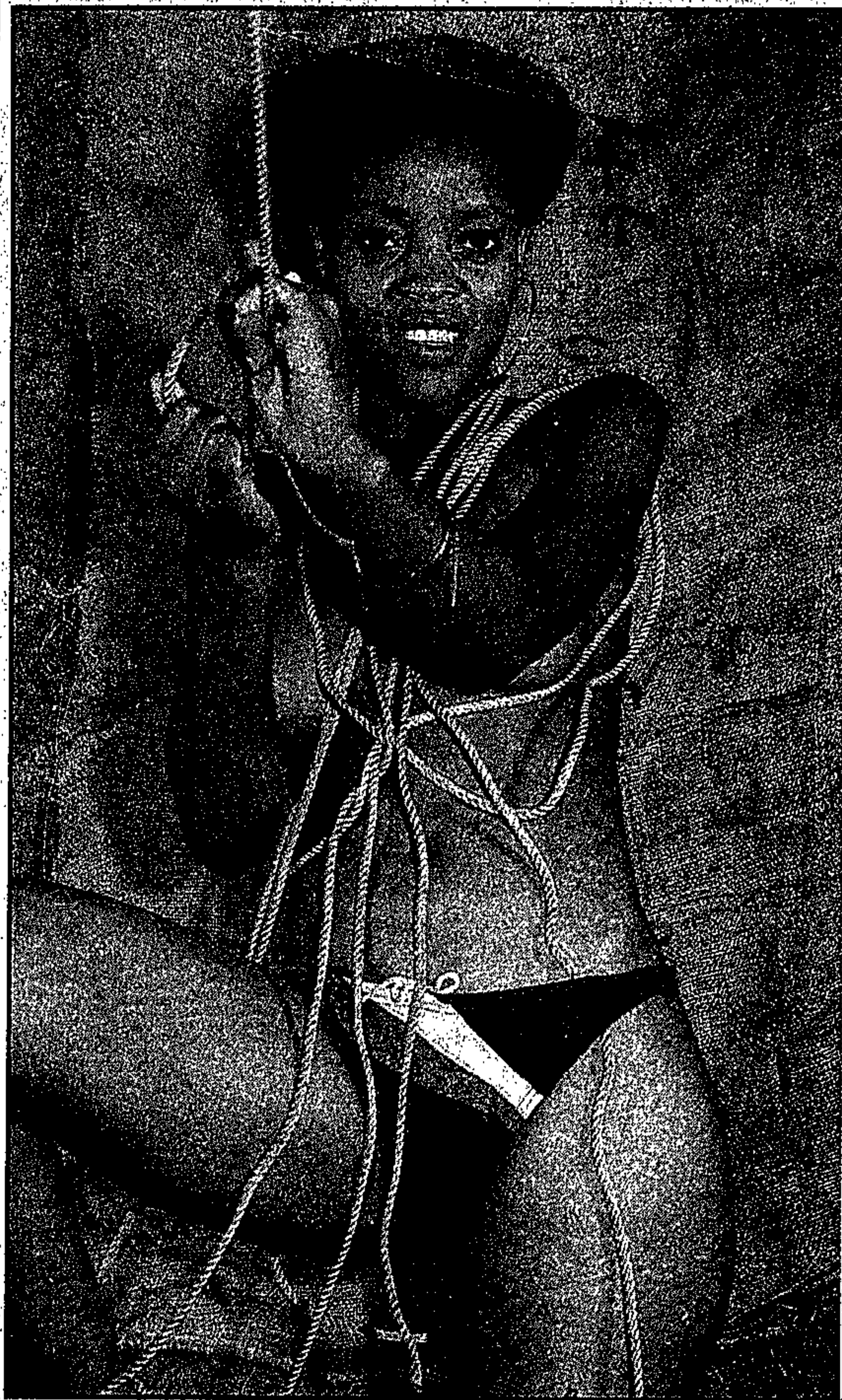
Sonnyboy Ngobeni (above), co-director of Orlando Pirates Football Club, and wealthy businessman with shops in Boekenhout and Soshanguve and a thriving rubbish removal enterprise in Mabopane, talks about allegations of ritual killings which surround him. He admits being involved in an attempted murder, but "only watched". Yet the rumours have only done him good, he says, because "people are scared of me". This is the first part of this serialised interview. Story and pictures by ELIAS MALULEKA.



Millionaire's mansion – that's his home.

Next week: We reveal how Ngobeni, the "man who loves to cheat", became a millionaire.





4/3/90 (339) C. P. 85  
**Starboard! Ahoy there, landlubbers!**

**CAROLINE MBOKANE** from Katlehong looks naughtily nautical as she pulls on a string or two. For 23-year-old Caroline it's still all plain sailing as she's not yet tied the knot. She works as a dental nurse when she's not enjoying her favourite pastimes – tennis and the movies.

■ Pic: BONGANI MNGUNI



Mr Tom Boya

# Boya defends UMSA men

Soweto 3/3/90

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THE mayor of the East Rand black township of Daveyton and president of the United Municipalities of South Africa (UMSA), Mr Tom Boya, on Saturday strongly rejected the notion that councillors serving in black local government represent a stumbling block to non-racial local government.

Boya told an UMSA meeting at Daveyton the organisation had always rejected racialism and domination.

He contended that the Government had created black local government structures "to curtail the inefficient and arrogant Development Boards."

Black participation in local government had become a potent weapon for bargaining and negotiating for blacks' rightful place in the governing of this country, he said. - Sapa



## Council groups may unite

PLANS are afoot to unite the United Municipalities of South Africa and the Urban Councils Association of South Africa.

339  
The decision to merge the two organisations was taken at an Umsa meeting attended by about 200

councillors in Daveyton, Benoni, at the weekend.

The president of Ucasa, Mr Phillip Nhlapo, had earlier written to Umsa requesting a meeting to discuss the merger.

The president of Umsa, Mr Tom Boya,

5/3/90  
said his organisation was prepared to merge with Ucasa.

A week ago, a meeting of mayors and their deputies was held near Soweto and a committee was charged with the task of looking into the possibility of a merger.

**A VILLAGE of 40 low-cost homes, phase one in the SA Housing Trust's Palm Springs project, is now on show.**

More than R34-million has been approved by the SAHT for phase one.

The entire project will provide 22 000 residential stands on 1 408 hectares of the old Wildebeestfontein farm about 35km south of Soweto and close to Evaton.

## Marketing

Palm Springs has 4 303 stands.

Most of the houses cost about R20 000, including the land. Site clearance and work on the water, water-borne sewerage and electrical services began last September.

SAHT managing director Wallie Conradie says completion of other houses will depend on the marketing effort.

# R20 000 houses to ease shortage

STimes 11/3/90 339

The SAHT says the national housing shortage is critical, and estimates the backlog at 1,3-million units. It expects the houses to be "snapped up".

Builders are beginning to respond to the challenges of the affordable accommodation sector, says Mr Conradie.

"Confirmation of this is the response by developers to the latest SAHT facilitated project, Palm Springs. By the end of February, 22 developers had committed themselves to the project and put up 40 houses. Work is expected to continue on the site until 1997."

Mr Conradie believes that

By Chattrain Naidoo

the prospect of work for years to come is part of the attraction for builders at the lower end of the market.

"It is tough at this end of the market. Margins are slim and planning has to be spot on. It takes a no-trills, highly disciplined approach with good quality a watchword."

"You have to know what is essential and what is optional. A few errors can eat away most of your profits."

But firms are coming to grips with the realities.

Mr Conradie says: "They

show increasing flair — we'll have about 40 different house designs at Palm Springs. That is a large choice when you consider price constraints — R20 000 for house and serviced stand."

Palm Springs will become a town with schools, clinics, creches and a market.

## Shared

Several large employers are interested in the project.

"They have concluded housing scheme arrangements with Khayalethu Home Loans, our bond finance subsidiary, to assist workers."

"Some employers regard housing as part of a social responsibility commitment while others think it makes good business to have well-housed, healthy employees with a positive attitude."

He believes shared accommodation and basic shelter will be used by many, and home ownership for every family is unlikely.

Demographic figures put the population at 37-million early in 1989, rising to 47-million by the year 2000.

"Black population growth is usually put at 2,9% a year, but urbanisation may add a further 2,3% to 'magnets' like the Pretoria-Witwatersrand-Vereeniging area, Durban and the Western Cape."

Mr Conradie says a slowdown in the rate of building cost inflation is predicted for 1990.

"Inflation of only one percentage point a month will increase the pressure on builders of affordable homes."



# Housing for peace

HOUSING is one of the major issues being put forward by trade unions at the negotiating table.

The huge backlog in SA and surrounding territories, estimated at about 1,26-million units, has made it essential that employers become actively involved in funding housing projects.

SA Housing Trust managing director Wallie Conradie believes much of employer reluctance to finance such projects is based on the abandoning of long-term planning by many companies because they are uncertain about SA's economic and political stability.

Mr Conradie says: "Employers cannot see the benefits of assisting em-

ployees in housing because the spin-offs are long term, and will not directly impact on the bottom line in a short span of time.

"The benefits of a housing programme are improved labour relations, less industrial strife, lower staff turnover and reduced absenteeism. The consequences of not embarking on such a programme could be huge social disruption and confrontation."

Industrial relations consultancy FSA-Contact is preparing a survey on housing policies in order to provide companies with the necessary background to the issue.

FSA-Contact senior consultant Kira Schaffler says housing schemes tend to take the form of loans, subsidies or the benefit of free or cheap residential accommodation.

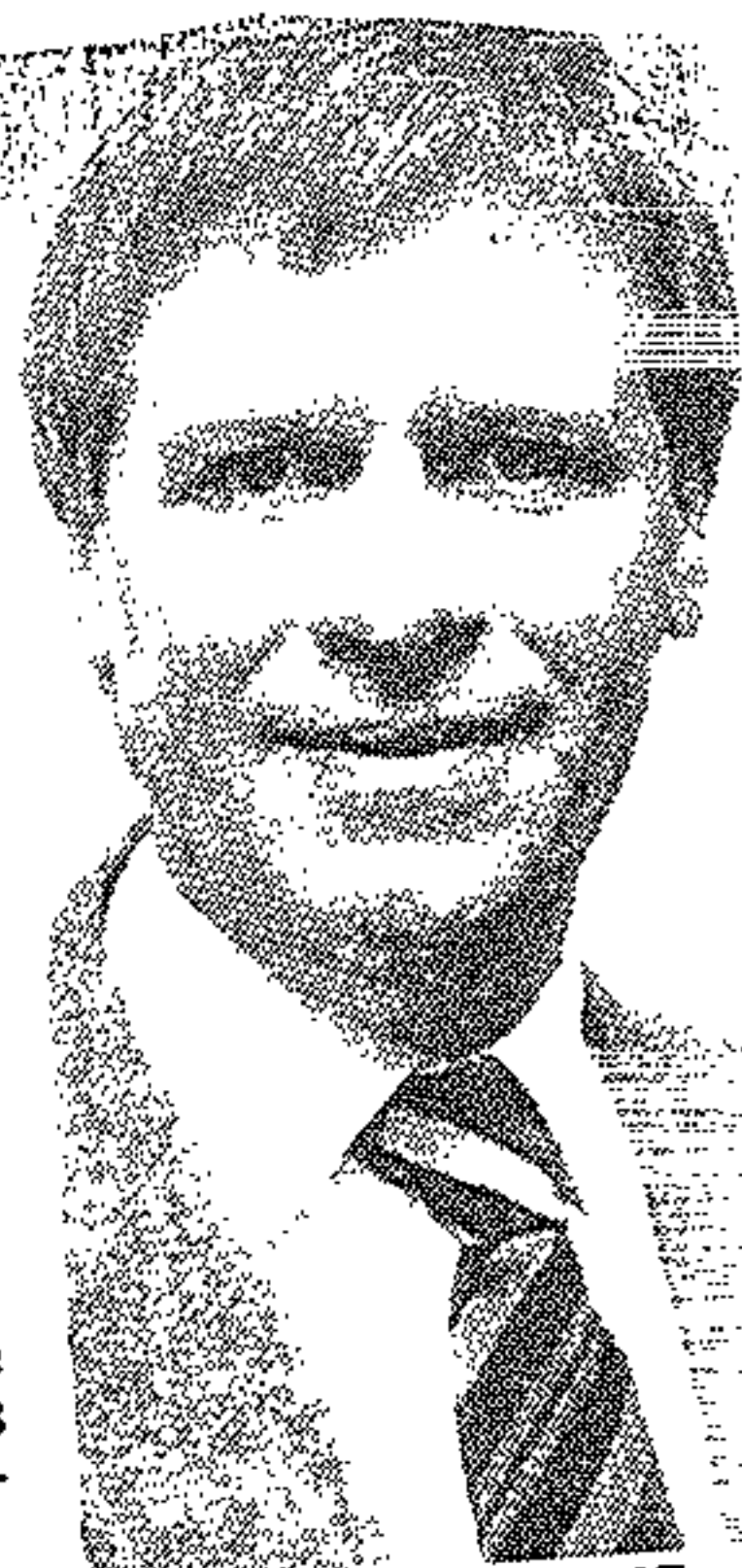
Mrs Schaffler says the rapid moves to a new SA could add complexities to the housing issue.

"Should the Group Areas legislation be scrapped, the whole situation concerning company housing for employees could change, many employees qualifying for housing closer to their place of employment. This could also have an effect on property prices.

"It is therefore essential that management be provided with an adequate guide as to how these issues should be tackled from the outset."

The aim of the FSA survey is to provide information about all the main issues which face organisations regarding housing assistance for employees in the 1990s.

Mrs Schaffler says it will not only focus on black housing, but will look at the benefits executives receive.



**WALLIE CONRADIE**  
benefits in long term

SI Times 11/3/90

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# I cheated my way to the top!

MABOPANE has many professional people – doctors, lawyers and businessmen – and most are rich, as can be seen from their houses and sleek, flashy cars.

But "Bra-Sanza" or "Pikini" Ngobeni, stands high above the rest. Sonnyboy Ngobeni is worth a cool R4-million.

He has two mansions, a fleet of luxury cars, including four top-of-the-range Mercedes and a string of BMWs. And they are just for him. His four children cruise in their own cars.

His businesses consist of a butchery, a supermarket, a cafe, a bottle store and a rubbish removal business. He is a successful business consultant and proud holder of taxi-operating licences.

He is one of the few black Harry Oppenheims and Louis Luyts of Pretoria. And to cap it all he is also handsome, masculine and very tall.

Rumours that he has been involved in ritual killings surround him, but he says they are untrue. Many people have pointed out that he has not been charged with an offence and Ngobeni sees the rumours as being sparked by jealousy.

Ngobeni left school with his sub-standard (A) examination and never went back.

So what made him so

In the second part of our series, controversial Mabopane tycoon "Pikini" Ngobeni reveals how he made his millions. With no formal education or training, "Mr Fix-It" claims he gambled and cheated his way to the top. He has been a child labourer, a bouncer, a gambler, a thing and a businessman since he ran away from home at the age of 10. ELIAS MALULEKE reports:

successful? "Just a chance that paid off handsomely," said Ngobeni.

He does not hide the fact that he is uneducated and illiterate. His greatest teacher and school was life, he says.

Ngobeni has been many things since he ran away from school in 1947. He has been a child labourer, a gambler and a brawler, among others.

Even now, despite his wealth, Ngobeni is still a down-to-earth "outie" who prefers to speak in "sotho-sa"!

"I can neither read nor write but I think I made more money than I would have made if I had gone to school, because I don't live by the rules and be-

sides, more educated people come to me for help. He is also a "Mr Fix It".

Born in 1937, the man who "loves to cheat" left his parents' home and his school in Lady Selborne to fend for himself when he was only 10. He says his parents did not want him to eat meat and eggs and the school was filthy.

"The school used the bucket system," he said. "The mess spilled on to the floor and we had to scrub it with our bare feet. It was disgusting. I threw up a lot and resented that."

He was employed as a domestic servant-cum-herdboy in Verderpoort near Silverton, Pretoria.

"Die lanie het my outa geroep en toe daak ek onder die bed my bra," he said. (The white man used to call me "ape" and I slept under the bed.)

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"Everyone calls me Pikini because when I left the domestic job after a year, I worked at a dairy and the missus called me Pikini."

He said the nickname was soon used by all and sundry and he gained prominence in Marabastad under that name. His cheating started at

and by 1957 there was no cop in Pretoria, black or white, who did not know me."

But he continued to cheat and went out with different women. His winning streak also improved once he had learned the tricks. To make sure he won, Ngobeni marked playing cards on the back with fine ink, visible only to himself, and used fake bank notes at these gambling sessions.

Then came the incident in 1958 which was to change his life. He was called back home when his father's former employee ran away with one of the witchdoctor's 14 wives and threatened to kill his former boss. The culprit was found and his genitals cut off on his father's instructions. Although Ngobeni did not take part and was found not guilty, he became a changed man.

"After the case I realised you only live once and wanted to go straight."

But he returned to Marabastad and his old ways, although this time he saved the spoils. In 1962 he bought a 1939 Chevrolet car and started to operate a taxi.

His first break into big business came in 1967 when, with only R1 500 to his credit, "Mr Fix It" Ngobeni tendered for a prime site earmarked for a butchery in Beekunout.

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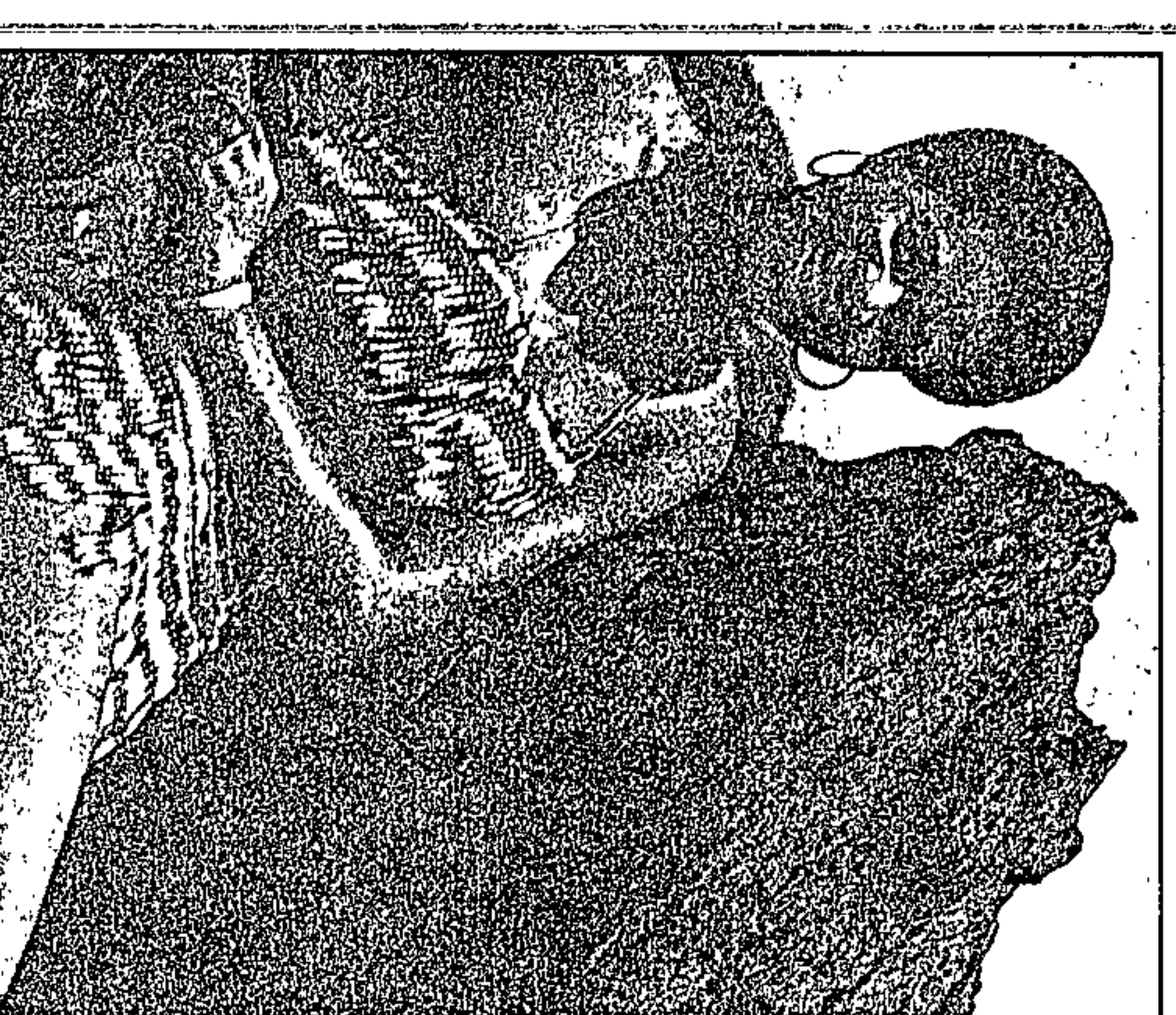
"Pikini" Ngobeni... was a tough hoodlum.

## Tenants battle with floods and stench

By BONGANI HLATSHWAYO

A CASCADE of water spilling from the front entrance on to the pavement – and a dreadful smell – greets tenants of Adenice Court in Smit Street, Johannesburg.

The water starts on the sixth floor and floods the stairway and flats on its way down. Furniture and bedding packed in the shabby reception area belong to Petros Sibanda – evicted by the landlord, Francis du Toit, who claims he is not a legal



## She's dynamite on the field!

She may not be ready to challenge Jomo Sono, but Nohlanhla Mphahlele, 20, is a great soccer player. And when this Motlolo South African is on the field, she is a dynamite force.



as been a child labourer, a bouncer, a gambler, a men since he ran away from home at the age of KE reports:

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He said the nickname was soon used by all and sundry and he gained prominence in Marabastad under that name.

His cheating started at the dairy, where he stole money and gambled with it in the area. Even the police called him Pikinini.

"I stole a lot of money from the dairy and lost it all in Marabastad because I did not know the tricks."

At one stage, said Ngobeni, he stole R2 000 from a safe in the dairy, was arrested and sentenced to eight strokes with a light cane. He then left his job at the dairy after seven years there and graduated to the big-time circle in Marabastad.

"I was a tsotsi carrying a knife and a gun and did all sorts of things in Marabastad. I was a member of the Mafia Gang and caused mayhem. I was also a top gambler."

He said he would not gamble on slot machines because there was no cheating involved. "I love to cheat," he said.

At one time his father, Dr John Maluleke, was running a successful practice in Klipgat as a witch-doctor, with a horde of

white clients. Because of his success, rumours that he was dealing in private parts were doing the rounds and Ngobeni did not want it known that Maluleke was his father.

"Indians and coloureds who already knew where I came from made snide remarks about the rumours surrounding my father."

After nine years away from home, his mother searched around in Marabastad and eventually found her son, but Ngobeni said he disowned her as a crank and walked away from her in shame because she was dressed in Shangaan traditional dress.

He was a tough hoodlum then, always in brushes with the police. But he was a cheat who bribed his way out of difficult situations. Then came the crowning glory when he was hired as a cinema doorman in Marabastad.

A cinema doorman was like a heavyweight boxing champion. He had to be tough and respected and women fell for such men.

"I also rented a room in the area and operated big

But he continued to cheat and went out with different women. His winning streak also improved once he had learned the tricks. To make sure he won, Ngobeni marked playing cards on the back with fine ink, visible only to himself, and used fake bank notes at these gambling sessions.

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## Two mansions and a fleet of expensive motorcars

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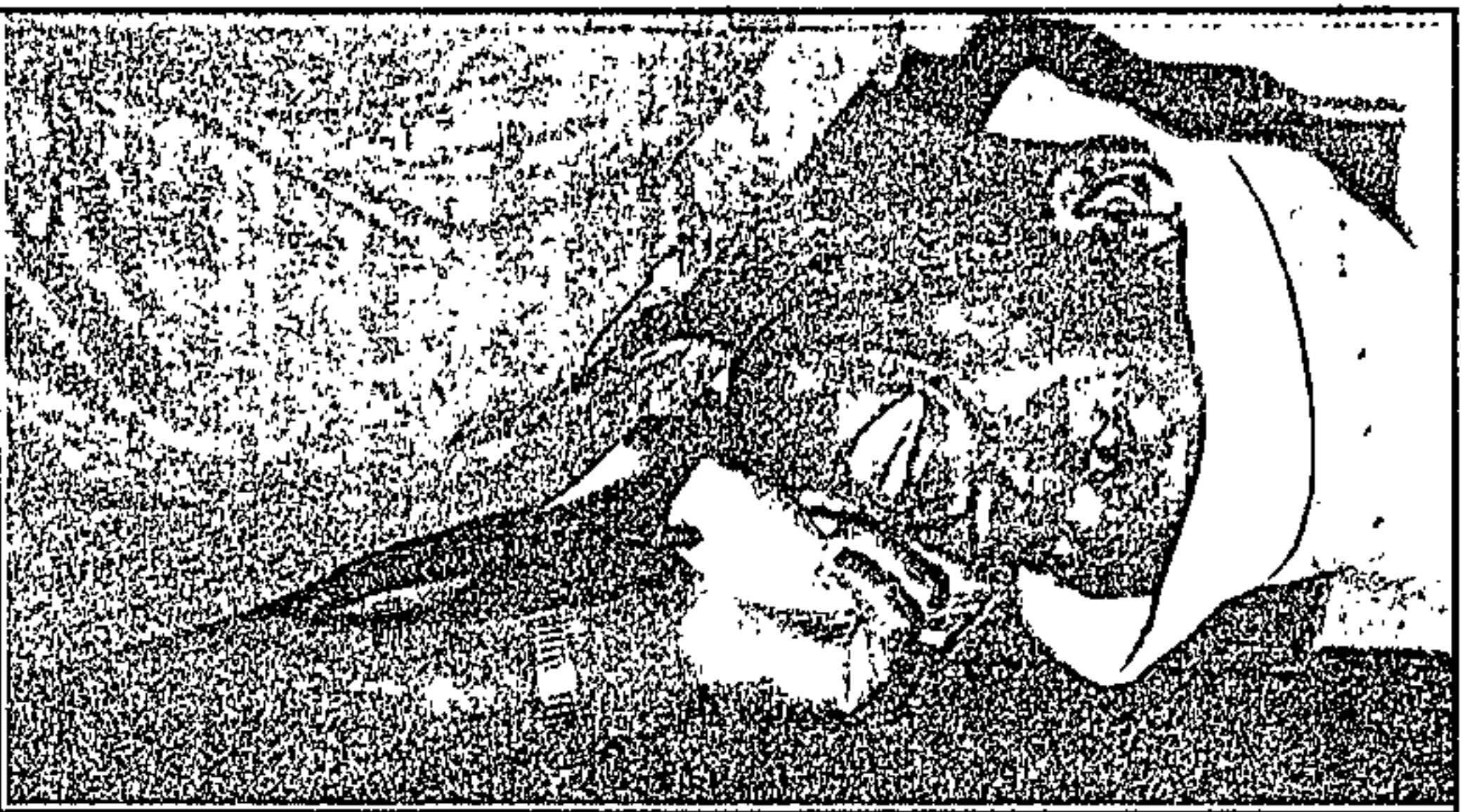
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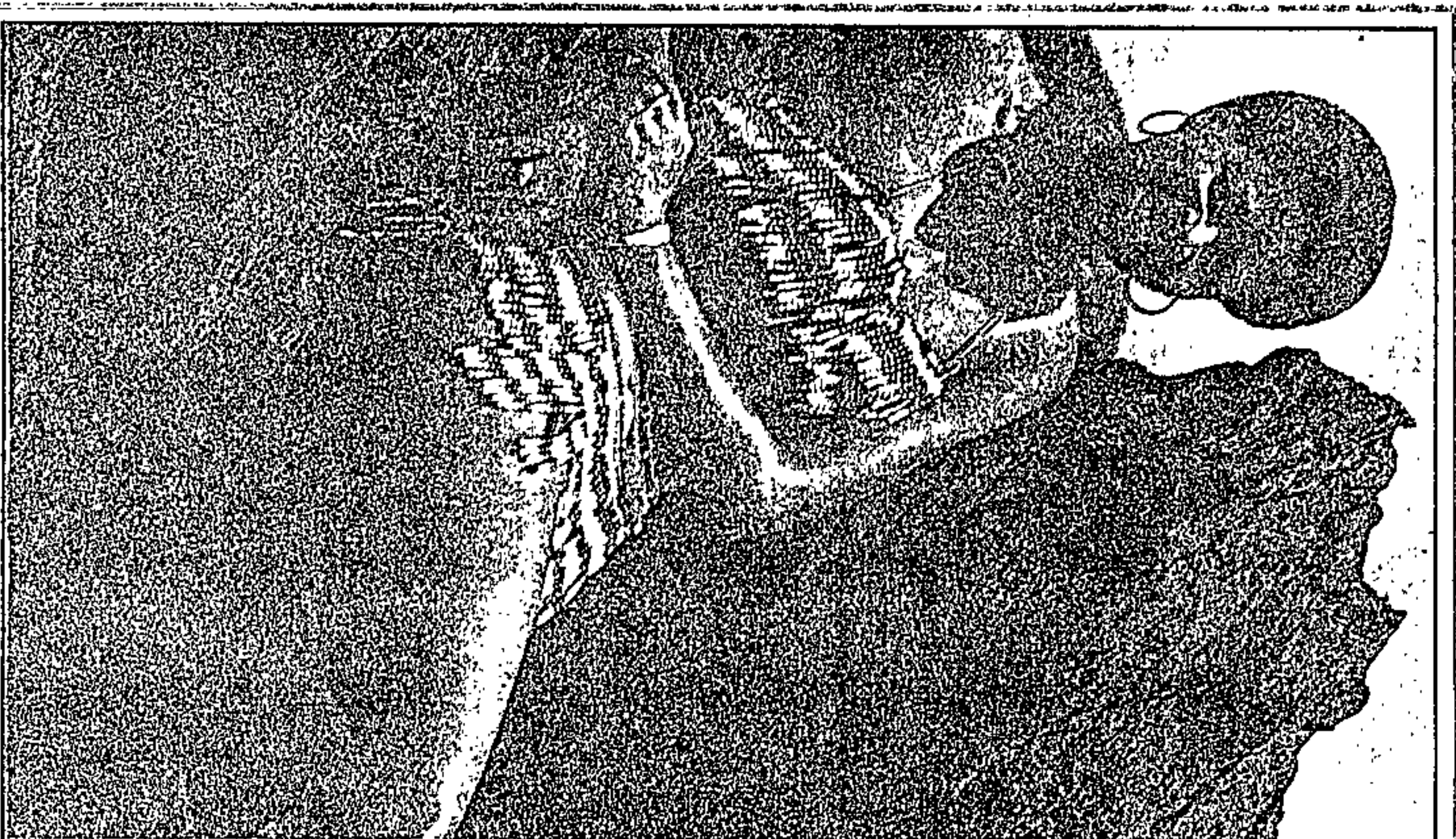
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A CASCADE of water spilling from the front entrance on to the pavement - and a dreadful smell - greets tenants of Adenlee Court in Smit Street, Johannesburg.

The water starts on the sixth floor and floods the stairway and flats on its way down.

Furniture and bedding packed in the shabby reception area belong to Petros Sibanda - evicted by the landlord, Francis du Toit, who claims he is not a tenant.



## She's dynamite on the field!

She may not be ready to challenge Jomo Sono, but Nohlanhla Nyandeni, 20, is a great soccer player. And when this Mofolo South African is not studying for matric she is a part-time model. Pic:



as been a child labourer, a bouncer, a gambler, a men since he ran away from home at the age of 16 reports:

sides, more educated people come to me for help. He is also a "Mr Fix It".

Born in 1937, the man who "loves to cheat" left his parents' home and his school in Lady Selborne to fend for himself when he was only 10. He says his parents did not want him to eat meat and eggs and the school was filthy.

"The school used the bucket system," he said. "The mess spilled on to the floor and we had to scrub it with our bare feet. It was disgusting, I threw up a lot and resented that."

He was employed as a domestic servant-cum-herdboy in Derdepoort near Silverton, Pretoria.

"Die lanie het my outa geroep en toe daak ek onder die bed my bra," he said. (The white man used to call me "ape" and I slept under the bed.)

"So was dit met my," Bra-Sanza said.

"Many people do not know me by that name," he corrected me.

"Everyone calls me Pikinini because when I left the domestic job after a year, I worked at a dairy and the missus called me Pikinini."

He said the nickname was soon used by all and sundry and he gained prominence in Marabastad under that name.

His cheating started at the dairy, where he stole money and gambled with it in the area. Even the police called him Pikinini.

"I stole a lot of money from the dairy and lost it all in Marabastad because I did not know the tricks."

At one stage, said Ngobeni, he stole R2 000 from a safe in the dairy, was arrested and sentenced to eight strokes with a light cane. He then left his job at the dairy after seven years there and graduated to the big-time circle in Marabastad.

"I was a tsotsi carrying a knife and a gun and did all sorts of things in Marabastad. I was a member of the Mafia Gang and caused mayhem. I was also a top gambler."

He said he would not gamble on slot machines because there was no cheating involved. "I love to cheat," he said.

At one time his father, Dr John Maluleke, was running a successful practice in Klipgat as a witchdoctor, with a horde of

white clients. Because of his success, rumours that he was dealing in private parts were doing the rounds and Ngobeni did not want it known that Maluleke was his father.

"Indians and coloureds who already knew where I came from made snide remarks about the rumours surrounding my father."

After nine years away from home, his mother searched around in Marabastad and eventually found her son, but Ngobeni said he disowned her as a crank and walked away from her in shame because she was dressed in Shangaan traditional dress.

He was a tough hoodlum then, always in brushes with the police. But he was a cheat who bribed his way out of difficult situations. Then came the crowning glory when he was hired as a cinema doorman in Marabastad.

A cinema doorman was like a heavyweight boxing champion. He had to be tough and respected and women fell for such men.

"I also rented a room in the area and operated big

cheat and went out with different women. His winning streak also improved once he had learned the tricks. To make sure he won, Ngobeni marked playing cards on the back with fine ink, visible only to himself, and used fake bank notes at these gambling sessions.

Then came the incident in 1958 which was to change his life. He was called back home when his father's former employee ran away with one of the witchdoctor's 14 wives and threatened to kill his former boss. The culprit was found and his genitals cut off on his father's instructions. Although Ngobeni did not take part and was found not guilty, he became a changed man.

"After the case I realised you only live once and wanted to go straight."

But he returned to Marabastad and his old ways, although this time he saved the spoils. In 1962 he bought a 1939 Chevrolet car and started to operate a taxi.

His first break into big business came in 1967 when, with only R1 500 to his credit, "Mr Fix It" Ngobeni tendered for a prime site earmarked for a butchery in Boekenhout

**■ NEXT WEEK: In the final article on Ngobeni, we reveal how he acquired his businesses, acted as a consultant without going to school and contributed to the community.**





B/Dag 13/3/90

# Housing scheme would need 'another R55,7m'

GOVERNMENT needs to provide an extra R55,7m to the first time home-ownership subsidy scheme once the Urban Foundation's housing initiative — expected to mobilise an initial R1bn in home loans — gets off the ground.

That projection was made by Llewellyn Lewis of Business Marketing Intelligence (BMI) building research strategy consulting unit.

The housing initiative was developed jointly by the Urban Foundation, the Mortgage Lenders Association and the short-term insurance industry last year to unlock institutional finance to alleviate SA's housing shortage.

Affordability was a major problem facing blacks and the initiative could only succeed if funds available for the subsidy scheme was increased, said Lewis.

He said the increased subsidy scheme would be the key for the initiative to provide an additional 40 000 homes at an average price of R20 863 a home and unlock an initial R834,5m in home loans from financial institutions.

The initiative was expected to provide loans of between R12 000 and R35 000. With every R1m invested into

EDWARD WEST

housing, 186 jobs would be created, said Llewellyn.

SA Housing Trust MD Wallie Conradie agreed the scheme would need to be increased as the initiative would allow more people to own homes. However, he had not seen projections of by how much government would have to increase funds.



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**Speculation**



Mortgage Lender's Association chairman Bob Tucker said the initiative was on target for April 1, but he could not comment on increases for the scheme as it was under extensive revision by government.

A senior Planning and Provincial Affairs Department spokesman last night dismissed the BMI figures as speculation, but added the department had only been responsible for housing policy since March 1. He said he was not yet familiar with all relevant issues.

Meanwhile, Bifsa said in its Building Review, released yesterday, that business conditions in the housing market

remained unsatisfactory in 1989 due to high mortgage rates and the deceleration in personal disposable income.

Central Statistical Service said the value of building plans passed during the first 11 months of 1989 increased 18,8% to R8,5bn, while the value of buildings completed during the same period increased by 28,9% to R4,9bn.

Non-residential and alteration building plan values increased, but those for homes decreased by 5,1%, while plans for flats and townhouses decreased by 2,3% compared with 1988.

Of 38 668 houses built in the first 11 months of 1989, 39,1% were built for whites, 30,4% for blacks, 22,0% for coloureds and 8,5% for Asians, the CSS said.

Lewis said the CSS statistics reflected changing housing trends in SA. In 1982 to 1985, only 3% of all houses built were for blacks. In 1988, 37% of the houses built were for whites and 40% were built for blacks.

BMI forecast that in 1990, 28% of all houses built would be for whites and 48% for blacks.

Bifsa's review forecast a real negative growth rate of 8% in the residential building market during 1990.



## BUDGET

### Fund created for black housing and schools backlogs

CAPE TOWN — A R4,5bn campaign to eliminate "backlogs" among black communities in SA — including a special R2bn fund and R150 000 for schools — was disclosed in yesterday's Budget.

The campaign will also include R1,9bn for housing, R110m for unemployment training and job creation, R215m for the Development Bank and R100m for development corporations and the Small Business Development Corporation.

Finance Minister Barend du Plessis said yesterday that the Budget sought, "within the maximum affordable level of expenditure, to contribute to the relief of hardship and to equip as many people as possible to grasp, on an equal basis, the opportunities the economy offers".

Few details were provided in the

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Political Staff

Budget speech about the special fund, and President F W de Klerk was expected to make a more detailed announcement on it soon.

But Du Plessis did say that by way of a transfer from the 1989/90 surplus, the new fund would be specifically dedicated to the reduction of socio-economic backlogs in SA.

It was intended that this fund be augmented as and when circumstances permitted.

It could reasonably be expected that the full amount would not be spent in the first year.

"The current expenditure implications which the application of these funds may eventually have for the Budget will be accommodated within

the confines of fiscal discipline," Du Plessis said.

He added that government, acknowledging the importance of education in SA, wished to catch up on education-related backlogs as fast as possible.

The additional non-recurrent amount of R150m would be used mainly for capital expenditure and training in areas where backlogs were most severe.

The Budget Review, which was released yesterday, said the increase in expenditure on housing was a reflection of government's commitment to "addressing as far as possible the large housing backlog still existing in certain areas, thereby improving the quality of life and enabling people to participate productively in the economy".

S/Times 15/3/90

# Steyn vows: Racial laws will go

Political Correspondent

THE application of the new R2-billion trust fund for black upliftment will go hand in hand with the lifting of laws that block equal opportunities, says fund chairman Jan Steyn.

Mr Steyn, also chairman of the Urban Foundation, said he had sought an assurance from the Government that racially discriminatory legislation still on the statute book — which could inhibit the initiative — would be scrapped.

Mr Steyn said he had been assured this would be done "with all deliberate speed".

Commenting on his approach to his new task, Mr Steyn said his priority would be to consult with leadership groups from all sectors of the communities involved and with the business sector.

## Resource

"Without their involvement our task will be even more onerous than it already is."

He described the trust's task as addressing "the unacceptable heritage of unequal opportunities".

The trust, he said, should not be seen as a fund giving handouts to the needy but a resource that would open the way to economic and other opportunities.

Existing organisations would not be supplanted by the trust. The Urban Foundation, he said, would now have "many more opportunities" to contribute to the advancement of urban communities.



# Experts warn on use of R2-bn fund

By Esmaré van der Merwe  
Political Reporter

Star 16/3/90

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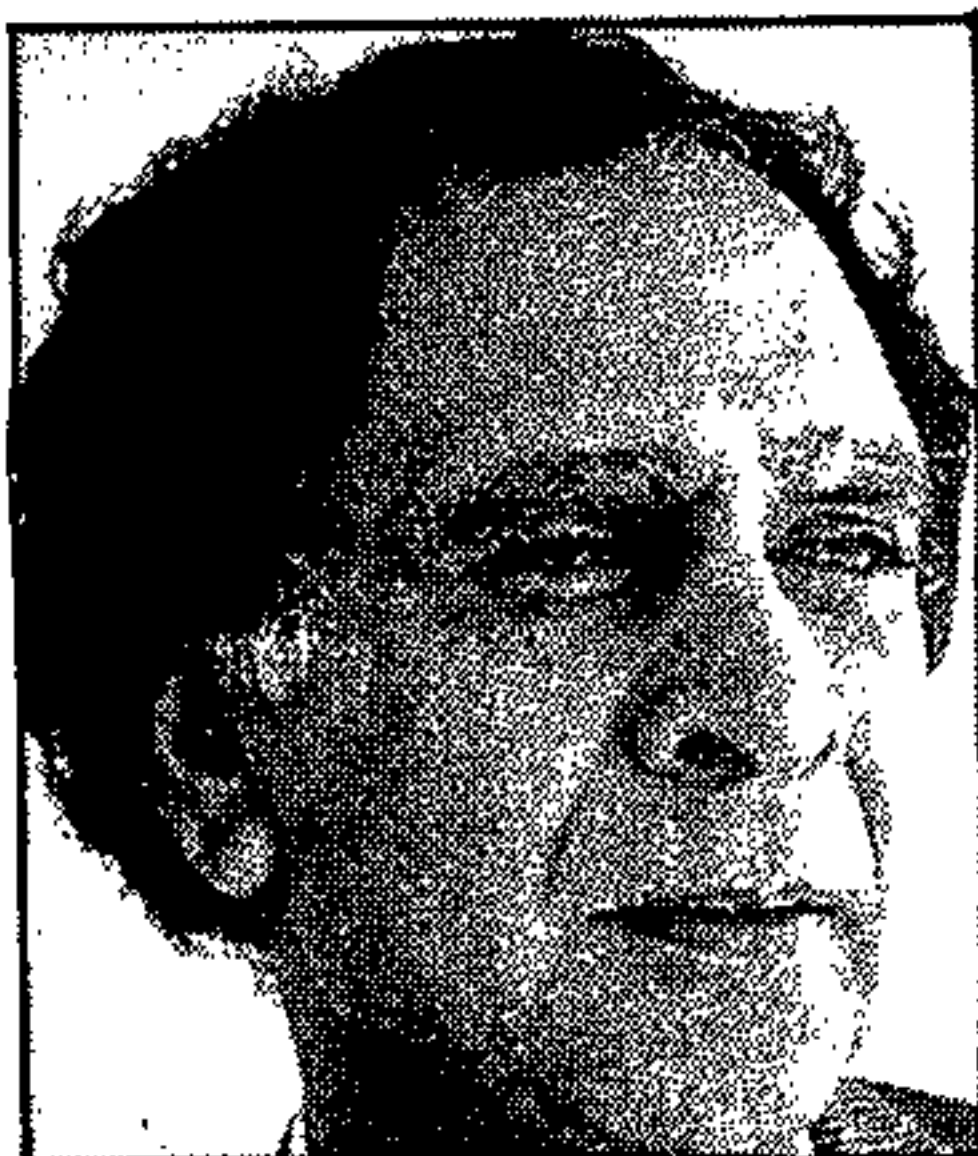
The Government's new R2-billion special fund for alleviating social backlogs has been widely welcomed as an important initiative to address the political wrongs of the past.

But community organisations, politicians and development organisations have warned that projects would have to be selected carefully to ensure that the money was channelled effectively.

Commented Mr Sonny Tarr, general manager, development services at the Small Business Development Corporation: "You've got to make the money work. It should not be once-off donations."

And, said Mr George Pappas of World Vision, an organisation which has been involved in community projects for 22 years: "It is easy for that kind of money to go down the drain. It should be channelled through organisations with a track record of acceptability, credibility and experience."

Mr Cassim Saloojee, president



**Mr Cassim Saloojee . . . community organisations should be approached collectively.**

of the Transvaal Indian Congress and a director of the Johannesburg Institute of Social Services, said there was a vast network of community organisations as well as subsidised development organisations which could be utilised.

"The crucial point is that all these organisations should be approached collectively to ensure community participation in the projects. Without them this could become a massive exer-

cise in futility. People should become actively involved in the decision-making on how resources should be utilised."

Mr Mark Swilling at the Centre for Policy Studies at Wits agreed that community organisations should be directly involved in negotiations with the state on how the money should be allocated.

He gave examples of community projects which could not have been implemented before because of a lack of funds.

● The Soweto People's Delegation (SPD) has for over a year negotiated with the Development Bank of Southern Africa, Escom and the Transvaal Provincial Administration on ways in which the Soweto rent boycott could be solved.

Sophisticated proposals have been drawn up on how Johannesburg and Soweto can be integrated into one, non-racial city.

● The Port Elizabeth Black Civic Association has proposed a scheme for the electrification of townships in the area. Currently only 25 percent of township households have electricity.

● The Uitenhage Residents'

Civic Association has suggested that Langa township, from where people were forcibly removed some years ago to kwaNobuhle, be developed as a free settlement area.

● The Alexandra Residents' Organisation has been negotiating with the Sandton Town Council, the Transvaal Provincial Administration and the Development Bank on a design plan to address the township's socio-economic problems.

Mr Swilling said: "R2-billion can go far if spent wisely. What counts is not how much money is available, but how the cents are used."

"The historic trap which has to be avoided is that the money be channelled through big white business without the consultation of the communities for which the projects are designed."

"This may be an opportunity to negotiate with communities' development funds which are locally specific and shaped by local interests and aspirations."

The experts emphasised that a system should be established whereby the Government could effectively monitor projects.



# Govt adds R1 billion for black backlogs

CHL- Tink  
17/3/90

By BARRY STREEK  
Political Staff

THE government yesterday boosted the R2-billion fund to remove backlogs in the black community by another R1 billion.

President F W de Klerk said yesterday that R1 billion of the money would be administered directly by the government "to eliminate backlogs of a capital nature in education" and to acquire land for black urbanisation.

The other R2 billion is to form the basis for a trust fund, to be managed by a former Cape Town judge and honorary chairman of the Urban Foundation, Mr Jan Steyn.

The trust fund is to be administered outside the direct ambit of the government so the private sector and other institutions, both local and foreign, can contribute to it.

Mr Steyn said at a press conference that he had already held discussions with business leaders, the UDF and the ANC about the new trust fund and he felt they should be members of the trust, but it was up to them to decide.

Mr De Klerk said the government's contribution of R3 billion would be used to uplift disadvantaged South Africans.

"It is my earnest hope that this initiative will receive the widest possible support from every quarter in South Africa as well as from abroad," Mr De Klerk said.

Mr Steyn said yesterday that before accepting his appointment as head of the new trust he had received the reassurance from the government that it was committed to removing racially discriminatory legislation.

He said he had a real concern that racially discriminatory legislation still on the statute book could inhibit the dynamism of the new initiative.

● Top fashions for  
Nederburg auction

— PAGE 22 —

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One hundred

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By DAVID JACKSON  
and ALAN DUGGAN

LEADERS in the private sector have enthusiastically welcomed the R3-billion black upliftment package announced by President F W de Klerk.

And the Urban Foundation's Mr Jan Steyn — the man appointed by President De Klerk to mastermind the R2-billion independent trust — will play a pivotal role in closing the socio-economic gap between black and white South Africans.

Details of the new trust were announced by President De Klerk at a Press conference in Cape Town on Friday.

The State President said the government would supplement the R2-billion committed in Wednesday's Budget with an extra R1-billion raised by privatising government-controlled assets.

Of the R3-billion, R1-billion will be used by the Government to eliminate backlogs in education and to acquire land for black urbanisation.

The remaining R2-billion will be used to launch a private trust managed by Mr Steyn, the Urban Foundation's honorary chairman.

Administration of the fund will be in non-government

# Business leaders praise F.W.'s R3bn plan for black upliftment

hands to encourage funding from the private sector and foreign sources.

Mr Steyn said he had already acted large corporations and financial institutions for their support and said he would like to include the ANC in discussions on the plan.

One of the first areas likely to benefit from the crash programme is KwaZulu-Natal, which Mr Steyn has identified as a "high priority" region.

The civil war in the area has inflicted damage worth millions of rands on property and intensified a severe housing shortage.

The first extra-parliamentary reaction to the fund came from Mr Nelson Man-

del, deputy president of the ANC.

He described the move as "good news".

"We welcome that," he said. "But it is not sufficient to give us the resources we require to solve the problems facing our people."

Prominent black businessman Mr Richard Maponya said the formation of the fund was "a great move".

"I only hope the money from the fund will be properly distributed to the needy areas," he said.

Mr Derek Key, executive chairman of Gencor, told the Sunday Times yesterday: "It sounds like an intelligent allocation of resources."

"I also like the fact that the possibility of contributions from outside the country is also envisaged."

"And I think the best thing

of all about the R2-billion fund is the appointment of Jan Steyn. The business community has learned to trust him as an extremely practical and effective leader."

He thought private sector involvement would probably start off relatively slowly.

"But as the work of the trust starts to become manifest, I think this will become a prime object of corporate donations."

The Government is keen to assess the full reaction of extra-parliamentary groups who it hopes will be involved in allocation of the huge fund.

At the weekend, however, spokesmen other than Mr Mandela were preoccupied with his return to SA and were not available for comment.

Mr Tom de Beer, president of the Afrikaanse Handels-

instituut, regarded the programme as "a major step in the right direction".

He added: "The State President is to be congratulated on the selection of Mr Steyn to manage the trust."

"The private sector should respond in kind and help him with the people's resources which he will need."

"His management style is based on participation and I've no doubt that he will be able to involve the communities to help develop the proposals for the practical working of the trust."

Anglovaal chairman Mr Basil Herscov saw the R3-billion programme as "an acknowledgment by the Government of the long-standing and desperate need to remove inequalities."

"The appointment of Mr Steyn takes it out of the political arena. Everybody, black and white, in South

Africa and overseas, acknowledges Mr Steyn's passionate and pragmatic approach."

"It acknowledges the enormous impact he has made already in changing the picture in South Africa through his efforts in the Urban Foundation — such as doing away with influx control."

"One man can't do it on his own — and he will need strong support from the private sector and from Government. But I believe Jan is the sort of man who will get that support."

"I'm sure if anyone can, he will be able to involve the UDF, Cosatu and the whole spectrum of influence in the country on a common basis and take the animosity and feuding out of it."

Referring to the aspect of

foreign funding, Mr Herscov said: "This gives them the opportunity to say we are not giving money to government — we are giving it to a private sector trust handled by a man we know is honourable."

Mr Herscov thought the emphasis on education was a "critical aspect" of the programme.

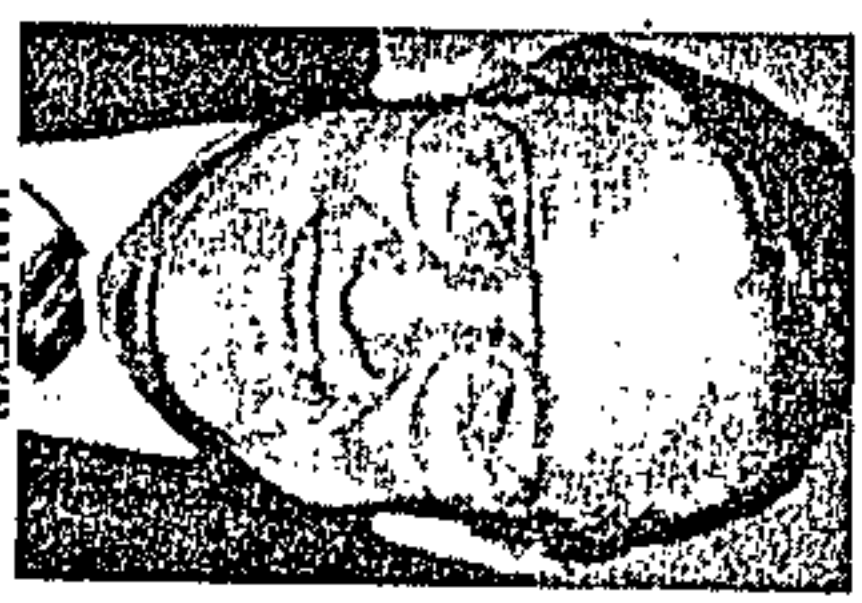
"I think it indicates to people there is a change of heart and a change of direction."

Mr Gavin Kelly, former chairman of the Anglo American Corporation, said: "We are delighted that the Government has been able to approach the enormous problem of structural and opportunity imbalances in this imaginative way."

"Under Jan Steyn's leadership, it will be possible to involve a wide spectrum of our society in producing a new and more equitable South Africa."

Mr Julian Ogilvie Thompson, chairman of De Beers Consolidated Mines, said: "I look forward to the opportunity that the fund provides for creating new relationships between business and community organisations."

"No one more suitable than Jan Steyn could have been selected for this vital task. De Beers will, together with



JAN STEYN  
Pivotal role

the Anglo American Corporation, give this initiative its full support.

Democratic Party co-leader Dr Denis Worrall said the party was especially pleased the fund was to be administered independently of the government.

The creation of the trust provided an opportunity to involve representatives of organisations excluded from central government decision-making, Dr Worrall said.

The DP had asked foreign governments wishing to encourage the process of change in SA to make contributions to the fund, Dr Worrall said.

Earlier, President De Klerk said he was fully aware that R3-billion would not be enough to eliminate all of South Africa's socio-economic problems.

But he emphasised that the funds were over and above the normal allocations to government departments and bodies such as the Development Bank and the South African Housing Trust.

Mr Steyn has stressed that the initiative should not be seen as a fund for providing handouts for the needy. Instead, it should be regarded as providing access to economic and other opportunities.

"We will never resolve the fundamental tensions in our society until disadvantaged people feel that they have some control, not only over their political fortunes, but also over their personal future and that of their families," he said.

As an indication of the problem, Mr Steyn said that fewer than 50 percent of black South Africans could afford the cheapest houses available.

The housing backlog was estimated at 500 000 and 800 000 homes, he said.



# Outfoxing my rich rivals

C/Press 18/3/90 (339) (20)

In the third and final part of our series on controversial Mabopane tycoon "Pikinini" Ngobeni, he reveals how without sufficient capital and know-how he outfoxed two wealthy and experienced business rivals to get hold of a butchery in Boekenhout. He has been a child labourer, a bouncer, a gambler, a thug and a businessman since he ran away from home at the age of 10. ELIAS MALULEKE reports.

NOTHING seems to stop Sonnyboy Ngobeni from getting what he wants. This he has proved since his days in Marabastad.

With no experience of business, unable to read or write, and with only R1 500 in his bank account, Ngobeni was one of three applicants for a butchery in Boekenhout in 1967. He beat his wealthy and experienced rivals to it.

"I stood no chance of getting hold of the butchery because I did not have enough money and experience. I knew nothing about running such a business.

"I went to the municipal offices and spoke to a white official. I was given the business."

Ngobeni said he built a good relationship with the white official and obtained a loan from the then Bantu Investment Corporation to start the butchery. He sold it for a good profit a year later.

"A white friend once told me to be wary of friends. 'Make use of friends and when you no longer need them forget about them', he said, and since then I am very careful about who my friends are."

Despite his immense wealth, Ngobeni has no qualms about calling a white person "baas." To him it's all in a day's work. It pays dividends, he says.

## Wealthy Ngobeni happy to call all white people 'baas'

"Baas," he told a white official in Soshanguve, "wil julle nie 'n swart Harry Oppenheimer sien nie?" (Don't you want to see a black Oppenheimer?)

When the official asked what he meant, Ngobeni said: "Harry

Oppenheimer is a South African citizen but he has businesses all over the world. When I want a business in Soshanguve I am told that I'm a Bophuthatswana citizen. Why is that happening with blacks?"

The official asked Ngo-

beni what types of businesses he had in mind in Soshanguve and he told him. Ngobeni is now the proud owner of a shopping complex and a double-storey mansion in Soshanguve.

He said he went through several "trau-



Ngobeni: very careful when choosing his friends. 'Use them and forget them.'

matic" experiences as a result of allegations of ritual killings but he managed to present a brave face despite the hurt he suffered.

He is a director of Orlando Pirates Football Club and is known to have pumped in a fortune to pull the club out of the difficulties which have dogged it for years.

Ngobeni said his old friend, Ingle Singh of Pretoria City Football Club, asked him to join the board of directors of the NSL rookies but he turned the offer down.

"I will not leave Pirates for anything," he said.

Well travelled Ngobeni has visited many European countries on business.

Ngobeni is an easy man to get along with. He will fix "anything for anybody" and many people come to him with their problems. It has all paid handsomely in terms of goodwill, he says.

Ngobeni can sit back and relax without worrying about money. His garbage removal business alone will see him well-off in his retirement.

Asked how he manages to read balance sheets when he can't read, he said: "I do not read a balance sheet, my wife does that for me. I can only count money.

"I am also surrounded by educated people. All my older children have university education and my wife is a former nursing sister."

Ngobeni met his wife Joan in Marabastad. They have five children.

An elder child who was a lawyer died in a car accident.

Ngobeni is described by many people as a man with a heart of gold. He is the benefactor of charitable and sporting organisations in the region.

He has adopted a child who was born with deformed legs. He is said to have paid thousands in medical expenses - the child walks today.

## Girl gang-raped twice in six months

By SOPHIE TEMA

THE SECOND gang rape of the same Soweto girl within six months has shocked and angered Soweto residents.

Residents who took part in the recent march against rape have appealed to all leaders and members of the community to help stem the menace in the townships.

The girl was raped by three men in September last year and a charge was laid against her assailants.

The case is still pending because only one of her attackers was arrested. A court granted him bail this week.

The day after her assailant was released on bail six armed men raided her home looking for her and dragged her to a waiting vehicle.

After blindfolding her, the men drove to a lonely spot where they gang-raped her and left her.

She said five of those who had raped her insisted that she be shot but the sixth man pleaded with them to spare her life.

She found her way home in the dark.

She has made another complaint to the police.

She has been called to give evidence in court tomorrow.

Maggie Nkwe, one of the residents who took part in the recent march against rape said: "Motherhood is being destroyed in young girls who go through this traumatic experience.

"We know of some girls who chose to die after going through such an ordeal rather than live with the memory of such an experience.

"We call upon every member of the community and all leaders to help in the fight against the menace that is ruining our society."



# Housing could improve vastly

City Press 18/3/90

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## Steyn to steer new trust

By DESMOND BLOW

R2 BILLION of the R3 billion of a new trust fund set up by State President FW de Klerk could vastly improve housing for South Africa's poor.

The money could among others be used to fund deposits for houses for the poor — which would then be paid off by themselves.

R20 million donated by the United States could be used to provide housing loans for up to R200 million, said former Judge Jan Steyn, chairman of the Urban Foundation, who is to head the trust.

The other R1 billion will be administered directly by the government and will be used to eliminate backlogs of a capital nature in education, such as for schools and equipment.

A portion of this money would be spent to acquire land for black urbanisation.

State President FW de Klerk said when funds were used for a new residential area, provision would have to be made for clinics and schools.

However, none of the funds would be used for the normal running of services such as education and health. The budget had made provision for the administration of these services.

Steyn told *City Press*: "I have spoken

to many people during the past 24 hours, including Terror Lekota and Popo Molefe of the UDF and Eric Molobe of the NECC and they are as excited as I am."

He said he would not like to speculate about how the issues of poverty and deprivation should be addressed through the trust until he had first canvassed "priorities, strategies and opportunities" with leadership groups of all sectors of the communities involved as well as the private sector.

These groups would include political parties such as the ANC.

"Without their involvement our task will be even more onerous than it already is."

He said the trust would seek to ensure the involvement of the private sector and especially financial institutions.

Steyn said Walter Sisulu had said in an address to the Business School at Wits University last week "let's do it together" and he hoped that the trust would be a bridge to do so.

He had a real concern that racially discriminatory legislation still on the statute books could inhibit the initiative, so he had obtained an assurance from the government that all discriminatory legislation would be removed with "deliberate speed", he said.



Jan Steyn, who has already spoken to the UDF



# R52-m a month changes hands in blacks' urban buying groups

86-23/3/90  
By Jabulani Sikhakhane

An estimated R52 million for stokvels (communal buying groups) is changing hands every month in the black metropolitan areas, according to a study by Markinor.

The study found that about 680 000 black adults, or one quarter of the black metropolitan population, are members of stokvels.

Peter Scott-Wilson, director of Markinor research group, says the outcome of the study indicates that buying groups are popular institutions which can exert powerful buying muscle.

Markinor found that of the estimated 24 000 black stokvels in the metropolitan area, 41 percent are savings clubs

and 20 percent are burial societies.

Burial societies have an average of 80 members contributing R39 a month, while other types have an average of 16 members, making a contribution of R106.

But since burial societies have more members they have the highest monthly income and contribute 43 percent of the total R52 million.

An estimated R17,5 million is contributed by savings clubs, with other stokvels collecting about R12 million.

The stokvels movement has developed a significant presence with the formation of the National Stokvels Association of South Africa (Nasasa), comprising 7 000 stokvels groups with an average of 12 members to a group.



# Blacks critical of SA Foundation's role (339)

Political Reporter *Star* 21/3/70

Blacks attending the 30th annual meeting of the South Africa Foundation (SAF) yesterday expressed reservations about it.

The independent private sector organisation was formed 30 years ago to promote South Africa abroad.

The president of the United Municipalities of South Africa, Mr Tom Boya, asked what the SAF was doing to uplift blacks, and why its council was still "lily white".

Mr Sam Kongwa, a researcher at the Africa Institute, criticised the SAF for neglecting

relations with African countries. Mr Justice Moloto of the Black Lawyers Association reflected upon the SAF's analysis of dismal conditions in socialist eastern European countries, saying black South Africans were just as deprived under capitalism.

Replying to the criticism, SAF president Mr Warren Clewlow said the organisation had in the past approached blacks to serve on the council. However, they had felt it would not be in their interest to be openly associated.

"If in one year's time the

council is still as white as today, we would not have kept track with time."

Mr Clewlow said the SAF had played a vital role in political reform, and would continue to.

Contact with African countries was generally greater than revealed. It was played down because of the sensitive nature.

The director of the SAF in Bonn, Dr Rudolf Gruber, who sketched a dismal picture of conditions in the Soviet Union, said the task of bridging the gap between the "haves and the have-nots" in South Africa had just begun.



## Sowetan Business

# Board to train estate agents

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By JOSHUA RABOROKO

BLACK estate agents and builders are daily losing contracts worth thousands of rands in black townships to white competitors.

This was revealed in a study of the black housing market conducted for the Estate Agents Board by Dr A Oosthuizen of Market Research Africa.

The study was to establish to what extent a secondary black housing market already existed and how fast this market would grow as a result of efforts by Government, the private sector and others to stimulate home ownership in the townships.

The study cited the lack of formal business training as one of the main reasons why blacks lost out to whites, was that they had not received formal training in business practices in the area they operate in. This was

a disadvantage particularly when they had to fight for contracts by tendering to organisations. Because of this report the Estate Agents Board has committed itself to train black estate agents.

### Training

Following the completion of the study, the board had formed a steering committee under the chairmanship of board member and housing expert Mr Boet van Staden, to identify issues, initiate a national educational and training programme for black estate agents and to persuade Government to introduce an educational programme for black consumers.

The committee consists of representatives of the Development Bank, the Urban Foundation, the National Association of Home Builders, the South African Housing Trust and financial institutions. A spokesman for the

board confirmed the plan and said they would consult with black builders and estate agents about implementing the massive programme.

The president of African Builders Association, Mr Joas Mogale, said that as blacks were still new in business at a contractual level, they were being exploited. He said: "We have to change this by fighting for what is ours and also ensure that we upgrade ourselves."

### Left out

According to Mogale black builders are the key to change and development. They could improve themselves by initiating, directing and coordinating development programmes.

However, Mogale said, when the survey was conducted blacks were not consulted and as a result it would be difficult for them to participate in the programme.

He was supported by the secretary of the United Builders Association, Mr Kenneth Cele, who said they felt left out when major decisions were taken on the critical housing shortage.

"There is a need to come up with new strategies to meet the housing situation that involves blacks - not just as consumers, but also as builders, contractors, developers," Cele said.

Mogale said that blacks had a key role to play in solving the housing crisis and they should not be "mere actors" while the white contractors enjoyed the greater slice of the cake.

African Builders Association president Joas Mogale.



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## Hurd rejects policy of nationalisation

Sowetan 22/3/90

# Economic growth key to SA's prosperity

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You will be familiar with the assistance Britain has given through the Urban Foundation's scheme for low-cost housing. We are looking at ways of expanding our effort in that area too.

I saw the squatter settlements in KTC and Crossroads. They are the squalid face of apartheid. We must not wait for the end of apartheid before we start alleviating the misery it has caused.

Solving tomorrow's problems means starting solving them today. It is not good enough, indeed totally dishonest, for those far away from this region's difficulties to create the impression that 'ending apartheid' will be a magic wand bringing rapid prosperity and freedom.

### Education

Attention has to be given now to building up black education and black community infrastructure so that tomorrow's post-apartheid South Africa can have the best chance to become a decent, prosperous modern society.

South Africa's prosperity is crucial for the whole of this region.

Today, there are 500 million people living in Africa south of the Sahara. In 20 years time there will be another 500 million. Hardly any economies in Africa are growing at a rate sufficient to keep pace with that increase in population, let alone outstrip it.

Yet, unless economic growth is able to outstrip the population increase, the prospect throughout Africa is one of increasing impoverishment.

### Free Press

Last year's World Bank report suggests that sustainable growth is not attainable without good government, a respect for the rule of law and human rights, a free Press and democratic institutions.

The requirement in South Africa is both for political reform and to find means in a post-apartheid society of creating and distributing wealth.

It is not surprising that, like

This is the second and final part of the speech made by the Rt Hon Douglas Hurd CBE MP to the annual general meeting of the South African Foundation at the Sandton Hotel, Johannesburg, on Tuesday.

other liberation movements, the ANC pays homage to the idea of nationalisation.

Nationalisation is seen by them as the way to redress the gross economic inequalities which characterise apartheid just as surely as political domination.

### Fallacies

The problem is that so much interventionism to post-independence Africa has been misconceived resulting, as the World Bank report says, in a range of ills from loss-making public enterprises to poor investment choices and inefficient resource allocation.

In pointing out the obvious fallacies in the doctrine of nationalisation as a means of redistributing wealth, it will be very important that the business community in this country should not appear to be adopting an essentially defensive or negative position ("what we have, we hold") vis-a-vis black aspirations.

For the fact is that the question of the distribution of wealth in South Africa will have to be addressed if an equitable system is to be developed here.

### Land Acts

We welcome the Government's decision to set up a large independently administered fund to be used in consultation with black leaders to help redress the distribution of resources.

The aim must be to preserve and promote economic growth - otherwise there will be only increasing poverty to redistribute.

I have mentioned the case of the Land Acts, which we hope will be repealed. That itself will not suffice to make more land available to black South Africans: that is likely to require the sort of effort to help black farmers which has been made so successfully through the Land Bank to

help Afrikaner farmers get established.

In the industrial sector, you are better able than I am to devise ways in which black South Africans can be given a much greater share and a greater vested interest in the working of a free economy. For otherwise it will be hard to preserve the free economy on which the future prosperity of all South Africans is going to depend.

Politically, it is easier to make these adjustments if the economy is growing. South Africa can never generate sufficient capital to provide new jobs for the millions of blacks coming on to the labour market. So foreign investment is essential.

### Investment

Contrary to the belief which seems to exist in some circles, the world is not queueing up to invest in South Africa.

Competition is fierce. The opening of Eastern Europe to the West means that it will be even fiercer in future.

Post-apartheid South Africa will have to convince potential investors that the bleak story of the last 25 years in so much of the sub-Saharan Africa will not be repeated here.

South Africa will have to create a climate which is attractive to the investor.

You will have noted that I have succeeded in getting this far in my speech without any mention of sanctions and that, I can assure you, is deliberate.

For in my views that whole issue is yesterday's debate.

### Reform

I know how much some of the members of this audience have contributed to the process of reform which is now underway here.

I believe that you can make an equally major contribution to the greater economic debate which is now going to take place here. It is

not possible to debate the economy with leaders in prison. Now that they are no longer in prison, that debate must be engaged.

It can and will go hand in hand with the debate about the future constitution and on the outcome of those two great debates, the future of this country, and in large measure also of the neighbouring countries, will depend.

### Crumbling

"New thinking" is sweeping the world. Dictatorships are crumbling everywhere. It is no coincidence that Marxism and apartheid are coming to a dead end in tandem - both are unrealistic creeds now shot to bits by the incessant popular demand for the freedom of choice that modern economic and political life demands.

I can assure you that, so far as the people in my country are concerned, there is no hostility towards South Africa. There is absolute hostility towards apartheid.

We want to see things work out here in a way which will confound all the doomsday predictions.

Your Government has already taken irrevocable steps towards radical reform because it has faced up to political and economic reality. The possibility of negotiations had been opened up. Those involved on all sides will have to make the hard decisions.

### Encourage

We shall encourage them, press them, to do so. Our encouragement will take practical form. At the end of the process the results will be judged by the people of South Africa.

If they are acceptable to the majority, the international community will rejoice with them. But the real prize will lie not in world approbation but in the judgment which people will make thereafter on whether South Africa has become the sort of country they want to visit, to do business with and - most of all - to invest in.

South Africa will be no exception to the rule that political liberty and economic performance go hand in hand.

# Apartheid councils under fire

THE president of the United Municipalities of SA, Mr Tom Boya, yesterday called for the reconstitution of local government into single local authorities, dismantling structures which were based on colour.

Speaking in the East Rand township of Daveyton, Boya questioned the maintenance of dual towns/cities according to colour, irrespective of the socio-economic consequences brought about by this practice.

## Apartheid

"The fact that a black person was called to administer dormitory towns, which provided labour to the so-called white cities, had led to people questioning of the role of these black towns and their councillors," he said.

Local authorities could not render effective and efficient services while clinging to the apartheid structures, which duplicated and triplicated the costs of services, Boya said.

Violence in the townships had its roots in the frustrations of people living there, brought about by the poor infrastructure, lack of serviced land and proximity of the poor to the places of their work, he said. - Sapa.

Sowetan 23/3/90



# R2-bn fund with R30-bn potential

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The R2-billion the government has allocated to a trust fund for development in black areas could be turned into more than R30-billion if it were routed through private sector financial institutions.

It is, however, highly unlikely that the "multiplier" effect will be this high. The new trust, headed by Urban Foundation honorary chairman Jan Steyn, could choose to route some of the money through banks and building societies but presumably would do so with only a portion of it.

Banks and building societies have to meet a "capital co-efficient" requirement of five percent — so that if they have capital of R5-billion, for example, they can lend out over R90-billion.

The government has allocated R2-billion for capital (investment) spending aimed at tackling socio-economic backlogs in black areas. This is to be overseen by the independent trust headed by Steyn. In addition, the government will spend R1-billion to address backlogs in black education and buy land for black urbanisation.

R3-billion will not go very far in addressing backlogs — as State President F W de Klerk acknowledged week. He said he was fully aware the money allocated would not "eliminate all of South Africa's socio-economic problems".

The Urban Foundation has calculated, for example, that R1,98-billion a year would be required to the year 2010 to overcome the housing backlog just in black urban areas.

Stellenbosch University economist Servaas van der Berg estimated last year that to introduce parity at white benefit levels, social spending on housing, health, social pensions and education would have to increase from the present 10,7 percent of gross domestic product to between 27 and 35 percent. The 1986 figure of R13,6-billion for government social spending in these three areas would have had to increase to between R35-billion and R44-billion.

**Private sector management of the government's recently announced development fund could make the money go a lot further, reports HILARY JOFFE**

Even the R3-billion the government has allocated will take time to spend.

Although the fund has the potential to improve conditions for thousands of black people in the short term, it may be more important politically than socio-economically, providing a platform for negotiation with opposition movements.

But the government is hoping that the money will be supplemented from other sources — it has put the R2-billion in an independent trust because this is a way of drawing in private sector contributions, and possibly funds from overseas. It has emphasised private sector involvement in the spending of the money. And De Klerk has stressed it will not be a "hand-out".

In turn, Steyn has spoken of "leveraging up" the money by bringing in financial institutions.

The Perm's Bob Tucker is one who argues that more can be done with the R2-billion if the private sector is brought in and the funds are multiplied, or "leveraged". The multiplier effect via financial institutions is significant, although Tucker is not suggesting all the funds go this route. He believes the spending should not, as far as possible, be routed through the state or parastatals because this is paternalistic and would result in ineffective use of the funds.

Steyn has made it clear he will consult a range of community leaders, including the United Democratic Front, African National Congress and Inkatha, as well as business people on how the money is to be spent.

He has also linked his acceptance of the chairmanship to a call on the government to remove racially discriminatory legislation which could hamper



**Jan Steyn ... ready to consult with the UDF, ANC and Inkatha**

the fund's effectiveness. He has said the government has assured him it will address this. Steyn identifies housing, squatter settlements, education, job creation and health as spending priorities but this week was avoiding further comment on how the trust would work or where the money would be spent.

What the government has said is that existing agencies — such as the Development Bank, Urban Foundation and Small Business Development Corporation — will be responsible for administering the funds.

Of the additional R1-billion the government will spend itself, as much as 80 percent may go on buildings and equipment for black education. Education and Training Minister Stoffel van der Merwe has said R800m of this might be spent on education, buying 5 000 to 7 000 classrooms, which is about half the backlog.

While the first R2-billion fund — announced in last week's budget — comes out of surplus government borrowing last year, the extra R1-billion is to come out of the proceeds of privatisation. Foskor and the sorghum industry are possible candidates for privatisation this year.

The government has thus — some might say deliberately — made social "upliftment", which black opposition movements support, conditional on privatisation, which they tend to reject.

## Stokvels are big business

ABOUT 680 000 black adults — that is, a quarter of the black metropolitan population — belong to a stokvel, or communal buying group, a Markinor survey has found.

Altogether, the estimated 24 000 stokvels in the major metropolitan areas attract contributions of some R52 million a month, which is set aside for buying goods and services.

Markinor research group director Peter Scott-Wilson says the survey, the first definitive study of stokvels, "indicates clearly that communal buying groups are popular institutions which can exert powerful buying muscle".

Some 41 percent of stokvels are savings clubs and 29 percent are burial societies. An average of 80 people belong to a burial society, and an average 16 to other types of stokvels.

Nearly 60 percent of stokvel members are female and 40 percent male. Most members are employed and in the higher income bracket.



# Black housing industry loses R100 million

By Jabulani Sikhakhane

Property developers who made huge investments in land holdings in expectation of a continued boom in the black housing market, lost an estimated R100 million last year.

Franz Pretorius, general manager, project finance department of the Urban Foundation told a seminar on low-cost housing in Sandton on Friday the industry still faced a major decline.

He said large land holdings were financed by expensive borrowings and, at current mortgage rates, very little reduction in stockholding was contemplated.

The Urban Foundation, which controls about 40 percent of all land for housing development in black areas, bought large tracts of land four years ago in expectation of a boom.

When interest rates were around 12,5 percent, it was feasible to develop the land, but the sharp increase in interest rates to 21 percent (23 percent in real terms) has made housing unaffordable to most people, he said.

The general manager of African Life Homes, Guy Leitch, said the homebuilding industry had over the past two years experienced a cyclical downswing caused by rapid increases in interest rates.

Margins and affordability came

under pressure from higher building material costs.

Mr Pretorius said the Urban Foundation was concerned that negative prospects facing developers and the homebuilding industry would constrain major developers from bringing suitably serviced land on stream to meet demand for housing.

He said investment by fund managers could help inject much needed cash flow into the hands of major developers.

This would help reduce their cost of borrowing, improve gearing and facilitate the delivery of housing.

Debenture funding could be one mechanism to make investment in residential landholding attractive for fund managers, he said.

Using debenture funding, for instance, in an unlisted property-owning company, debentures could offer a fixed margin pitched slightly above a comparable term gilt or semi-gilt rate.

"The debenture capital and interest rates will be indirectly guaranteed by a commercial bank or other recognised financial institution."

He said the intention of the Urban Foundation was to promote the development and establishment of an appropriate landholding investment vehicle and solicit investor support.

# Mobilising retirement funds for low cost housing

B/D ay 26/3/90

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LINDA ENSOR

THE Urban Foundation is soon to introduce a new debenture in an unlisted property owning company to fund the acquisition of land for low income housing.

This was one of the new developments in the field disclosed at the Southern Life seminar in Johannesburg last week on how to mobilise the millions needed for low cost housing.

Giving details on the debenture, Urban Foundation project finance division GM Franz Pretorius said it was expected that the debenture holder (for instance, a pension or provident fund) would represent a large workforce and be able to offer employees access to serviced sites at an affordable price.

Features of the debenture would be:

- ☐ A variable rate of interest pegged at a fixed margin over a comparable term gilt or semi-gilt yield to maturity fixed and on a quarterly basis;
- ☐ The capital would be compulsorily redeemed as and when the underlying security in the form of serviced residential sites is paid for by qualifying buyers, but within five years;
- ☐ Interest would be cumulative and

paid on a pro rata basis with capital redemptions within this period.

The acquisitions, Pretorius said, would be in parcels of about R50m.

The Old Mutual, together with the Urban Foundation, is having talks with the authorities on the integration of housing as a specific benefit in employee benefit arrangements so that retirement fund credits and contributions can be used as deposits and for mortgage repayments.

Wits Actuarial Science department head Prof Anthony Asher said the authorities were also looking into the possibility of permitting the capitalisation of interest by retirement funds to assist in low income housing provision.

The Urban Foundation has also launched a pilot project company, a Group Credit Company, which uses the system of rotational credit, or stokvels, as a means of issuing loans.

Company MD Christine Glover said the aim was to test the feasibility of releasing money in loans of between R500 and R5 000 to individ-

uals. Loans from the Development Bank and the Urban Foundation are funding the pilot stage.

A further initiative in the lower end of the market is being undertaken by South National Finance which, with the SA Perm, has mobilised retirement funds for the development of site and service stands for Natal fund members. Retirement funds are invested in the Perm, which lends them at normal rates of interest to South National against security of mortgage bonds for the land to be developed.

Peter Goede of the Department of Planning said a shake-up of state subsidy schemes was on the cards to assist purchasers of a serviced site.

What was envisaged, he said, was a capital subsidy on the selling price of a serviced site purchased by a first-time owner where the site is being sold for the first time. The subsidy was aimed at those breadwinners who have a monthly income of R1 000 or less and who are purchasing such a site for the first time.

Subsidies will probably become increasingly important, African Life Homes GM Guy Leitch said.



# Govt 'could lead opinion against Group Areas Act'

516-4  
27/3/90 By Esmaré van der Merwe, 339  
Political Reporter

The majority of South Africans would accept the abolition of the Group Areas Act if the Government took the lead in repealing this cornerstone of apartheid, according to the Urban Foundation.

In a report released today, the foundation concluded that discriminatory laws were the key obstacle to negotiations of a new political dispensation and the development of prosperous and harmonious cities and towns.

The document, the first in a series based on research conducted over four years, included detailed proposals for effective urban growth and development.

Key findings included:

- The de facto integration of neighbourhoods was not simply caused by housing shortages, but was largely a market-oriented response to the inefficiencies of an urban system governed by the Group Areas Act.
- White resistance to racial integration was much smaller than generally believed and was largely due to a fear of neighbourhood decline and uncertainty about the legal status of areas.
- The Group Areas Act had failed to ensure segregated residential living, while international evidence suggested that laws were not necessary to ensure broadly homogeneous neighbourhoods.
- The introduction of free settlement areas was a dangerous experiment which would create urban ghettos.
- Current Government policy on group areas lacked overall direction. In spite of minor adjustments, the Government would probably continue to "muddle through" the existing legal framework based on the retention of legally enforced residential and racial segregation.

● See Page 19.

FREE settlement areas were no substitute for free open cities and were unlikely to solve the problems of urban development and economic growth, the Urban Foundation has concluded after researching the effects of the Group Areas Act.

In comments based on the group areas policy document released yesterday, Foundation urbanisation executive director Anne Bernstein said the immediate repeal of the Group Areas Act was a critical first step in changes needed to create cities better able to provide jobs, services and shelter for an expanding population.

She said the group areas and free settlement laws were stifling SA's cities. Urban realities were rising unemployment, housing shortages, low economic growth, growing urban debt, lack of services and facilities, an education crisis, the collapse of health care, political instability in the townships and an inefficient urban structure.

The document is part of four years of research and policy work — in conjunction with the Private Sector Council on Urbanisation — on residential segregation.

The document, which has been handed to the Free Settlement Board, noted the Foundation's opposition to the advertised area in cen-

tral Johannesburg under consideration as a free settlement area.

Noting the ambiguity of official policy, the problems of timing and the need to address white fears, it said there was no easy or problem-free path to residential reform.

Bernstein argued the maintenance of the Group Areas Act was the core policy and legal obstacle to effective urban management of the 1990s. Free settlement laws were unlikely to bring change on the required scale. A delay in repealing the Act would also undermine and overload the process of negotiations to a new constitution.

However, Bernstein emphasised the abolition of racial laws could not alone guarantee a vibrant urban environment. Urban opportunities needed to be grasped. These included: normal land and housing markets; the enhanced development of small businesses; the investment potential of compact, deregulated cities and private sector/community development projects.

Bernstein said group areas planning had limited the ability of cities

# No substitute for open cities

b/Dan 28/3/90

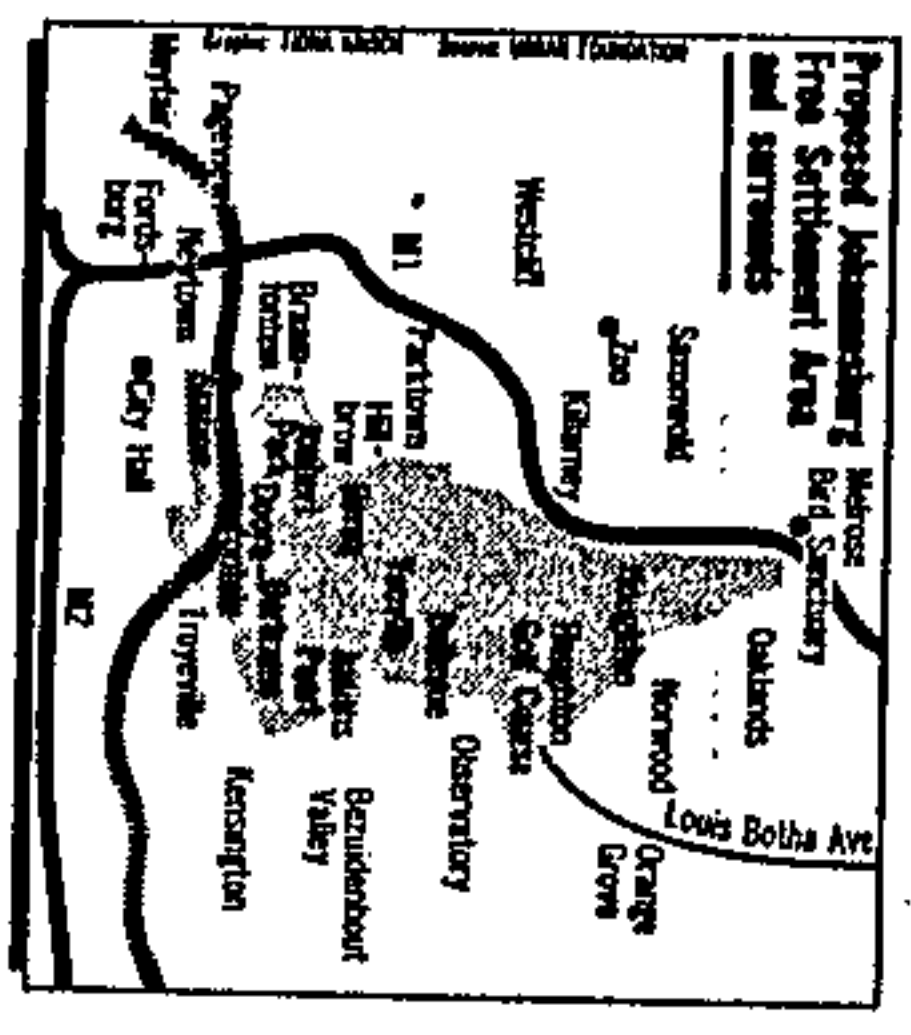
ADELE BALETA

to operate as efficient economic entities. The legacy was parcels of disused land located in central areas and land use mismatches where rigid, sectoral structuring led to expensive commuting patterns.

It had also resulted in the distortion of residential property markets where the price of land was different

to operate as efficient economic entities. The legacy was parcels of disused land located in central areas and land use mismatches where rigid, sectoral structuring led to expensive commuting patterns.

It had also resulted in the distortion of residential property markets where the price of land was different



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massive scale. As Harare and Windhoek had found, the effects of scrapping residential segregation were not dramatic, and changes took time. The Urban Foundation estimated about 10% of urban blacks were in a financial position to move into areas reserved for other race groups. "If the pressure is concentrated in a few limited free settlement areas, it is a foregone conclusion they will become almost entirely black areas."

Expanding the boundaries of free settlement areas would also not solve the problem. There was no clarity concerning the existence, nature and voting powers of the management committee system envisaged in terms of the Act or the financial implications.

Rather than concentrate on spending part of a budgeted R1bn on allocating land to racially planned and inefficient cities, the Urban Foundation believed government should commit itself to residential freedom, a free property market, neighbourhood quality and upgrading, and democratically formulated "rules" to prevent the decline of urban neighbourhoods.

"We are firmly convinced the abolition of the Group Areas Act is an essential and achievable policy change for the country and will focus the Foundation's efforts on achieving this," the document concluded.



Wednesday MARCH 28

# Free areas 'bad'

Sowetan reporter

THE idea of a Free Settlement Area is unworkable, harmful for economic development, stalls growth and is simply a bad idea, the Urban Foundation said yesterday.

The proposal for a Free Settlement area - which stretches from Oaklands north of Johannesburg, south through Houghton to Berea then east across Yeoville, south to Judiths Paarl and ultimately to Doornfontein - excludes

● To page 2

## "Wasteful" idea

● From page 1

create a false illusion of racial harmony while simultaneously avoiding other major issues - like the Group Areas Act.

Economic stability, and prosperity can be achieved if the Group Areas Act was scrapped immediately and not side-stepped with the FSA concept. And economic growth is a top priority in Johannesburg.

The Urban Foundation suggested Government should commit itself "as a matter of urgency" to five steps that would encourage growth.

- \* Residential freedom and choice for all;

- \* The establishment of a free property market in the urban areas;

- \* The preservation of environmental quality and environmental upgrading;

- \* The enforcement of democratically formulated and non-discriminatory rules to

prevent decline in neighbourhood quality and;

- \* A pro-active urban policy at national and local levels to preserve and extend public and private investment in the cities.

Hillbrow, Mayfair, Pageview and the Central Business District, areas that have been integrated for many years.

Ann Bernstein, executive director of the Foundation's urbanisation unit, said the consequences of an FSA are detrimental and would demand the spending of many hours on administration, entertaining white fears, demands and expectations. This would exert pressure on any attempts at running a non-racial management committee.

"The process," Bernstein said, "would be fragmented, hampered by duplication, inadequate and simply wasteful."

She also said it would invite racial tension and

# You'd better hurry if you want that subsidy

*Soweto 29/3/90*  
BUILDING costs are rising rapidly and would-be home owners should act quickly before they pass the magic subsidy level, says Mr Russell Glyn-Curthbert, marketing director of Gough Cooper Homes.

Homes costing up to R45 000 qualify for a R12 000 free subsidy under the Government's scheme to assist first-time home buyers. But after that, buyers are on their own, having passed out of the subsidy bracket.

Further assistance for buyers struggling to save a deposit comes in the form of a Bonus Discount of R2 400 offered by Gough Cooper to be used as part of their deposit. This offer is valid until the end of April.

Says Glyn-Curthbert: "Gough Cooper are still the inflation beaters in the supply of affordable housing. We use innovative skills and the financial muscle that comes from being part of the huge Group Five empire to offer

exceptional value for money, well below the inflation rate.

"We believe that everyone deserves to have a home of his own, and we do our best to make that dream come true. Our easy deposit scheme, and numerous financial packages which can be set up with employers who wish to assist their staff's housing needs, offer an outstanding opportunity for buyers."

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**Hurry**

But they must hurry, he says. If they wait much longer, the cost would have crept past the R45 000 barrier, and their hopes of a subsidy would have vanished.

Gough Cooper are already busy in Port Elizabeth, Pinetown, Pietermaritzburg, Durban, Soweto, Tembisa, Mamelodi and Soshanguve.

For further information contact Mr Kevin Dan at (011) 789-2060.



## SOWETAN BUSINESS

### Looking for ways to ease housing shortage in SA

It is up to trustees of retirement funds to balance the need to provide adequate retirement benefits with more immediate

need for shelter, says Southern Life general manager, Mr Roy Lennox.

Responding to criticism that life offices have not unlocked, on a grand scale, the large funds they hold to provide much-needed black housing, Lennox said pointed out that life offices, pension and provident funds only manage funds on behalf of policy-holders, employers and members who expect these institutions to maximise returns.

He said the housing crisis in South Africa was acknowledged as a problem and that initiatives to remove the backlog were welcomed.

Southern Life, recognising its responsibility to society, has allocated funds to help ease the problem.

However, while it was true that life offices controlled large amounts of money, these were managed in a trusteeship role.

Therefore, accepting the lower returns from investments in low-income housing was a decision life assurance companies were unable to make unless the policyholders, employers and members specifically requested it.

Clearly, he said, the assets of a retirement fund in housing loans as opposed to other investment avenues represented an opportunity cost to the fund, which could impact on the ultimate retirement benefits provided.

In general, the lower returns achieved on the housing loans have simply been a cost spread over the entire membership base, including the members who did not have housing loans.

This resulted in a degree of cross-subsidisation.

#### Benefits

"Some unions are against the use of retirement funds to subsidise housing needs.

"They argue that the objective of such funds is to provide benefits in retirement and that the State and employers be responsible for housing assistance."

Yet, Lennox said, some retirement funds did use their resources to provide housing loans.

Southern Life, in particular, had established various mechanisms to enable retirement funds to give their members housing loans.

Such loans, granted in terms of the Pension Funds Act, could be granted for amounts below the normal building society lending criteria.

Costs are kept to a minimum as bonds do not have to be registered.

"It is important if trustees decide to use funds to grant housing loans that they should set some criteria for eligibility.

"Clearly, some limitation is required to ensure that a reasonable portion of the assets of the retirement fund are directed towards growth securities such as equities and properties.

"Inadequate retirement benefits are likely to result if an excessive amount of the assets are held in the form of fixed-interest housing.

"Hopefully the initiatives started by various organisations, together with a reasonable flow of finance from retirement funds, can make a significant contribution towards solving the serious housing shortage," Lennox said.

**CHARLIE PAPERERS**  
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# Recipe for inter- group conflict

From MONO BADELA

JOHANNESBURG. — THE abolition of the Group Areas Act is a necessary first step in building cities that can serve South Africa in the 1990's.

This is but one of the findings contained in a 56-page study undertaken by the Urban Foundation into future urban policies.

The report suggests that a decision by the government to repeal the act should be taken as a matter of urgency.

The report states that the Group Areas Act is a fundamental structure of South African society.

It is one of the key "building blocks" of the present constitutional, administrative, social and political system.

The report suggests there could be little doubt that the State President's search for a new, negotiated constitution for the country places the Group Areas Act firmly on the national agenda.

The report, which arose from a four-year research project by the Private Sector Council on Urbanization, leads to the conclusion that racial legislation and in particular the Group Areas Act were the key obstacles to effective urban growth and development.

It says success in South Africa's national search for a new and acceptable constitution.

The abolition of the Group Areas Act was a "necessary first step".

The main reason for the abolition of the Act, the report says, is that it is not functioning.

It says the Group Areas Act has been rejected by a majority of South Africans. It has been overtaken by

events, and economic and population growth undermine its efficacy daily.

"The reality of urban South Africa is that the Group Areas Act is no longer able to contain black South Africans to pre-selected, separate urban areas and will increasingly become a legal anachronism," the report continues.

It says the main benefits of the repeal of the act would be:

- General clarity as to the future trajectory of change in the country's urban systems, specifically in the direction of normalisation and governance by market forces.

- The freeing of energies in public and private sectors to attend to the more pressing issues of promoting socially and economically vibrant urbanisation and urban development.

The report says the main costs of maintaining the Act include the continuance of broader political conflicts which the Act tends to crystallise and symbolise.

It also avoids the emerging urban realities and the mounting costs of eventually attending to these realities.

## Freedom

The report says there are great risks attached to the experimental Free Settlement option and the increased politicisation of urban issues which lessen the chances of their resolution.

The report proposes that the government should commit itself to the principles of residential freedom, the establishment of a free property market in the country's urban areas, the preservation of neighbourhood quality and environmental upgrading.

It calls for a proactive urban policy at national and local level to protect, preserve and extend public and private investment in South Africa's inner cities.

To prevent any insecurity in the interim, the report proposes that the government should take the necessary legal steps to ensure that no further prosecutions take place under the Act.

The Act creates an inward, group-oriented consciousness which in turn is one of the bases for race-based political mobilisation and intergroup conflict, the report says.



**OUTRAGED:** Mr Witbooi demonstrates how a municipal official grabbed his daughter, Yvonne, 18 months, before tossing her into the sand. His wife Katrina holds her



**MISERY:** Mrs Mina Meels in her plastic and cardboard shack at Bloekombos



# Low income housing a must

Sowetan

29/3/90

By SY MAKARINGE

THE government must make home ownership accessible to the lowest income group, chairman of the finance committee of the SA Advisory Council Peter Goede said last week.

Addressing a low income housing seminar at the Sandton Sun, Goede said fine housing policy; the availability of funding at market rates; excellent housing delivery systems and the availability of land and infrastructure with services would not satisfy people in the lowest income group without financial assistance from the government.

## Taxation system

"It is a function of the State to redistribute wealth and income through the taxation system and its appropriation.

"When referring to housing subsidies, it is one of mechanisms to provide basic facilities worthy of a civilised and caring community.

"I believe that it is now, after years of debate, generally accepted, that the State has a prominent role to play to facilitate the provision of housing and to provide assistance, particularly to those who have a serious affordability problem," he said.

# De Klerk's handout is not enough, says Arnott

Sowetan 29/3/90

THE shortage of low income housing has become a major sociological, economic and logistical nightmare, Mr Adrian Arnott, executive director of Southern Life, said at the low-income housing seminar.

Arnott said an enormous challenge existed in mobilising finance for home ownership.

He said President F W de Klerk's recent announcement that about R3-billion had been allocated to the provision of housing, health and education must be seen as a bold step in the right direction.

He said, however, that the amount required was far in excess of the sum.

Arnott said his company was concerned at the shortage of low-cost housing, and added that it had already experimented with shareholders' funds in that direction.



**ADRIAN ARNOTT**

"We have put our toes in the water and have not been scalded," he said.

He said there was a popular perception in the minds of the public that life insurers were awash with money.

"This is true in part, but only in part, since it does not acknowledge the competitive forces in the marketplace which demand that we give the best returns for policyholders and pension and provident fund members," he said.



# HOME IMPROVEMENTS

Workers, especially those organised into strong trade unions, will not accept a political settlement which does not made significant strides towards solving the housing crisis, says a leading unionist. See story below.



## Housing is a right - unionist

THE vast majority of the South African population will not be able to afford decent housing as long as it continues to be governed by profit margins rather than by the premise that housing is a right of all citizens.

This was said last week by Mr Geoff Schreiner, national organiser of the National Union of Metalworkers of South Africa, at the Sandton low-income housing seminar.

Schreiner pointed out at the onset that the views he expressed were not necessarily those of Numsa or of the Congress of South African Trade Unions.

### Theme

Speaking under the theme: "The Trade Union Perspective", Schreiner said unless the problem was addressed there would be a situation where few would live in relative affluence while the vast majority lived in abject poverty.

"The fissures in Thatcherite economics are there for all to see and the 'trickle-down' clap-trap of free marketeers must be buried once and for all," he said.

By SY MAKARINGE

He said a much more comprehensive housing policy was required - a policy which saw housing in its totality, as including not physical units but also land, infrastructure and services.

He said it must be a policy which also addressed itself to the needs of the poorest section of the population.

"The political constraints are there - working people will simply not accept a political settlement which does not make significant strides towards solving the housing crisis."

He said the newly announced Backlog Development Fund "will get us nowhere if the scheme is allowed to become a boxing ring for private sector housing initiatives".

He said employers must accept the responsibility of the housing needs of their employees. The State would have to actively intervene by way of subsidies and incentives to facilitate Retirement Benefit Scheme in-

vestments in order to force developers and financial institutions down-market.

"There is a danger of viewing the housing crisis in narrow technicist terms. It is a problem with deep political roots," Schreiner said.

*The warm, pink rug for your ceiling*

WINTER'S on the way and with it the need to keep homes warm - so why not do it the easy and inexpensive way by installing Aerolite?

This well-known pink product has been on the market for a number of years and has received the South African Bureau of Standards (SABS) mark of approval. It helps protect many South African homes from the winter chills which tend to seep in.

### Cellings

Aerolite is fitted into ceilings and installing it is so simple that many home-owners do it themselves. When it is fitted, it forms a barrier, preventing cold entering the home through the roof and also keeping the heat generated within the home from radiating out.

And a lot of heat is transferred from the inside of a home, which means a great deal of money and energy is wasted trying to keep a house warm.

As much as 50 percent of this heat is lost through the roof.

Looking like a big, pink blanket, Aerolite acts like one too. It is a safe way to keep a home insulated: it does not conduct electricity and so presents no danger, it is fire-proof, and it does not dry out the air like most other heating devices tend to do.

## HOME IMPROVEMENTS

# Housing Trust is making progress

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Fowelen 29/3/90

THE South African Housing Trust, which was formed about three years ago to address the acute housing shortage in South Africa's deprived communities, is making phenomenal progress.

The trust has committed itself to over R900-million of approved projects which will eventually result in 49 000 housing units and 33 000 serviced sites throughout the country.

According to the Council for Scientific and Industrial Research's *Housing Research Review*, it has already built more than 6 200 homes with the aid of loans granted by its financing company, the Khayaletu Home Loans.

The mandate given to the company by then State President P W Botha was that it should provide affordable mass

housing to people who earned between R300 and R800 a month. This would stimulate the economy through the creation of employment opportunities.

After intensive discussions with existing financial institutions, the company concluded agreements with local authorities and small developers for the erection of houses on available serviced sites.

Development was, however, constrained by lack of suitable serviced sites and the unwillingness of financial institutions to provide long-term loans to the low-income group.

"The company is, however, doing all it can to make as significant a contribution as possible towards removing constraints through simplifying existing systems and procedures.", the *Review* said.



## BUSINESS

# Government plans raising subsidies for black housing

The government has been spending far more to subsidise white home buyers than black, via the first-time home buyers subsidy, although the racial balance is beginning to shift.

And the government is looking at introducing a new scheme in which it will subsidise the cost of a serviced site purchased by a first-time owner, aimed at the majority of black families, who cannot afford formal houses but can buy serviced sites and build their own dwellings.

Between November 1985 and September 1989, white first-time home buyers were subsidised to the tune of R79-million (53 percent of the total), while black (African) home buyers in urban and rural areas received only R22-million (14 percent). However, in the period July to September 1989, R9,9-million was spent on the subsidy for whites (39 percent of the total) while R6,9-million (27 percent) was spent on urban and rural black (African) home buyers. For all black people, the total subsidy in this period was R15,6-million (61 percent).

The figures were presented to the Southern Life low-income housing conference last week by P Goede, of the South African Housing Advisory Council, which comprises government and private sector representatives and advises the government on housing policy matters.

The first-time home buyers subsidy, in terms of which the government pays one third of the interest on

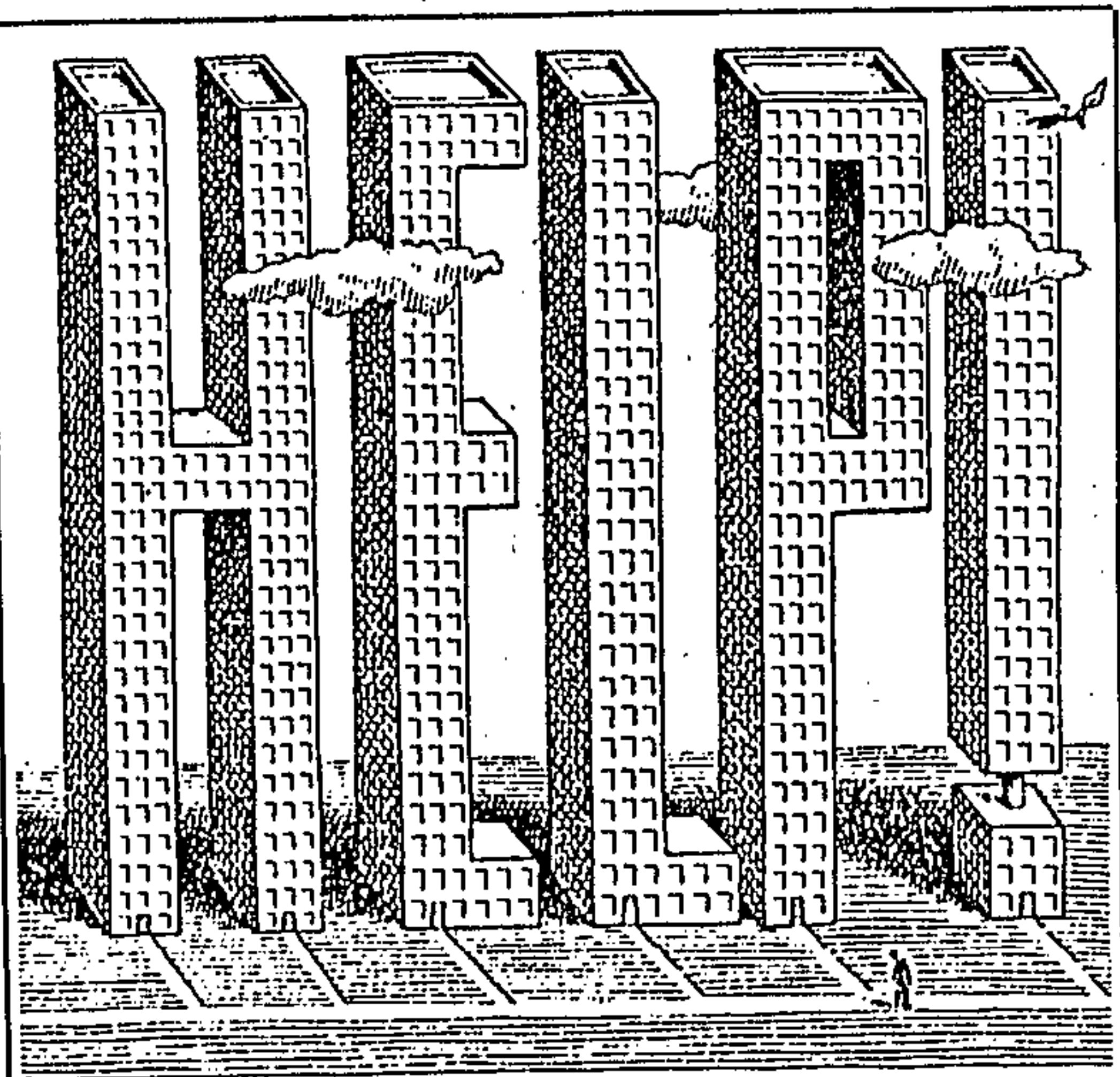
**Policy on housing subsidies will undergo a major review in the light of constitutional and political changes, reports HILARY JOFFE**

a bond for a house costing up to R60 000, was initially aimed only at newly built houses but for white people now applies to all houses. The scheme for whites has recently been amended so that only those earning R3 500 a month or less are eligible — a response to criticism that the subsidy was not restricted to low-income families.

The scheme is, however, limited by budget constraints and the effect of rising costs, according to Goede, who noted that the direction of South Africa's constitutional development and political realities dictated a "fundamental shake-up" of the subsidy policy.

The new proposal is for a capital subsidy on land to complement the first-time home buyers subsidy.

Urban Foundation housing policy director Jill Strelitz told the conference if a capital subsidy on sites was introduced, 43 percent of urban black people would be able to afford "incremental" or "informal" homes, and a further 41 percent would have access to "starter" homes. This would leave only five percent unable to afford to buy — compared to over 60 percent at present.



**High demand ... a rethink on subsidies can help alleviate shortages**

The new capital subsidy proposed by SAHAC would be on the selling price of a new serviced site in a site-and-service or settlement upgrading scheme, developed by the public or private sector. It would be available to those with a monthly income of R1 000 or less.

The maximum subsidy would be R6 000. This is based on the typical selling price of about R7 720 for a site provided with waterborne sewage, metered water, tarred bus routes, graded roads, stormwater drainage and public lighting. Electricity will not be covered by the scheme. The subsidy paid would be less in rural areas because the "raw land" cost is lower, Goede said.

Site and service schemes were one of the key issues at the conference.

Until now these have generally been provided by the public sector, and in very limited numbers. The South African Housing Trust now plans to move into this area. And a new black-owned company, South Finance Corporation, will sign contracts this year to service 10 000. Its funding will come from pension and provident funds, via the Perm.

The conference focused on ways of using retirement (pension and provident) fund money to meet housing needs.

Professor Anthony Asher, head of Wits University's Department of Actuarial Science and a consultant to trade unions, argued housing was a legitimate investment for pension and provident funds if fund members did not have housing, because this would increase members' financial security.

There are already some avenues for retirement funds to invest in housing. Pension funds can make loans to their members for housing, or a member's stake can be used as collateral for a bank or building society bond. New investment rules for pension and provident fund have made it feasible for them to direct a greater proportion of their investments towards residential property than previously. Southern Life is recommending up to 25 percent of a fund's money could be invested in housing although in theory the possible figure is greater than this.

The conference also looked at some new investment vehicles, which would make it easier for funds to make secure investments in housing which would earn market-related returns.

W/Mail 343-4490

# Stokvel loans bring money to the poor

By HILARY JOFFE

A NEW company is using the *stokvel* concept to grant very small loans for housing, which will allow poor people to upgrade their shacks or houses or buy serviced sites.

The Group Credit Company lends to groups of between 10 and 25 people, rather than to individuals. In turn, the group decides the amount of the loan to which each of its members is entitled, and peer pressure ensures members make their repayments on time. Individuals stand surety for each other and the group stands surety for them all.

The company, an Urban Foundation subsidiary, was set up with R1,5-million loan capital from the Development Bank and start-up funding from the UF. It is running a two-year pilot project for the scheme, during which it expects to sign up about 40 groups. It advanced its first loan in November and already 12 groups (174 individuals) are participating, according to Group Credit Company manager Christine Glover, who outlined the new scheme at a conference on Low Income Housing in Johannesburg last week.

Loans to individuals range from R500 to R5 000, with an expected average of R3 500. The loans are for up to five years, with fixed monthly repayments. Each group has to put down a 10 percent deposit, at any bank or building society, to secure the loan. The Group Credit Company grants each loan group a credit limit, raising it at four-month intervals if the group's repayment performance proves good.

Glover says in the three repayment months since the scheme began, monthly payments have been received in full and on time.

The interest rate charged on the loans is 33 percent. This is the maximum allowed by the Usury Act but is well below the 100 percent to 1 000 percent *per annum* interest rates charged by informal moneylenders, whom the UF found were one of the only sources of small loans for the poor.

The other major source of finance for the poor was found to be rotational credit or collective savings schemes, such as the *stokvels*, which enable members to afford to buy consumer goods. It is this concept which the new company is now extending to housing finance.

The private sector finance available at present addresses, at most, the 40 percent of urban black people who can afford conventional houses costing upwards of R12 500. The Group Credit Company aims to develop a form of private sector finance for the other 60 percent, many of whom are in casual employment, the informal sector or domestic work. These people usually do not have access to employer housing subsidies and can only afford "informal" houses (shacks) on which they cannot get bank or building society bonds, especially for the small amounts they might require to upgrade their homes.

Glover said all the groups participating in the scheme so far are in Cape Town's Khayelitsha, where borrowers are using their loans to register 99-year leaseholds, to provide R500 deposits on new houses for which they can get bonds from the Perm, or to upgrade their existing shacks, for example by insulating these. Some are adding two to three rooms to their homes.



# Scrapping Group Areas Act 'not enough'

By HILARY JOFFE

THE Urban Foundation has finally concluded that the Group Areas Act is a bad idea and should go. It would have been more than a little disconcerting if the liberal foundation had come to any other conclusion.

After all, the private sector interests it represents have expressed their opposition to the legislation often enough. And the UF itself has been calling for a new approach to South Africa's cities for some time.

But what is probably more important about this week's statement on Group Areas by the UF is its contention that abolishing the Act is not enough.

What the UF and the Private Sector Council on Urbanisation want to see is "more efficient, equitable and com-

pact cities better able to provide jobs, services and shelter for an expanding population". This in a context in which the population of South Africa's cities will more than double in the next 15 to 20 years.

In the first of its reports on "Policies for a new urban future", the UF and the Private Sector Council note the Act is the core policy and legal obstacle to "effective urban management for the 1990s". But, they add, "The abolition of racial laws is essential but cannot alone guarantee a healthy, vibrant urban environment with improved neighbourhood quality and amenities".

The UF's argument is that only a well-managed urban policy designed to encourage investment in the cities and enhance the quality of the environment can protect city dwellers of all races. Changing demographic and political realities (with, for example, hardly a suburb in Johannesburg which does not have black residents) make it unlikely that retaining the Act will protect white interests.

The UF calls on the government to commit itself to residential freedom and a free property market. It calls for neighbourhood upgrading programmes and the enforcement of democratically formulated "rules" to prevent the decline of urban neighbourhoods.

By DAVID JACKSON

THE PUSH for the repeal of the Group Areas Act received a major boost this week from the Urban Foundation.

In an important policy document — the result of four years of research — the foundation said there could be no interim strategy or halfway stages in the scrapping of the Act.

Group areas had to go immediately as an essential "first step".

Success in the cities was a "critical component" in the national search for a new and acceptable constitution and the Act should be removed instead of "overloading" the negotiation agenda.

Said Urban Foundation chief executive Sam van Coller: "The longer we delay, the more difficult it will be to get to grips with the developmental requirements of the cities.

"We don't see South Africa sitting in the one-policy option of

# Scrap Group Areas as first step toward new SA, says foundation

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enforced retention of the Act... the country has moved well beyond that."

Foundation research indicated that "a clear balance of white opinion" was in favour of — or would accept — change and reform beyond the Government's present policy position.

"It says the costs of a second or third best policy option far outweigh the risks of decisive change," said Mr Van Coller. "If the Government were to

take this bold step in good time, the private sector would support such a measure."

The report describes the Free Settlement Areas plan as a "fundamentally unworkable and flawed concept".

The Johannesburg proposals, with their built-in contradictions and anomalies, are cited as a classic example.

The foundation's research — which is already 12 to 16 months out of date — shows 40 percent of

Hillbrow residents are black.

Some 70 percent of residents said they were in favour of integration — yet Hillbrow has been excluded from the proposals.

In neighbouring Berea, which is included, only 40 percent of residents favoured integration.

Mayfair, which has 70 percent Indian residents, and Pageview, a historically mixed area where 86 Indian families have long been settled, are both excluded.

Research shows the Johannes-

burg CBD, Newtown and Fordsburg have about 50 percent black residents while there are sizeable numbers of black residents in Troyeville, Kensington and Bez Valley.

Yet all these areas have been excluded from the plan.

According to Anne Bernstein, the foundation's urbanisation executive director, about 10 percent of urban blacks could now afford to move to cities and towns if the Act was abolished.

The report says that if it becomes clear the Act will remain on the statute books for another three to five years, the private sector will have to develop an interim strategy — the tactical use of existing legal provisions to advance its objectives in the cities.

But if the timetable for abolition is shorter than three years, then the strategic pendulum shifts.

"It is now possible the required time for interim legislative and policy change will be such that an interim approach could be overtaken by events," the report said.

The "amendment route" could take several years to correct present policies.

● The chairman of Barlow Rand, Mr Mike Rosholt, this week became the new chairman of the Urban Foundation.

He succeeded Mr Jan Steyn, who has been appointed to head the Development Trust set up to administer the R3-billion allocated in the Budget.



# SA Trust provides R1,2bn for homes

SINCE its inception three years ago, the SA Housing Trust (SAHT) has contracted for R1,2bn which it estimates will provide about 50 000 houses and 46 000 serviced stands over the next few years.

Trust market development manager Mike Fowlds said in an interview that at the end of December the trust had built 13 941 houses and was able to provide 23 388 serviced stands.

Through bond financing division Khayathu Home Loans, which acted as a lender of last resort, the trust had led the huge financial institutions to the point where commitment had now been given to granting loans in this market as low as R12 500.

"We welcome this move as that is where the greatest accommodation need is," Fowlds said.

## Assists

He said the encouragement of black construction companies by the trust and the Urban Foundation was one of several routes the organisations were following to address SA's critical housing shortage.

The trust assists with training and bulk buying for the entrepreneur and one of its protégés in the Western Cape has won his first contract for 50 houses.

Through the Contractor Development Agency, a new project for the Urban Foundation, black construction entrepreneurs are helped with advice and to raise the finance to make them able to handle bigger projects.

Only about 700 000 houses are owned by the black community in SA at present and there is demand for another 800 000.

It is estimated that to eliminate the backlog and provide for growing demand,

CHARLOTTE MATHEWS

about 300 000 accommodation units a year need to be built for the next 10 years.

"The possession of a home gives a man dignity within his own community," Fowlds said.

"A man who owns a home becomes a part of the economy. He has an asset as security for getting HP and other credit financing. It creates a middle band of economically viable people.

The trust has embarked on a pilot project north of Evaton where it can provide a serviced stand, but without electricity, and an incremental house for R8 500.

"The trust's thought at this stage is that as the home-owner earns more money over time he can add to the house. We could register an initial bond of R20 000 so that he does not have to re-register each time he wants additional capital.

"We are also investigating other financial packages," he said.

An Urban Foundation spokesman said until recently only 10% of blacks who needed housing had been able to afford what was available, namely loans of R35 000 or more from building societies.

The Loan Guarantee Fund, an initiative by the Urban Foundation and the Mortgage Lenders Association of SA, would be launched soon. It was an insurance fund to enable building societies to give low loans.

The foundation was urging government to move away from the present policy of subsidising the interest rate on home loans to providing a once-off capital subsidy up front for serviced sites.

Barlow Rand chairman Mike Rosholt is to succeed Jan Steyn as chairman of the Urban Foundation's board of directors.



# Key players in SA reform

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If the private sector of South African business were able to find consensus on the two men who should be helmsmen of ambitions to steer a course towards the New South Africa, the ideal selection emerged out of the reshuffle in the hierarchy of the Urban Foundation announced at the weekend.

Mr Jan Steyn stands down as chairman on May 31 to devote full-time attention to a new role as su-premo of the R2 billion special fund launched by President de Klerk to work out a blueprint for black advancement.

Mr Mike Rosholt, chairman of the Barlow Rand industrial empire, who steps into the job, has both the knowledge of black frustrations and the experience of seeking the elusive answers to ensure a smooth partnership in efforts towards a common ambition — sweeping re-form for black society.

Both have been at the forefront of initiatives to stir new thinking about shaping the longer term fu-ture of South Africa, towards the final burial of all forms of apartheid and the emergence of a new inte-grated and non-racial society.

The record of Mr Steyn, head of the Urban Foundation since its in-ception in 1977, is well known. There have been few more pow-erful voices for big business to stand up and be counted in demands for socio-political reform.

No-one was taken by surprise when he was hand-picked by Mr de Klerk to serve as chairman of the new independent development trust that has kicked off with a R2 billion budget to plough into schemes aimed at improvements for black society.

It forms the bulk of a total State budget of R3 billion announced on March 16 for the upliftment of low-

On May 31, Mr Jan Steyn steps down as chairman of the Urban Foundation to run the Government's R2 billion black up-liftment fund. **MICHAEL CHESTER** examines his task and that of Mr Mike Rosholt, Mr Steyn's successor at the Urban Foundation.



Mr Jan Steyn . . . to head the special R2 billion fund.



Mr Mike Rosholt . . . new chair-man of the Urban Foundation.

income black families, with initial emphasis on housing schemes and better education facilities.

Mr de Klerk, evidently seeking to make amends for the disasters of apartheid policies, has assigned the R1 billion balance to special funds to be administered by the State.

But it is the R2 billion fund — and how Mr Steyn intends to spend it — that is widely regarded as the most important potential key to racial harmony.

The most encouraging aspect is that the State President has dis-tanced the Government from the running of the fund by handing over its management to neutral hands.

The independence of the stance Mr Steyn is determined to take has

been underlined in the way he has made clear that he wants such or-ganisations as the ANC, MDM, churches and trade unions to come into the exercise and lend a hand in planning the allocation of funds.

Crucial contacts have been made and formal responses are awaited. Mr Steyn is optimistic about the outcome.

For the moment, while discus-sions are held behind the scenes, he maintains a diplomatic silence about the possible pattern of ex-pen-diture.

While Mr Steyn presses ahead with the launch of the R2 billion fund and selects an order of priori-ties, Mr Rosholt will take the reins of a new programme launched by

the Urban Foundation to tackle per-haps the most sensitive aspects of the reform process — a masterplan for laying out entirely new futures for the urban areas.

It believes that the cities and towns, Johannesburg in particular, could be made the new models of the non-apartheid South Africa of tomorrow.

The Foundation last week re-leased the first section of a series of nine special reports that should be completed by mid-year. It made the basis of its proposed strategies loud and clear by urging the total remov-al of the Group Areas Act and a block to Free Settlement Areas as a vital first target.

It reasons that until that has been agreed, headway will be impossible in planning any new South Africa.

Equally important will be how the ultimate goals selected by Mr Steyn and his management team for the R2 billion expenditure pro-gramme fit into the jigsaw puzzle.

And that is where there has been a burst of renewed confidence on how the Steyn fund and Urban Foundation ambitions will coincide, with Mr Steyn and Mr Rosholt in apparent agreement.

Significantly, Mr Rosholt, a long-serving member of the Foundation's board of governors, has already made a mark as non-executive chairman of its residential develop-ment division, the operation devoted to solving as a priority the complex housing needs of low-income black families.

Housing, according to the experts, runs in parallel with education as a first priority on the long agenda of problems now to be tackled.

There may be more than first meets the eye on the crucial need for total accord in the Steyn/Ro-sholt exercises.



# Motlana denies remarks

Political Reporter

Soweto community leader Dr Nthato Motlana has vehemently denied telling an American audience last week that blacks would not touch the Government's new R3 billion fund for socio-economic upliftment.

Dr Motlana was quoted in The Star as saying: "We are going to say (to President de Klerk) 'Go to hell, man.' This is a question of principle, we are not going to touch that money."

His statement has caused an outcry among blacks and has even drawn criticism from organisations such as the United Democratic Front and the Azanian People's Organisation (Azapo).

The Star's correspondent in Washington, David Braun, insisted that he had accurately reported Dr Motlana's speech. Two tape recordings had been made of the meeting.

Dr Motlana, a former chairman of the Soweto Civic Association, said yesterday he had said that anti-apartheid groups in South Africa were reluctant to touch money made available by governments who were friendly to South Africa.

"I never said 'Go to hell' to the State President. I would never use such language. But I certainly said the money was too little," he said.

# Cracks show in council ranks

They live behind barbed wire. Their cars are petrol-bombed, their houses stoned. Some have suffered gruesome deaths at the hands of angry mobs.

For many black councillors who chose to participate in government structures, scorned by their communities as illegitimate puppet structures, the price is becoming too high.

They are quitting in droves — 61 since March in the Transvaal alone.

The reason: the Government's acknowledgement that apartheid has failed and that new structures, accommodating all South Africa's people, have to be negotiated.

Now-legal organisations such as the African National Congress and the United Democratic Front are stepping up campaigns for the abolition of unrepresentative structures.

Mr Mark Swilling, researcher at the Centre for Policy Studies at the University of the Witwatersrand, believes the system of black local authorities could collapse within six months.

"Given the new political climate where moderate political platforms are becoming increasingly unviable, it is easier to resign now than during the time when the Government praised and supported these structures."

"By acknowledging that extra-parliamentary organisations have majority support, the Government is admitting that black local authorities are frauds."

Almost 10 percent of the Transvaal's black councillors have already resigned under pressure from extra-parliamentary organisations which demand the abolition of all apartheid structures. Political Reporter **ESMARE VAN DER MERWE** examines the consequences of a collapse in black local authorities.

What would happen if the system collapses?

In terms of the Black Local Authorities Act of 1982, the Administrator can either call new elections, appoint councillors or appoint an administrator to run an area's affairs. The latter option is usually exercised.

Mr Tom Boya, president of the United Municipalities of South Africa (Umsa), believes this solution is unworkable.

"The problems remain the same. Administrators normally don't have a feel for our problems. Ironically, our people have demanded to run their own affairs. Now they can, but they demand the resignation of elected councillors. We end up with a situation where an administrator, usually a white person, again calls the shots."

He added: "When a council collapses, the community suffers. There is no one to take decisions, and projects come to a standstill."

Mr Boya favours the scrapping of black local authorities and the creation of non-racial municipalities — "geographic units based on the availability of funds" — run by councillors

who are elected on the basis of one man, one vote.

Mr Philip Nhlapo, president of the Urban Councils Association of South Africa (Ucasa), says if the present system has to go, a new system will have to take its place.

"Someone must represent the people. Someone must provide water and electricity and services. How do you do this without councils?"

He believes a non-racial system has to be negotiated by political leaders.

## Pressure

But he is highly critical of the ANC, who "wants to put thousands of people out of jobs by calling for the abolition of black local authorities."

Says Mr Nhlapo: "The ANC is controlled by the exiles who have done nothing for this country. How can you build a new South Africa on ruins?"

Mr Swilling predicts that pressure on councillors would be stepped up over the next six months — particularly in the Transvaal and the Eastern Cape — and that there is "a very good chance" that the system of local authorities would collapse.

If administrators are then appointed,

comments Mr Swilling: "The political consequence will be to confirm that local administrations are extensions of the illegitimate white regime. While the Government has attempted to maintain the facade of elected democracy, communities are revealing this reality."

"As far as the rendering of services is concerned, the collapse of the system won't have much effect because councillors have very little to do with these services."

"The irony is that, with councillors out of the way, there is a good chance that civic organisations may feel more comfortable negotiating with the provincial administration directly than with councillors who claim to have a mandate."

"In the wake of the collapse of black local authorities, local and representative community structures could emerge to negotiate with white councils and the provincial authority to establish non-racial local government forms. This strategy was formally accepted at the Conference for a Democratic Future last year and endorsed by Cosatu this year."

Mr Swilling said this system had already been implemented in a number of areas, including Johannesburg/Soweto, Sandton/Alexandra, Cape Town, Maritzburg, East London, Oudtshoorn, Port Elizabeth and Benoni/Watville.



# 'Poverty, joblessness behind rural violence'

BLOEMFONTEIN — The degree of violence that had spread to the rural areas was a violence caused by the frustration of poverty and unemployment, Professor Francis Wilson of the department of economics at the University of Cape Town told the 54th conference of the National Council of Women of South Africa in Bloemfontein yesterday.

The sheer degree of armed robbery, assault, rape, wife and child-battering and incest were part of the product of an intolerable position.

## Sickness in society

What was being witnessed at present was the degree to which this violence was manifesting itself in the rural areas of South Africa.

Professor Wilson said one could not point to cultural differences in this respect. This was the visible manifestation of a deep and underlying sickness in South African society. These were the realities with which black South Africans were faced, particularly if they were poor.

Poverty could not be reduced to a single number or statistic. The consequences of the migrant labour system also had the effect of impoverishing the rural areas. There had not always

been terrible poverty in the rural areas.

The anti-black urbanisation policy had had two consequences. It had the effect of freezing housing in the urban areas when the natural population growth required more houses. The other, more serious, consequence was that those who were pushed off the farms by improved technology were not allowed into the cities. The only places they could go to were the reserves, which were already overpopulated.

Professor Wilson said poverty was not only a South African problem. However, the rate at which people were coming on to the labour market was greater than that at which jobs were being created. This was a new phenomenon in SA.

Since 1975, South Africa had, as a result of population growth, lost its capacity to generate sufficient jobs.

There was a need for economic growth, but SA did not have the type of political stability that the rest of the world required for investment.

Professor Wilson said the new motto should be "Growth through redistribution".

It was a process that required political legitimacy. If South Africans were concerned about poverty, then a necessary condition to deal with it was a redistribution of political power. — Sapa.



Professor Wilson ... The poor must get a real share in South Africa's political process.

## Women told

Sta 4/4/90 By Winnie Graham  
South Africans have been told to view of the "setbacks and mass movements" which are inherent in any the rebuilding of a divided country.

Miss Isabel Direko, first woman ed as principal of a high scho State, delivered the Bertha Solo Lecture on "From Fear to Hope lence" at the National Council of al conference in Bloemfontein last

"Let us face the future in a sp difference," Miss Direko told the accept there are differences betw

# Improve existing services, says doctor

6/4/90 By Shirley Woodgate

No further money is available to employ more nurses and it is necessary to make optimum use of available manpower, says Dr J H O Pretorius, a spokesman for the Chief Directorate of Health Care Services in the Department of National Health.

Speaking at Baragwanath Hospital yesterday at the launch of a sponsored book: "Learn About Pregnancy, Labour and Early Baby Care" by Val Thomas and Jenny Prangley, he said his department was looking at new ways of making available manpower more effective.

Dr James McIntyre, consultant in obstetrics at Baragwanath, said that although black infant mortality rates were falling in South Africa, the

latest figures of 75 per 1 000 indicated that the situation remained unacceptable in view of the World Health Organisation target of less than 50 per 1 000 births.

A disparity existed between whites and blacks, with the rate for whites down to about nine per 1 000 and blacks registering about 61.

Highlighting the problem in rural areas, he said infant child mortality was as high as 190 compared with Soweto's 25 per 1 000 births.

Since 80 percent (or 40 000) of the infant deaths were attributed in 1986 to pre-natal, respiratory or intestinal infections, investigation should be directed in that direction.

The ultimate answer lay not in building more hospitals, but in improved primary health care services and health education, Dr McIntyre said.

## Thokoza, Eskom probe supply problems

6/4/90 By Montshiwa Moroke

Members of the Thokoza Civic Association (TCA) yesterday met officials of Eskom's southern Transvaal region regarding problems related to electricity in the East Rand township.

At the end of the meeting, both parties resolved to form a joint investigation committee, whose task would be to identify the problems and look at ways in which they could be solved.

The meeting was chaired by the regional manager of Eskom, Mr D L van Wyk, while the 18-man Thokoza delegation was led by Mr Sam Ntuli, president of the TCA.

The issues discussed at the meeting included the inaccuracy of meters, inaccuracy of bills, maintenance of the supply network, the possibility of a direct supply from Eskom and the question of a masterplan.

Problems experienced by residents in the town-

ship over the electricity issue led to a rent boycott, now three months old. Complaints of high electricity accounts and faulty meter readings have been a source of discontent.

Another complaint by residents is that some of the old sections of the township have not yet been electrified.

At present, electricity to the township is supplied by the Alberton municipality, which is the nearest town, while Alberton gets its power directly from Eskom.

In a statement afterwards the two parties said the joint working committee would be looking at ways in which the problems could be "resolved with the co-operation of other parties involved".

The other parties in this case apparently refer to the Alberton municipality and the administrator of Thokoza, following the resignation of the majority of councillors in the township this year.



By MATHATHA TSEDU

THE Lebowa Peoples Party of Chief Minister Nelson Ramodike yesterday resolved in principle to disband and join forces with any political organisation prepared to accept its members.

The resolution was adopted at the party's annual congress held at the Lebowakgomo Show-

grounds. The congress was attended by representatives from 10 constituencies. Transkei military ruler General Bantu Holomisa and Democratic Party co-leader Mr Wynand Malan also attended.

Speaking to newsmen during a recess yesterday, Ramodike said the LPP could not keep up with political developments because it was hampered by its eth-

nic base. Congress resolved that the party leadership would have with all progressive organisations such as the African National Congress, Pan Africanist Congress and the Black Consciousness Movement.

Ramodike also revealed that ANC deputy president Mr Nelson Mandela would visit Lebowakgomo soon to meet with chiefs in the bantustan. He

said he had received an invitation for talks with PAC president Mr Zeph Mothopeng and recently released PAC member, Mr Jeff Masemola. Dates for both meetings had not yet been set, he said.

Ramodike said his party had called on State President F W De Klerk to delimitate the provinces on a non-racial basis as a step

# Disband

NELSON RAMODIKE





Monday April 9 1990

# Massive fund set up for upliftment

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Sowetan 7/4/90

A LEADING insurance house has established a multi-million rand fund for the social development and upliftment of disadvantaged urban and rural South Afri-

By ISMAIL LAGARDIEN

cans.

In making the announcement, Liberty Life chairman Mr Donald Gordon said the R100 million

fund was his company's contribution towards what he called "the dream of a great new democratic South Africa".

He said the fund would over the next five years go to the provision of improved educational facilities, housing, the alleviation of poverty and the preparation for economic leadership of talented black entrepreneurs and other community leaders.

"We hope that Liberty Life's example will act as a catalyst and that other companies will follow our lead in encouraging the courageous initiatives of our political leadership - both black and white - with a full understanding of the horrific consequences to be faced if they fail us.

"If our social investment of R100m can help create an environment

conducive to a peaceful and stable transition to a democratic and equitable society we shall be delighted. No sacrifice is too great if it facilitates our achieving this, but all of business must play its part," Gordon said.

The fund will be called the Liberty Life Foundation and will be established immediately, funded by an amount of R65 million to be provided by the company's shareholders' reserves and a further R2 million allocated by the Donald Gordon Foundation.

The Foundation will initially be guided by a board of trustees representing interested parties drawn from various sectors of the South African community who will establish an appropriate programme of action in consultation with the relevant leaders.





MR DONALD GORDON: "The formation of The Liberty Life Foundation has nothing to do with our stance on nationalisation."

## Liberty defends motive for R100-m 'gesture'

THE decision by local insurance giant Liberty Life to spend R100 million on the "social upliftment of disadvantaged South Africans" was an investment and not intended to counter the threat of nationalisation.

Liberty chairman Donald Gordon said this week: "The formation of The Liberty Life Foundation has nothing to do with our stance on nationalisation. If, however, our work on upliftment and the process of preparation for economic leadership exposes nationalisation as the negative force it is, we would have partially, albeit coincidentally, succeeded in one of our objectives which is the creation of a more stable and prosperous economy."

He said the new Liberty Life Foundation initiative was a strong gesture of the company's support of "the dream of a great new democratic South Africa and we regard this R100 million as the best investment we could make in our investment portfolio to secure the future".

### Five-year plan

According to Mr Gordon the foundation would over the next five years spend more than R100 million on urban and rural upliftment of not only black but all disadvantaged communities in South Africa including improved educational facilities, housing, the alleviation of poverty and the preparation for economic leadership by talented black entrepreneurs and other community leaders.

"We hope that our example will act as a catalyst and that other companies will follow our lead in encouraging the courageous initiatives of our political leadership — both black and white — with a full understanding of the horri-

fic consequences to be faced if they fail us.

"If our social investment of R100 million can help to create an environment conducive to a peaceful and stable transition to a democratic and equitable society we shall be delighted. No sacrifice is too great if it facilitates our achieving this, but all of business must play its part."

Mr Gordon said the concept of an investment in social upliftment was nothing new to his company.

"Our Social Involvement Programme has always been as large as our resources have justified. In 1989, for example, we spent many millions on hundreds of projects including a R1 million donation to the Urban Foundation. The directors of Liberty Life have for some time been considering a major increase in our social involvement expenditure, particularly after an incredibly successful 1989.

"We believe that a special gesture is appropriate at this stage as we are convinced that the political initiatives now under way could be a major turning point in our history.

"It is vital for business now to come strongly up front and this in itself could play a critical role in the negotiating process.

"We dare not fail and business must participate — the politicians cannot do this alone. If they fail South Africa could well become a wasteland and our businesses will all be worthless."

He said that a board of trustees was being formed to administer the foundation and that Mrs Helen Suzman had accepted an invitation to serve as a

CHRIS MOERDYK

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# More options open for home buyers likely this year



Mr Zuko Tofile

THE recent positive steps in the South African political arena have been welcomed by business leaders and should result in a significant long term improvement in the economy's performance.

This was said by the chairman of Time Holdings Limited, Mr Colin Hibbet, in his annual report.

By JOSHUA RABOROKO

However, he says, the current slow-down in the economy is expected to continue through most of 1990 and interest rates are not expected to fall significantly before the third quarter of the year.

He says the group, which comprises three major operating divisions focusing on the areas of financial services, and insurance, housing and commercial property management and investment, is nevertheless strongly positioned in its three keys areas of activity, and is targeting a turnover budget approaching R350 million.

The report says in October Urban Foundation announced details of a scheme to provide bond finance for homes costing less than R35 000.

Until recently, developers were faced with a financing gap as few building societies would grant bonds of below R35 000 while the South African Housing Trust had a R20 000 lending ceiling.

Time can now enter the market for homes costing between R20 000 and R35 000 - a market which is estimated to exceed 250 000 units - thanks to the Urban Foundation, the report adds.

"Several statutory and practical issues remain to be resolved before the initiative comes into effect but we expect to benefit increasingly from the scheme from mid-1990."

## Unique chance for exhibitors

By JOSHUA RABOROKO

THOUSANDS of people are likely to attend this year's Matchmakers Exhibition at Nasrec from May 16 to 18.

White industrialists will once more come in their numbers hoping to identify black undertakings they can do business with.

Matchmaker director, Mr Zuko Tofile, said ordinary people will be exposed to a number of products and services which are available right on their doorstep - the townships.

Exhibitors will thus be provided with a unique, efficient and powerful platform from which to market their products and services.

Attracting the public to this event (and attracting their buying power) will be a programme of events the likes of which has never before been experienced, he said.

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*Capt. Truth 25/4/80*

## 60 black councillors quit

PRETORIA. — Sixty out of 692 black councillors have resigned following "unrest and intimidation" over the past few months, the Transvaal MEC in charge of local government, Mr Olaus van Zyl, said here yesterday.

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FRIDAY, 27 APRIL 1990

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## HOUSE OF ASSEMBLY

## QUESTIONS

+ Indicates translated version.

For written reply:

General Affairs:

## Town committees/Black local authorities constituted

30. Mr W C MALAN asked the Minister of Planning and Provincial Affairs:

How many (a) (i) town committees and (ii) other Black local authorities had been constituted, and (b) wards were there, in each specified area as at 31 December 1989? B66E

## The MINISTER OF PLANNING AND PROVINCIAL AFFAIRS:

## Transvaal

(a) (i) 47 town committees and

(ii) 33 other Black local authorities were constituted in the Transvaal, which consist of 19 city councils, 7 town councils and 7 local authority committees; and

(b) the number of (wards) seats as at 31 December 1989 are indicated below opposite each stated area:

| Town Committees | Wards | Seats |
|-----------------|-------|-------|
| Bekkersdal      | 7     | 7     |
| Boikutsa        | 5     | 5     |
| Boitumelong     | 5     | 5     |
| Boroelo         | 5     | 5     |
| Boteng          | 8     | 8     |
| Duduza          | 9     | 9     |
| EMbalenhle      | 1     | 9     |
| EMgwenya        | 1     | 6     |
| EMjindini       | 1     | 6     |
| EMzimoni        | 10    | 10    |
| ESizamele       | 1     | 6     |
| ETHandakuhanya  | 1     | 7     |
| EZamokuhle      | 1     | 6     |
| Ikageleng       | 5     | 5     |
| Impumelelo      | 7     | 7     |
| Ipelegeng       | 5     | 5     |
| Kanana          | 8     | 8     |

HOUSE OF ASSEMBLY

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Messina-Nancefield

Town Councils

Local Authority Committees — 2

Mhluzi

Town Councils

City Councils — 57

Mohlakeng

Town Councils

Local Authority Committees — 10

Mookgophong

Town Councils

City Councils — 53

Phagangeng

Town Councils

Local Authority Committees — 10

Sakhile

Town Councils

City Councils — 53

Soweto

Town Councils

Local Authority Committees — 10

Tembisa

Town Councils

City Councils — 53

Tokozu

Town Councils

City Councils — 53

Vosloosrus

Town Councils

City Councils — 53

Wartville

Town Councils

City Councils — 53

Wesselson

Town Councils

City Councils — 53

Note:

The number of seats are also indicated because some local authorities consist of only one ward, but have more seats (one per member).

Natal

(a) (i) 13 Town Committees

(ii) 4 Other Black Local Authorities

(b) the number of wards as at 31 December 1989 are indicated below opposite each specified area:

| Town Committees          | Wards |
|--------------------------|-------|
| Bhekuzulu (Vryheid)      | 7     |
| Bhongweni (Kokstad)      | 6     |
| Brunville (Mooi River)   | 5     |
| Dumbe (Paupiersburg)     | 5     |
| Enhalakale (Greytown)    | 5     |
| Hambanani (Tongaat)      | 6     |
| Elisakolele (Maradele)   | 6     |
| Ningizimu (Durban)       | 14    |
| Nkanyenzi (Colenso)      | 4     |
| Sibongile (Dundee)       | 7     |
| Sithembile (Glencoe)     | 5     |
| Sobantu (Pietmaritzburg) | 7     |
| Steadville (Ladysmith)   | 6     |

## Local Authority Committees

|                       |   |
|-----------------------|---|
| KwaMevana (Howick)    | 5 |
| Mzingisi (Cadarville) | 5 |
| Shakaville (Stanger)  | 5 |
| Shayamoya (Umzimto)   | 5 |

These local authority committees are not divided into wards.

## Orange Free State

|  |    |
|--|----|
| (a) (i) Town committees — 56 (fifty six)                                   | 56 |
| (ii) Other Black local authorities — 14 (fourteen) constituted as follows: | 14 |
| City Councils  | 4  |

HOUSE OF ASSEMBLY



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1102

|     |                                 |   |
|-----|---------------------------------|---|
| 17. | Kwaitindubu (Fort Beaufort)     | 1 |
| 18. | KwaZamukucinga<br>(Jansenville) | 1 |
| 19. | Kwazenzele (Paterson)           | 1 |
| 20. | Lingeletu (Adelaide)            | 1 |
| 21. | Luxolweni (Hofmeyer)            | 1 |
| 22. | Masakhane (Jamestown)           | 1 |
| 23. | Masakhe (Serkstroom)            | 1 |
| 24. | Masibambane (Elliot)            | 1 |
| 25. | Mavuya (Indwe)                  | 1 |
| 26. | Mlungisi (Queenstown)           | 8 |
| 27. | Mzomomhle (Burgersdorp)         | 1 |
| 28. | Nkululeko (Barkly East)         | 1 |
| 29. | Nolukhanyo (Bathurst)           | 1 |
| 30. | Nomonde (Molteno)               | 6 |
| 31. | Nozizwe (Venterstad)            | 1 |
| 32. | Nyarha (Bedford)                | 1 |
| 33. | Motherwell (Port Elizabeth)     | 8 |
| 34. | Qumtha (Konga)                  | 1 |
| 35. | Sinakho (Dordrecht)             | 1 |
| 36. | Sonwabile (Maclear)             | 1 |
| 37. | Thembalesizwe (Aberdeen)        | 1 |
| 38. | Umasizakhe (Graaff-Reinet)      | 1 |
| 39. | Uzmamomhle (Hankey)             | 1 |
| 40. | Vuyolwethu (Seydlerville)       | 1 |
| 41. | Wongaletu (Klipplaat)           | 1 |
| 42. | Zola (Tarkastad)                | 1 |

Other Black Local Authorities

|                              |    |
|------------------------------|----|
| City Councils                |    |
| Western Cape                 | —  |
| Northern Cape                |    |
| Eastern Cape:                |    |
| : Galeshewe (Kimberley)      | 12 |
| : Ibhayi (Port Elizabeth)    | 21 |
| : Kwanobuhle (Uitenhage)     | 16 |
| : Rini (Grahamstown)         | 9  |
| Town Councils                |    |
| Western Cape                 |    |
| : Ikapa (Cape Town)          | 20 |
| : Kuisebmond (Walvis Bay)    | 8  |
| : Lingeletu West (Cape Town) | 1  |
| Northern Cape                |    |
| : Paballelo (Ujingingon)     | 6  |
| : Nonzwakazi (De Aar)        | 6  |

تونس

**∴ Rhodes**

**MBOD: post of director**

269. Mr P J PAULUS asked the Minister of National Health and Population Development:†

(1) Whether the post of director at the Medical Bureau for Occupational Diseases has been filled; if so, by whom; if not, why not;

(2) (a) what remuneration package is offered for this post and (b) how does this remuneration compare with that for a similar post in the private sector?

Hansard 2714190

**B705E**

**THE MINISTER OF NATIONAL HEALTH  
AND POPULATION DEVELOPMENT:**

(1) No, a candidate has been offered an appointment but she is still negotiating the service benefits package with the Department of National Health and Population Development and the Commission for Administration;

(2) (a) the package for remuneration is that of a managerial post in the Public Service at the level of Director with *inter alia* a salary of R74 319 per annum (fixed) plus participation in the motor vehicle financing scheme for senior officials,

(b) the package for remuneration is regarded as fairly market-related to the package for remuneration of a comparable post in the private sector.

# Informal settlements need urgent upgrading

Durban's informal settlements need urgent upgrading, says Mr Tony Gilson, regional director of the Urban Foundation.

After a tour of projects at Besters settlement, he said the population of Durban was expected to rise from 3,5 million to 6,5 million by the year

2 000, with 75 percent of the people living in informal settlements.

"At least 40 percent of them would not have jobs," says Mr Gilson.

"Improved water supply, refuse collection, sanitation and access to permanent tenure are the greatest needs in these

settlements. (339) 1/5/90

"The Urban Foundation does not pretend to have all the answers and we know our efforts to upgrade must involve participation of the community in every phase."

Mr Gilson believes the urbanisation process is irreversible and that

cities should be properly managed.

Artificially-defined boundaries should be eliminated and industry should be encouraged in areas where there is every prospect of long-term viability.

Louis Koch, executive director of community

services in the Natal Provincial Administration, says housing developments in Inanda and other areas of Natal-kwaZulu should be linked to job creation.

"We need to address the entire problem," he says, "and if we concentrate only on housing, we will simply be pushing back the tide."



## Obed Kunene dies in car crash

OBED Kunene, former Editor of the Ilanga Zulu-language newspaper, was killed when his car was involved in an accident with a van on the N2, 15km from Empangeni on Sunday. 339 48

Kunene (53), was travelling from his home in Umlazi, south of Durban, to his business at Upper Nseleni, Zululand, when the accident happened.

Kunene joined Ilanga newspaper as a cub reporter in 1957 and ended up as its Editor. In 1986 he left the

newspaper and was appointed an executive director of the Urban Foundation. *Sowetan 2/5/70*

Two years later he left the UF to pursue his business interests in Upper Nseleni.

In addition to being a former executive of the Urban Foundation, Durban-born and raised Kunene was the foundation's regional director. He was the chairman of the Natal Regional Board at the time of his death.

He is survived by his wife, Phumelele, four children and one grandchild. Sapa.

Urban Foundation director

SAM van Coller, chief executive of the Urban Foundation, paid tribute on Monday to Obed Kunene's "wise guidance and warm personality."

In a statement on Monday on Kunene's death in a car accident at the weekend, Van Coller said Kunene had made an invaluable contribution to the Foundation both as a director and as chairman of the National Regional Board.

"He was one of those special South Africans able to rise above the conflicts within our society and to show that reconciliation can be achieved," Van Coller said. -pa.



As far as promotion opportunities are concerned, the Natal Parks Board has moved from a Divisional structure to a Regional structure, creating additional promotion opportunities for Nature Conservators in the Board.

#### Orange Free State:

- (1) (a) Control Nature Conservator 1  
Chief Nature Conservator 3  
Principal Nature Conservator 7  
Nature Conservator/Pupil 20  
Nature Conservator 20  
(b) 31 January 1990

- (2) (a) 5

- (b) Inadequate remuneration

- (c) Representations for an improvement in the remuneration of nature conservators were made to the Commission for Administration.

#### Black local authorities: auditing of books

100. Dr P J GOUS asked the Minister of Planning and Provincial Affairs:†

- (1) Whether the books of all Black local authorities were audited by the Auditor-General during the past financial year, as required in terms of the provisions of section 43 of the Black Local Authorities Act, No 102 of 1982, if not, (a) why not and (b) what action will be taken in this regard; if so, what is the debt of these authorities (i) in total and (ii) per province; (339)

- (2) (a) in respect of these authorities, what amounts (i) in total and (ii) per province are in arrears on accounts for (aa) water, (bb) electricity and (cc) other services and (b) in respect of what date is this information furnished?

- (3) whether over the latest specified period of five years for which information is available the State had to accept responsibility for the debts of Black local authorities by means of (a) payments and (b) guarantees to institutions; if so, what are the relevant details?

B250E

#### THE MINISTER OF PLANNING AND PROVINCIAL AFFAIRS:

##### Orange Free State:

- (1) No, only interim audits were conducted.

- (a) The revenue and expenditure accounts and balance sheets of some local authorities are not available at this stage. (335)

- (b) Special arrangements have been made in conjunction with the Auditor-General to employ private auditing firms to finalise the final financial statements of a number of Black Local Authorities.

- (i) Falls away.

- (ii) Falls away.

- (2) (a) (i) OFS — R34 669 423,43.

- (ii) (aa) Not available (see note).

- (bb) Not available (see note).

- (cc) Not available (see note).

- (b) 31 December 1989.

Note: In the Orange Free State the figures regarding water, electricity and other services are not calculated separately but collectively.

- (3) (a) R 7 885 000,00 in respect of loans.

- R79 942 236,84 in respect of bridging finance.

- (b) None.

##### Natal:

- (1) No.

- (a) Due to an inadequate staff structure and the lack of suitably trained staff.

- (b) The Executive Committee, to regularise the matter, approved the appointment of a firm of chartered accountants to finalise the books of account and to draw up financial statements for the 1988/89 and 1989/90 financial years. A firm of chartered accountants was appointed and started with this assignment in March 1990.

- (i) Falls away.

- (ii) Falls away.

- (2) (a) (i) —

- (ii) R2 958 356 (Unaudited)

- (aa) Water — R25 131

- (bb) Electricity — 23 762

- (cc) Service Charges — 2 909 463  
2 958 356

- (b) As at 31 December 1989.

- (3) (a) Yes. R84 328 674 by means of Bridging Finance up to 31 December 1989.

- (b) Yes. The Natal Provincial Administration accepted responsibility for guarantees for Loans amounting to R1 991 992 taken up with the Local Authorities Loans Fund.

#### Transvaal:

According to the Auditor-General 59 of the 80 local authorities in Transvaal have already submitted their financial statements for the financial year ending 30 June 1989. Of these the auditing of 24 is presently receiving attention. The financial statements of a further 8 of the 80 local authorities are in the process of finalisation and should be available by 30 April 1990 for final auditing. This leaves 13 local authorities of which some have already applied for postponement for the finalisation of their financial statements for 1988/89, as they do not at present have the competent staff; some have also requested the assistance of the Transvaal Provincial Administration's regional offices.

All possible efforts are applied to assist local authorities in the finalisation of the task, and, where necessary, the required expertise and assistance will be acquired from outside sources (close liaison will be maintained with the Auditor-General in this respect, with the object to also make use of auditors appointed by him).

- (2) The amounts owing by the residents to the local authorities and the latter to their bulk suppliers, are not readily available.

- (3) (a) Whenever Black local authorities cannot meet their loan obligations, bridging finance is considered strictly on merit and made available. Bridging finance to the amount of

R829 130 089 was made available to the local authorities in Transvaal during the following financial years:

|                                 |                  |              |
|---------------------------------|------------------|--------------|
| 1987/88                         | — financial year | R214 096 312 |
| 1988/89                         | — financial year | R313 246 051 |
| 1 April 1989 — 26 February 1990 |                  | R301 787 726 |
|                                 |                  | R829 130 089 |

- (b) For a period of approximately three years ending January 1990, local authorities acquired loans totalling R180 863 808 from the Local Authorities Loans Fund in respect of which the Transvaal Provincial Administration undertook to pay the instalments should the local authorities fail to do so. Such payments are set off against their bridging loans.

Particulars of these loans are as follows:

| Local Authority | Amount       |
|-----------------|--------------|
| Tokoza          | R 2 803 602  |
| Daveyton        | R 3 563 540  |
| Diepmeadow      | R 1 009 810  |
| Dobsonville     | R 155 355    |
| Soweto          | R160 694 310 |
| Atteridgeville  | R 2 378 000  |
| Jouberton       | R 510 082    |
| Kanana          | R 2 526 735  |
| Khuma           | R 367 374    |
| Kwa-Thema       | R 250 000    |
| Lekoa           | R 6 585 000  |
| Sivukile        | R 20 000     |
|                 | R180 863 808 |

#### Cape Province:

- (1) No

- (a) Because the books of the relevant local authorities are not properly written up. The reason being that with the take-over by the Cape Provincial Administration of the former Development Boards with effect from 1 October 1986, it was found that the bookkeeping of all Black local authorities was handled centrally. This system was taken over for the time being, in anticipation of inquiries by the Commission for Administration into the functioning, organisation and systems of the former Development Boards.



Following on an inquiry and report dated 30 October 1987, in which the Commission for Administration recommended that several of the centralised activities and functions be devolved on local authorities, implementation thereof began in May 1988. Post structures were created at the various Black local authorities and it was attempted to allocate the personnel (formerly development board and at that time provincial personnel) fulfilling the functions centrally, to the Black local authorities with a view to their transfer to such authorities. While the responsibility, inter alia, for financial functions was devolved with immediate effect, personnel could not be summarily transferred. Considerable resistance from personnel was experienced and large-scale resignations took place. The position therefore arose that, although the administrative tasks in respect of financial functions had to be performed by Black local authorities themselves and the necessary posts had been created therefor, they did not have expert staff available who could execute these tasks. The critical conditions concerning the bookkeeping of Black local authorities therefore arose as a result of the above concurrence in the financial year 1 July 1988 to 30 June 1989.

(b) To counter the critical condition, referred to in paragraph (1) (a) above, intensive attempts were made to recruit personnel and to train the officials who accepted posts with the Black local authorities. By the second half of 1989 most of the posts in respect of financial functions at the majority of the Black local authorities had been appropriately filled, especially the posts of chief executive officer and treasurer. In the meantime, and according to the progress of recruitment and appointments, 38

courses in the various financial functions as set out below were conducted by this Administration in collaboration with the National Training Board to 439 officers of Black local authorities:

| Subject  | Number of officials who have received training | Number of courses |
|--|--|-------------------|
| Financial regulations                            | 51   | 4                 |
| Municipal financial Administration               | 63   | 5                 |
| Accounting concepts, principles and book-keeping | 47   | 4                 |
| Expenditure                                      | 111  | 11                |
| Budget   |  |                   |
| Cashbook and bank reconciliation                 | 51   | 5                 |
| Expenditure                                      | 63   | 5                 |
| Income   | 53   | 4                 |
| TOTAL  | 439  | 38                |

Apart from the abovementioned formal courses which were mainly presented at the central training centre for Black local authorities in Port Elizabeth, the accounting personnel of Black local authorities are also regularly involved in practical training sessions which are presented on a decentralised basis. During these sessions, accounting staff have the opportunity to solve the problems they experience in practice under the guidance of a knowledgeable instructor.

As the appointments and training progressed, the outstanding book-keeping could be tackled. In order to speed up matters, the assistance of private auditors had to be called for. In the meanwhile and following on the abovementioned training project, the staff of 13 Black local authorities in the Cape Province

managed to complete the final accounts for 1988/89 with the help of regional personnel of this Administration. By the middle of February 1990 contracts had been entered into with 16 firms of auditors to bring the books of the remaining local authorities up to date as a matter of extreme urgency by 30 April 1990 at the latest. As a result of these arrangements, the books of 23 authorities have already been made available for auditing for the 1988/89 financial year.

By ongoing attempts to recruit and intensively train suitable personnel, and by entering into contracts with private firms of auditors (who at the same time assist with training), it is intended to make the final accounts of all Black local authorities up to and including 30 June 1990 available for auditing not later than 31 December 1990.

This Administration also intends, with the assistance of the Training Board, to appoint a few retired treasurers as mentors to provide the necessary training from 1 July 1990 in order to prevent the books of Black local authorities from becoming in arrears again.

(2) Reliable exact details are not available, mainly due to the circumstances explained under (1) (a) and (1) (b) above. An estimated total amount of R86,9 million was in arrears for rent and service charges by 31 December 1989. This includes rent and all service charges, including water and electricity.

(3) (a) Yes.

Bridging finance as set out hereunder was provided to the local authorities concerned by the Cape Provincial Administration in order to make it possible for them to maintain essential services such as water, sewerage, refuse removal, etc.

1987/88 = R124 083 million  
1988/89 = R 95 645 million  
1989/90 = R129 451 million

(b) No.

#### Urban land for Black occupation

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

Whether, in 1989, any land was identified in urban areas for Black occupation; if not, why not; if so, (a) how many hectares, and (b) where, in each case?

Answer 415190 B364E

#### THE MINISTER OF PLANNING AND PROVINCIAL AFFAIRS:

Yes.

(a) In 1989 25 122 ha land had been designated and defined in the RSA as development areas in terms of the Black Communities Development Act, 1984 (Act 4 of 1984).

(b) The area of land designated and defined is indicated per province, development region and town in the following table.

*Land designated and defined as development areas at Black town during 1989 outside the self-governing states*

| Province/Devel-opment Region | Town                        | Area (ha) |
|------------------------------|-----------------------------|-----------|
| <i>Cape Province:</i>        |                             |           |
| A                            | Zolani (Ashton)             | 12        |
|                              | Langa (Cape Town)           | 6         |
|                              | Sub total                   | 18        |
| B                            | —                           | —         |
| D                            | Dukathole (Aliwal North)    | 240       |
|                              | Motherwell (Port Elizabeth) | 630       |
|                              | Centerton (Hankey)          | 6         |
|                              | Weston (Hankey)             | 85        |
|                              | Bonrug (Kirkwood)           | 59        |
|                              | Reestonarea (East London)   | 940       |
|                              | Sub total                   | 1 960     |



*Orange Free State:*

|   |                       |      |
|---|-----------------------|------|
| C | MaoKeng (Kroonstad)   | 696  |
|   | Relebohile (Luckhoff) | 15   |
|   | Rammulotsi            | 111  |
|   | (Viljoenskroon)       | 822  |
|   | Sub total             | 1238 |

*Transvaal:*

|   |                         |      |
|---|-------------------------|------|
| F | Mhluzi (Middelburg)     | 258  |
|   | Vukuzakhe (Volksrust)   | 149  |
|   | KwaGuga (Witbank)       | 137  |
|   | eMbalenhe (TEKS-area)   | 591  |
|   | Kwazamokuhle (Hendrina) | 89   |
|   | Siyazenzela (Perdekop)  | 14   |
|   | Sub total               | 1238 |

## G

|   |                           |       |
|---|---------------------------|-------|
| H | Atteridgeville (Pretoria) | 1 475 |
|   | Mamelodi (Pretoria)       | 210   |

|  |                       |        |
|--|-----------------------|--------|
|  | Katlehong (Germiston) | 856    |
|  | Tokoza (Alberton)     |        |
|  | Vosloorus (Boksburg)  |        |
|  | KwaThema (Springs)    |        |
|  | Tsakane (Brakpan)     |        |
|  | Duduza (Nigel)        | 689    |
|  | Alexandra (Sandton)   | 280    |
|  | Greater Soweto        |        |
|  | (Johannesburg)        | 97     |
|  | Area west of Soweto   | 13 506 |
|  | Sharpeville/Boipatong |        |
|  | (Vereeniging)         | 410    |
|  | Sebokeng/Evaton       |        |
|  | (Vanderbijlpark)      | 2 866  |
|  | Daveyton (Benoni)     | 86     |
|  | Sub total             | 20 475 |

## J

|  |                     |     |
|--|---------------------|-----|
|  | Khuma (Stilfontein) | 428 |
|--|---------------------|-----|

*Natal:*

|   |                            |        |
|---|----------------------------|--------|
| E | Hambanani (Tongaat)        | 69     |
|   | Sobantu (Pietermaritzburg) | 8      |
|   | Thubalethu (Melmoth)       | 14     |
|   | Weenen Emergency Camp      | 90     |
|   | Sub total                  | 181    |
|   | GRAND TOTAL: RSA           | 25 122 |

## Central business districts: open trading areas

154. Mr A J LEON asked the Minister of Planning and Provincial Affairs:

- (1) (a) How many central business districts had been proclaimed open trading areas as at 31 December 1989, (b) where is each

situated and (c) when were they proclaimed in each case;

- (2) (a) how many central business districts had been advertised as at the above date as areas designated to be proclaimed open trading areas, (b) where is each area situated and (c) when is it anticipated that each will be proclaimed?

Answered 4/5/90 B373E

## THE MINISTER OF PLANNING AND PROVINCIAL AFFAIRS:

- (1) (a) 115

- (b) and (c)

| Centre            | Proc. No. | Date         |
|-------------------|-----------|--------------|
| Douglas           | 5         | 10 Feb 1989  |
| Uitenhage         | 7         | 10 Feb 1989  |
| Newcastle         | 32        | 23 Mar 1989  |
| Ladysmith         | 30        | 23 Mar 1989  |
| Glencoe           | 29        | 23 Mar 1989  |
| Kuysna            | 57        | 28 Apr 1989  |
| Lichtenburg       | 66        | 26 May 1989  |
| Westville         | 81        | 9 June 1989  |
| Postmasburg       | 83        | 9 June 1989  |
| Rustenburg        | 119       | 14 July 1989 |
| Kenton on Sea     | 117       | 14 July 1989 |
| Riversdale        | 125       | 14 July 1989 |
| Benoni Actonville | 124       | 14 July 1989 |
| Richmond (Natal)  | 144       | 4 Aug 1989   |
| Greytown          | 150       | 11 Aug 1989  |
| Richard's Bay     | 164       | 15 Sept 1989 |
| Graaff-Reinet     | 181       | 27 Oct 1989  |
| Fort Beaufort     | 188       | 10 Nov 1989  |
| Germiston         | 193       | 17 Nov 1989  |
| Boksburg          | 201       | 8 Dec 1989   |
| Randburg          | 2         | 15 Jan 1988  |
| Prieska           | 1         | 15 Jan 1988  |
| Rodepoort         | 15        | 19 Feb 1988  |
| Germiston         | 36        | 11 Mar 1988  |
| Stanger           | 35        | 11 Mar 1988  |
| Goodwood          | 40        | 18 Mar 1988  |
| Empangeni         | 57        | 31 Mar 1988  |
| Frankfort         | 56        | 31 Mar 1988  |
| Klerksdorp        | 74        | 5 May 1988   |
| Kroonstad         | 81        | 20 May 1988  |
| Krugersdorp       | 88        | 3 June 1988  |
| Brakpan           | 115       | 15 July 1988 |
| Matatiele         | 116       | 15 July 1988 |
| Potgietersrus     | 142       | 26 Aug 1988  |
| Messina           | 140       | 26 Aug 1988  |
| Hartsmith         | 143       | 26 Aug 1988  |
| Potchefstroom     | 137       | 26 Aug 1988  |

|                   |     |              |                     |     |              |
|-------------------|-----|--------------|---------------------|-----|--------------|
| Verwoerdburg      | 135 | 26 Aug 1988  | Potchefstroom       | 81  | 9 May 1986   |
| Sandton           | 144 | 26 Aug 1988  | Witbank             | 83  | 9 May 1986   |
| Westonaria        | 148 | 2 Sept 1988  | Cape Town           | 79  | 9 May 1986   |
| Uptington         | 156 | 16 Sept 1988 | Colenso             | 88  | 23 May 1986  |
| Simon's Town      | 158 | 16 Sept 1988 | King William's Town | 90  | 23 May 1986  |
| Gordon's Bay      | 155 | 16 Sept 1988 | Delmas              | 91  | 23 May 1986  |
| Ceres             | 159 | 16 Sept 1988 | Port Shepstone      | 105 | 20 June 1986 |
| Athlone/          |     |              | Volksrust           | 106 | 20 June 1986 |
| Mitchell's Plain/ | 160 | 16 Sept 1988 | Vryburg             | 137 | 9 Aug 1986   |
| Retreat-Tokai     |     |              | Malmesbury          | 143 | 15 Aug 1986  |
| Edenvale          | 161 | 16 Sept 1988 | Kimberley           | 153 | 5 Sept 1986  |
| Stellenbosch      | 184 | 4 Nov 1988   | East London         | 169 | 19 Sept 1986 |
| Bloemfontein      | 191 | 11 Nov 1988  | Nigel               | 170 | 19 Sept 1986 |
| Kokstad           | 202 | 2 Dec 1988   | Stellenbosch        | 181 | 3 Oct 1986   |
| Oudshoorn         | 205 | 2 Dec 1988   | Queenstown          | 179 | 3 Oct 1986   |
| Virginia          | 207 | 2 Dec 1988   | Nelspruit           | 184 | 3 Oct 1986   |
| De Aar            | 210 | 2 Dec 1988   | Paarl               | 192 | 24 Oct 1986  |
| Carletonville     | 216 | 9 Dec 1988   | Swellendam          | 191 | 24 Oct 1986  |
| Grahamstown       | 222 | 30 Dec 1988  | Somerset West       | 203 | 31 Oct 1986  |
| Hennenman         | 221 | 30 Dec 1988  | George              | 202 | 31 Oct 1986  |
| Hermanus          | 22  | 20 Feb 1987  | Bellville           | 206 | 7 Nov 1986   |
| Plettenberg Bay   | 38  | 13 Mar 1987  | Port Elizabeth      | 207 | 7 Nov 1986   |
| Strand            | 37  | 13 Mar 1987  | Pietermaritzburg    | 209 | 7 Nov 1986   |
| Still Bay         | 42  | 27 Mar 1987  | Fish Hoek           | 211 | 7 Nov 1986   |
| Vredenburg        | 39  | 27 Mar 1987  | Parow               | 216 | 14 Nov 1986  |
| Eshowe            | 43  | 27 Mar 1987  |                     |     |              |
| Worcester         | 63  | 16 Apr 1987  |                     |     |              |
| Pietersburg       | 71  | 30 Apr 1987  |                     |     |              |
| Port Shepstone    | 72  | 30 Apr 1987  |                     |     |              |
| Montagu           | 70  | 30 Apr 1987  |                     |     |              |
| Welkom            | 69  | 30 Apr 1987  |                     |     |              |
| Minerton          | 68  | 30 Apr 1987  |                     |     |              |
| Benoni            | 67  | 30 Apr 1987  |                     |     |              |
| Colenso           | 66  | 30 Apr 1987  |                     |     |              |
| Grabouw           | 79  | 22 May 1987  |                     |     |              |
| Glencoe           | 80  | 29 May 1987  |                     |     |              |
| Vanderbijlpark    | 86  | 12 June 1987 |                     |     |              |
| Gordon's Bay      | 88  | 26 June 1987 |                     |     |              |
| Springs           | 100 | 26 June 1987 |                     |     |              |
| Kuysna            | 111 | 10 July 1987 |                     |     |              |
| Pinetown          | 113 | 24 July 1987 |                     |     |              |
| Tongaat           | 114 | 24 July 1987 |                     |     |              |
| Carnarvon         | 129 | 11 Sept 1987 |                     |     |              |
| Kempion Park      | 132 | 25 Sept 1987 |                     |     |              |
| Akasia            | 131 | 25 Sept 1987 |                     |     |              |
| Kuils River       | 133 | 25 Sept 1987 |                     |     |              |
| Moorreesburg      | 144 | 9 Oct 1987   |                     |     |              |
| Durbanville       | 145 | 9 Oct 1987   |                     |     |              |
| Mooi River        | 191 | 31 Dec 1987  |                     |     |              |
| Durban            | 19  | 21 Feb 1986  |                     |     |              |
| Johannesburg      | 18  | 21 Feb 1986  |                     |     |              |
| Nelspruit         | 58  | 4 Apr 1986   |                     |     |              |
| Estcourt          | 64  | 18 Apr 1986  |                     |     |              |
| Howick            | 71  | 2 May 1986   |                     |     |              |
| Ottery            | 82  | 9 May 1986   |                     |     |              |

## Cape Province

## Natal

if 6,2 people Alexandra said it was impossible to accommodate more people in the city.

## Advice for black home buyers

By Joe Openshaw

Incompetent contractors, unethical credit brokers and dishonest developers may soon prey on the millions of homeless people desperate for proper housing as the black population becomes rapidly urbanised.

This warning was given in Johannesburg yesterday by Mr Keith Sandile Kunene, executive member of the Black Lawyers' Association, at the launch of a Housing Advice Centre.

The centre is being set up by the Legal Aid Bureau (LAB), assisted by the South African Housing Trust (SAHT) — to give guidance and assistance to people new to property ownership and who could fall victim to exploitation by unscrupulous operators.

The SAHT presented a cheque of R50 000 to Mrs Pauline Lipson, director of the LAB, for the initiation of the first advice centre.

"The SAHT believes the housing shortage in the whole country could top 2 million units by 1992.

"By the end of this century two in every three black South African will be city or town dwellers.

Today's population of 38 million is expected to have grown to 48 million by then.

### Deepening despair

"These statistics spell just one thing for millions of homeless people — deepening despair.

"Unsophisticated people not acquainted with private ownership, the savings ethic, with capital and interest or mortgages and repayments are obviously going to be confused when moving into the affordable housing market for the first time," he said.

Mr Kunene said unscrupulous exploitation of the desperate and ignorant could derail or seriously hamper the whole national housing effort.

The first Housing Advice Centre will be run from York House, Johannesburg and it is hoped, eventually, to have a network of advice centres at townships throughout the PWV area.



# Looking past the profits

Star 4/5/90

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## Generating economic justice for democracy

The South African industrial and commercial "machine", made up of everyone from the housewife to the smallest informal business unit to the largest conglomerate, generates what may broadly be described as the "wealth" of the nation.

That wealth comprises a wide spectrum of "outputs" — from child development and education to various products and services; from salaries and wages to social enrichment and responsibility programmes; and from personal fulfilment to the profits, measured in money, available for distribution to the shareholders.

As a consequence of our heritage and our circumstance, we as a business community are infatuated with only one component of that wealth output, namely bottom line profit.

That infatuation is primarily attributable to the concentrated structure of the South African economy and the consequential control exercised by the portfolio managers of the large institutional investors.

Those fund managers carry no responsibility for any component of wealth output apart from the monetary return on the administered portfolio measured in the very short time frame. They have no interest in whether the industry in which they have invested is labour or capital intensive, offers fulfilling or unfulfilling work opportunities or sells products and services which enrich or impoverish society.

In short, the nature, amount and distribution of the total wealth output is of no concern, only the amount of short-term profit is.

It is a truism that you only get what you measure and, even more importantly, what you reward. Since it is only short-term profits which are measured, and consequently rewarded, the overwhelming concern of the professional managers of the formal sector of the economy is the maximisation of that short-term profit, again without any real concern as to whether

Ways must be found to look past profit at wealth generation and distribution, writes **BOB TUCKER**, managing director of The Perm division of NedPerm Bank.

"wealth" is generated and fairly distributed in the process or not.

Regrettably, in my view, the attention of the fiscus has likewise been diverted away from the nature, or "mix", of wealth-generating activities towards the quantification of bottom line profits and the application of the fiscus' share of those profits on public expenditure.

In fact, since the mid-1970s there has been a consistent trend away from tax incentives which influence the nature and direction of economic activity, even though such incentives have the advantage of only being accessible by businesses which are profitable in the first place.

Consequently, no one who has the power to do so is prepared to influence the mix and distribution of wealth, and yet large sections of the population are sorely deprived. It is hardly surprising, therefore, that their spokesmen should stake an immediate claim to that asset which would give them capacity both to exert that influence and to appropriate the profit flow which they have been induced, by our behaviour, to believe is the only component of any real value.

The potential tragedy of nationalisation (primarily because it severely inhibits individual freedom and the freedom to be enterprising) is obvious from recent history. But then an alternative mechanism for "redistributing wealth" or, in my

terms, generating a different "mix" and distribution of wealth outputs, must be offered.

Merely running a string of expenditure side programmes and projects would amount to "paternalistic fish feeding" and would be unlikely to do much towards equipping the people with fishing rods or with the knowledge to use them.

If an appeal to the "social conscience" of managers is anathema to our business ethic; if government is not prepared to influence the wealth and distribution mix by way of tax incentives; and if expenditure side programmes amount to paternalistic "fish feeding", it would seem that the only real option is to apply the money which the government and others are now making available in a catalytic way to mobilise the very considerable wealth-generating potential which does exist.

A recent visit to a squatter camp, for example, revealed the ability of 5 000 families to establish that many homes in a matter of weeks. What would happen if that resource could be matched with the capacity of their employers, pension funds, the building material suppliers, small contractors and the financial institutions, all of whom are looking for an opportunity to do good business?

And what catalytic action is necessary to bring about the effective interaction of those resources? There are many similar examples

in all fields of human endeavour. The first task would be to identify the most urgent needs of the affected communities.

Historically, we have tended to sit in our ivory towers and have determined those needs for the people concerned. If, however, that identification is undertaken with them, the potential for integrated and synergistic co-operation is significantly enhanced.

Having identified the needs, all the resources, ranging from the finances, skills and human energy of the community itself to the capacity of all other sectors of the economy which could be directed towards the satisfaction of those needs, would have to be evaluated. Obviously if those resources were interacting effectively in generating the optimum range of wealth outputs, the community need would have been satisfied in the first place — but there must be some inhibiting factors.

Depending on how severe they are, it is those inhibiting factors which have to be removed by the application of an appropriate catalyst. For example, in the Urban Foundation/Mortgage Lenders Low Cost Housing initiative, the inhibiting factors were an unquantifiable risk and the cost of capital. By establishing a loan guarantee fund with R20 million and access to fixed cost capital, the financial institutions were willing to give undertakings of finance running into billions of rands.

I have no doubt that in similar ways a huge amount of energy could be liberated and considerable additional wealth generated and distributed much more fairly among the communities of South Africa. If such a programme were pursued with sufficient vigour and resources, optimists such as I might even contemplate the eventual establishment of a free economic system which generates the economic justice appropriate to a non-racial democracy.



- (b) PA 3 — R1 459,27  
PA 4 — R2 947,27  
PA 5 — R3 561  
PA 6 — Nil  
PA 7 — R895  
PA 8 — Nil

Incidentals not exceeding R300 are not included in the above-mentioned amounts.

#### Natal:

- (a) NP 26 — 39 000 km  
NP 63 — 24 613 km  
NP 64 — 34 775 km  
NP 43 — 38 378 km  
NP 69670 — 16 138 km (since August 1989)  
(b) NP 26 — R2 583,27  
NP 63 — R1 763,15  
NP 64 — R1 991,59  
NP 43 — R4 101,27  
NP 69670 — R1 443,32

#### Transvaal:

As far as the Province of Transvaal is concerned, the following:

- (a) the kilometres covered were, respectively, as follows:

| Provincial Registration Number | Official Number | Type Vehicle    | Kilometres |
|--------------------------------|-----------------|-----------------|------------|
| LJL 252 T                      | GCP 189 G       | Mercedes 230 E  | 44 756     |
| MDX 114 T                      | GCV 184 G       | Mercedes 230 EA | 69 456     |
| NJS 063 T                      | GCV 621 G       | Mercedes 230 E  | 47 560     |
| LJL 245 T                      | GCP 188 G       | Mercedes 230 E  | 29 593     |
| KXJ 978 T                      | GCP 187 G       | BMW 728 i       | 57 181     |
| LMG 311 T                      | GCP 619 G       | BMW 728 iM      | 26 865     |

- (b) the maintenance costs were as follows:

| Provincial Registration Number | Official Number | Type Vehicle    | Amount    |
|--------------------------------|-----------------|-----------------|-----------|
| LJL 252 T                      | GCP 189 G       | Mercedes 230 E  | R4 730,00 |
| MDX 114 T                      | GCV 184 G       | Mercedes 230 EA | R2 916,00 |
| NJS 063 T                      | GCV 621 G       | Mercedes 230 E  | R4 434,00 |
| LJL 245 T                      | GCP 188 G       | Mercedes 230 E  | R4 241,96 |
| KXJ 978 T                      | GCP 187 G       | BMW 728 i       | R8 779,58 |
| LMG 311 T                      | GCP 619 G       | BMW 728 iM      | R2 308,90 |

#### Orange Free State:

- (a) OB 55088 — 13 500 km  
OB 55011 — 25 600 km  
OB 59000 — 17 600 km  
OB 59059 — 18 200 km

- (b) OB 55088 — R12 201,25  
OB 55011 — R 3 429,55  
OB 59000 — R 2 998,27  
OB 59059 — R 3 625,91

#### Black local authorities: joint debt burden

204. Mr W C MALAN asked the Minister of Planning and Provincial Affairs:

- (1) (a) What was the joint debt burden of Black local authorities in the Orange Free State at the end of the 1986-87 financial year and (b) to what amount had it increased by the end of the 1988-89 financial year;  
(2) whether there are any Black local authorities in this province which do not have a debt burden at present; if so, (a) what authorities and (b) in respect of what date is this information furnished?

The MINISTER OF PLANNING AND PROVINCIAL AFFAIRS:

- (1) (a) R185 190 243,00 — This amount is subject to final auditing.  
(b) The accumulated debt at the end of the 1988-89 financial year cannot be furnished, as the financial statements for the 1987-88 and 1988-89 financial years have not yet been completed.  
(2) None.  
(a) Falls away.  
(b) Falls away.

#### Stinkdam squatters

215. Mr W C MALAN asked the Minister of Planning and Provincial Affairs:

- (1) Whether squatters from Stinkdam, near Allandridge in the Orange Free State, have been or are to be moved; if so, (a) for what reasons, (b) when, (c) where to and (d) how long has the Stinkdam camp been in existence;  
(2) whether any investigations into the possibility of upgrading Stinkdam have been made; if not, why not; if so, (a) when, (b) by whom and (c) what were the findings of the investigation?

The MINISTER OF PLANNING AND PROVINCIAL AFFAIRS:

#### Orange Free State:

- (1) Yes.  
(a) The squatters camp is adjacent to a natural pan of which the water-level varies according to the rainfall and which is fed by the immediate vicinity of the pan where squatters reside with consequent extremely high residual concentration and resultant health risks.  
(b) Is presently in process.  
(c) To Nyakallong, a newly planned and surveyed town adjacent to Stinkdam and which is supplied with municipal services.  
(d) Approximately 28 years.  
(2) Yes.  
(a) During the existence of the former Southern Orange Free State Development Board.  
(b) By the former Southern Orange Free State Development Board.  
(c) (i) Primarily because of health reasons it was essential that the squatters be moved.  
(ii) The secondary reasons were: that the ground is not suitable for the erection of houses that the land is also required for the expansion of the sewerage disposal works, which serve both the White and Black towns at Allandridge.

The MINISTER OF PLANNING AND PROVINCIAL AFFAIRS:

#### Orange Free State

- (1) The total debts as on 31 December 1989 per town were as follows:

| Local Authorities             | Total debts  |
|-------------------------------|--------------|
| Allandridge (Nyakallong)      | R 8 374,06   |
| Arlington (Leratswana)        | 78 069,05    |
| Bethlehem (Bothokong)         | 710 609,05   |
| Bloemfontein (Mangaung)       | 6 272 650,00 |
| Bothaville (Kgotsoeng)        | 3 831 295,65 |
| Boshof (Seretse)              | 9 457,97     |
| Bullfontein (Phahameng)       | 137 847,75   |
| Brandfort (Majwemasweu)       | 196 388,10   |
| Clarens (Kgebeswana)          | 6 503,08     |
| Clocolan (Hohlokwane)         | 119 151,61   |
| Cornelia (Ntswanatsatsi)      | 12 947,91    |
| Dealesville (Tswaraganang)    | 107 509,48   |
| Dewetsdorp (Morojaneng)       | 121 521,17   |
| Edenburg (Ha-Rasebei)         | 162 531,96   |
| Edenville (Ngwathethe)        | 24 530,95    |
| Excelsior (Mabatswetsa)       | 23 545,64    |
| Fauresmith (Ipopeeng)         | 28 427,68    |
| Ficksburg (Mogeleng)          | 1 303 217,02 |
| Fouriesburg (Masjaing)        | 95 516,64    |
| Frankfort (Namahadi)          | 205 123,56   |
| Harrismith (42nd Hill)        | 283 053,72   |
| Henneman (Phomolong)          | 330 421,40   |
| Hertzogville (Malebogo)       | 11 325,27    |
| Heilbron (Phuriona)           | 517 561,91   |
| Hobhouse (Dipelaneng)         | 7 586,03     |
| Hoopstad (Tikwana)            | 38 966,87    |
| Jacobsdale (Ratanang)         | 203 770,75   |
| Jagersfontein (Tlumeleng)     | 182 664,74   |
| Kestell (Tholong)             | 27 640,74    |
| Koffiefontein (Ditlake)       | 55 462,28    |
| Koppies (Kwakwasi)            | 206 840,26   |
| Kroonstad (Maokeng)           | 3 622 259,00 |
| Ladybrand (Manyatseng)        | 90 042,96    |
| Lindley (Ntsha)               | 105 043,11   |
| Marquard (Moe-maneng)         | 36 147,99    |
| Memel (Zamani)                | 6 877,08     |
| Odendaalsrus (Kutlwano)       | 730 171,37   |
| Oranjeville (Metismaholo)     | 16 171,37    |
| Parys (Tumahole)              | 6 728 811,22 |
| Paul Roux (Fateng-Tse-Ntsho)  | 44 546,40    |
| Petrusburg (Boelokanang)      | 60 143,74    |
| Petrus Steyn (Mamafubedu)     | 67 012,72    |
| Philippolis (Foding-Tse-Rolo) | 21 675,24    |
| Reddersburg (Ohweng)          | 66 168,22    |
| Reitz (Petsana)               | 346 596,89   |
| Rosendal (Mause)              | 32 305,39    |
| Rouxville (Rweleleyathunya)   | 118 128,80   |
| Senekal (Marwabeng)           | 80 962,83    |
| Smithfield (Mofalatshene)     | 14 221,05    |
| Soutpan (Ikgomotseng)         | 58 904,40    |

#### Black local authorities: revenue

216. Mr P G SOAL asked the Minister of Planning and Provincial Affairs: What total amount was due to each specified Black local authority in respect of (a) rents, (b) services and (c) other specified levies as at 31 December 1989?



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|                             |            |                         |                |
|-----------------------------|------------|-------------------------|----------------|
| Springfontein (Maphodi)     | 67 701,25  | Vrede (Thembaile)       | 49 571,35      |
| Steynsrus (Matlanguwang)    | 31 987,69  | Vrededorf (Mokwallo)    | 172 291,36     |
| Theunissen (Masilo)         | 145 201,12 | Warden (Ezenzele)       | 12 285,42      |
| Trompsburg (Madikgetla)     | 63 936,61  | Welkom (Thabong)        | 4 337 542,07   |
| Tweespruit (Borwa)          | 43 600,09  | Wepener (Qibing)        | 91 250,20      |
| Tweeling (Mafahaneng)       | 11 932,55  | Wesselsbron (Monyakeng) | 236 290,80     |
| Van Stadenrus (Thapelang)   | 12 451,75  | Winburg (Makelake)      | 55 471,55      |
| Van Stadenrus (Mmamahabane) | 147 214,62 | Zastron (Matlakeng)     | 76 235,53      |
| Verkeerdelei (Tshepong)     | 73 403,39  | TOTAL                   | R34 669 423,43 |
| Viljoenskroon (Rammulotsi)  | 378 577,69 |                         |                |
| Villiers (Qalabotja)        | 105 964,22 |                         |                |
| Virginia (Meloding)         | 959 901,79 |                         |                |

Note: In the Orange Free State the figures regarding rent, services and other charges are not calculated separately but collectively.

Natal:

The total amount owing at 31 December 1989 to each of the 18 Black Local Authorities is as follows:

| Black Local Authorities | Amounts Due   |              |              |       |
|-------------------------|---------------|--------------|--------------|-------|
|                         | (a)           | (b)          | (c)          | Total |
| Rents                   | Services      | Other        |              |       |
| Mzingisi                | R 126,00      | R 62,00      | R 126,00     |       |
| Kwa Meyana              | 427,80        | 65 060,45    | 534,80       |       |
| Klaarwater              | 187 621,45    | 112 828,24   | 252 681,90   |       |
| Shakaville              | 78 542,72     | —            | 191 370,96   |       |
| Shayamoya               | 313,40        | —            | 313,40       |       |
| Ningizimu               | 601 401,23    | 1 809 051,60 | 2 410 453,01 |       |
| Hambanati               | 77 429,34     | 7 015,78     | 84 444,94    |       |
| Sibongile               | 21 379,94     | 330 288,66   | 351 668,60   |       |
| Sithembile              | 3 358,37      | 53 098,93    | 56 457,30    |       |
| Dumbe                   | —             | 12 018,10    | 12 018,10    |       |
| Bhekuzulu               | 493,60        | 3 212,39     | 3 705,99     |       |
| Steadville              | 8 312,40      | 20 702,87    | 29 015,27    |       |
| Itsokele                | 54,80         | —            | 54,80        |       |
| Sobantu                 | 23 221,35     | 78 739,21    | 101 960,56   |       |
| Bhongweni               | 36 891,97     | 63 719,94    | 100 611,91   |       |
| Nkanyesi                | 2 736,80      | —            | 2 736,80     |       |
| Enhlalakahle            | 3 388,45      | 8 333,99     | 11 722,44    |       |
| Bruntville              | 12 464,75     | 54 277,23    | 66 741,98    |       |
|                         | R1 058 209,37 | 2 618 409,39 | 3 676 618,76 |       |

Transvaal:

Figures in respect of (a), (b) and (c) cannot be furnished separately. The accumulated arrears in respect of rent and service charges per local authority in Transvaal as at 31 December 1989, are as follows:

| Name of Town              | Amount      |
|---------------------------|-------------|
| Alexandra (Sandton)       | R7 206 964  |
| Bekkersdal (Westonaria)   | 391 996     |
| Diepmeadow (Johannesburg) | 75 760 161  |
| Dobsonville (Roodepoort)  | 9 306 510   |
| Evaton (Vanderbijlpark)   | 8 901 414   |
| Kagiso (Krugersdorp)      | 5 590 174   |
| Khutsong (Carletonville)  | 337 264     |
| Kokosi (Fochville)        | 114 900     |
| Lekoa (Vanderbijlpark)    | 114 131 711 |
| Mohlakeng (Randfontein)   | 3 083 871   |
| Soweto (Johannesburg)     | 306 049 306 |
| Boteng (Delmas)           | 555 419     |
| Daveyton (Benoni)         | 4 915 400   |
| Duduza (Nigel)            | 653 914     |
| Impumelelo (Devon)        | 29 259      |
| Katlehong (Germiston)     | 16 202 527  |

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|                               |            |                             |              |
|-------------------------------|------------|-----------------------------|--------------|
| Kwa Thema (Springs)           | 5 699 852  | Siyazenzela (Perdekop)      | 4            |
| Ratanda (Heidelberg)          | 1 344 802  | Siyakile (Morgenzon)        | 7 482        |
| Tembisa (Kempton Park)        | 14 808 797 | Vukusakhe (Volksrust)       | 168 283      |
| Tokoza (Alberton)             | 6 022 782  | Wessellon (Ernelo)          | 1 125 158    |
| Tsakane (Brakpan)             | 3 470 153  | Belabela (Warmbaths)        | 304 668      |
| Vosloorus (Boksburg)          | 13 585 146 | Moogophong (Naboomspruit)   | 10 174       |
| Wartville (Benoni)            | 311 828    | Nansfield-Messina (Messina) | 9 436        |
| Ateridgeville (Pretoria)      | 5 750 800  | Phagameng (Nyistroom)       | 106 704      |
| Mamelodi (Pretoria)           | 18 625 340 | Thabazimbi (Thabazimbi)     | —            |
| Refilwe (Cullinan)            | 82 986     | TOTAL                       | R640 859 384 |
| Zithobeni (Bronkhorstspuit)   | 42 132     |                             |              |
| Agisang (Sannieshof)          | 79 672     |                             |              |
| Boikhatso (Lichtenburg)       | 117 429    |                             |              |
| Boitumelong (Bloemhof)        | 27 217     |                             |              |
| Borelelo (Swartburg)          | 27 568     |                             |              |
| Ikageng (Zeest)               | 22 361     |                             |              |
| Ikageng (Poielstruom)         | 1 219 169  |                             |              |
| Ipelegeng (Schweizer-Reneke)  | 81 449     |                             |              |
| Jouberton (Klerksdorp)        | 1 974 701  |                             |              |
| Kanana (Orkney)               | 608 857    |                             |              |
| Kgakala (Leuodoringstad)      | 159 574    |                             |              |
| Khuma (Stilfontein)           | 558 479    |                             |              |
| Lebaleng (Makwassie)          | 29 729     |                             |              |
| Leisopa (Ottosdal)            | 120 871    |                             |              |
| Reagle (Koster)               | 174 316    |                             |              |
| Tigane (Hartbeestfontein)     | 55 077     |                             |              |
| Tlhabologang (Coligny)        | 10 808     |                             |              |
| Tshing (Venterdorp)           | 44 886     |                             |              |
| Tsweleng (Wolmaransstad)      | 147 669    |                             |              |
| Uitwanang (Christiana)        | 69 756     |                             |              |
| Embalenhe (Evander)           | 1 376 374  |                             |              |
| eMgwenya (Waterl-Boven)       | 412 488    |                             |              |
| eMjindini (Barberton)         | 555 095    |                             |              |
| Emlonjeni (Machadodorp)       | 134 390    |                             |              |
| Emzinoni (Bethal)             | 284 046    |                             |              |
| eSizamelele (Wakkerstroom)    | 64 945     |                             |              |
| eThandakukhanya (Piet Retief) | 1 579 870  |                             |              |
| eZamokuhle (Amersfoort)       | 15 629     |                             |              |
| KwaChibukulu (Chrissiesmeer)  | 2 125      |                             |              |
| KwaDela (Davel)               | 38 271     |                             |              |
| Kwa Gugu (Witbank)            | 684 057    |                             |              |
| Kwathandeka (Amsterdam)       | 50 960     |                             |              |
| Kwa Zamele (Hendrina)         | 84 528     |                             |              |
| Lebohang (Leslie)             | 1 714 228  |                             |              |
| Masing (Lydenburg)            | 391 563    |                             |              |
| Mbuluzi (Middelburg)          | 2 235      |                             |              |
| Nthorwane (Greylingstad)      | 112 820    |                             |              |
| Phola (Ogies)                 | 101 301    |                             |              |
| Sakhele (Dullstroom)          | 50 458     |                             |              |
| Sakhele (Standerton)          | 10 747     |                             |              |
| Silobela (Carolina)           | 1 732 119  |                             |              |
| Simile (Sabie)                | 513 245    |                             |              |
| Siyathemba (Balfour)          | 18 364     |                             |              |
| Siyathuthuka (Bellast)        | 101 898    |                             |              |
|                               | 590 723    |                             |              |

Cape Province:

(1) The total amount due to each Black local authority is set out in the attached schedule. The accumulated total outstanding rent, service charges and other levies is summarised as follows:

|          |                          |
|----------|--------------------------|
| Rent     | column (a) = R11 336 781 |
| Services | column (b) = R59 439 204 |
| Other    | column (c) = R13 294 200 |
|          | R84 070 185              |

Detailed particulars of the outstanding debts in column (c) "Other" is not readily available at present. Levies under this heading include, inter alia, the following: site fees, payments on houses sold, instalments on houses built with the aid of job creation funds, loans for building materials and variety of miscellaneous items.

(2) The total outstanding amount of R84,07 million does not include the amounts owed by residents of the following development areas:

|                |               |               |
|----------------|---------------|---------------|
| Kynsna         | : Khayaletu   | = R 37 118    |
| Keimond        | : South       | = R 2 371     |
| Kenton on      | : Marselle    | = R 45 170    |
| Port Alfred    | : Nkwenzwezi  | = R 662 972   |
| Port Elizabeth | : Kwamagazali | = R 2 076 596 |
| Elizabeth      | : Kwadwezi    | = R 8 278     |
| Marydale       |               | = R 2 832 505 |

(3) Jeffreys Bay:

There are no outstanding debts as the rent for 24 houses under the control of the local authority is paid monthly in advance. Service charges and other levies are paid timeously.

(4) Crossroads:

No outstanding debts are reflected owing

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to the fact that the local authority is not yet operating on a system of raising levies. The reason is that, although a fixed service charge per site was in force before 1988, no records of sites and occupants was available. Levies were raised as and when payments were received. Subsequently, during first and second development phases two to three families had to be accommodated temporarily on the identified sites.

In the meantime considerable delays for various reasons were experienced on the reaching of consensus by the Town Committee on tariffs. The proposed tariffs however, have recently been published for objections. After the promulgation of by-laws, arrangements will be made for the implementation of a system of raising levies. As reliable particulars of developed sites and occupants become available, it will be possible to implement the levies effectively.

### Amounts due on 31 December 1989

| Magistrate District | Name           | Rents   | Services  | Other   | Total     |
|---------------------|----------------|---------|-----------|---------|-----------|
| Aberdeen            | Thembaesizwe   | 7 845   | 112 514   | 3 629   | 123 988   |
| Adelaide            | Lingeletu      | 9 122   | 46 939    | 1 163   | 57 224    |
| Alexandria          | Kwanonqubela   | 9 256   | 5 183     | 0       | 14 439    |
| Alicedale           | Kwanonzwakazi  | 31 333  | 44 398    | 0       | 75 731    |
| Alwal North         | Dukathole      | 34 408  | 1 288 167 | 23 323  | 1 345 898 |
| Ashton              | Zolani         | 32 030  | 19 927    | 0       | 51 957    |
| Barkly East         | Nkululeko      | 8 773   | 438 849   | 20 856  | 468 478   |
| Barkly West         | Maraleng       | 29 607  | 45 744    | 58 729  | 134 080   |
| Bathurst            | Nolukhanyo     | 3 663   | 0         | 6       | 3 669     |
| Beaufort West       | Sidesaviwa     | 25 780  | 583 514   | 0       | 609 294   |
| Bedford             | Nyarha         | 16 635  | 75 890    | 0       | 92 525    |
| Bristown            | Mzizabantu     | 5 214   | 11 672    | 16 760  | 33 646    |
| Burgersdorp         | Mzamonhle      | 8 352   | 61 346    | 18 174  | 87 872    |
| Cathcart            | Katikati       | 44 123  | 224 567   | 0       | 268 690   |
| Ceres               | Nduli          | 41 595  | 7 507     | 0       | 49 102    |
| Colesberg           | Kuyasa         | 58 521  | 281 064   | 284 331 | 623 916   |
| Cookhouse           | Bhongweni      | 214 780 | 510 824   | 0       | 725 604   |
| Cradock             | Lingelthe      | 3 029   | 1 635 590 | 186 786 | 1 825 405 |
| Danielskuil         | Thakalatlou    | 2 018   | 11 316    | 2 836   | 16 170    |
| De Aar              | Nonzwakazi     | 445 743 | 458 621   | 396 960 | 1 301 324 |
| Deportshoop         | Tidimalo       | 29 968  | 134 932   | 130 618 | 295 418   |
| Dordrecht           | Sinakho        | 4 169   | 480 690   | 12 502  | 497 361   |
| Douglas             | Bongani        | 1 952   | 5 340     | 5 955   | 13 248    |
| Elliot              | Masibambane    | 95 589  | 564 073   | 2 268   | 661 930   |
| Fort Beaufort       | Kwatinidubu    | 3 114   | 434 767   | 619 552 | 1 057 433 |
| George              | Thembaletu     | 73 576  | 860 928   | 0       | 934 504   |
| Graaff-Reinet       | Umasizakhe     | 46 232  | 223 352   | 17 205  | 286 789   |
| Grahamstown         | Rini           | 443 214 | 1 761 132 | 0       | 2 204 346 |
| Griekwatoen         | Matomola       | 3 427   | 6 841     | 9 240   | 19 508    |
| Hankey              | Umzamonhle     | 28      | 64 265    | 0       | 64 293    |
| Hanover             | Nompumelo      | 87 706  | 81 742    | 119 920 | 289 368   |
| Hermanus            | Zwelithe       | 27 080  | 5 158     | 0       | 32 238    |
| Hofmeyr             | Luxolweni      | 38 512  | 229 855   | 0       | 268 367   |
| Humansdorp          | Kwanonzwamo    | 79 070  | 65 488    | 0       | 144 558   |
| Indwe               | Mavuya         | 165     | 574 234   | 2 033   | 576 432   |
| Jameson             | Masakhane      | 3 378   | 107 365   | 5 844   | 116 587   |
| Jan Kempdorp        | Valspan        | 1 382   | 28 012    | 17 347  | 46 741    |
| Jansenville         | Kwazamukucinga | 137     | 126 036   | 0       | 126 173   |

### Amounts due on 31 December 1989

| Magistrate District | Name           | Rents     | Services   | Other     | Total      |
|---------------------|----------------|-----------|------------|-----------|------------|
| Jeffreys Bay        | Jeffreys Bay   | 1 422 511 | 3 414 026  | 0         | 0          |
| Cape Town           | Ikapa          | 0         | 0          | 853 507   | 5 690 044  |
| Cape Town           | Kruispad       | 0         | 0          | 0         | 0          |
| Cape Town           | Lingeletu West | 1 647 453 | 3 214 163  | 975 278   | 5 836 894  |
| Kareedouw           | Kareedouw      | 0         | 11 893     | 0         | 11 893     |
| Kei Road            | Kei Road       | 0         | 13 516     | 0         | 13 516     |
| Kimberley           | Galeshewe      | 161 693   | 3 389 989  | 1 529 385 | 5 081 067  |
| King William's Town | Ginsberg       | 4 609     | 141 031    | 813 654   | 959 294    |
| Kirkwood            | Bontrug        | 0         | 95 202     | 3 999     | 99 201     |
| Klipplaat           | Wongalethu     | 1 037     | 192 002    | 109 760   | 302 799    |
| Komga               | Qumtha         | 10        | 57 951     | 281 743   | 339 704    |
| Kulstiver           | Mfuleni        | 3 971     | 25 665     | 12 572    | 42 208     |
| Lady Grey           | Kwheinaledi    | 6 410     | 91 274     | 15 695    | 113 379    |
| Maclea              | Sonwabile      | 309 512   | 23 514     | 0         | 333 026    |
| Middelburg          | Kwanonzwame    | 232 909   | 502 120    | 35 978    | 771 007    |
| Molteno             | Nomonde        | 26 159    | 199 263    | 532 735   | 758 157    |
| Mossel Bay          | Kwanonqaba     | 381 954   | 679 900    | 1 061 854 | 2 203 638  |
| Noupoort            | Kwazamuxolo    | 41 195    | 40 413     | 139 030   | 220 638    |
| Ollantshoek         | Ditlong        | 3 297     | 20 155     | 6 964     | 30 416     |
| East London         | Gomo Town      | 383 561   | 2 401 004  | 975 384   | 3 759 949  |
| Oudshoorn           | Bongolethu     | 24 116    | 149 143    | 0         | 173 259    |
| Paarl               | Mbekweni       | 49 636    | 115 818    | 109 029   | 274 483    |
| Paterson            | Kwazenzele     | 326 960   | 2 818      | 0         | 329 778    |
| Pearston            | Khaniso        | 420       | 127 395    | 0         | 127 815    |
| Pennsville          | Theminkosi     | 3 032     | 10 495     | 11 237    | 24 764     |
| Phillipstown        | Lykhanysweni   | 19 443    | 74 995     | 44 712    | 139 150    |
| Port Elizabeth      | Ibhayi         | 1 641 564 | 18 257 003 | 0         | 19 898 567 |
| Port Elizabeth      | Motherwell     | 0         | 4 707 298  | 1 715 431 | 6 422 729  |
| Postmasburg         | Biochoko       | 26 561    | 55 391     | 61 022    | 142 974    |
| Prieska             | E'thembeni     | 29 893    | 55 079     | 77 839    | 162 831    |
| Queenstown          | Mlungisi       | 57 383    | 2 476 198  | 145 140   | 2 697 176  |
| Reivilo             | Boipele        | 2 272     | 6 473      | 6 912     | 15 657     |
| Rhodes              | Zakhele        | 42        | 6 972      | 0         | 7 014      |
| Richmond            | Sabelo         | 26 449    | 39 492     | 70 453    | 136 394    |
| Ritchie             | Motswedimosa   | 6 095     | 14 773     | 21 986    | 42 854     |
| Robertson           | Nkgutubela     | 54 216    | 52 216     | 0         | 106 248    |
| Somerset East       | Kwanojoli      | 14 080    | 79 255     | 0         | 93 335     |
| Stellenbosch        | Masake         | 41 364    | 99 272     | 24 818    | 165 454    |
| Sterksdorp          | Khayamandi     | 103       | 242 708    | 323 001   | 565 812    |
| Steynsburg          | Vuyolethu      | 67 729    | 268 642    | 328 293   | 664 664    |
| Steytlerville       | Lwandle        | 203       | 101 878    | 0         | 102 081    |
| Strand              | Cumakala       | 2 689     | 17 995     | 0         | 20 684     |
| Stutterheim         | Zola           | 576       | 226 583    | 428 059   | 655 218    |
| Tarkastad           | Dyoki          | 23 961    | 281 302    | 275 533   | 580 796    |
| Ugie                | Kwanobuhle     | 0         | 106 381    | 264       | 106 645    |
| Uitenhage           | Paballelo      | 1 506 867 | 3 516 025  | 0         | 5 022 892  |
| Uppington           | Nozizwe        | 304 406   | 1 221 913  | 851 366   | 2 377 685  |
| Venterstad          | Masinyusane    | 6 464     | 151 096    | 10 632    | 168 192    |
| Victoria West       | Huhudi         | 17 378    | 170 472    | 0         | 187 850    |
| Vryburg             | Kuisebmond     | 299 190   | 245 742    | 313 845   | 858 777    |
| Walvis Bay          |                | 20 431    | 76 860     | 0         | 97 291     |



## Amounts due on 31 December 1989

| Magistrate District | Name      | Rents             | Services          | Other             | Total             |
|---------------------|-----------|-------------------|-------------------|-------------------|-------------------|
| Warrenton           | Ikhutseng | 21 729            | 270 192           | 205 302           | 497 223           |
| Windsorion          | Kutlwano  | 1 598             | 12 939            | 27 585            | 42 122            |
| Worcester           | Zwelemba  | 142 852           | 67 567            | 0                 | 210 419           |
|                     |           | <u>11 336 781</u> | <u>59 439 204</u> | <u>13 294 200</u> | <u>84 070 185</u> |

## 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?

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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?

4/5/90

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.

(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?

## 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) refused?

Sowetan 4/5/90

## 700 Putco workers at 2 depots out of jobs

By LEN MASEKO

ABOUT 700 Putco employees have either been fired or retrenched at two of the company's Reef depots over the past four weeks, a spokesman for the Transport and General Workers' Union said yesterday.

TGWU official Ms Kelly Forrest said about 450 workers at Putco's Wynberg depot, who demanded that an official be transferred, were dismissed after taking part in a work stoppage.

### Dispute

Forrest said the stoppage had not yet been resolved because management was prepared to reinstate only some of the strikers.

In addition, the TGWU members wanted to be paid for the period they were on strike. The management had rejected this.

Putco spokesman Mr Isaac Tait confirmed the dispute, saying the transfer of the divisional manager was no longer the issue "because he has agreed not to go back to the depot".

### Court

He said, however, the two parties were still locked in negotiations over the issue of reinstating the entire workforce.

Putco and the TGWU are involved in another dispute in Springs - this time over the retrenchment of about 250 workers and the closure of a local depot last weekend.

The union is to challenge the closure in the Industrial Court.



# Local authorities owed R763m in rents

338 Political Staff

THE financial crisis facing black local authorities was underlined yesterday when it was disclosed that they were owed R763,3 million in rent arrears and service fees — and had borrowed R1 554,3 million in loans and bridging finance.

These figures were disclosed by the Minister of Planning and Provincial Affairs, Mr Hernus Kriel, when he replied to questions tabled by Mr Peter Soal (DP, Jbg North) and Dr Pieter Gous (CP, Parys).

In the Cape, the local authorities were owed R84,1 million, including R59,4 million for services and R13,3 million for other services.

This included R5,7 million which was owed to the Ikapa council in Cape Town, R5,8 million to the Lingeletu West council in Cape Town, R5,1 million to the Galeshewe council in Kimberley, R19,9 million to the Ibhayi council in Port Elizabeth, R6,4 million to the Motherwell council in PE, R3,8 million to the Gompo council in East London and R5 million to KwaNobuhle council in Uitenhage.

# ANC shouts foul after PAC tops agency survey of Soweto views

By SANDILE MEMELA

**A**S the ANC sat down this week for talks with the government, a popularity stakes contest broke out between the movement and its ideological rival, the PAC.

The heated contest was sparked when a survey by a leading advertising agency found the PAC enjoyed greater support among Soweto youngsters.

It was also found the ANC was perceived as being "promoted" by the government.

Research director Sue Lerena said: "Little doubt exists that the PAC is a force to be reckoned with, especially among the youngsters in Soweto."

"But it would not be correct to say it was more popular than the ANC."

The survey has been slated by social scientists, who said the sample of 50 youths interviewed was much too small for any conclusions.

"It has no scientific base. It is completely meaningless, it has no validity whatsoever," said Jannie Gagliano of the department of politics at the University of Stellenbosch.

ANC spokesman Patrick "Terror" Lekota was quick to enter the fray on Wednesday when he denied his organisation was losing support in Soweto and on the Rand to other organisations.

"In the past eight months or so the ANC has hosted public rallies in the region the size of which the PAC has not come anywhere near equalling at any place in this country."

"Even Jeff Masemola's funeral attracted a humble 5 000 mourners."

Lerena said the PAC/ANC popularity research was commissioned by her agency in the light of measures announced by President FW De Klerk on February 2 designed to create a climate for negotiations.

Qualitative research conducted from February 14 to 22 was geared to explore these issues and assess the mood in Soweto.

Adults of middle-income were interviewed together with high school

and university students aged 18 to 24.

The views and feelings of respondents were explored in five group discussions made up of 10 members each. Only 10 Soweto youths were interviewed at length.

According to Lerena, this technique differs from quantitative studies where emphasis is placed on numbers.

The research found the ideological differences between the PAC and ANC were a potential source of conflict. Suspicions that the ANC was backed by the government had also resulted in credibility problems for the organisation, said Lerena.

The PAC/ANC popularity stakes war comes in the wake of a shadowy ideological war between the PAC and the Azanian People's Organisation (Azapo).

Sapa reports the political battle between the two groups is not high profile, but is being waged at grassroots level and involves painstaking door-to-door politicking by both groups.

This week, the PAC sent teams to Hillbrow in Johannesburg, making it the first political grouping to publicly canvas the more than 40 000 black people in the area.

The PAC has also opened offices in several "coloured" townships - including the sprawling Ennerdale area south-west of Johannesburg as well as in Bosmont and Riverlea.

This is a clear indication it is muscling in on areas that have large Azapo support.

Internal general secretary for the PAC, Benny Alexander, commented: "We are not trying to score points off the black consciousness organisations. They have their programme and we have ours."

"We differ ideologically, but I would not say it is an ideological war." Azapo deputy-president Aubrey Mokoape said they too were strengthening their structures at grassroots level.

"We don't think there is a real threat from the PAC. We might lose some supporters from our ranks, but it will be insignificant."



# Get your act together, building industry told

By Claire Robertson,  
Pretoria Bureau

The home building industry must improve productivity and quality in order to correct its "abysmal track record", according to Dr JH Visser, executive director of the National Productivity Institute.

Addressing a housing conference in Pretoria yesterday, he said the industry had become known for its "poor workmanship and costly re-work".

"Given the Government's recent positive action in making considerable funds available for housing, and the Urban Foundation's initiative in master-minding the easing of financial restrictions on the funding of low-cost housing, builders and developers have never had so great an opportunity to show initiative.

## Critical factors

"The industry has the potential to make this happen, but to do so it will have to take notice of a number of critical factors," he said.

These were cost, quality and productivity.

It had been calculated, he said, that the cost of "doing things wrong" could be as high as 20 percent of a building's cost.

Expense involved in ensuring that "things come right" usually amounted to three or four percent of the cost of sales of a well-run company.

"It never happens that the correct quality leads to higher costs. The contrary is true.

"Management has to become involved in improving productivity," he said.

The biggest single factor hampering this on the building site was lack of planning.

"Activity sampling studies, which could be done by any building contractor, would show whether people are working or not. If they don't work, a simple measure would indicate why this is the case; for example waiting for materials, instructions, equipment, or idleness etc.

"From these measures a picture will soon emerge which would shock most managers.

"Many people tell me that the labour unions are killing all efforts to improve productivity and quality. I must agree that at times I fail to understand their reasoning, but one thing I do know is that when participative management methods are actually practised, most of the union problems disappear."

Structural problems in the industry mitigating against higher productivity and quality included an inadequate supply of trained workers.

"The industry badly neglected training over the years," he said, pointing out that the number of apprentices dropped from 6 444 in 1972 to only 214 at the beginning of last year.

Only 230 a year passed tests from 1980 to 1988 — in an industry which employed more than 400 000 people in 1988.

"I believe it is time for the industry to take a good look at itself and decide where it is heading. The track record is abysmal... it is up to the management in the industry to take steps."

## Faith Homes spots a gap in black market

THE black housing market does not as yet cater for buyers looking for houses bigger than two rooms and a garage — priced from R22 000 to R27 000 — but costing less than those developers can produce for about R40 000.

Faith Homes MD David Paterson said in an interview about 50% of black buyers could probably afford a house costing up to R25 000, but the private developer could not enter that market because he could not produce a house for that price at current interest rates.

"The land is too expensive," he said.

"A serviced stand costs around R15 000 so it is impossible to sell a house for about R25 000.

"There is plenty of land available and plenty of developers sitting with land which they cannot develop because they cannot sell at that price at current interest rate level.

"Two things must happen before we see any big developments.

"Firstly, there must be a drop in the interest rate, possibly down to 15%, and

secondly an increase in buying power, which clearly depends on a drop in inflation.

"There are literally millions of black people wanting a home and they are prepared to make almost any sacrifice."

Faith Homes began building houses for the black market in 1987. Because of the volume of business Paterson and his partner decided to split the firm into a building company and a company handling selling and administration. Paterson said he had identified an opening for a proper estate agency in the black market.

The company has a turnover of about R2m a month, which represents about 40 units sold.

Faith Homes sells building contracts for new houses and also re-sells existing houses. (339)

### Re-selling

"Here you can get into that gap between R25 000 and R40 000 because older houses can be sold for that price," Paterson said.

"The problem with re-selling existing houses was that it had never been done before, and the necessary administration at local authorities and building societies did not exist.

Black buyers could not get housing subsidies for an existing house, even if they were first-time buyers.

Another problem Faith Homes had encountered was that an applicant who was self-employed had difficulty proving his income to building societies when applying for a loan.

Paterson was optimistic about the future of the black housing market.

"There was a vast leap forward at the beginning but this is now dropping back and the market is finding some stability. The initial leap was also caused by the fact that interest rates at that time were lower. Now rates are higher, fewer people qualify."

Even so, the number of buyers was increasing and there was considerable potential in the market, he said.



# Burnings not planned, say Ikageng leaders

10/5/90 By Montshiwa Moroke

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Six leading members of the Ikageng Civic Association (ICA) and other progressive organisations at Ikageng near Potchefstroom, who were detained in the township on Monday in terms of emergency regulations, were still being held last night.

Those in detention are Zakes Molekane, William Maphosa, Mdeleleni Moses Duma, Phillip Mosiane, Lorenti "Ryder" Sebidi and Sephiri Ignatius Dipico.

They are also members of either the UDF, Zakheni Education Centre or Thusanong Advice Office.

A spokesman for the ICA said yesterday the civic body had applied to Potchefstroom's chief magistrate for permission to hold a mass report-back meeting in the township at 5 pm today.

Local community leaders from the ICA, Federation of Transvaal Women and Ikageng Youth Congress were expected to address the meeting.

## Return to normal

A spokesman for the ICA said yesterday they hoped the situation would return to normal in the township. However, the continued detention of civic leaders would delay this.

"We are worried by the burning of homes on Tuesday, the day we had called on the community to stay home and support the march to the administration offices, where a memorandum containing our grievances and demands was presented to authorities.

"All we had called for was for a stayaway and not for people to attack anybody's property. That is not the policy of the Civic Association nor of our mother organisations," the spokesman said.

On Tuesday between 300 and 400 people were rounded-up at the Ikageng Methodist Church where about 800 people were attending a meeting after police dispersed a large crowd preparing to stage a protest march. Most of the people were later released without being charged.

...ing with another man. ... who took turns in

## Black airline dream takes shape at last

By PATRICK MAFARO

*CP Press 13/5/90* (339) (50) (67)

THE dream of a black-controlled international airline could soon become a reality.

Liberty Airlines, formed two years ago with a 55 percent black shareholding, is expected to take the lead.

Company chairman Steve Ramatlo, 39, said landing rights have been secured in the Far East and parts of Europe, and negotiations are at an advanced stage with Australian authorities for landing rights.

However, a bid made last November to the National Transport Commission for permission to fly direct to the US is being opposed by South African Airways and Safair.

SAA is the only South African carrier licensed to fly directly to the US, but its landing rights were cancelled in 1986 as a result of sanctions.

Meanwhile, Ramatlo's company has split into two divisions, Liberty International and Liberty Charter (LC).

LC has reached an agreement with the Saudi Arabian national airline, Saudi Air, to lease three Boeing 747 jumbo jets to carry South African Muslims on pilgrimage to Mecca.

The first trip to Mecca will be in 30 days, while other flights will cover Mauritius and other Arab states.

Ramatlo said Saudi Arabians have agreed to inject R250-million into his company to improve cash flow.

Liberty plans to buy 12 second-hand 747s. Delivery is expected this month. According to manufacturers Boeing, a new 747 costs 150 million dollars.

Ramatlo, an accountant and director of insurance company Gabsy Melnick, said his interest in the airline industry began in March last year when he bought shares in Lesotho-based Freight Intertrans.

He said that LC has a network of 56 branches in major capitals of the world. He also promised 20 percent of profits will go into training blacks in various technological fields.

■ In a related development, Privatisation and Public Enterprises Minister Dr Dawie de Villiers announced this week the government was keen to create more competition in air transport services.

Barriers to entry into the air transport industry would be removed, he said.

A consultant was investigating the most suitable structure for SAA in a deregulated market before a final decision was made to privatise.



# A showcase for black business

C/Res 13/5/90  
By PATRICK MAFARO

BLACK businessmen will exhibit more than 30 different categories of industrial goods and services at the fifth Matchmaker show at Nasrec near Johannesburg from May 16 to 18.

The show aims to help small black-owned firms establish contacts and increase business with American subsidiaries and other large companies in South Africa.

The event is sponsored by the US Foreign Commercial Service with support from a working group comprising the Anglovaal Business

Trust, the Get Ahead Foundation, the Small Business Development Corporation, Sullivan Signatories Association and the Urban Foundation.

Since it started in 1986, the event has drawn company buyers and contacts and this has led to important business for small black-owned companies.

According to Matchmaker Services executive director, Zuko To-file: "From 50 stands in 1986, the event has grown to include more than 100 exhibitors. Many of them are regulars. Others have grown too big for the event."

Stu 14/5/90

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# Rent boycott group teargassed on East Rand

Teargas was fired — allegedly by policemen — into a crowd gathered yesterday at the Tokoza stadium on the East Rand where civic association leaders reaffirmed their commitment to a rent boycott in the township.

A police spokesman, Colonel Jac de Vries, said last night police knew nothing about this incident.

The teargas was fired from outside the stadium.

No reports of injury following the attack were received. The meeting continued.

Several thousand Tokoza residents gathered illegally for a report-back meeting on the rent boycott, and to hear about the latest developments on a commission of inquiry into alleged maladministration and corruption in the Tokoza Town Council.

## Boycott continues

Tokoza Civic Association executive member Cassel Khanyile said:

"Tokoza residents want to know what has happened to the money — about R1,6 million — that has been misappropriated. The boycott continues until we get answers."

The approximately 4 000 people who gathered at the stadium were told that negotiations were under way for Tokoza to be able to buy electricity directly from Eskom, as opposed to the Alberton municipality.

The ANC's internal leader for the Vaal Triangle, Greg Malebo, said the ANC had become involved in talks about talks in response to President de Klerk's meeting of some of the organisation's demands.

"He (De Klerk) is struggling some-

where in the Rubicon. The ANC in turn has to do something and move the situation on to a moral high ground and we will continue to do so with or without the PAC," he said.

The Democratic Party's Dr Etienne le Roux from nearby Alberton received overwhelming applause when he told the gathering:

"I am here to tell you that even in Alberton there are non-racial democrats who are on your side. Let us build a new country we can all be proud of."

Tokoza Civic Association leaders warned at the meeting that the "talks about talks" between Government and the ANC could be jeopardised unless the Government ordered the Transvaal Provincial Administration to disband "illegitimate" town councils.

Speaking at the meeting, TCA executive member Sam Ntuli said community leaders wanted Government and local government officials to know talks would not continue unless the TPA-appointed administrators of the township resigned.

## Government officials

"We are not prepared to talk to you (government officials) unless you tell the TPA and those people it supports to resign," Mr Ntuli said.

He called on residents to join and support the ANC, which he described as the political party of the TCA.

The crowd was told that a TCA delegation had been involved in talks with the newly appointed administrator of Tokoza, Gert Muller, who runs the township with a number of former Tokoza councillors after the recent collapse of the town council. — Sapa.



St 17/5/90 (182) (183) (339) 7

## Township residents to end Delmas stayaway

By Esmaré van der Merwe,  
Political Reporter

Botleng residents and police, involved in several clashes over several weeks in the troubled Delmas township, reached a compromise last night after talks between a delegation of community leaders and police officers.

Residents agreed to end a two-day stayaway which had led to several clashes, with police firing teargas at residents gathered in the streets.

Police told the delegation that 12 people had been detained, all of whom would either be released or charged soon. A major grievance — the presence of a police riot unit in the township — was resolved when the unit was withdrawn yesterday.

A member of the mediating delegation said it had been agreed at a residents' meeting yesterday that talks would be organised to discuss with the local council the five-week consumer boycott of Delmas businesses.

The boycott was sparked by appalling conditions in the township, particularly the lack of services, as well as overcrowding in a shantytown on the border of the township, where

an estimated 3 000 people live in about 300 shacks.

Lutheran minister the Rev Frank Muller said police had confirmed that a Botleng resident was shot dead on Tuesday.

Yesterday's police unrest report stated that a man was wounded when a policeman "surprised a man on his property" and fired at him before he could throw a petrol bomb at the policeman's house.

### Rumours

However, Mr Muller said, the man was fatally wounded while fleeing the property.

The minister denied earlier claims that a resident had been shot dead by a man wearing an Afrikaner Weerstandsbeweging uniform. He said rumours were rife in Botleng, where political tension had reached a climax.

A youth was wounded on Friday when an armed AWB member entered the township and was attacked by residents, Mr Muller added.

Yesterday's police report confirmed several incidents of looting, arson and stone-throwing as well as incidents of teargassing to disperse crowds. A policeman was injured when struck by a bottle, the report said.



# Business Day SURVEY

*The new South Africa will not be born wealthy. It will have all the problems of the old — poor growth, unemployment, poverty, inadequate medical facilities and lack of education and skills. In spite of political progress the private sector will have to bear the brunt of social and economic upliftment. ALAN FINE AND ADELE*

**BALETA report.**



Members of Qadi/Nyuswa Development & Services Board and Valley Trust staff discuss the route of a 12km water pipeline in the Valley of a Thousand Hills.

## CSR an outdated term, says FNB

MANAGER of FNB's R8m social responsibility budget Allen Miller says he has set his sights on turning expenditure towards projects with developmental goals.

His priorities are the creation of a more stable society, which will be a better environment in which to conduct the bank's business.

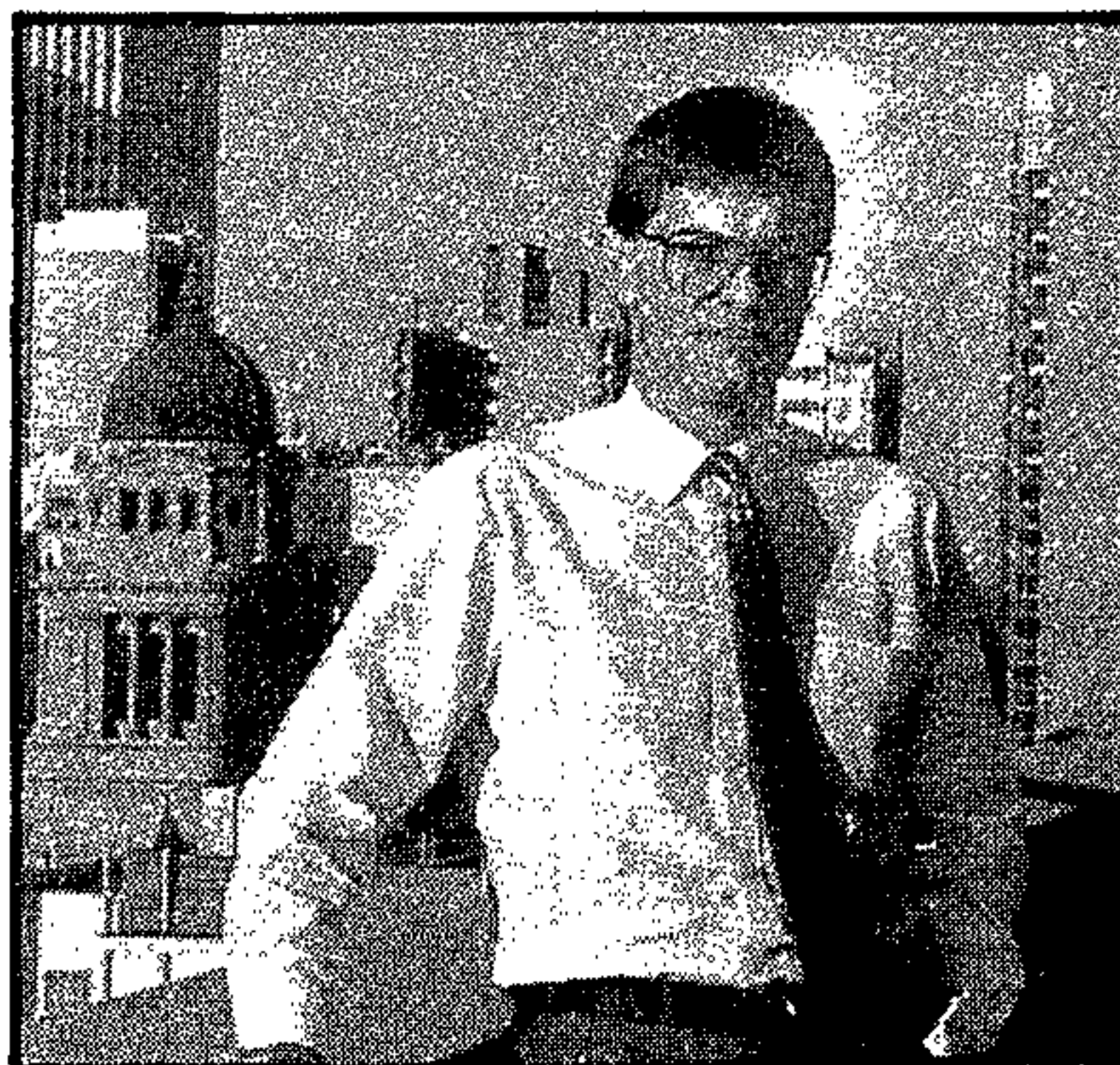
"The term CSR is outdated. It implies a need to placate communities, to buy time, to buy off a future black government — in other words, guilt money.

### Uplift

"For FNB, it is not guilt money. We are attempting to uplift communities and to create a more stable society."

As with most CSR programmes, Miller channels 50% to 60% of his budget to education. But the focus is changing.

"Historically, the tendency has been to support tertiary education institutions. Today we are trying to divert larger proportions to technikons, which have been the poor cousins where corporate spending is concerned. We want to



ALLEN MILLER

try help remedy the vacuum of technical skills," he says.

Even FNB's attitude towards its university bursary support programme is changing. "It, too, is increasingly development-based, with a greater emphasis on agricultural and medical degrees, for example."

In line with the develop-

mental emphasis, he says his department examines project proposals to ensure they will have a long-term spin-off for the communities at which they are directed.

FNB, like most major corporations, attempts to draw a clear line between expenditure designed to benefit the bank and spending on community upliftment.

"It is not the intention of our social responsibility programme to support educational programmes to directly benefit our business, although a small proportion does work out that way. Generally, we try to divorce ourselves from the direct needs of the bank, we aim to benefit the community," he says.

This approach is not without its critics. Those naturally opposed to CSR spending, want to know what return the bank is getting on its investment.

"You can't use CSR as a marketing tool. You will sometimes get acknowledgment, but you do not go looking for it," says Miller.

On the other hand, he says: "We also do not do this for the purpose of warming our hearts. We are bankers by profession, not social workers."

While he says he is not influenced by memories of the so-called Chris Ball affair, it is also necessary to steer clear of projects with "political" agendas.

Because FNB is a broad-based business, it tries to avoid supporting sectional

interests and projects which could be confrontational.

Is it not true that R8m is little more than a drop in the ocean given the extent of SA's ills?

"Yes," says Miller, "the R8m is a drop in the ocean. But we are investing it as wisely as possible. In the end you have to ask questions like: how many degrees did you make possible, how many people did you feed, did you make a difference?"

He uses FNB participation in the Valley Trust — along with the Urban Foundation and Operation Hunger a major recipient of FNB CSR funds — as an example.

### Community

The Valley Trust is a community school in Natal designed to help the community become self-sufficient.

Says Miller: "The community has been largely untouched by the unrest — we like to think at least part of the reason for this is that this project has helped transform it into a stable community."



# Private sector is set to play crucial role in new South Africa



SAM VAN COLLER

IN THE last three months, SA has been set firmly on the road towards resolving its political crisis.

But one thing on which all contending parties agree is that a political settlement will not, in itself, remedy the economic malaise which manifests itself in low growth, skills shortages, unemployment and poverty.

The "new South Africa" will not be born wealthy.

While macroeconomic decisions will play a major role in determining whether these ills are eliminated, private sector corporate social responsibility (CSR) — in whatever form — remains crucial.

The Urban Foundation is the largest organisation through which CSR is conducted.

CEO Sam van Coller says the foundation's work will have to concentrate increasingly on making an impact on the most disadvantaged 50% of SA society.

Van Coller says there are three basic approaches to CSR which have developed in SA.

Firstly, for some companies, CSR spending is carried out purely for corporate image or marketing reasons — to earn plusses in the eyes of the public or staff.

Secondly, there are those who believe CSR should have a social welfare function, acknowledging that SA's social welfare system is wholly inadequate. It is appropriate, they say, for those who make profits to spend part of them on social welfare.

## Relief

This can take the form of ad hoc relief where crises arise — flood relief or, to take a current example, relief for the Natal refugees. Or it involves assisting welfare agencies take care of "society's casualties".

Thirdly, the more sophisticated approach sees CSR in developmental terms.

In this respect, the work

can be carried out at different levels, says Van Coller.

There are local development projects which involve upgrading individual and community skills and capacities.

Then there are regional and national development programmes and, at the top of the CSR ladder, working for changes to government policies seen as obstructing the development of a stable and prosperous society.

The Urban Foundation is involved in development work at all of these levels.

Van Coller says local development programmes tend to receive fewer resources from the foundation because these can be conducted by individual companies.

The main Urban Foundation focus is on regional and national development and on working for policy changes.

The foundation has set out to create institutions with the capacity to conduct development programmes. Examples are its

housing companies in different parts of the country.

In the area of education there is the Teacher Opportunity Programme (Tops) — jointly established by Mobil and the Urban Foundation — which this year aims at upgrading the skills of 10 000 teachers.

The task of working for policy change on behalf of business, Van Coller says, falls to organisations like the foundation, the SA Institute of Race Relations and Wits University's Centre for Policy Studies. It is not a role which can be taken on by individual companies.

## Key tasks

Van Coller says political progress will not lighten the load of organisations such as his own and he sees key tasks ahead.

Firstly, it will continue to work for the successful removal of racial structures — for example, the Group Areas Act, the Land Acts and racially structured local government.

"We do not assume racial

laws will simply disappear. We will continue to do this work through research, testing our research, observing international experience and promoting constructive proposals," he says.

It is essential for the foundation to interact with black political groups on those issues where there will be change over the next few years.

Secondly, even when all racial structures are gone, SA will be left with a society with seriously disadvantaged people.

"We will need to create ways of giving them access to skills and resources."

Thirdly, he says, it is vital for the foundation's programmes and policies "to impact more on poverty".



# Spending now to secure a stable society

SPENDING on CSR is like a mining house's investment in prospecting, says Gold Fields Foundation (GFF) spokesman Michael de Kock.

"If we want to exist in 40 years' time, we have to do something about it now," he says.

CSR spending (now at R10m a year) is a business decision. The intention is to help stabilise a society plagued by unemployment, illiteracy and other ills.

"We do not approach it with a bleeding heart attitude and it is not a marketing tool."

For GFF, prior consultation with the community is a key.

"We never tackle a pro-

ject without consulting the community, and community representatives administer the projects," he says.

As with most other CSR programmes, more than 50% of the GFF budget is devoted to education.

However, two projects GFF values are health care centres in Swaziland and Lesotho.

The Sitobela rural health clinic, located in an almost inaccessible area of Swaziland, serves a community of 20 000 to 25 000. The clinic, opened in 1980, provides a service to people who, until then, were completely cut off from health services.

It provides pre and post-natal care and nutritional

programmes among others.

GFF provides funding for capital expenditure and infrastructure, while the Swazi health authorities finance the day-to-day running of the clinic.

"This is vital, as it gives the authorities an interest in its successful operation," says De Kock.

GFF provided the buildings, staff housing and water, and each year finances the upgrading of the facility through, among other things, supplying new medical equipment.

The second medical project, the Scott Hospital, at Morija, Lesotho, is the top hospital in the country.

A Christian mission runs the facility.



Pop and his teddy bear were photographed in the Children's Haematology Oncology Clinic at Baragwanath Hospital. The clinic, made possible by a donation from Gold Fields, is the first facility of its kind to be established with private sector funding.



# 'Social investment' is a better term

SOCIAL responsibility is in danger of becoming devalued as a concept, says SA Housing Trust (SAHT) MD Wallie Conradie.

But the more descriptive term "social investment" gives the idea of long-term benefit to the company while still recognising the positive impact on the wider community.

Conradie says the "investment" aspect of the term deserves particular emphasis when a company is considering housing assistance for its workers.

However, the cost side of the equation appears more tangible than the gains which will accrue. Altruism is therefore assumed when the company concerned can be drawing major benefits.

"Unfortunately, the question of long-term 'dividends' from this type of investment is still unexplored."

Conradie says the benefits are substantial, but no one has yet put a figure to them.

He says: "Accountants find it easy to work out the

cost when it comes to housing assistance for workers. But how do you cost the benefits?"

It is possible to itemise the advantages, but there is as yet no scientific rands and cents measure to go with the checklist.

To begin with, there is a productivity gain. A well-housed workforce is healthier, better rested and motivated.

There is less absenteeism, less sick leave and an improvement in the industrial relations climate.

## Model

"Staff turnover is reduced, resulting in a saving in training costs and the saving implicit in having long-serving workers on the job rather than newcomers with a low work-rate and proneness to error."

Conradie says he can provide a computer model or an accounting procedure that will deliver instant rands and cents figures to set against the cost side of the exercise.

SAHT liaises with em-

ployers countrywide, often helping them set up worker housing schemes and granting access to its own development projects.

The trust rarely comes across indifference to the housing needs of workers. There is often an eagerless "to do something", although the costs are assumed to be prohibitive.

The housing question is beset by assumptions or ignorance, he says.

"We research the potential demand for all projects and approach major employers in the specific catchment area. Our researchers often report some employers with little or no knowledge of the housing needs of their workforce."

Basic questions such as where workers live, how far from the factory and in what conditions remain unasked or unanswered.

"Meanwhile, there is the assumption that housing assistance implies major and instant injections of capital, which is not the case."

Conradie says an em-



WALLIE CONRADIE

ployee education effort on the disciplines and benefits of home ownership can be launched at little or no cost.

"Employers can utilise one of our schemes which call for guarantees rather than cash up front. We usually recommend an incremental approach that allows parties to proceed up the affordable housing learning curve together," he says.

Once the SAHT has established a relationship with an employer the information gathering process becomes an information exchanging process.

# Foundation sees housing as top priority

IF THE Urban Foundation is going to succeed in making an impact on the poverty of SA's poorest 50% — a key aspect of its strategy for the '90s — its most vital area will be in housing.

CEO Sam van Collier says the needs of the top 10% of the (black) housing market are being met.

The needs of the next 35% to 40% — whose difficulty was acquiring home loans in the R12 500 to R35 000 range — will be re-

medied in the near future by the recently announced scheme jointly promoted by the home loan institutions and the Urban Foundation.

## Action

When this scheme comes into action, says Van Collier, formal housing will become of real prospect for this group.

Therefore, the foundation has reached the stage where the needs of the re-

maining 50% is the main challenge.

Van Collier says it is necessary to first ensure the needs of the better-off 50%, otherwise these would take advantage of facilities designed for the poorer group.

The key to this stage of SA's housing development is acceptance of informal housing, allowed to improve over time, on serviced sites.

He says there are two main issues that have to be

resolved if such a system is to prove feasible.

•Firstly, government will need to change its policy away from subsidising middle-income housing towards a subsidy to give lower-income families access to serviced land which they can own.

## Tarred

This will include a pegged out site, a toilet, access to water, drainage, access roads and tarred bus

routes.

"We are working on government to get it to agree to this," he says.

The second is the creation of loan facilities in the less than R12 500 market.

"We have a pilot project involving the formation of savings clubs into which we make additional loans.

"If we can demonstrate this is a viable scheme we can promote this form of lending in the financial world," Van Collier says.



# Spending now to secure a stable society

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SPENDING on CSR is like a mining house's investment in prospecting, says Gold Fields Foundation (GFF) spokesman Michael de Kock.

"If we want to exist in 40 years' time, we have to do something about it now," he says.

CSR spending (now at R10m a year) is a business decision. The intention is to help stabilise a society plagued by unemployment, illiteracy and other ills.

"We do not approach it with a bleeding heart attitude and it is not a marketing tool."

For GFF, prior consultation with the community is a key.

"We never tackle a pro-

ject without consulting the community, and community representatives administer the projects," he says.

As with most other CSR programmes, more than 50% of the GFF budget is devoted to education.

However, two projects GFF values are health care centres in Swaziland and Lesotho.

The Sitobela rural health clinic, located in an almost inaccessible area of Swaziland, serves a community of 20 000 to 25 000. The clinic, opened in 1980, provides a service to people who, until then, were completely cut off from health services.

It provides pre and post-natal care and nutritional

programmes among others.

GFF provides funding for capital expenditure and infrastructure, while the Swazi health authorities finance the day-to-day running of the clinic.

"This is vital, as it gives the authorities an interest in its successful operation," says De Kock.

GFF provided the buildings, staff housing and water, and each year finances the upgrading of the facility through, among other things, supplying new medical equipment.

The second medical project, the Scott Hospital, at Morija, Lesotho, is the top hospital in the country.

A Christian mission runs the facility.

# 1% of profits for the benefit of community

IN 1980, the AECI board decided to divert 1% of pre-tax profits to improving the quality of life of South Africans.

Quality of Life (QoL) budget manager Sandy Vandeyar has been in charge of this fund for the last three-and-a-half years. This year he is investing R5,9m.

AECI has devised a detailed and sophisticated set of criteria for determining the use of these funds — one which clearly delineates points which elsewhere have become rather grey areas.

"We differentiate between what we do in the direct and short-term interests versus the long-term interests of the company. QoL spending is aimed strictly at the community outside AECI," Vandeyar says.

The R5,9m, therefore, is separate from the R2,5m

set aside to fund scholarships in fields that relate to AECI's short and long-term manning needs.

It does not cover employee benefits and excludes the annual donation to the Urban Foundation, which was R1m this year.

"Our overriding criterion, since we cannot eliminate all the ills of SA, is to use the funds in those areas where our employees reside."

## Upgrading

More than 50% of the education funding is used for upgrading the education system — including facilities, teachers' skills and English in schools and colleges. Emphasis is also put on scientific and technical education.

QoL projects should:

- ☐ Be targeted at identified disadvantaged communities within AECI's recruit-

ment catchment areas;

- ☐ Have permanent or long-term impact on SA society and should be aimed at removing the causes of social or educational problems as opposed to treating the symptoms;

- ☐ Preferably be initiated by AECI and should enjoy the linkage and support of the relevant company or centre;

- ☐ Adopt a "hand-in-hand" as opposed to a "hand-out" approach. Hence liaison, consultation and extensive investigation with the users and recipients of resources is necessary. Community legitimacy is the central issue;

- ☐ Not support an institution which promotes apartheid in any form or does not open its doors to all race groups at all levels. Projects should aim at narrowing the apartheid divide;

- ☐ Take cognisance of relevant social, political and economic issues in the wider society;

- ☐ Be aimed at developing skills and transferring knowledge to empower communities and institutions to become self-sufficient;

- ☐ Not be initiated or funded merely to serve the business interest of any independently operating AECI company;

## Relevant

- ☐ Not absolve the state from its responsibilities;

- ☐ Contain a self-evaluation component in order to test whether it is relevant and acceptable to the community and whether it achieves its objectives;

- ☐ Guarantee security of tenure where land and buildings are involved;



SANDY VANDEYAR

- ☐ Be efficiently and effectively managed. This entails, inter alia, producing evidence of tight budgetary control, financial and progress reports, ensuring the future funding of the project, showing it is responding to a critical area of community need, showing it is significant and innovative, involving a multiplier effect, building on and using available community resources and showing a willingness or potential for holistic and co-operative approach.



Urbanisation



## Where the desperate living move in with the dead

By Winnie Graham

The cemetery next to Alexandra used to house only the township's dead.

Now the living are moving in, desperate for a place to erect a shelter.

The emergence of new shanties on the edge of the cemetery, if not directly over the graves, is just part of the growing population explosion threatening to engulf the "dark city".

The overcrowding is generating so much tension between the "old" residents and the newly arrived homeless people that many Alexandrians fear a major blow-up is imminent.

There are now many more shacks in the township than formal houses and residents claim they are totally encroached upon.

Jacobeth Poo, the mayor of Alexandra, outlined the frustration of residents this week when she said the town could no longer cope with the influx of people. It was no longer possible to keep tabs on the numbers as people from Ciskei, Transkei, Venda and even Mozambique poured into Alex, a town they perceived as both central and accessible to jobs.

"New shacks rise every day and not just one or two," Ms Poo said. "Weekends are worse — dozens are constructed. Our infrastructure cannot cope."

Refuse removal was a problem and so were toilet facilities.

ties. Often development had to be delayed while contractors tried to make other arrangements for squatters who had erected shacks on land where trenches needed to be dug.

The Alex council, she said, would neither evict people nor demolish homes unless it could offer the homeless another place to stay. Negotiations with the Transvaal Provincial Administration for additional land had been under way since 1988.

"We are so frustrated," she said. "We cannot push these people out, but how long must we carry on like this?"

The cemetery shacks are a particular cause for resentment. A long-time resident of Alexandra asked: "Do these people care so little for us that they show no respect for our dead?"

Local residents complain new shanties rise like mushrooms during the night.

One man said: "When I went

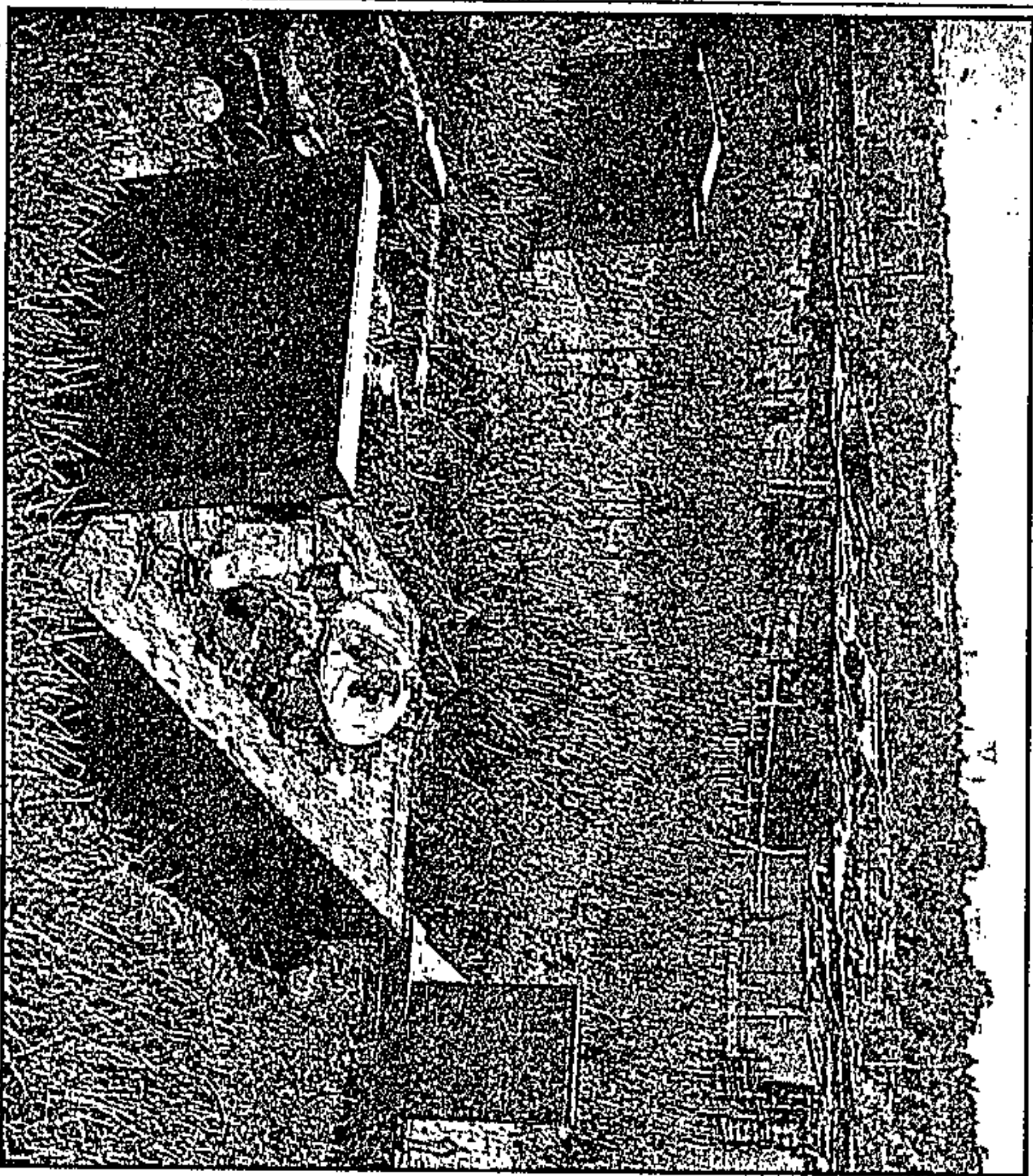
to bed one night I had a window. When I awoke the next day a newly built shack totally blocked the light from my room. Other people can't get into their back doors because shacks have been built so close by."

Community member Martin Ramokgadi said frustration between Alexandrians and the new people was mounting. Many shack-dwellers were unemployed and residents believed they were responsible for thefts in the area.

"Alex is full to capacity, yet Sandton wants us to accommodate the KwaGreen squatters who are in Wynberg and on their land," he said. "There simply is no more space here for more people."

A prominent black Johannesburg businessman believes people from the rural areas should be given land on which to erect their homes.

"They may be perceived as a nuisance now but they have a contribution to make," he added. "When I came to Johannesburg 30 years ago, I was a squatter too."



Alexandra's burgeoning population has forced shanty-dwellers to erect their shelters in the township's cemetery. Overcrowding is generating so much tension between residents that many fear a blow-up.

Picture by Herbert Mabuza.

# Pick'n Pay

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# New black towns 'must be near jobs'

7-16-43 22/5/90

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By MICHAEL MORRIS, Political Correspondent

SOUTH AFRICA could no longer afford or justify the "luxury and inconvenience to others" of placing new black towns as far as possible from existing residential areas, the Minister of Planning and Provincial Affairs, Mr Hernus Kriel, has warned parliament.

But he also warned that unless the country's 900 000 squatters co-operated with the government's aim of achieving "orderly urbanisation", action would be taken against them in terms of the Squatter Act.

On the question of creating new black towns, Mr Kriel said existing property rights would be taken into account, but the time for locating them far from other residential areas had passed.

Introducing the debate on his department's budget, Mr Kriel said urban planners would have to find space to house about 11-million more black people in towns and cities in the next 10 years.

## Must be found

"South Africans will have to accept that living areas for newcomers must be found. Such land will have to be found as close as possible to the areas where job opportunities exist in order to save the taxpayer and commuters unnecessary commuting expenses.

"In our planning, existing rights will have to be taken into consideration, but the time has passed when a black town was erected as far as possible

from existing residential areas. We cannot afford or justify such outdated luxuries and inconvenience to others."

The State was responsible for about 70 percent of the demand for black housing. He expressed appreciation for the private sector's increasing involvement in black housing development.

The government had accepted the challenge of providing housing and since 1986 had earmarked enough land to house about nine million newcomers in the urbanisation process.

He said a sum of R69-million had been set aside this year for buying land for black housing development in the four provinces. Furthermore, if parliament approved the R1-billion for development announced by President De Klerk, not less than R200-million of it would go towards buying and developing land to help "catch up on the enormous existing backlog".

Mr Kriel also announced that his department was working out ways to cut red tape and save time and money in the process of creating new black towns.

Solving the growing problem of squatting required balancing the needs and feelings of the squatters with the rights and frustrations of property owners.

Mr Kriel warned that if squatters sought confrontation, they would be acted against in terms of the Squatter Act. The government could not allow orderly urbanisation to be replaced by anarchy.



# Call for MEC to resign

THE United Municipalities of South Africa has called for the resignation of Mr Oulas van Zyl, Transvaal MEC in charge of local government.

The president of Umsa, Mr Tom Boya, made the request in a letter to the Administrator, Mr Danie Hough.

Boya alleged that Van Zyl "has no interest in black local government".

*Soweto 24/5/90*

## Letter

The Umsa action was sparked by what the letter said was the high-handed manner in which Van Zyl dissolved the Lekoa town council on the grounds of financial mismanagement.

Boya said in the letter it was difficult for black councils to take strong action against rent and service charge defaulters.

"We feel strongly that there should have been more consultation and perhaps Lekoa's problems could have been solved without having to dissolve the council."

Sapa.

POLITICS

# Govt hints at end of local authorities

CAPE TOWN — It was time to admit black local authorities lacked credibility because they had no sound financial base, Planning and Provincial Affairs Minister Hernus Kriel said yesterday.

Introducing his budget vote in Parliament, he said the Coordinating Council for Local Authorities was due to consider a report on alternative models for local government on May 28.

The proposals, drawn up by a council committee, would then be forwarded to government for consideration.

Kriel said it had been clear for some time that there was little enthusiasm

for separate local authorities based solely on colour.

The NP believed the structures which would bring about stable local government would have to be acceptable to all population groups.

"Therefore we are ready to move away from a system based solely on colour.

"We believe, however, that on this level too the policy of power sharing must be applicable.

"We believe further in the non-domination of minorities," said Kriel.

"We also believe that in our unique situation, with unique settlement patterns, it is necessary for everyone to share in tax and income benefits created by the selling and rendering of services in industrial areas and central business districts."

Kriel said SA would have to seriously consider the possibility of various local authorities being served by a single administration.

The minister said there were too few people who realised the urgency of the identification of land for black townships, and too many who put their own interests first.

He said there were indications that black urbanisation had reached the 56 to 57% level, which meant a population of about 15-million people.

When urbanisation reached the 75% level at the turn of the century it would mean 25 to 26-million black people would live in and around the large cities.

"We shall therefore have



● KRIEL

to find living space for about 11-million new arrivals during the next 10-year period."

South Africans would have to accept that living areas for newcomers had to be found.

Such land would have to be as close as possible to the areas where jobs existed to save the taxpayer and commuters unnecessary expenses.

Something would have to be done about escalation in land prices once an area had been identified for development, he said.

A classic example of this was the area west of Soweto, where prices escalated from R3 000 to R30 000 a hectare when it became known it had been earmarked for development.

One solution could be the establishment of a land bank to make land available for low-cost housing.

— Sapa.



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## R3,6m donation for home loans

TANIA LEVY

THE German Federal Republic's Hanns Seidel Foundation last night gave R3,6m to the Urban Foundation for home loans for low-income families.

The Urban Foundation's R20m Loan Guarantee Fund is to mobilise an initial R1bn in home loan finance from building societies and banks to provide about 40 000 new houses for 250 000 low income families.

The Loan Guarantee Fund is aimed at overcoming past reluctance by lending institutions to grant home loans of less than R35 000.



Hanns Seidel Foundation MD Otto Wiesheu, left, presents Urban Foundation CE Sam van Coller with a cheque for DM1,5m (R3,6m).

Picture: ROBERT BOTHA

# Abolish black councils - MP

BLACK local authorities should be abolished or at least suspended as soon as possible because they are undermining the climate necessary for successful negotiations, Democratic Party MP for Claremont, Mr Jan van Eck, has told Parliament.

He said that in the case of the Old Crossroads council, he believed Minister of Planning and Provincial Affairs Mr. Hernus Kriel was compelled to act in terms of the Black Local Authorities Act of 1982.

Referring to what he called "large-scale fraud committed by a person or persons involved in the town committee", Van Eck said during the planning and provincial affairs debate on Monday that it was common cause the mayor, Mr Johnson Ngxobongwana, had instructed the town com-



**HERNUS KRIEL**

mittee office to collect R4 a month from households at Crossroads over a period of four years.

The total sum was between R500 000 and R2 million. In terms of the Act, this was unlawful.

He said residents felt

compelled to pay the money to remain in favour with the mayor. This was also unlawful.

Van Eck said it was also common cause that this money "collected illegally, was then fraudulently spent by those persons who had signing power over the Boland Bank account".

"In view of the shock announcement by the Attorney-General last week that nobody was to be prosecuted for the alleged fraud in Old Crossroads and the dis-

may with which this announcement has been received by the community, it is crucial that the Minister takes action in terms of the Act."

Proof of the contempt in which the mayor was held was the fact that the last time he had been seen at Crossroads was about September last year.

The Minister should establish whether, in terms of the Act, Ngxobongwana had attended the required minimum number of town committee meetings.

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## R1-m for E Rand fire stations

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The East Rand Regional Services Council (ERRSC) has set aside R1 million for the erection of satellite fire stations especially in the black towns, during the current financial year.

23/5/90  
The ERRSC said, however, they did not at this stage wish to take over the fire brigade and ambulance services.

According to the council, fire brigade services have not been identified as a regional function.

The council was therefore not empowered to execute the scheme of satellite fire brigade stations and it would have to first obtain the approval of the Administrator and the Minister of Finance.

"It should be noted that development aid by the council in respect of this scheme will be restricted to the creation of infrastructures and not towards the financing of operating costs or the provision of equipment and vehicles," the council said.

The council should not enter into any financial commitments before proper agreements had been drafted and concluded." — East Rand Bureau.

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**GERRIT VILJOEN**

## Support local a

MINISTER of Constitutional Development Dr Gerrit Viljoen has appealed to black communities to support their local councils to ensure sound local government during the transition to a new dispensation.

The call comes in a

**SOWETAN  
Correspondent**

statement after talks on Monday between Viljoen and Deputy Minister Mr Roelf Meyer and a delegation from the Urban Councils Association of South Africa, led by its

Sowetan 23/5/90



## Actstop plans meeting with Vlok on attacks

28/5/90

By Abel Mushi

In a bid to counter alleged police and Inkatha attacks on its members, Actstop announced last week that it was planning to meet with the Minister of Law and Order Adriaan Vlok to discuss the issue.

Cas Coovadia, Actstop's publicity secretary said that the organisation had already spoken to the Democratic Party to arrange a meeting with the Commissioner of Police.

Actstop claims that on January 11 this year, the landlord of Goldway Mansions in Johannesburg had ordered an "impi" of Inkatha men to assault tenants after he had had disputes with them about rent and the condition of the building.

On April 26, the organisation claims, the chairman of the West Rand branch of the Inkatha Youth Brigade, Themba Khoza, led about 50 Inkatha youths who broke down doors, damaged furniture and assaulted tenants of Claridge Court in Joubert Park.

Tenants were told by the police to go back and stay in Soweto when they reported the matter and charges were only accepted when an attorney intervened.

It is also alleged that plain-clothes policemen from John Vorster Square raided Heathgate Court in Joubert Park on May 15 and broke down the door of an Actstop official Nathaniel Kgaria.

The police arrested the naked Mr Kgaria on suspicion that he was an immigrant. Mr Kgaria, who pleaded not guilty, was released on bail.

An Inkatha spokesman said the organisation did not condone any acts of violence from their members.

He told The Star that the organisation would contact Mr Themba Khoza to get an account of what happened.

Stressing that the police acted only within the boundaries of the law, an SAP spokesman said a policeman guilty of such misconduct would have to "explain his actions in a court of law or to his superiors in terms of the Police Act."

He denied claims that the police had harassed Actstop members in particular.

# Govt loans for 5 000 homes

GOVERNMENT loans for the purchase of building materials helped black people to build more than 5 000 new homes in the 1989/90 financial year, according to the Department of Planning and Provincial Affairs.

Loans for buying building materials are among a number of Government subsidy schemes for low-cost black housing. However, the Government has acknowledged that existing schemes are inadequate and is considering new ones.

The department has budgeted R322 million for "urban development and housing aid for blacks" this year.

## New stands

This is a 14 percent increase. But once allowance is made for inflation, it is roughly the same amount as was allocated last year.

In its contribution to a review published with the Budget, the department says it provided about 8 000 serviced stands and upgraded about the same number in the previous financial year.

It says it envisages establishing informal towns "in which individuals will be permitted to erect their own structures with their own means".

This is a restatement of the existing policy, although officials say efforts to accommodate "controlled" informal housing in the cities are being increased.



# Rising to the challenge of affordable housing

THE South African Housing Trust, provided with seed capital in the form of an initial interest-free loan of R400 million by the Government in 1987, has made remarkable progress since its inception.

More than 14 000 low-cost housing units have been built and 232 000 stands serviced throughout the country in an attempt to alleviate the critical shortage of housing in the black communities.

In the three years that it has been in existence, the Board of the SAHT has approved housing projects worth more than R1 billion. This will result in the

building of more than 50 800 housing units and the development of 46 000 stands.

## **Educational**

*Journal 29/5/90*  
The SAHT, in its facilitative role, orchestrates and co-operates with many other parties in the industry to provide affordable housing, mainly in the range of about R20 000.

The Trust has, in addition to its facilitation

work as a job provider and home builder, an educational role. This encompasses the education of prospective home-buyers in making sure they fully understand the process and obligations, building awareness among employers and improving general understanding of the nature and extent of the affordable housing challenge.

## **Standards**

For instance, the SAHT launched the Affordable Housing Design Competition last year to improve low-cost housing

awareness among students of architecture.

Its current national contest, the Small Builder of the Year Competition, provides recognition for the new generation of home builders while focusing attention on the challenges of the accommodation backlog.

Another facet of the SAHT's educational work involves the fostering of high professional and technical standards in the low-cost housing sector.

This professional stance has been underlined by its co-operation with the Legal Aid Bureau in the launch of the Housing Advice Project.

9/11/90 (339)

# Low-cost housing for exiles who return home

By PATRICK MAFAFO

A new "village type" low-cost housing scheme is on the drawing board. The aim is to provide homes for returning political exiles and the scheme can also be used to upgrade squatter camps.

In the scheme, six-three bedroomed units are accommodated on a 400-square metre site. Each unit will cost R14 000.

The scheme will qualify for the Urban Foundation loan guarantee initiative which was officially launched this month. Through this initiative building society finance is available to borrowers who seek loans from as little as R12 500.

A property development company specialising in black areas is handling the sale of sites for the units. The company owns sites in all provinces.

Heinz Hachler and Peter Fellows, designers of the concept, hope to draw finance for the project from the R3 billion fund set aside for socio-economic development and the R100 million Liberty Life Fund.

Hachler, an architect, and Fellows, a structural engineer, are both involved in a pilot scheme to provide recreation and non-formal education in black townships. These proposals, which they say are at an advanced stage, will also be put to the R3 billion fund and the Liberty Fund.

Fellows runs companies in Johannesburg and Lesotho. Projects he has worked on include the Royal Place for Lesotho's King Moshoeshoe II and flats for the Lesotho Housing Corporation. He has won numerous awards for outstanding design.

Hachler, a Swede with permanent residence in South Africa, has worked in Sweden and Saudi Arabia. He specialises in housing, civic centres, hotels, theatres, offices and shopping malls.

Fellows and Hachler plan to meet the consultation group set up to deal with returning exiles. The group was established at a three-day meeting at Koinonia attended by 23 service organisations. These included the ANC, PAC, BCM, Muslim Judicial Council, Jews for Social Justice, Southern African Catholic Bishops' Conference and the SA Hindu Maha Sabha. The meeting was hosted by the SA Council of Churches.



# Green revolution now sweeping townships

**J**APHTA "Mr Clean" Lekgetho is a revolutionary who is fighting to save the earth. And on Tuesday he will lead a demonstration in Soweto to highlight "the plight of our people who are homeless, starving and lack recreational facilities because of bad planning".

The revolution Lekgetho talks about so passionately is "the green revolution", launched in Soweto four days after the internationally-observed Earth Day on April 22, when an international weekly news magazine warned most nations of the world that "the clock is ticking and the hour is late".

Lekgetho is president of the National Environmental Awareness Campaign, which at the launch of its green revolution said in a statement: "For years we have emphasised the damage taking place to the land.

"We have also known that many industrialists have not behaved responsibly and that, as a result, our rivers and the air we breathe have become progressively more polluted."

The "green revolution" has been spreading in many black communities across the country lately, says Lekgetho.

It is part of a monumental effort to warn township communities of the depletion of resources on earth, empha-

33C1  
C/Pers 3/6/90  
Tuesday is World Environment Day, when the spotlight falls on the man-made dangers facing the earth. But how relevant is the issue of the environment among black South Africans where, in most cases, their world is marked by squatter camps, badly-planned townships and neglected rural areas? ZB MOLEFE reports:

sises Lekgetho, who is well aware that the threat to the environment knows no boundaries and favours no ideology.

"Several organisations, including student movements, are showing interest by attending our meetings and seminars and have given us support," he says.

"We feel that once people are aware of their rights they will talk for themselves. And one of these rights is a clean environment. It is a civic right."

At a Women's Bureau of South Africa seminar in Johannesburg on Tuesday Lekgetho will share the platform with well-known environmentalists such as journalist James Clarke and business executive Clem Sunter.

He says the message he will take there is that black townships and squatter settlements bear the brunt of mining's environmental ills, such as contaminated water and polluted air.

"We don't want to inherit a poisoned country," he says.



"Mr Clean" Japhta Lekgetho... we don't want to inherit a poisoned country.

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## Development of PWV area

By Peter Fabricius,  
Political Correspondent

The Government has decided to revise its development plan for the PWV area.

Planning and Provincial Affairs Minister Hernus Kriel yesterday invited suggestions from the public.

He said in a statement that the "Spatial Development Strategy for the PWV complex" published in 1981 had become obsolete.

### Stressed

The guidelines for the provision of land for urbanisation and industrial development, transportation systems and the environment needed changing in the light of developments since 1981.

These included the Government's 1986 White Paper on urbanisation, which had stressed the positive role which metropolitan areas could play in urbanisation.

As a result of the White Paper, the

Government had identified land for black urbanisation in the PWV area in 1988.

Mr Kriel said a steering committee consisting of key Government agencies had been appointed to revise the development strategy and had met for the first time in April this year.

He envisaged that the private sector would be invited to contribute.

Written contributions by the public should be submitted within 90 days from May 21, 1990, to the Director-General, Department of Planning and Provincial Affairs, PB X644, Pretoria, 0001.

● The Government's identification of land for black urbanisation in 1988 caused some controversy, as much of the land was found to be unsuitable geologically.

It could not be established yesterday whether this had anything to do with the Government's decision to revise its PWV development plan.



# Urban future 'more like Rio than Dallas'

WHITES would have to stop deluding themselves that they could still afford cities that looked like Frankfurt or Dallas when SA had a per capita GNP closer to that of Mexico or Brazil, Independent Development Trust chairman Jan Steyn said yesterday.

Speaking at a City Futures conference arranged by Wits University's Centre for Policy Studies, Steyn said whites had for too long used legal devices such as the black urban areas legislation and group areas to hide "our realities".

"This means we have to become accustomed to adapting our lifestyles to urban complexity ... a situation far closer to that of Rio than to our delusive image of an unrealistic,

PETER DELMAR

hyper-privileged past incapable of being sustained save through oppressive and unjust measures."

Part of the solution to urban problems, he said, lay in features that were regarded as failures. These included shack settlements, which served an important housing purpose.

Steyn also urged the conference to consider federalism at a local government level as a means to avoid the alienation of important political groups. B1044 6/6/90

He said a one man, one vote system at the local level could alienate constituencies whose councillors and officials had the longest experience in

local management.

To avoid this, it was essential that a form of local federalism or dual level structures be frankly debated as soon as possible.

Transvaal MEC Olaus van Zyl told the conference local authorities in the province were being urged to negotiate with their people's delegations and civic associations on local issues, including rent boycotts.

Negotiation on local issues could not be delayed until a decision on future municipal structures was reached at national level, he said.

He said national negotiations on future municipal structures would have to be accompanied by negotiations "on the ground". (339)

## 'Port' of Pretoria means saving for container shippers

GOVERNMENT has declared its Pretoria container depot (Pretcon) an inland port, which will have an impact on the Pretoria shipping community through significant savings in direct and indirect costs.

Safmarine spokesman Peter Kemp said yesterday the May 1 declaration by the Customs and Excise Department meant shippers could manifest shipments to and from Pretoria instead of to coastal ports.

Initial indications at Pretcon showed shippers were saving up to

EDWARD WEST

R200 on container shipments by saving on high delivery charges to the Johannesburg shipping terminal at City Deep, the spokesman said.

Two shipping companies, Safmarine and Mediterranean, had offices at Pretoria which were able to handle container shipments.

The declaration of the Pretoria depot as an inland port represented the first major change to container ship-

ping infrastructure since the introduction of containerisation in 1977.

Safmarine, having anticipated the move, opened a Pretoria branch in 1984 with its agents, Freightmarine and Saftainer, opening offices in 1985 and 1989 respectively. (339)

These offices were electronically linked to one another and to Safmarine's Cape Town mainframe. They would enable Pretoria and northern Transvaal shippers to use a more effective through-transport service.

Acts amended to minimise risks

# R3,5bn boost for housing on the cards

Bl Day 7/6/90

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CAPE TOWN — Funds of up to R3,5bn for the provision of low cost housing will be released once legal amendments, currently before Parliament, are implemented.

The funds were committed last year by South African banks and building societies to the Urban Foundation's loan guarantee fund for the supply of low cost homes. But they were committed on condition that certain provisions were introduced to limit the risk and improve the return on the administration of smaller home loans.

These provisions are included in two amendment Bills currently being debated in Parliament. The Usury Amendment Bill proposes changes which will make the administration of smaller loans financially more attractive to mortgage lenders, while the Re-insurance of Material Damage and Losses Amendment Bill aims to minimise risk by including riot insurance in the cover of the low cost homes.

The funds are earmarked for the provision of mortgage loans for homes in the R12 500 to R35 000 price range, over a three year period. Up to now few lending institutions, with the notable exception of the SA Perm, have been prepared to venture into this end of the market because of the relative cost and high risk.

But the new legislation will remove the obstacles. The Usury Amendment Bill proposes changes which will enable financial institutions to recover the fixed cost of small loans on low cost homes which are as expensive to administer as large loans.

One of the proposed changes enables them to charge the same interest rate on all home loans in the same risk category. Another clarifies the calculation and recovery of interest on payments in arrears.

LESLEY LAMBERT

It allows them to charge compounded interest on the previous months' arrear interest with immediate effect and retroactively.

By allowing this, the amendment will not only put an end to previous battles between banks, building societies and the Registrar of Financial Institutions over the correct manner of calculating the interest on arrears. It will also allow institutions to apply accounting measures which will limit the recovery of arrear interest to the defaulters rather than spread it in a manner which leaves regular payers subsidising defaulters.

The Re-insurance of Material Damage and Losses Amendment Bill addresses the problem of risk. It proposes the extension of insurance on the homes to include protection against politically inspired damage or loss. Up to now the risk of unrest-related damage not covered in ordinary insurance policies has been a major obstacle to the provision of funds for homes in the townships. The inclusion of cover by the SA Special Risks Insurance Association (Sasria) is aimed at reducing this form of risk to acceptable proportions.

The compounding effect of the amendment on arrear interest has been criticised by people who have mistakenly interpreted it as interest on interest, rather than arrear interest on arrear interest.

But Deputy Finance Minister Org Marais, who introduced the Bills in Parliament yesterday, warned that "no consumer protection arrangement should make it possible for the consumer to pay less than the actual damage which he has caused."

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## Housing

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However, he said the joint committee on finance had submitted a proposal to lower the maximum interest rates applied in terms of the Usury Act by one percentage point to compensate for amounts which had been over-recovered in the past.

While the Bill contained aspects which were not easy to accept, it would also give lower income groups access to the neces-

sary capital to obtain suitable housing, Marais said.

He said that while all existing legislation affecting credit, including the Usury Act, was presently being investigated by the South African Law Commission, with a preliminary report expected early next year, it had become necessary to address certain stumbling blocks immediately.

□ From Page 1



# Social defects in towns need to be tackled with creativity

**EXTRACTS** from an address by Mr J H Steyn, chairman of the Independent Development Trust, in Johannesburg this week.

LIKE so many South Africans, I have been hugely encouraged by the recent change in the political climate. There certainly appears to be an irreversible series of shifts towards a free, participative and more open society.

Again along with many South Africans, I have become increasingly concerned about the enormous socio-economic problems any new political dispensation will have to address.

I have had to ask myself whether compromises, understandings between political leaders, and indeed democracy itself could hope to satisfy the explosion of expectations and fears that will accompany the emergence of a new constitution of South Africa.

## New flexibility

I think it is obvious that a need exists — simultaneous with constitutional negotiations — to identify and exploit parallel opportunities around some of the critical issues of development, socio-economic inequality and economic justice. Here again I have been gratified that there has been similar thinking in both the government and other political actors and parties...

The announcement last week in Parliament by the responsible minister that five models for constitutional reform at local government level will be put to the Cabinet indicates a new flexibility. It is also important to note his undertaking that the future constitutional dispensation in each area would have to be negotiated in local "indabas" involving all political interests.

Nationwide, 61% of black households and nearly 40% of

coloured households currently cannot contribute financially towards housing.

They would, therefore, in the absence of some form of intervention, be excluded. Calculations for the major cities are less depressing in the sense that proportions unable to afford housing are almost halved, but with 30% to 40% excluded from the housing market by virtue of levels of poverty, the inevitable effect on our cities is obvious.

The closest we can come to solutions is a very careful combination of policies which still have to be formulated, often with the clear knowledge that the consequences are not clearly predictable.

## Undesirability

Whether anyone likes it or not, part of the "solution" in virtually all cities with high levels of poverty, lies precisely in features which we tend to regard as failures, such as shack settlements. This sounds like an awful thing to say and I do not say it lightly.

These settlements do, however, serve a purpose inasmuch as social undesirability depresses the market values and the costs of services to within reach of the poor.

Rentals in such settlements are far below the interest and redemption costs which would be required to replace them.

Squatters on buffer strips around townships and cities the world over are occupying land with theoretical market values and theoretical full servicing costs which the squatters could not remotely afford.

Part of the solution to urban problems is to cope creatively with social defects and not to adopt an absolute or perfectionist attitude, thus throwing the baby out with the bath water.

## Urban poor

If one accepts that there are no single element solutions, that there will always be a shortage of money and that there are no heroic agencies or policies which can overcome constraints which have never been overcome before, certain broad principles on urban policy for South Africa suggest themselves:

- All sectors must contribute to the improvement opportunity: the public sector, the private sector, organised labour and the urban poor themselves;

- We cannot afford the artificial structures of divided urban tax bases when even the collective tax base of central and local government will be insufficient to address the problems in our cities;

- We, and here I refer particularly to whites, must stop deluding ourselves that we can afford cities that look like

Frankfurt, Dallas or Zurich when we have a per capita GNP closer to that of Mexico, Brazil and Turkey. We have for too long used legal devices like the black urban areas legislation and Group Areas to hide our realities;

- This means that we have to become accustomed to adapting our lifestyles to urban complexity, inter-cultural and inter-class juxtaposition; a situation far closer to that of Rio than to our delusive image of an unrealistic, hyper-privileged past incapable of being sustained save through oppressive and unjust measures;

- Finally, because all segments of our urban population are going to have to compromise on what they have had in the past or what they think they are entitled to, we need general political legitimacy. We need to involve the leaders of all classes and interests in working towards a solution.

## More affluent

Here we should face two realities. The first is that continuing urban instability, while it may have had its place in the past in heightening awareness of the high levels of deprivation, is bound to undermine our urban economies.

The second is that unless the more affluent South Africans are politically involved in the design of solutions they will do what so many of their counterparts in the United States have done — take the local taxes they pay and the jobs they create beyond the city limits or, in our case perhaps, even out of the country.

These principles clearly indicate the need for comprehensive metropolitan negotiations, re-integrated cities with a single tax base, general participation in local government, judiciously targeted central state assistance in addressing backlogs in infrastructure and housing, special projects for the purchasing and bulk servicing of land for site-and-service housing and a number of other policy initiatives.



B1048/6/90

## State intervention 'necessary' to reorganise finance network

WILSON ZWANE

RESTRUCTURING private sector investment would require direct state intervention, Wits senior economics lecturer Mark Addleson said yesterday.

Speaking at a seminar on wage bargaining in Johannesburg yesterday, Addleson said the restructuring of financial networks comprising the conglomerates would not be accomplished by nationalisation.

"This would be best carried out by the use of anti-trust policy, specifically the dissolution of the holding companies which are the critical feature of SA's conglomerate structure" Addleson said.

"The controlled sale of the holding companies' shareholdings in operating companies would achieve a more equitable ownership distribution, especially if affirmative action was used to promote black business ownership at the same time."

Also speaking at the seminar, industrial relations consultant Stuart Pennington said it would appear that the central reality for many workers was that the current wage was a quest for survival.

Employers should give this issue priority attention as the pressures for nationalisation and distribution

mounted, Pennington said.

Addressing SA's housing problem, SPT Housing Consultants director Mike Morkel said the crisis was forcing the homeless and the underhoused to resort to squatting.

Morkel said the current housing backlog in black, coloured and Indian communities in the urban areas was acknowledged to be in excess of 1-million units.

"To meet these backlog requirements, plus to cope with the demand for additional homes from a growing population, requires that about 200 000 formal units be constructed annually for all groups till the turn of the century or beyond.

"The sad reality is that the construction sector is only delivering one-fifth of the required units annually," Morkel said.

"Access to land and housing underpins the very foundation of the economic power in SA," Morkel said.

SA Institute of Race Relations official John Kane-Berman said the state had to change its attitude to squatting.

"Squatting is now a solution to housing backlogs," he said.

### Industry Averages Labourer's Wages, Weekly



Stuart Pennington illustrates a point. Picture: ROBERT BOTHA

Chambers of commerce in the  
PAC in Johannesburg and the  
UNSA, members said.



has already been allocated a site elsewhere. The letter was signed by the administrative secretary and it is here on file.

**THE CHAIRMAN OF COMMITTEES:** Order! The time allocated for questions has expired.

**THE LEADER OF THE OFFICIAL OPPOSITION:** Mr Chairman, the hon the Minister has misled this House! He said I opposed it!

**THE CHAIRMAN OF COMMITTEES:** Order! The time allocated for questions has expired!

**THE LEADER OF THE OFFICIAL OPPOSITION:** He is grossly misleading this House!

**THE CHAIRMAN OF COMMITTEES:** Order! The time allocated for questions has expired.

**THE LEADER OF THE OFFICIAL OPPOSITION:** You have misled this House!

**THE MINISTER:** Mr Chairman, I wish to raise a point of order.

**THE CHAIRMAN OF COMMITTEES:** Order! The time allocated for questions has expired.

**THE LEADER OF THE OFFICIAL OPPOSITION:** The hon the Minister must read the Hansard! He has misled this House and must apologise to me!

**THE MINISTER:** Sir, I wish to raise a point of order.

**THE CHAIRMAN OF COMMITTEES:** Order! I wish to point out to the hon the Minister of Housing that the time allocated for questions has expired.

**THE MINISTER:** Mr Chairman, on a point of order: This letter was written on 18 October 1988.

**THE LEADER OF THE OFFICIAL OPPOSITION:** The hon the Minister owes me an apology!

**THE MINISTER:** I was not the Minister of Housing at that time!

**THE CHAIRMAN OF COMMITTEES:** Order! Will the hon the Minister indicate what the point of order is?

**THE LEADER OF THE OFFICIAL OPPOSITION:** Read the Hansard! [Interjections.]

**THE MINISTER:** Please, Mr Chairman, may I crave your indulgence?

**THE CHAIRMAN OF COMMITTEES:** Order! That is not a point of order. The time allocated for questions has expired.

# HOUSE OF ASSEMBLY

## QUESTIONS

+ Indicates translated version.

For written reply:

General Affairs:

SA Development Trust: land for Black occupation

184. Mr R J LORIMER asked the Minister of Development Aid: *Hansard 6/6/90*

(1) What total area of land held by the South African Development Trust in terms of the Development Trust and Land Act, No 18 of 1936, has not been handed over for occupation by Black persons;

(2) (a) how many separate areas are involved, (b) where is each situated, (c) what is the extent of each and (d) when did each come under the control of the Trust;

(3) in respect of each such area, (a) why has it not been handed over for Black occupation and (b) for what purposes is it being used at present;

(4) in respect of what date is this information furnished?

B459E

**THE MINISTER OF DEVELOPMENT AID:**

(1) and (2) The South African Development Trust still owns approximately 655 000 hectares, acquired since 1970, which has not yet been handed over for occupation by Blacks. The extent of these areas of land varies from 1 000 to 180 000 hectares and is mainly situated in the following districts:

|                |                  |
|----------------|------------------|
| East London    | Ubomo            |
| Queenstown     | Babanango        |
| Brits          | Lower Umfolozi   |
| Swartburg      | Port Shepstone   |
| Southernberg   | Eshowe           |
| Vryburg        | Estcourt         |
| Pieterburg     | Lady Smith       |
| Potgietersburg | Pietermaritzburg |

|            |           |
|------------|-----------|
| Letaba     | Impendle  |
| Warmbaths  | Alfred    |
| Harrismith | Harding   |
| Bethlehem  | Ixopo     |
| Vryheid    | Umzimto   |
| Ingwavuma  | Nqutu     |
| Richmond   | Newcastle |
| Kuruman    | Mt Currie |

(3) (a) The reasons why the above-mentioned land has not yet been handed over for occupation by Blacks, are the following:

— The development of the land which is being done in close collaboration with the various governments, has not yet been completed;

— Certain pieces of land were acquired as compensatory land for the settlement of inhabitants of certain Black areas who will now no longer be resettled;

— The survey of boundaries is still to be completed;

— Certain areas of land are subjected to bilateral agreements;

— The various government and affected people must be consulted before the land can be handed over.

(b) Primarily the land is being leased to farmers, companies, the South African Development Trust Corporation, Agricon, Agriwane and other development corporations to maintain and develop the investments.

(4) March 1990.

**KwaZulu:** exchequer personnel corps

394. Mr W C MALAN asked the Minister of Development Aid: *Hansard 6/6/90*

How many (a) Whites, (b) Blacks, (c) Coloureds and (d) Indians were employed in each specified salary interval of the exchequer personnel corps in KwaZulu in September 1988?

B941E



# Crisis in urban areas may derail political solution

339 7/6/90

The high-level political settlement on which most people are pinning their hopes could be seriously undermined by the crisis in urban areas, Jan Steyn, chairman of the Independent Development Trust, has warned.

Speaking for the first time in his capacity as head of the trust set up by the Government to administer R2 billion set aside for social upliftment, Mr Steyn said that as the rate of growth of urban areas was double that of the overall population, it was in these areas that "strong links in the chain of our emerging national structures will be forged or broken".

Addressing a "City Futures" conference this week organised by the Wits Graduate School of Business Administration, he said increasing rent boycotts, black local authority debt and protests about local grievances were in part a reflection of generalised restlessness and expectations. However, urban conditions for the mass of poor people remained very negative.

## Difficult

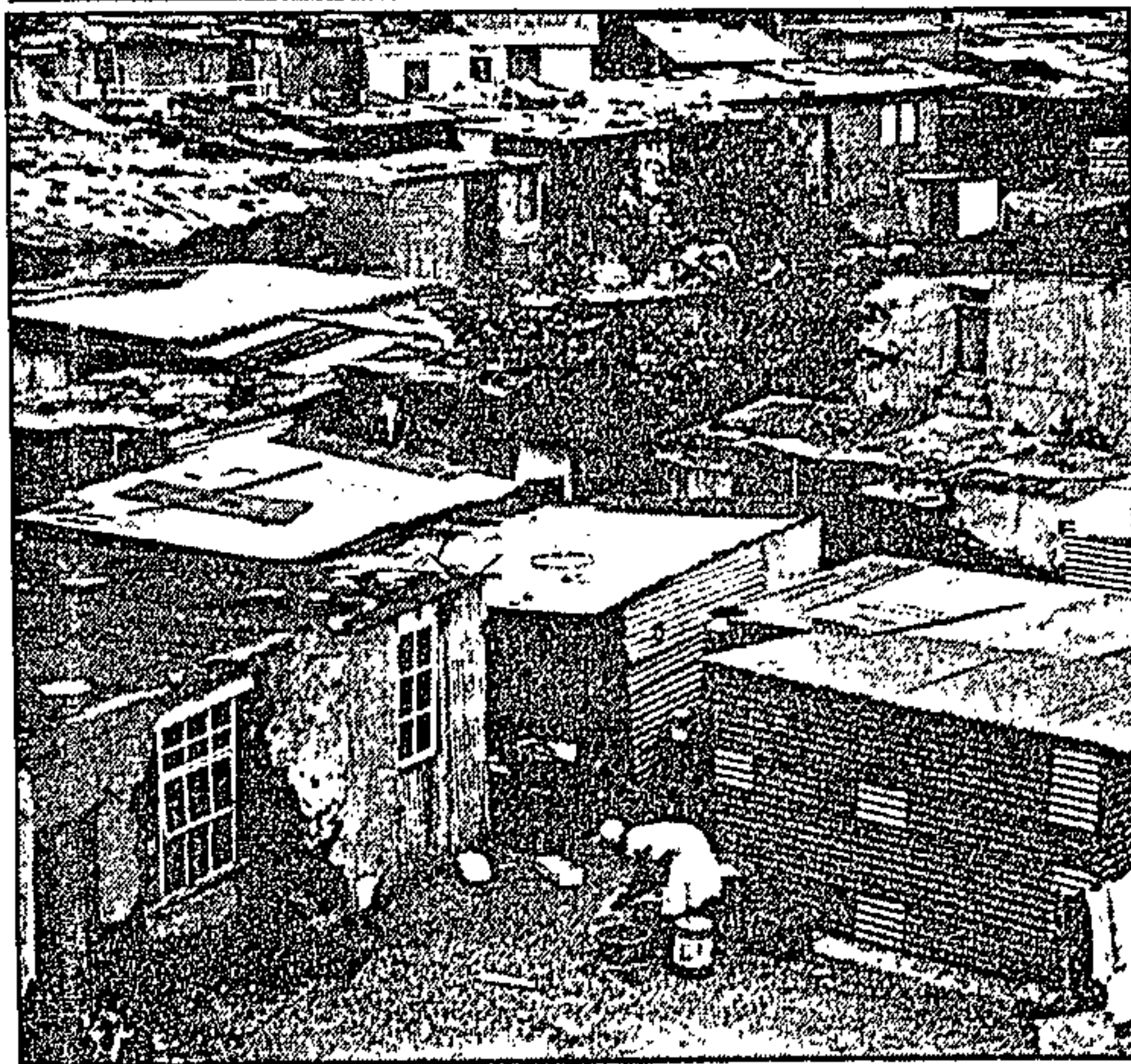
He said he was gravely concerned that the high-level political settlement on which most people were pinning their hopes would be seriously undermined by the crisis in towns and cities. Urban problems were among the more difficult challenges facing humankind.

In the provision of housing, market forces were powerful impellers of development, but only at levels at which demand could operate.

It had been suggested that 61 percent of black households and nearly 40 percent of coloured households could not contribute financially towards housing. State provision and subsidies — unless the government was inordinately wealthy or the population slow-growing — was usually accompanied by severe housing shortages.

"For 'third world' cities like ours, there are no solutions, only carefully assessed and monitored compromises ...

Can negotiations for new local government structures be contemplated before national negotiations? This was one of the questions put by Jan Steyn in the first speech delivered in his new capacity as chairman of the R2-billion Independent Development Trust. **KAREN STANDER reports.**



Homeless ... South Africa's poor people have suffered enough, says Jan Steyn. The time has come to build.

"The closest we can come to solutions is a very careful combination of policies which still have to be formulated, often with the clear knowledge that the consequences are not clearly predictable," said Mr Steyn.

"Whether anyone likes it or not, part of the 'solution' in virtually all cities with high levels of poverty, lies precisely in features which we tend to regard as failures, such as shack settlements.

"This sounds like an awful thing to say and I do not say it lightly. These settlements do, however, serve a purpose as social undesirability depresses the market values and the costs of services to within reach of the poor ...

"Part of the solution is to cope creatively with social defects and not to adopt an absolute or perfectionist attitude."

South Africans, particularly whites, needed to stop deluding themselves that South Africa

could afford cities that looked like Frankfurt, Dallas or Zurich, when the country had a per capita Gross National Product closer to that of Mexico, Brazil and Turkey. "We have for too long used legal devices like the black urban areas legislation and Group Areas to hide our realities.

"This means that we have to become accustomed to adapting our lifestyles to urban complexity, inter-cultural and inter-class juxtaposition; a situation far closer to that of Rio than to our delusive image of an unrealistic hyper-privileged past incapable of being sustained save through oppressive and unjust measures.

"We are going to need innovation and expertise in urban planning and administration at a level which makes it absurd to divide our professional and administrative experience between politically separated

parts of our cities.

"And finally, because all segments of our urban population are going to have to compromise on what they have had in the past or what they think they are entitled to, we need general political legitimacy.

"We need to involve the leaders of all classes and interests in working towards a solution."

Continuing urban instability "while it may have had its place in the past in heightening awareness of the high levels of deprivation", was bound to undermine urban economies.

Also, unless the more affluent South Africans were politically involved in the design of solutions, they would take their local taxes and the jobs they created beyond the city limits, or even out of the country.

Mr Steyn questioned whether the metropolitan negotiating process could be contemplated before national negotiations "which, hopefully, will soon be underway in Cape Town and Pretoria".

## Suffering

He said the future constitution and development pattern of the cities was complex, requiring high-level consideration, particularly by representatives of the majority.

"The key question, therefore, is whether or not the negotiations about future constitutional options and development strategies for the cities should not perhaps be centrally organised and launched as an adjunct of national negotiations.

"There are obvious benefits as well as disadvantages."

He pleaded for the poor to be given a better deal: "Poor people in South Africa have suffered enough. Don't let us compound the injustices perpetrated through the apartheid system by the continued destruction of our urban infrastructure — both human and physical.

"The time has come to build together. Let us begin by developing productive and constructive approaches towards the challenges and opportunities offered by our cities."



# Scheme for returning exiles rejected

THE Returnees' Task Force, established by church and political groups to handle returning exiles, has rejected a low-cost housing scheme designed by a Swiss-born architect for the returnees.

The scheme was drawn up by West Rand-based architect Heinz Hachler, who looked at backyard shacks in black townships and decided that little or no new land would be needed to put it into operation.

Hachler said in townships, where the most rudimentary services — water and toilets — were available, structures which were somewhere between shacks and ordinary houses could be put up and sold at about R14 000.

"In a 400m<sup>2</sup> space six 5mx4m units each with a sitting room, a kitchen-

ette, toilet and shower, and a bedroom could have a short stairway to an upper floor with another two bedrooms," Heinz said this week.

Unions and political organisations could buy units for returning exiles for accommodation while they were settling down to look for more formal housing.

Hachler said he would like to meet the group set up to deal with returning exiles.

SA Council of Churches director of information Saki Macozoma, who is a member of the returnees task force, said yesterday the scheme was "totally unacceptable as it is within the context of existing apartheid laws".

Macozoma added: "Housing must

be free of apartheid legislation. People must have places of their own. We need low-cost housing, but we wouldn't be happy if our horizons were limited by the amount of land provided.

"We have identified the issue of the discriminatory Land Act as a major obstacle in the provision of housing. We want to embark on a campaign to get the Land Act and the Group Areas Act repealed. So we won't look at the provision of housing for returning exiles in the context of existing apartheid laws. We won't adjust."

But he said the concept was "interesting" in so far as it dealt with homelessness in general. "Since he wants to have discussions with us, we will talk to him and see if the idea could be used," Macozoma said.

THEO RAWANA

## Call for overhaul of housing design

THEO RAWANA

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HOUSING should be designed to accommodate the development of home industries through small-scale entrepreneurship, a top architect told the SA Housing Trust in Johannesburg yesterday.

Addressing the launch of the SA Housing Trust Affordable Housing Design Competition, Prof Dieter Holm, head of the architectural department at Pretoria University, said: "SA's Soweto-style model is based on the outdated concept of suburban dormitory towns ... a style that needs to be drastically updated."

"This way of planning is a reaction to the industrial revolution of the 19th century in Europe and was aimed to separate housing from the then polluting factories. The housing was, in turn, separated from the commercial and recreational areas."

### 8/6/90 Pollution

Holm said this type of model also involved the doubling and tripling of services such as lights, water, sewerage, roads and refuse removal, "which are also grossly underused".

"Moreover, these so-called residential areas often end up generating more pollution than in the industrial areas."

SA's acute housing and squatter crisis, which currently reflected an accommodation backlog of 1 260-million units, would never be overcome unless it was perceived as an opportunity rather than a crisis, Holm said.

He said SA was now entering a "post-industrial age", where urban design and architecture of the future demanded drastic changes.

"The cottage industry, or informal sector, is growing rapidly and is currently producing in excess of R16bn a year."

He said housing should therefore be designed to enable the development of home industries through small-scale entrepreneurship.



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# 'Urban crisis' could scuttle hopes of peace

JOHANNESBURG. — The high-level political settlement on which most people were "pinning their hopes" could be seriously undermined by the crisis in urban areas, Mr Jan Steyn, chairman of the Independent Development Trust, has warned.

As the rate of growth of South Africa's urban areas was double that of the overall population, it was in these areas that "strong links in the chain of our emerging national structures will be forged or broken", he said.

Mr Steyn this month took up his new position as head of the trust set up by the government to administer R2-billion set aside for social upliftment.

Addressing a "City Futures" conference this week organised by the Centre for Policy Studies of Wits University's Graduate School of Business Administration, he said increasing rent boycotts, black local authority debt and protests about local grievances were in part a reflection of generalised restlessness and expectations.

However, urban conditions for the mass of poor people remained very negative.

He was gravely concerned that the high-level political settlement on which most people were pinning their hopes would be seriously undermined by the crisis in towns and cities.

Urban problems were among the more difficult challenges facing humankind.

## Severe housing shortages

In the provision of housing, market forces were powerful impellers of development, but only at levels at which demand could operate.

It had been suggested that in South Africa 61 percent of black households and nearly 40 percent of coloured households could not contribute financially towards housing. State provision and subsidies, unless the government was inordinately wealthy or the population slow-growing, was usually accompanied by severe housing shortages.

"For 'third world' cities like ours, there are no solutions, only carefully assessed and monitored compromises — hopefully rapidly ameliorating human deprivation. The closest we can come to solutions is a very careful combination of policies which still have to be formulated, often with the clear knowledge that the consequences are not clearly predictable.

"Whether anyone likes it or not, part of the 'solution' in virtually all cities with high levels of poverty, lies precisely in features which we tend to regard as failures, such as shack settlements.

Can metropolitan negotiations for new local government structures be contemplated before national negotiations? This was one the questions put by Jan Steyn, chairman of the R2-billion Independent Development Trust, in the first speech delivered in his new capacity. **KAREN STANDER** reports.

"This sounds like an awful thing to say and I do not say it lightly. These settlements do, however, serve a purpose as social undesirability depresses the market values and the costs of services to within reach of the poor.

"Part of the solution is to cope creatively with social defects and not to adopt an absolute or perfectionist attitude."

## "Adapt our lifestyles"

South Africans, and particularly whites, needed to stop deluding themselves that South Africa could afford cities that looked like Frankfurt, Dallas or Zurich, when the country had a per capita gross national product closer to that of Mexico, Brazil and Turkey.

"This means that we have to become accustomed to adapting our lifestyles to urban complexity, intercultural and inter-class juxtaposition, a situation far closer to that of Rio than to our delusive image of an unrealistic hyper-privileged past incapable of being sustained save through oppressive and unjust measures."

"And finally, because all segments of our urban population are going to have to compromise on what they have had in the past or what they think they are entitled to, we need general political legitimacy.

"We need to involve the leaders of all classes and interests in working towards a solution."

Mr Steyn questioned whether the metropolitan negotiating process could be contemplated before national negotiations. The future constitution and development pattern of the cities was complex, requiring high level consideration, particularly by representatives of the majority.

He pleaded for the poor to be given a better deal: "Poor people in South Africa have suffered enough. Don't let us compound the injustices perpetrated through the apartheid system by the continued destruction of our urban infrastructure — both human and physical."

# Time Housing joins loan guarantee plan

Time Housing is taking part in the Urban Foundation loan guarantee scheme launched recently.

Through this initiative building society finance will be widely available to borrowers seeking loans for as little as R12 500.

The foundation's scheme addresses the problems of building

society reluctance to lend money for homes under the R35 000 mark.

Restricted loans from R12 500 upwards can, in this way, be granted, providing finance in areas where it was previously available only through the SA Housing Trust.

Mike Graham, managing

director of Time Housing, says: "We have encountered many potential clients but due to a shortage of finance we have been unable to assist them."

"Fortunately, we have records of all inquiries and with the introduction of the Urban Foundation initiative, we hope to be in a position to aid a large proportion of these people."



# DET protesters to refuse meals

14/6/90 By Janet Heard,  
Education Reporter

The eight Soweto parents who are staging a sit-in at the Braamfontein offices of the Department of Education and Training decided yesterday to refuse meals and take only dried fruit and liquids.

The Soweto Education Co-ordinating Committee (SECC) has warned that this could build up to a full-scale hunger strike.

This morning members of the ANC internal leadership were due to meet the parents in support of their demand for much-needed textbooks.

A spokesman for the parents said they had still not received

any feedback to their demand from the regional director, Peet Struwig.

The ANC said in a statement that if the demand for textbooks was not met, the ANC, with students, parents and teachers, would decide on appropriate action to address the issue.

The parents began the sit-in at lunchtime on Monday and plan to remain there until a definite date has been set for the delivery of textbooks to schools.

The parents have undertaken not to speak to the press during their stay in the conference room on the 16th floor of the DET building.

Responding to the action by

parents, the director-general of Education and Training, Dr Bernhard Louw, said in order to seek ways to eliminate the shortage, DET officials must have access to schools, and principals and department heads must be permitted to carry out their duties without interference.

For the past two months teachers have prevented inspectors from visiting schools in protest against the failure of the DET to respond to their demands. Last week, the Congress of South African Students (Cosas) called on principals not to return to school until textbooks had been delivered.

# 7 education hunger strikers weakening

By Thabo Leshilo

The seven members of the Soweto Education Coordinating Committee on hunger strike at the regional offices of the Department of Education

and Training in Johannesburg have become weak and have been told to conserve energy, their doctor said yesterday.

Dr Refik Bismilla, of the South African Health Workers Congress (Sahw-co), said the protesters remained committed to continuing the fast despite their condition.

The seven embarked on a sit-in at the offices last Monday in protest against shortages of books in some schools in Soweto. They resolved not to leave the building until the DET gave a written undertaking to deliver the books.

The eighth protester, Silas Tloubatla, left the building on Thursday because of ill health.

Dr Bismilla said the protesters had been drinking fruit juice since they started their fast on Thursday, but had taken only water at the weekend.

The protesters have ignored an ultimatum issued on Friday by the Minister of Education and Development Aid, Stoffel van der Merwe, to vacate the building.

## Disruption

The Minister told the delegation that its continued occupation of the premises was illegal. He said he would obtain an urgent Supreme Court order to have them removed.

Delegation spokesman David Maepa told reporters they would ignore the ultimatum.

The Director-General of Education and Training, Bernhard Louw, admitted in a statement there was a shortage of books, but blamed the situation on the "prolonged disruption of schooling" in Soweto.

Dr Louw said: "Efforts to collect a stock of books from the available sources in order to distribute them in the best possible way have already been resumed."



Star  
22/6/90

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## R3,5-m boost for black housing

The British government yesterday handed over nearly R3,5 million to the Urban Foundation's scheme to provide low-cost housing to the country's disadvantaged people. The money was handed to former chairman of the foundation, Jan Steyn, by the British Ambassador at a ceremony held in Cape Town.

Mr Steyn said the R8,7 million received from West Germany, Switzerland and the United Kingdom was a large contribution to the success of the scheme.

140 000 houses to be built

B 10 am  
22/6/90

# July 1 launch for R3,5bn home scheme

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THE Urban Foundation's R3,5bn low-cost housing scheme will be launched on July 1, former Urban Foundation chairman Jan Steyn said yesterday.

The scheme, first announced in October last year at a joint Press conference in London and Johannesburg, will see about 140 000 low-cost homes built.

Steyn said the fund had received R8,7m in grants from West Germany, Switzerland and the UK. With this cash about R13,3m was raised from SA's private sector.

"This enabled us to generate R350m worth of insurance. This in turn has encouraged the lending institutions to commit in excess of R3,5bn to this segment of the market."

Steyn, now chairman of the Independent Development Trust, will be a board member of the new Home Loan Guarantee Company, which will administer the funds.

He said the Home Loan Guarantee Company was incorporated on March 30 and had a tax exempt status. It would become operational on July 1 and the necessary legislation had been enacted in order to make the processes viable.

"We also anticipate a self-regulatory agreement will be signed by financial institutions on June 26, setting the initiative in motion," Steyn said.

He said this after accepting a cheque for R3,5m from British Ambassador Sir Robin Renwick at a Cape Town function yesterday.

Steyn said the money would provide lending institutions with "encouragement and some protection" for the purchase of homes below R35 000 in value.

"It is going to be a challenge for us to extend the insurance capacity in order to facilitate the flow of all these funds over the next five years."

TIM COHEN

"Should we be able to do so, it should be possible to deliver some 140 000 new housing units," he said.

Steyn said SA had been singularly unsuccessful in securing the flow of funds from the developed to the developing segment of the economy in the past.

Until this initiative was announced, most lending institutions were not prepared to lend money for the purposes of purchasing homes below R35 000 in value.

"The result was that almost all the housing finance generated by private institutions was directed at middle, upper middle and upper class housing."

He said with the withdrawal of the state, to a large extent, from the financing of housing, as distinct from land and infrastructure, there was very little finance available for housing for poor people.

"We had to persuade the lending institutions not only that there was a market there but that it was a good and viable market. In order to do so we had to give them both encouragement and some protection."

He said the Loan Guarantee initiative would play this role, adding that it was now clear that while a comparatively small sum of R8,7m had come from overseas donors, it had unlocked massive SA resources.

He also encouraged other foreign governments to seize on the development opportunities in SA.

Commenting on the dilemma voiced by President George Bush concerning the question of rewards for change in SA, he said he thought great encouragement could be given to the process of building

□ To Page 2

## Housing

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democracy by practical steps taken by the international community.

"Very significant encouragement would be given to the process if substantial resources were to be made available in order also to undo some of the harm that sanctions have undoubtedly inflicted on poor people," he said.

Renwick said at the function his government's grant was contingent on the bulk of the money being raised by the SA private

sector, with other countries contributing.

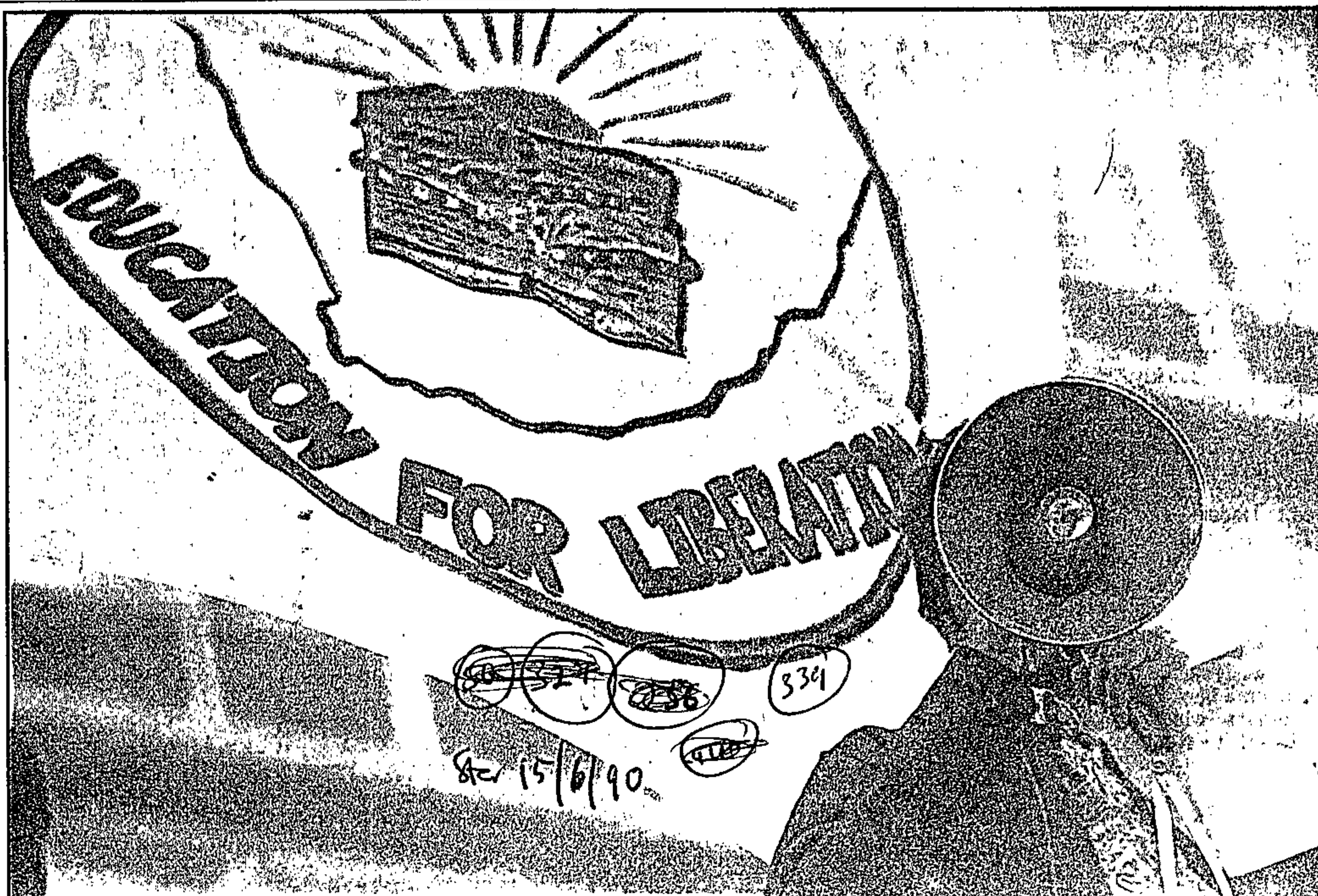
He said the scheme was first discussed when Steyn, Nafcoc president Sam Motsuanyane, Barlow Rand chairman Mike Rosholt and Rembrandt MD Anton Rupert met Prime Minister Margaret Thatcher in London eighteen months ago.

"We agreed that if a scheme could be devised which would help to make lending on a large scale available for low-cost housing, we would take the lead in pledging a contribution to it," he said.

□ From Page 1



## NEWS



Now hear this . . . a marshal instructs the crowd of about 7 000 coloured parents, teachers and children who marched through Johannesburg yesterday to submit their grievances to the House of Representatives office. ● Picture by John Hogg.

## Mass protests underline the turmoil in black education

By Janet Heard, Stan Hlope and Shehnâaz Bulbulia

South Africa's black education system is threatened with collapse amid unprecedented mass protest action.

Various education departments have been hit by marches, pickets, sit-ins, strikes, and mass rallies by teachers, principals, parents and pupils.

These have led to attempts to negotiate with top Government officials.

A uniform long-term demand by black teachers is the call for one single education system.

Yesterday, events staged by

Indian, coloured, African and even white groups included:

● After a visit to eight parents "sitting in" at the offices of the Department of Education and Training (DET), ANC leader Walter Sisulu signalled that the ANC was planning to get involved not only in the textbook shortage which resulted in the sit-in, but in the growing national education crisis as a whole.

The parents rejected the response by the DET that their demands would be addressed when schools returned to normal.

● At a press conference, the Congress of South Africa Stu-

dents (Cosas) announced that schools would stay open during the holidays as part of a defiance campaign.

● In Lenasia principals led a 3 km march involving more than 1 300 Transvaal Indian teachers, pupils and parents to the local office of the House of Delegates (HoD) to express their "total dissatisfaction".

● Affiliates of the white teacher body, the Teachers' Federal Council (TFC), are split on the TFC's decision to suspend co-operation with the Minister of National Education, Gene Louw.

There are rumours of a possi-

ble split within the TFC following Mr Louw's decision to meet the non-racial National Teacher Unity Forum a few weeks ago.

● About 7 000 coloured parents, teachers and children marched to the regional offices of the House of Representatives in central Johannesburg and submitted a list of grievances which resulted in the teachers staging a two-week "chalks-down". The teachers decided to continue the strike until July 10.

● The DET has asked Soweto teachers to collect their salary cheques from their area offices after midday today.



# Next schools' disaster

CHARLES MOGALE

ANOTHER disaster awaits black pupils who will write matric examinations at the end of the year.

With no end in sight to the shambles in black education, the Department of Education and Training has predicted a shocking 10 percent pass rate. The figure, slammed by black educationists as being alarmist, would be the lowest matric pass rate ever.

Although sceptical about the 10 percent prediction, politicians, teachers, parents and the pupils themselves have expressed fears that unless drastic steps are taken immediately, another disaster is in the offing.

Transvaal United Teachers' Association's (Tuata) Leepile Taunyane has warned that the 10 percent prediction is "dangerous".

He said this week: "In the worst of times, the results were never as bad as that. Such a prediction is dangerous, demoralising and demotivating. We should rather say we do not expect very good results, rather than quantify. In the worst of times, people often tend to rise beyond expectations."

The results last year hit a record low, with only 42 percent passing. More than 100 000 pupils failed and hardest hit was Soweto, where the schools pass rate ranged between 14 and 29 percent.

Before that, the five-year lowest rate was recorded in 1985 - the peak of rent boycotts - when 49,3 percent passed.

Observers believe the 1985 scenario is playing itself out again, only with two-fold repercussions. The country is still saddled with the problem of the more than 100 000 failures who joined the employment market with minimal literacy and no trade qualifications. It is feared that a repeat of last year's episode could probably double the already swollen unemployment ranks.

This year, educationists speculate that more than eight weeks of teaching have been lost due to disruptions in schools. However, the National Education Crisis Committee (NECC) paints a gloomier picture.

General secretary Ihron Rensburg pointed out that the black education system in the country had collapsed in the past six months.

Fears of the disastrous prediction coming true have been fuelled by the persistent failure of black pupils to heed the back-to-school call made from various political quarters.

The Azanian Students' Movement has repeatedly appealed to pupils to return to classes. Publicity secretary Siphiso Maseko warned that the solution to the crisis did not lie in the hands of the pupils. He said normal education could only come about when the political situation had been normalised.

A daily newspaper editorial this week warned the black community to stop heaping the blame on the DET while practising hypocrisy themselves.

It said: "More often than not it is the

THE crisis in black education has reached an all-time low, with no relief in sight. DET sources have warned that only 10 percent of black pupils will pass matric this year. In the latest turn in the crisis, the National Education Crisis Committee (NECC) has demanded the closure of the DET. They have also warned that if the 210 000 matric pupils in black schools are not moved out of the system this year, the problem will double next year when another 200 000 will enter the scene. Parents and concerned parties say in light of the education crisis in the country the supply of textbooks is the least the DET can do. City Press looks at the issues involved.

pupils, and not the parents, who speak the most and take decisions. Within days of the school term starting, these same pupils and students were engaged in confrontations with the authorities. The parents' organisations are hardly consulted.

"When they finally get into the fray, they also end up blaming the authorities and endorsing the self-flagellating tactics of their young followers... While there is a lot wrong with black education and the DET, our children and organisations also have a lot to answer for."

A City Press snap survey in Soweto this week disclosed that the fears of a looming disaster were not unfounded.

Although the pupils themselves, in collaboration with teacher organisations, agreed to defy DET regulations to close for the winter holidays, there was little or no schooling taking place.

Scores of pupils milled around the streets with many teachers basking in the sun.

A teacher said: "Frankly, some of us just come here to be with the crowds. There is no way you would be able to teach children who have been led to believe that they know more about what is good for them than you do. I think our children were spoilt by the sympathy they got after June 16, 1976."

"The rot has filtered down to the present generation where the so-called young lions demand to dictate the syllabus and who must teach it, how and when. It does not happen anywhere else in the world."

Parent Stanford Zwane said: "Politicians should stop using the education of our children to score points. If the ANC, PAC, Azapo, Inkatha or whoever, are serious and know their priorities, they should come together in this matter and fight the issue jointly. After that they can go their separate ways."

"I have one question for those teachers and pupils behind the school boycotts: 'Do you think the government cares a hoot if you deprive a black child of education? That is exactly what the government wants.'"



Some of the parents leave the DET on Tuesday after their Maepa and Sheila Sisulu, with Silas Ttoubatla behind.

## DET 'ignored plea supply textbooks'

By SOPHIE TEMA

THE Black Sash Education Interest Group this week accused the DET of having ignored repeated pleas by educationists and parents to supply children with textbooks.

It said in a statement that overcrowding and the lack of teachers and textbooks prompted Soweto parents, teachers and pupils early this year to decide to try to get the school situation back to normal.

The DET was notified of the implications of these problems in the back-to-school campaign.

"But the DET seems to have chosen to ignore the situation, even after repeated requests and demands by Soweto parents for their children to be supplied with textbooks."

"In light of the education crisis in the country, the supply of textbooks is the least DET can do to redress some of the grievances."

This week, chief regional director of the DET in Johannesburg Peet Struwig said: "Since 1985 more than R3 million has been spent on textbooks every year in Soweto. For secondary schools this

represents a supply of books each year.

"In the past five years 300 000 textbooks have on regular order and to existing stock there are approximately 500 000 textbooks a pupil at the

Struwig said for the more than 5 500 (800 on average) had been lost, and returned every year.

"Despite controls on the magnitude of the loss, the region that the total replacement more than R7 million, almost to the price of erecting new school buildings."

"If primary schools replacement of losses will R18 million."

Struwig stressed that sad that as books are delivered, school inspectors, den by certain organisations forming their schools and principals were not the new stocks.



# ster in the offing



by after their sit-in. They are, from left, Tana Sigasa, E Ngudle, David behind.

## Human rights delegation to lodge protest against DET

By SOPHIE TEMA

AN appeal to investigate the education crisis in black schools will be made to the United Nations Education, Sport and Cultural Organisation (Unesco) in Geneva next week.

The appeal will be made by the United Nations Commission on Human Rights delegation that visited South Africa on a fact-finding mission last week.

A statement lodging an official protest against the South African government and the Department of Education and Training (DET) for failing to provide pupils in black schools with textbooks was handed to the delegation before it departed from South Africa.

The statement was addressed to the general secretary of the UN Commission on Human Rights and signed by the South African Health Workers' Congress (Sahwco).

The organisation said it believed the demand for textbooks was genuine and expressed dismay at reports that the DET had said 90 percent of black matriculants would fail final examinations.

The statement also complained of maltreatment of parents who staged a sit-in and hunger strike at the DET offices. It said they were not allowed food, legal aid or medical care in violation of the United Nations Charter for Human Rights.

The statement said the attitude of the DET further violated every international health protocol, in particular those of the World Health Organisation, the International Commission of the Red Cross and the Tokyo Declaration of the World Medical Association.

In the statement, Sahwco said: "We condemn the ruthless and unsympathetic action of the DET in dealing with the parents who are legitimately demanding textbooks for their children."

"The parents have been forced to endure total separation from the outside world. They were also refused medical care."

Sahwco commended its national general secretary Dr Rafik Bismilla, who exercised his rights as a health worker and took care of the sit-in parents.

The parents were forced to leave the DET building after they were served with summonses to face prosecution if they resisted an order submitted by the Education Minister to vacate the premises.

Soon after leaving the building, Soweto Education Co-ordinating Council (SECC) spokesman David Maepa said the DET refused to address the issue of books and said the situation was abnormal because inspectors and principals had no access to schools.

"The department says 90 percent of matriculants will fail at the end of the year. That is the sentence they have already pronounced on our children," he added.

Regional chief director for the DET in Johannesburg Peet Struwig said the DET would do all in its power to speed up deliveries of books and other stock ordered at the beginning of the financial year.

He said it was necessary for principals to resume their posts and for inspectors to reach all schools if the DET was to adequately consult with "management councils, interest groups and associations who have the interest and educational welfare of pupils in Soweto at heart".

## pleas to oks'

a supply of more than 60 000 h year.

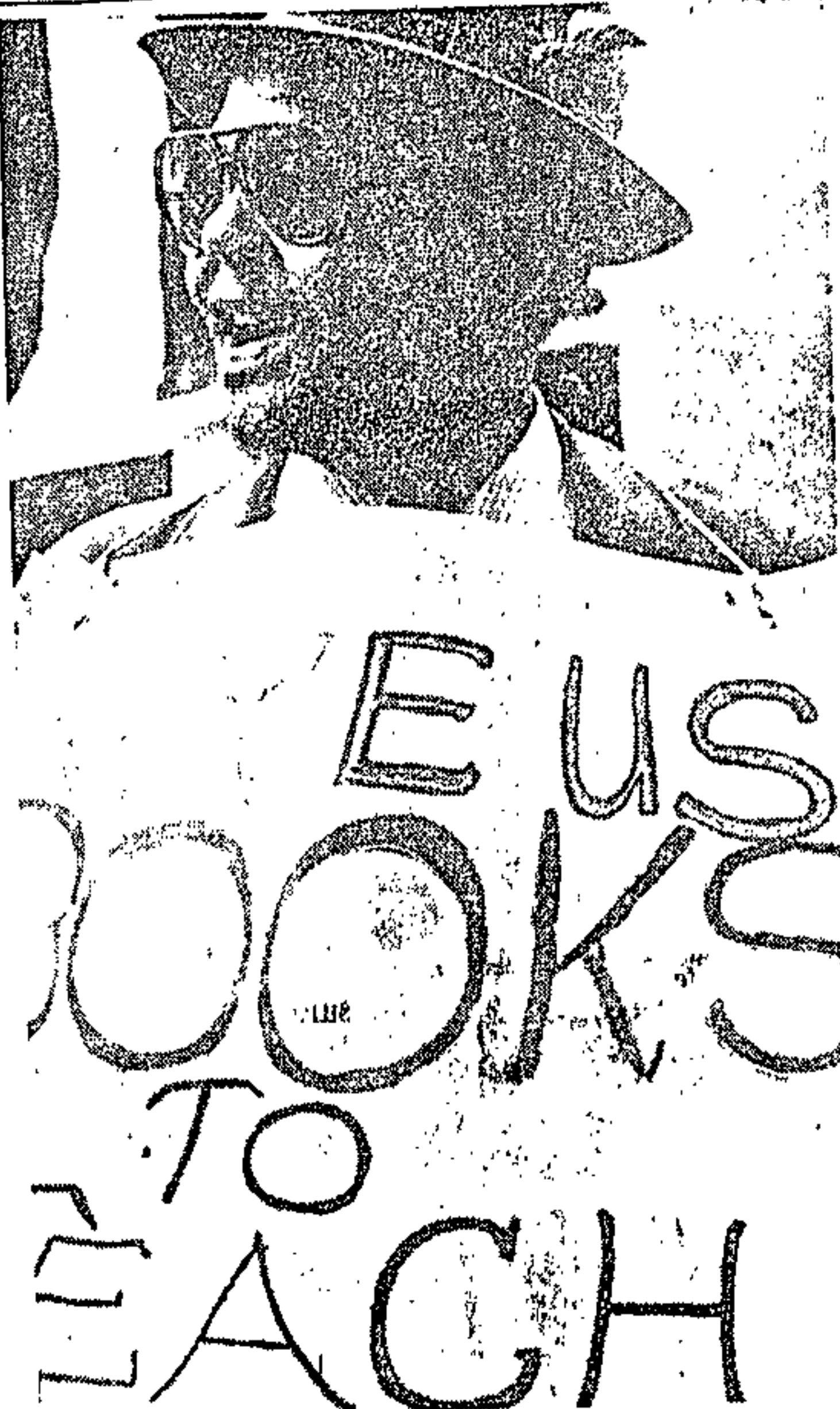
past five years more than textbooks have been supplied r order and together with the lock there should be a total of ately 500 000 books (seven a pupil) at this stage."

g said for the past five years 15 500 (800 books a school, on had been lost, destroyed or not every year.

te controls and procedures, itude of the annual loss has not d. The region has calculated total replacement cost will be n R7 million, which is equiv- he price of erecting two brand ol buildings.

mary schools are included re- t of losses will not be less than lon."

g stressed that it was equally as books became ready for school inspectors were forbid- ertain organisations from in- their schools about deliveries ipals were not there to receive itocks.



One of the principals demonstrates outside the DET offices this week.



... was derived from the fund dividend paid by

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## Urban Foundation receives R100 000

THE Urban Foundation's primary school science programme got a boost yesterday in the form of a R100 000 donation from Sanlam.

Part of the money will be used on the East Rand — in Kaitleng, Vosloorus and Thokoza — for workshops and material supplies for primary teachers.

The rest will go into a pilot programme, and to teacher training colleges in Lebowa.

Urban Foundation CE Sam van Collier accepted the cheque from Sanlam MD Pierre Steyn.

WILSON ZWANE

The Foundation's Primary Science Programme aims to overcome difficulties in the teaching of science in black primary schools, through improving the skills of both teachers and pupils.

According to the Foundation, about 1 000 teachers in the Transvaal region alone have gone through the programme since its inception three years ago.

Last year the programme involved 1 303 schools and 2 125 teachers countrywide.

## Segregated role of RSCs becoming blurred

REGIONAL services councils (RSCs) could provide the momentum for a move away from racially segregated local authorities.

PETER DELMAR

priorities in their own areas. While some



Sanlam MD Pierre Steyn, left, and Urban Foundation CE Sam van Collier after Sanlam's donation to the foundation in Johannesburg yesterday.

Picture: ROBERT BOTHA



# Low mortgages agreement signed

EDWIN UNDERWOOD

THE Association of Mortgage Lenders and the Urban Foundation yesterday signed an agreement which will make available mortgage loans of less than R23 000 by November this year.

The agreement is the forerunner to the start of the Loan Guarantee Initiative (LGI) which will act as an indemnity fund for lending institutions. The R20m LGI was announced by the Urban Foundation last October and will become a legal entity on July 1.

In terms of the agreement, a borrower will be able to apply in the usual way to financial institutions for a mortgage loan and usual lending criteria will apply.

Each institution will announce when it is ready to start offering loans in a new category of R35 000 and less. In terms of the agreement, all institutions will be ready to start the scheme by November 1.

Participating financial institutions are: Allied Building Society, Eastern Province Building Society, First National Bank, Grahamstown Building Society, Natal Building Society, NedPerm Bank, Provincial Building Society, Saambou National Building Society, Standard Bank, TrustBank, United Building Society and Volkskas Bank.

While the financial institutions have committed an amount of R3,5bn to the category of lending, it is expected that an amount of between R200m and R400m will be lent in the first year.

Although it will be some time before the participating financial institutions begin lending, they will start updating their legal, financial and administrative systems immediately.

Sowetan 28/6/90

# R3,5m for housing

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By KENOSI  
MODISANE

THE Urban Foundation has received R3.5-million from the British government to help provide new low-cost housing schemes for blacks.

Presenting the money to the Foundation, British Ambassador Sir Robin Renwick said: "There is general agreement that the two areas of most critical need are black education and housing."

Sir Robin said his country was "making an effort with a large scale increase in the number of scholarships and assistance for teacher training to help in the education problem."

He said the idea of low-cost housing was first discussed with his government when Dr Sam Motsuenyane of Nafcoc, Mr Mike Rosholt, Dr Anton Rupert and the outgoing chairman of the Urban Foundation, Mr Jan Steyn met Mrs Margaret Thatcher last year.

## Squatters

Addressing the problem of squatters, Sir Robin said: "In dealing with the problem of the squatter settlements the first step has to be to help people move out of those settlements into new low-cost formal housing."

Sir Robin also urged South Africans to increase efforts when fighting the housing problem.

\* Mr Jan Steyn is now chairman of the Independent Development Trust. He will be succeeded by Mr Mike Rosholt as the chairman of the Urban Foundation.



## Seven-million people in SA 'are living in shacks'

BARRY STREEK

339

CAPE TOWN — Seven million people — one in five South Africans — lived in shacks or informal shelters and there were 80 informal settlements in SA, according to the Urban Foundation.

"Housing is, by any measure, one of SA's critical national priorities.

"The lack of it can cause deep and lasting socio-economic problems," the Foundation said in a statement released together with a video, Dilemma or Direction. 810am 28/6/90

It said formal housing in SA was inadequate and the backlog was about 850 000 houses, outside of the non-independent and independent homelands.

Many black townships, like Soweto, had informal settlements and thousands of backyard shacks because of the critical housing shortage in every area.

SA did not have the resources to provide formal houses for everyone needing accommodation, but "informal settlements are here to stay. They must be accepted as part of SA's housing stock. People have to live somewhere," the Foundation said.

Most people in informal settlements — 50% to 60% — were from the townships.

They had moved out of formal houses to shacks or informal settlements for several reasons which included: homes were so overcrowded there was no space or privacy; the need for independence when a person got married; and financial considerations — the inability to buy a house or afford the monthly rental of a township house or even a backyard shack.

## HOME IMPROVEMENTS

# 1 000s will benefit in new home bond deal

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SOWETAN 28/6/90

**THE Association of Mortgage Lenders and the Urban Foundation have signed a R20-million loan guarantee initiative (LGI) agreement which will lower the bracket of home loans to as little as R12 500.**

The initiative taken by the institutions will put mortgage finances for home ownership over the next few years within the reach of thousands of South African who have so far not had access to such finance.

The scheme will come into effect on July 1, but it may take some time before the institutions will start lending money.

**By KENOSI MODISANE**

Once it is underway, anyone in need of a mortgage loan within a certain category can consult any of the following institutions.

The person will however, still be expected to meet the lending institution's normal criterion.

The financial institutions are: The Allied Building Society, First National Bank, Nedperm Bank, Standard Bank, Trust Bank, United Building Society, Volkskas Bank, Saambou National Building Society, Natal Building Society, Provincial Building Society and the Grahamstown Build-

ing Society.

Each of the above institutions will individually announce when they are ready to start offering loans in the new category

of R35 000 and less.

All institutions are expected to be ready by November this year.

While the institutions have committed R3.5-

million to the category of lending, it is expected that an amount of about R200-R400-million will be lent to home buyers in the first year.



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# Wits warns on collapse of black teaching

By Janet Heard,  
Education Reporter

The number of blacks admitted to the University of the Witwatersrand next year may be reduced due to the breakdown of teaching in black schools, says the vice-chancellor, Professor Robert Charlton.

Speaking at the university's main graduation ceremony last night, he said there were 19 341 students enrolled this year, nearly 600 more than last year.

This was largely due to an increase in black matriculants, but the collapse of the school system had weakened prospects for improvement.

The growth in the number of black students at Wits had been accompanied by allegations that

the university had allowed its standards to drop.

"It is our policy to maintain and, if possible, enhance the quality of our product."

Professor Charlton said that in the light of recent accusations that the university discriminated against blacks, the senate had decided to investigate the university's exclusion and selection criteria.

Two members of the National Education Co-ordinating Committee and two members of the ANC would be invited to take part in the investigation.

Professor Charlton said it was the duty of the university to try to meet the legitimate needs of the society it served and to resist any improper pressures of interest groups.

## 3-million houses needed

By PATRICK MAFARO

339 11 7190

AN estimated three million houses will have to be built by 2000 to meet black housing needs.

At a seminar convened by the Human Sciences Research Council (HSRC) last weekend, Tim Hart, of the HSRC's environmental studies division, spelled out some of the key factors leading to the existing shortage of 860 000 units outside the independent homelands:

- Rapid urbanisation and population growth;
- Weakness of the national economy and the lack of political will to initiate ambitious national housing campaigns;
- Low wages and high levels of unemployment and job insecurity; and
- The manipulation of land and housing to serve the ends of the apartheid policy.



THE Urban Foundation yesterday unveiled the results of five years of intensive research into urbanisation and demographic trends which prove, it says, that SA needs to drastically re-evaluate its development strategies.

The findings of the foundation's urbanisation unit underscore the extent to which previous attempts to



□ BERNSTEIN

# Time for new urban plan

By Peter Delmar

stem the tide of black urbanisation have failed.

The first instalment in a 10-part series of publications, called Policies for a New Urban Future, was released at a media briefing in Johannesburg yesterday.

According to Ann Bernstein, the unit's executive director, the aim is to promote a vigorous debate on the future of SA's cities and towns. The foundation will disclose on July 24 its views on new planning strategies.

The study looked at SA as a whole, including the TBVC states and homelands.

It used a wider definition of what constitutes urban, metropolitan and rural areas to overcome artificial racial and political definitions used to date by planners working within an apartheid framework.

Its distinction between rural and urban is fundamental and, says Bernstein, largely sets the latest research apart from official censuses

## PETER DELMAR

which ignored the essentially urban character of many large homeland settlements.

By the year 2010, approximately 9.3-million blacks will be living in "homeland metropolitan" and 2.4-million in "homeland urban" areas.

And while the major pattern of migration has previously been from white rural areas to the homeland part of urban centres, the foundation anticipates future trends will mostly be from the homeland urban centres to "white" metropolitan areas, Bernstein says.

It projects a doubling of the SA population between 1980 and 2010 — from 29-million to 60-million, with the total black metropolitan population in SA's eight biggest cities leaping from 12-million to 32-million.

These top eight cities will bear the brunt of future urbanisation, with smaller towns and cities experiencing proportionally less migration.

At first glance the statistics appear almost apocalyptic, with the PWV becoming home to a staggering 16-million by 2010.

But the picture is not all bad. SA's annual population growth of 2.5% is similar to that of Brazil and its overall level of current urbanisation (around 60%) compares with other developing countries with similar GNP's per capita.

Urbanisation makes the provision of essential services easier and reduces population growth rates.

For instance, the population growth rate of Soweto is roughly comparable with that of the national average for whites.

Also, SA has a "highly normal" urban hierarchy, with the PWV being the largest metropolitan area, followed by Cape Town and Durban on

the next tier, and so on.

According to Charles Simkins, the demographer who steered most of the research, this means the PWV is not too big in relation to Durban, and Durban is not too big in relation to Bloemfontein.

One of the foundation's most alarming findings, however, is that two-thirds of SA's black population is 27 years of age or younger, a statistic which poses enormous planning challenges, particularly in terms of job provision.

Rather than fighting what is an irresistible trend, the foundation calls for a planning reorientation to cope with the demands of a burgeoning metropolitan and urban population, coupled with realistic rural development.

The challenges facing SA's planners and policymakers will increasingly have to do with urban management — readjusting densities, providing sufficient finance to meet the need for services and facilities, timeous identification of land for urban development and finding new, meaningful local political structures.

## LETTERS



# SA rapidly growing blacker and younger

By Patrick Laurence

South Africa is in a phase of rapid population growth in which the black component is growing steadily larger and younger.

These central points emerged from a major study of population trends released by the Urban Foundation yesterday.

## Nightmare for the CP

The study, which will certainly be seen as a Malthusian nightmare by the Conservative Party, predicts that the population will be nearly 60 million in 2010 or nearly double its 1985 size of just over 33 million.

Over the same period the black population will grow from 24.5 million to 48.5 million and the black component of the total population will rise from 73 percent to 81 percent.

The reverse side of the same demographic pattern reflects a relatively declining white population, falling from 15 percent of the total in 1985 to 10 percent in 2010.

As the population becomes blacker, so, too, it becomes younger.

Two figures, both for 1990, emphasise the point: 42 percent of blacks are aged 14 or younger while the equivalent figure for whites is just over 21 percent.

Another statistic underlines the same point: 66 percent of blacks are aged 27 or younger.

As the Urban Foundation observes, the challenge posed by the youthful black population is that it will have to "dominate the development agenda" or, to extrapolate,

## Within 20 years whites will make up just 10 percent of the population

late, it will become a powerful destabilising, even revolutionary, force in the hoped-for new South Africa.

But the growth rate is not distributed evenly, geographically speaking: it is faster, and the population thus younger, in some areas.

Areas of rapid growth rate are the main metropolitan areas where the



natural increase is reinforced by inward migration of mainly black people from the rural hinterland.

The Urban Foundation identifies three central metropolitan areas: ● The PWV urban complex, an area stretching from Pretoria through the Witwatersrand to Vereeniging, but embracing large, proliferating

informal black settlements such as the Witteboord area, including Maritzburg and Durban and the vast camps of bivouacking squatters around Durban, some just 15 km from the Durban city centre. ● The Cape Town region, with Cape Town and its satellite towns, with their

older white and coloured populations, forming a nucleus encircled by relatively new and rapidly growing squatter camps. The rapid growth is illustrated concretely in the case of the PWV. Its population in 1985 was — judging by the Urban Foundation's graphs — about 8.5 million.

By the turn of the century it will be 12.3 million and by the year 2010 16.5 million. The black majority in what was regarded as a "white area" under apartheid ideology will grow ever larger with the passage of time.

A large proportion of the black people are and will be, to use the Urban Foundation's terminology, "housed informally" in garages, backyard

Summing up on South Africa's demographic trends, the Urban Foundation says: "We are, in short, in a period of fundamental transition towards large predominantly black metropolitan areas."

The Urban Foundation offers some sombre thoughts: South Africa's economic growth rate has lagged behind its population growth for nearly two decades; it may continue to do so for some time yet, with the inevitable consequence that South Africans will go on getting poorer.

But there are some hopeful aspects to focus on: urbanisation offers the opportunities of "economies of scale and agglomeration," in the long run, it tends to reduce family sizes and thus helps stabilise population growth.

Looking back and taking note of the failure of apartheid policies to prevent black urbanisation, the Urban Foundation offers one central piece of advice: "The policy emphasis should be on managing this phenomenon rather than trying to prevent it."



# HOME IMPROVEMENTS

## Homeowners need to look at contracts

**HOMEOWNERS** who encounter problems with their bond repayments often do not get expert advice before signing contracts, says Mrs **Tammy Taranto**, project and marketing manageress at **FHA Homes**.

"People need to understand what they are signing for when buying a property."

Taranto has been on the housing field for many years. Her company is involved in the

**By KENOSI  
MODISANE**

Urban Foundation's low-cost housing scheme for people in the lower salary bracket.

She also blamed other housing consultants who do not often consider affordability and preference of their clients when making deals with them.

"Buyers often fail to repay their bonds because they are not told how it will affect their salaries.

"They are only told

about the package deal which does not always reflect how their pay packets will be affected."

"Home ownership is not only an investment. The underlying responsibility which goes with it should be understood by the buyer."

"People need to understand that the repayment they make on a monthly basis will continue for at least 20 years. And such a commitment when buying a house should not be overlooked."



**Tammy Taranto**

Taranto said a home buyer must be given chance to consider his decision to buy a house.

"This is a lifetime decision which needs a thorough consideration."

caption.. Mrs Tammy Taranto... project and housing marketing manager on housing.



# THE ANSWER - LET THEM BE

Star 21/11/91 PAT DEVEREAUX (339)

THE reality of burgeoning black urbanisation and the severe housing shortage has arrived on the white urban doorstep.

Thousands of homeless people are settling on vacant strips of land — including graveyards, riverbanks, golf courses and parkland — in fact anywhere they are able to erect a dwelling.

While it is not surprising that homeless and under-housed people are resorting to their own housing solutions, various local authorities are choosing to respond to the nationwide "squating problem" in different ways.

The Urban Foundation released figures this week showing that since 1988 there have been some 7 million people living in informal circumstances in South Africa (free-standing shacks, backyard shacks, out-buildings) and just over half these are now living in the PWV area. With a housing backlog of 850 000 — one in five South Africans lives in a shack.

The UF's most recent research indicates that in 1989 there were 635 000 informal dwellings in the PWV region. And the total estimated population occupying these informal dwellings was 2 546 000.

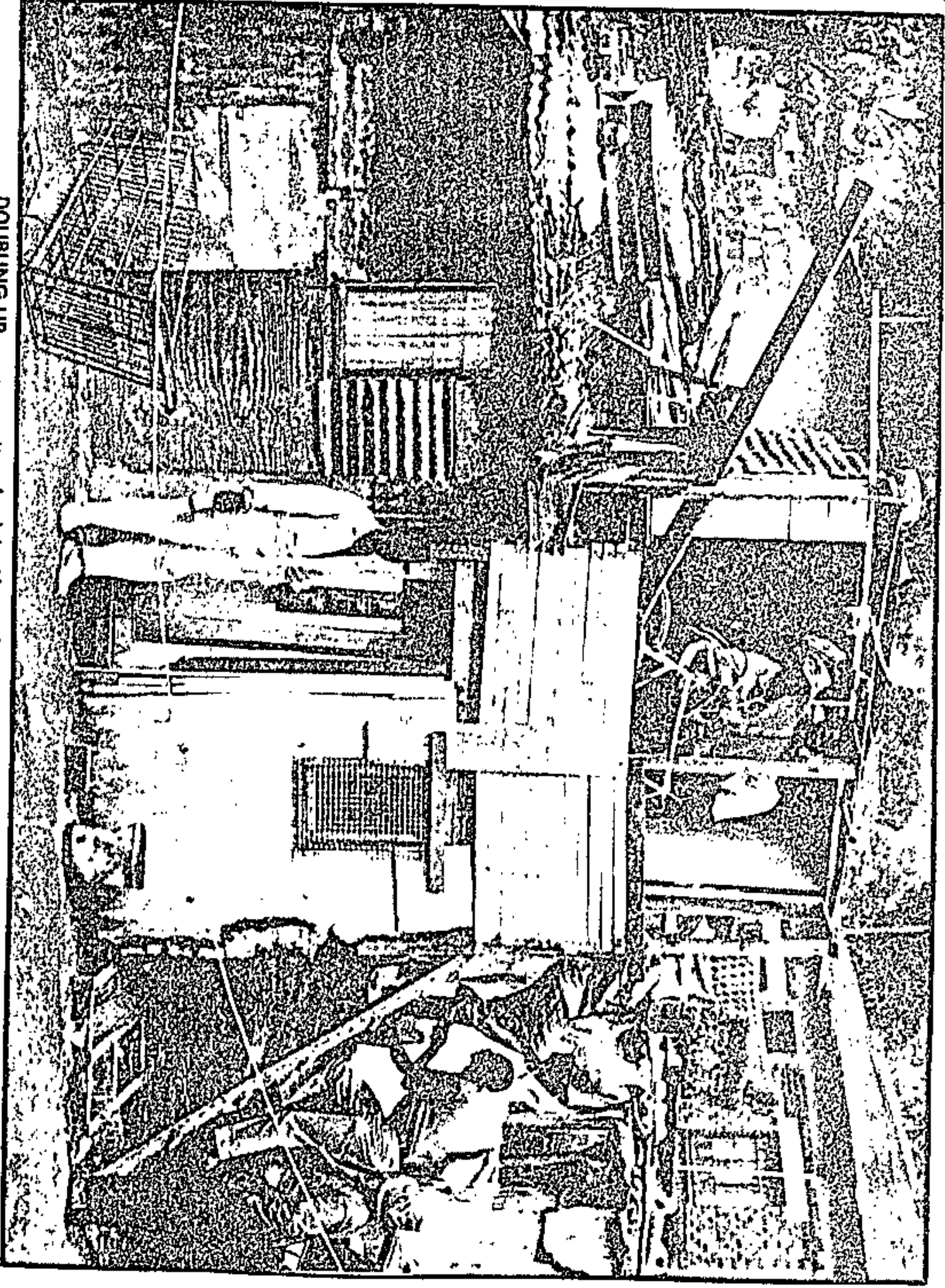
According to the Urban Foundation's Ann Bernstein, the international experience of managing informal settlement shows there are only three possible responses to the growth of urban squating and shack development on a large scale.

● The first is demolishing shacks, harassment restrictions on land and housing. But this response has failed to stop the problem — because the homeless have nowhere else to go.

● The second response is "laissez faire". Shack development is allowed to take place, but without positive government intervention. It allows urban growth to occur outside the legal framework, contrary to official land use plans and in contravention of property rights and health regulations.

● The third response is one advocated by international development agencies. Informal settlement is accepted by the authorities as a critical component of the national housing policy. It requires that existing informal settlements are assessed and, where appropriate, authorised and upgraded. Additional land is prepared in advance of need, and basic settlement (serviced sites) for physically planned environment and the structures are then upgraded over time.

In South Africa the Illegal Squating Act empowers the council to de-



DOUBLING UP... a squatter shack in Alexandra Township goes in for a highrise solution.

## 'Give squatters basic services'

molish shacks without a court order, but the Appeal Court has recently ruled that squatters who stayed at a site with the consent or knowledge of the council could not be prosecuted.

Recently, Planning and Provincial Affairs Minister Hennis-Kriel said in Parliament that the Gov-

ernment had recognised that provision of land and orderly urbanisation, rather than influx control, was the best way to solve the squatter problem.

He said R319 million had been made available this year to buy land and in the past year more than 25 000 ha of land had

been allocated for black housing. There have been various responses by local authorities to the widespread problem.

The Transvaal Provincial Administration has indicated that land near Tembisa has been set aside for the estimated 3 500 squatters of Kwa-

Green, according to the chairman of the Sandton Management Committee, Perry Oerel.

He said Sandton councillors and squatter community representatives would be meeting this week for discussions, but he added there had been pressure from Midrand council and Alexandra township.

The TPA is facing mounting opposition from Midrand residents and their council to the TPA's plan to settle thousands of homeless people

inside one of the shacks.

## Demolitions can't stem the tide

A DETAILED look at the informal housing situation on a wider scale reveals that according to the Institute of Professional Land Surveyors' Western Cape president, Mr Brian Mellon, between 7 000 and 10 000 new squatters are arriving monthly in greater Cape Town with the largest new concentrations in Khayelitsha, Crossroads, KTC, Nyanga, Noordhoek and Hout Bay.

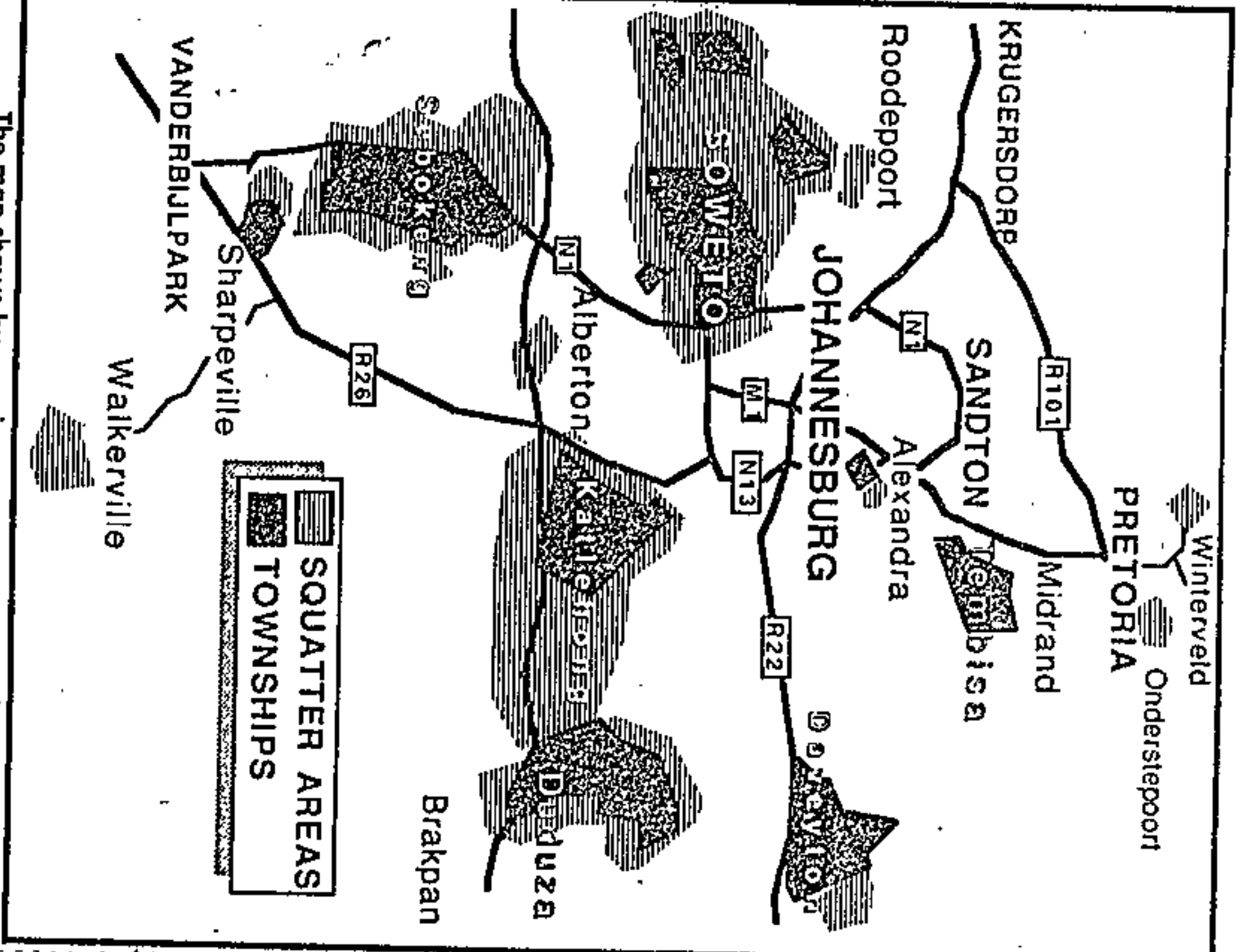
Estimates based on aerial photographs show that about 97 000 shack dwellers are living in Soweto, an increase of 22 percent over the past two years.

Mr Joubert said: "The UP believes that if people are given access to land the squating settlements will ultimately develop into stable areas."

Studies done by J A van Zyl for the Bureau of Market Research estimate that 41 percent of stands in Soweto have one or more backyard shacks.

On May 21 the Highveld Regional Services Council allocated R6.5 million to the council of Mthunzi township near Middelburg in the Transvaal for the replacement of 10 000 shanty houses with new four-roomed homes.

In the PWV area in the same month, more than 2 000 Kaitshong squatters were left homeless when their shacks were bulldozed by the Kaitshong Council.



The map shows burgeoning squatter areas on the Reef.

On June 25, after threats from the Bophuthatswana authorities, thousands of Winterveld squatters crossed the Bophuthatswana/South Africa border into Shoshanguwe where they occupied most of the empty land in the township.

Three days later squatters were moved by the Transvaal Provincial Authorities from the Onderstepoort area near Pretoria after they were given 24 hours' notice and told they would be relocated to Shoshanguwe.

On June 29 the TPA demolished shacks at Welers farm near Walkerville. TPA official Piet van den Hoven said the farm was being used as a transfer camp for the squatters. He said no new squatters had been allowed to enter the area and that the existing squatters were being transferred to Orange Farm.

In Dobsonville, near Roodepoort, the demolition of shacks was temporarily halted this week after lawyers representing the municipality and those of the Soweto Civic Association and squatter families had met.

In Duduza near Brakpan 4 000 squatters were to have been resettled by June this year.

According to the authorities in the TPA an estimated 16 000 squatters from three East Rand townships have been permanently resettled at Rietfontein. Benoni's Daveyton has an estimated 1 000 squatters who were to be resettled at Elwara extensions 9 and 10 after their shacks were razed by municipal police leaving them homeless.

## PUBLIC AUCTION

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Messrs ANGLO PURCHASING  
Craighall Pick 'n Pay Centre  
Shop 16, Lower Level  
369 Jan Smuts Avenue



## Loans crisis unresolved

Sowetan Correspondent

The Government was taking urgent steps to avert a confrontation with black communities over the decision to end provincial loans to townships on July 31, Planning and Provincial Affairs Minister Hernus Kriel said this week. *Sowetan 12/7/90* ~~242~~

He would not say if the decision to terminate provincial bridging loans to black town councils could still be reversed. *339*

REPUBLIEK  
VAN  
SUID-AFRIKA



REPUBLIC  
OF  
SOUTH AFRICA

# Staatskoerant Government Gazette

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Vol. 301

PRETORIA, 13 JULIE  
JULY 1990

No. 12608

## PROKLAMASIES

*van die Waarnemende*

*Staatspresident van die Republiek van Suid-Afrika*

No. 116, 1990

ONGEVALLEWYSIGINGSWET, 1990  
(WET No. 14 VAN 1990)

Kragtens artikel 2 van die Ongevallewysigingswet, 1990 (Wet No. 14 van 1990), bepaal ek hierby 2 Julie 1990 as die datum waarop genoemde Wet in werking tree.

Gegee onder my Hand en die Seël van die Republiek van Suid-Afrika te Kaapstad, op hede die Drie-en-twintigste dag van Mei Eenduisend Negehonderd-en-negentig.

G. VAN N. VILJOEN,  
Waarnemende Staatspresident.

Op las van die Staatspresident-in-Kabinet:

E. VAN DER M. LOUW,  
Minister van die Kabinet.

No. 117, 1990

OPDRA VAN DIE UITVOERING VAN SEKERE BEPALINGS VAN DIE WET OP DIE ONTWIKKELING VAN SWART GEMEENSAPPE, 1984 (WET No. 4 VAN 1984), AAN DIE ADMINISTRATEURS VAN DIE ONDERSKEIE PROVINSIES

Kragtens artikel 15 (1) van die Wet op Provinsiale Regering, 1986 (Wet No. 69 van 1986)—

(a) dra ek hierby die uitvoering van die bepalings van artikel 35A van die Wet op die Ontwikkeling van Swart Gemeenskappe, 1984 (Wet No. 4 van 1984), wat bevoegdhede, pligte en werksaamhede aan die Minister van Staatkundige Ontwikkeling toewys, aan die Administrateurs van die onderskeie provinsies op;

## PROCLAMATIONS

*by the Acting*

*State President of the Republic of South Africa*

No. 116, 1990

WORKMEN'S COMPENSATION AMENDMENT  
ACT, 1990 (ACT No. 14 OF 1990)

Under section 2 of the Workmen's Compensation Act, 1990 (Act No. 14 of 1990), I hereby determine 2 July 1990 as the date on which the said Act shall come into operation.

Given under my Hand and the Seal of the Republic of South Africa at Cape Town this Twenty-third day of May, One thousand Nine hundred and Ninety.

G. VAN N. VILJOEN,  
Acting State President.

By Order of the State President-in-Cabinet:

E. VAN DER M. LOUW,  
Minister of the Cabinet.

No. 117, 1990

ASSIGNMENT OF THE ADMINISTRATION OF CERTAIN PROVISIONS OF THE BLACK COMMUNITIES DEVELOPMENT ACT, 1984 (ACT No. 4 OF 1984), TO THE ADMINISTRATORS OF THE VARIOUS PROVINCES

Under section 15 (1) of the Provincial Government Act, 1986 (Act No. 69 of 1986), I hereby—

(a) assign the administration of the provisions of section 35A of the Black Communities Development Act, 1984 (Act No. 4 of 1984), which assign powers, duties and functions to the Minister of Constitutional Development, to the Administrators of the various provinces;



(b) wysig ek hierby artikel 35A van die Wet op die Ontwikkeling van Swart Gemeenskappe, 1984 (Wet No. 4 van 1984), deur subartikel (5) deur die volgende subartikel te vervang:

“(5) Die Administrateur kan voor die opening van ’n register bedoel in subartikel (1), enige stuk grond of gedeelte van ’n stuk grond of enige saaklike reg op grond ten behoeve van ’n plaaslike owerheid of, behoudens die bepalinge van artikel 3 (4) (b) van die Wet op die Afskaffing van Ontwikkelingsliggame, 1986 (Wet No. 75 van 1986), ten behoeve van homself onteien, indien na die mening van die Administrateur die onteiening nodig of wenslik is vir die opening van die register.”.

Gegee onder my Hand en die Seël van die Republiek van Suid-Afrika te Kaapstad, op hede die Agtiende dag van Junie Eenduisend Negehonderd-en-negentig.

F. W. DE KLERK,  
Staatspresident.

Op las van die Staatspresident-in-Kabinet:

H. J. KRIEL,  
Minister van die Kabinet.

## GOEWERMENSKENNISGEWINGS

### ADMINISTRASIE: VOLKSRAAD

#### DEPARTEMENT VAN PLAASLIKE BESTUUR, BEHUISING EN WERKE

No. 1628

13 Julie 1990

#### INSTELLING VAN DIE TARKASTAD LANDELIKE RAAD

Kragtens artikel 12A van die Wet op Streeksdiensetrad, 1985 (Wet No. 109 van 1985), stel ek, Abraham Adriaan Venter, Minister van Begroting en Plaaslike Bestuur, hierby met ingang van 13 Julie 1990 ’n landelike raad vir die Blanke bevolkingsgroep in wat bekend sal staan as die Tarkastad Landelike Raad vir die gebied soos omskryf in die Bylae hiervan, en bepaal kragtens regulasie 2 (1) van die Regulasies betreffende landelike Rade, soos afgekondig by Goewermenskennisgewing No. R. 2610 gedateer 23 Desember 1988, dat gemelde Landelike Raad uit vyf lede sal bestaan.

A. A. VENTER,  
Minister van Begroting en Plaaslike Bestuur.

#### BYLAE

#### *Beskrywing van die gebied van die Tarkastad Landelike Raad*

Die gebied wat bestaan uit alle plase binne die grense van die landdrostdistrik Tarkastad en langs die grense van die volgende plase binne die landdrostdistrik Queenstown sodat dit ingesluit word:

Klipplaatsdrift 191; Plaas 325 en Gedeelte Haasfonteinmond 326; Arendskrans 321; Hartebeesfonteinhoek 317; Plaas 316; Fordyce Fontein 315; Gedeelte Roode Rand 199; Maidenhead 169; Galla-hill 167; Rathwick 165; Plaas Rathwick; Tylden Dale 309; Welcome Valley 310; Cathcart Gift 311; Sherwood Forest 312; Weltevreden 313, Bedford 314; Potgieterskraal 318; Welcome 319 en Tigerklip 320;

(b) amend section 35A of the Black Communities Development Act, 1984 (Act No. 4 of 1984), by the substitution for subsection (5) of the following subsection:

“(5) The Administrator may, before the opening of a register referred to in subsection (1), expropriate on behalf of a local authority or, subject to the provisions of section 3 (4) (b) of the Abolition of Development Bodies Act, 1986 (Act No. 75 of 1986), on his own behalf, any piece of land or portion of a piece of land or any real right in land, if in the opinion of the Administrator the expropriation is necessary or expedient for the opening of the register.”.

Given under my Hand and the Seal of the Republic of South Africa at Cape Town this Eighteenth day of June, One thousand Nine hundred and Ninety.

F. W. DE KLERK,  
State President,  
By Order of the State President-in-Cabinet:

H. J. KRIEL,  
Minister of the Cabinet.

## GOVERNMENT NOTICES

### ADMINISTRATION: HOUSE OF ASSEMBLY

#### DEPARTMENT OF LOCAL GOVERNMENT, HOUSING AND WORKS

No. 1628

13 July 1990

#### ESTABLISHMENT OF THE TARKASTAD RURAL COUNCIL

In terms of section 12A of the Regional Services Councils Act, 1985 (Act No. 109 of 1985), I, Abraham Adriaan Venter, Minister of the Budget and Local Government, hereby establish with effect from 13 July 1990 a rural council for the White population group to be known as the Tarkastad Rural Council for the area as defined in the Schedule hereof, and determine under regulation 2 (1) of the Regulations regarding Rural Councils as promulgated by Government Notice No. R. 2610 dated 23 December 1988, that the said Rural Council shall consist of five members.

A. A. VENTER,  
Minister of the Budget and Local Government.

#### SCHEDULE

#### *Description of the area of the Tarkastad Rural Council*

The area that consists of all the farms within the boundaries of the Magisterial District of Tarkastad and along the boundaries of the following farms within the Magisterial District of Queenstown so as to include them:

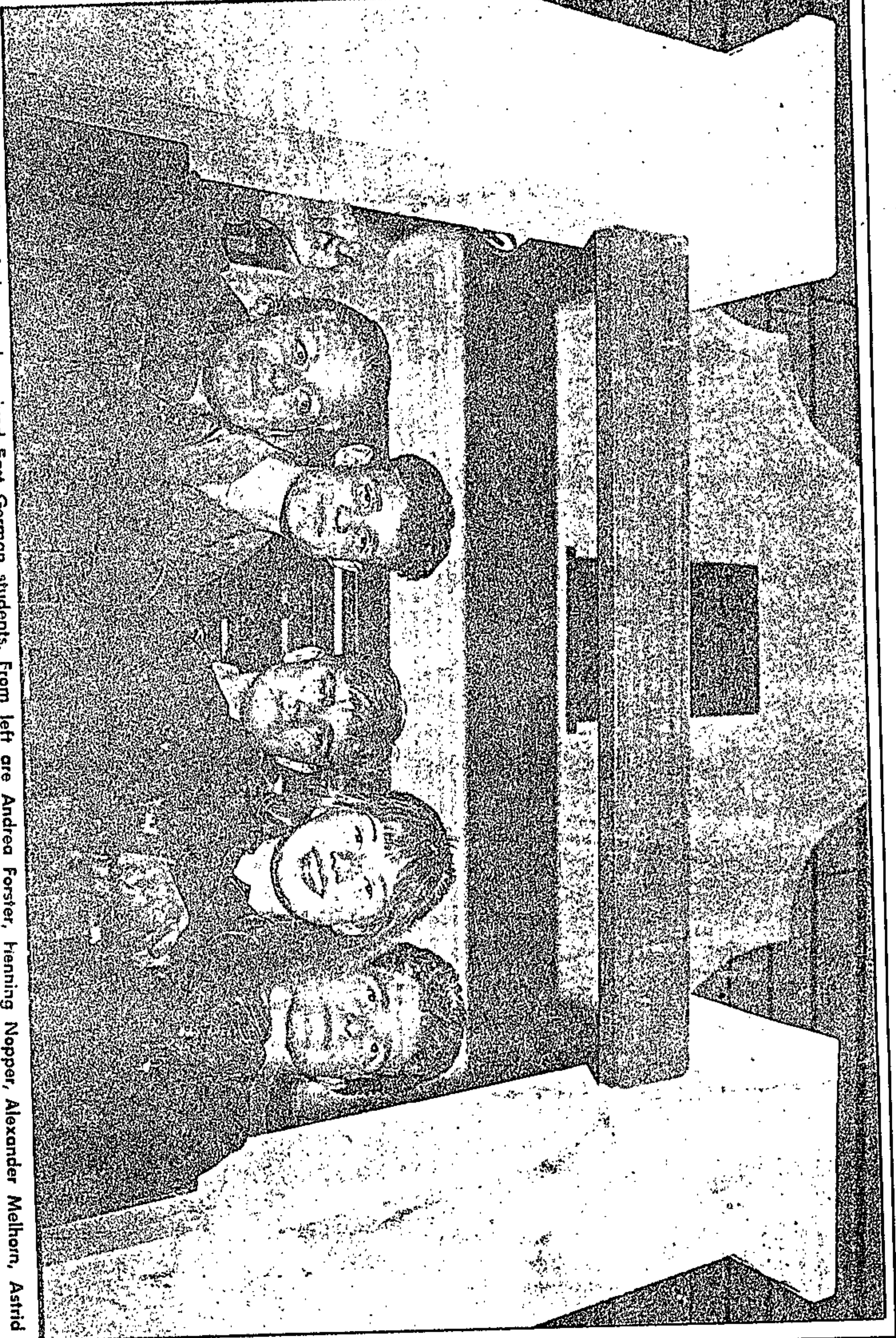
Klipplaatsdrift 191; Farm 325 and Portion Haasfonteinmond 326; Arendskrans 321; Hartebeesfonteinhoek 317; Farm 316; Fordyce Fontein 315; Portion Roode Rand 199; Maidenhead 169; Galla-hill 167; Rathwick 165; Farm Rathwick; Tylden Dale 309; Welcome Valley 310; Cathcart Gift 311; Sherwood Forest 312; Weltevreden 313, Bedford 314; Potgieterskraal 318; Welcome 319 and Tigerklip 320;



# Hook for home buyers

SAZ 14/7/90

339



CAPE DEUTSCH? A few of the newly arrived East German students. From left are Andrea Forster, Henning Nopper, Alexander Melhorn, Astrid

## Black subsidy cut 'disaster' for developers

MAGGIE ROWLEY

THE Government has cut back on first-time home buyer subsidies for blacks in a shock move which could effectively "wipe out" 80 percent of the home building industry and cause losses totalling billions for property developers.

Herrnus Krügel, Minister of Planning and Provincial Affairs, confirmed yesterday that new limits on interest subsidies for black families and single parents buying homes for the first time had been introduced from July 2.

According to the new measures, black households with joint incomes of more than R2 000 a month will no longer qualify for the subsidy.

The new limits were set out in a circular to building societies, banks and developers on June 29. However, this does not apply to home-owners who have registered their bonds prior to the cut-off date, a spokesman for a major building society said.

The circular states: "Because of growing participation in the scheme, the amount budgeted for this purpose in the financial year 1989/90 had to be increased by 300 percent.

"This increase was only made possible by the economising of funds by other budget votes within the departmental budget.

"Since the need for housing is the biggest in the sub-economic sector, Government had to vote more

TO PAGE 2.



# Homes

FROM PAGE 1.

money for expenditure in this sector and limit expenditure on the interest subsidy scheme."

Mr Kriel said he had agreed to meet representatives of the home building industry on Monday to discuss the matter.

The cut-off point for whites to qualify for the interest subsidy scheme is a joint income of R3 500. No such limit exists for coloured buyers, said F Hugo, assistant director of housing in the House of Representatives.

## 'Serious'

The move has shocked property developers, who claim they stand to lose billions.

Describing the move as "very serious", Johan Grotius, executive director of the National Homebuilders Association of South Africa, said he would meet the Minister on Monday.

"Developers stand to lose hundreds of millions of rands by holding land which has been specially serviced for this sector of the population. The figures are mind-boggling.

"The black sector is the only area where any meaningful housing construction is taking place and developers have had the carpet pulled out from under them."

He said a full statement would be released following the meeting with the Minister.

John Rabie, managing director of Rabie Property Developers, said the Government had effectively wiped out 80 percent of the home

building market.

"It is a major disaster and will affect about 2 000 houses we already have under construction, involving capital investment of about R150 million," he said.

Mr Rabie said houses were sold before construction started, and had been approved for bonds, on condition of the subsidy, six to nine months ago.

"What are we supposed to do? Go back to these people and say they no longer have a house?" he asked.

Mr Rabie said all major developers were up in arms. "It has to be stopped."

He said the introduction of the first-time home buyers subsidy had been a "stroke of genius" and the extension of the subsidy to black families had enabled them to become homeowners.

"It has also contributed to political stability by helping to create a black middle class. Housing is a critical matter for the country and has been acknowledged as such by the State President.

"How can the Government give the Urban Foundation R2 billion, then run R5 million or R10 million over budget and at a stroke of a pen wipe out the industry?"

## 'No sense'

He added: "It makes no sense. We can only hope the Government will seriously reconsider this move."

Phil Gallie, general manager of housing utility company Garden Cities, said he understood the change in the subsidy scheme would affect many applications already in the pipeline.

# Setting new standards

The average South African civil court has a white male judge, an adversarial atmosphere and an abundance of lawyers.

Not so the small claims courts, marking five years of existence this year.

There, legal representation is banned. The aim is often to mediate disputes rather than apportion blame and — for the first time in South Africa — black people sit in judgment.

"People often say we must also get blacks to adjudicate in cases where white and black are involved — and it is happening in the small claims courts," said Director-General of the Department of Justice J J Noeth.

Only seven out of the 1 476 commissioners — attorneys and advocates acting as part-time adjudicators — are black.

But "don't ask me to name them", says Mr Noeth, citing the case of a coloured magistrate who "suddenly resigned ... and we paid her well — I think she was intimidated".

Mr Noeth ascribes the skewed representation among commissioners to the scarcity of black lawyers, to his perception that they tend to practise criminal rather than civil law and to the fact that the more experienced lawyers are white.

Lawyers must have at least five years' experience before they can be appointed as commissioners. Five of the 118 ad-

Thousands of aggrieved litigants look to the small claims courts for justice every year, using a system that in some aspects is showing the way to its big sisters, the magistrate's and supreme courts. **CLAIRE ROBERTSON** of The Star's Pretoria Bureau reports.

visory boards across the country have black members.

"I want to have more black commissioners, there's no doubt about it," said Mr Noeth.

But "the main problem is more political, and I can't comment on that", he said.

Mojanku Gumbi, national secretary of the Black Lawyers Association (BLA), confirms this view: "We have always declined to enforce laws we believe are illegal in that they do not enjoy the support of the majority of people."

"We support the idea of small claims courts and public defender's offices — structures that provide more access to the courts," said Mrs Gumbi.

## Yardstick

"But within the context of the South African legal system our members are not allowed to be magistrates, judges or commissioners."

By adopting this view the BLA effectively halves the pool of black lawyers eligible for commissioner duty — having signed up 400 of the estimated 750 black lawyers countrywide.

But, says Mr Noeth, the real yardstick for the success of the

courts is the number of ordinary citizens using them "and I have no doubt they are serving their purpose".

The statistics back him up: more than 15 000 cases are heard every year.

In Pretoria the monthly average of 27 cases in the first three months of operation has more than tripled: about 83 cases a month are heard.

Last year Johannesburg's court heard 2 912 cases and countrywide clerks of the court handle roughly 80 000 inquiries a year.

In Johannesburg about 80 percent of the users are black people, in Pretoria 75 percent and in Durban about 60 percent, says Mr Noeth.

Two groups in particular have benefitted from the courts — consumers and domestic workers, although both have reservations about the system.

Daan Kruger, deputy director of communications of the Consumer Council, said: "Those members of the public who are aware of the courts do use the system and do get satisfaction — but not enough people know what is available."

"More should be done to make people aware of their ex-

istence. It is up to the legal profession," said Mr Kruger.

Morris Zimmerman of Johannesburg's Legal Resources Centre has had extensive experience of small claims courts and describes them as "fulfilling a great need".

The Johannesburg office assists in some 200 cases a year, preparing litigants' statements and explaining court procedure to men and women who, when they enter court to plead their case unaided by lawyers, often end up tongue-tied.

Mr Zimmerman believes appearing before a black commissioner — and being allowed to address the court in one's own language — would be "advantageous" to black litigants.

## Unaware

Florence de Villiers, general secretary of the SA Domestic Workers' Union (Sadwu), said the courts had provided some relief, but as the system relied solely on the commissioner judging the truth of the two arguments, women unaware of their rights or intimidated by the court sometimes lost justified claims.

Commissioners sometimes had to judge these cases on the basis of rather obscure common law provisions for employment and not all were aware of these, according to a Pretoria legal aid worker.



# I really believe prayer does work

I AM so glad I went to church last week Sunday.

I went to church because I felt I needed to recharge my spiritual batteries - also because I believe prayer works.

Let me first declare my interest.

I am a Christian and while my church attendance is makeshift at the best, I feel bound to put in the occasional appearance.

The Methodist church has been part of life for many years.

It goes beyond simply going to pray or listen to a sermon.

My late mother, father and all my late brothers used to attend this church and I connect in a special way with them in this little church.

Sunday was a special day in church.

Obviously every person was in a passion, expressing prayerfully shame, fear and despair about the township violence.

The young preacher set the tone by speaking about conversion.

I was about to yawn through the predictable sermonising when he touched on the current unrest.

The service suddenly sprang alive.

The spiritual theatre in the Methodist church is unlike that in say the Anglican or Catholic Church.

In those churches there is an almost Eurocentric mystical ritual, involving the hushed ringing of secret bells, the chanting of strange Latinate phrases and songs, the burning of incense.

This type of ritual is psychologically useful in that it sets the witness against a background of mystery, also called holiness, that is effective.

In the more banal language it is a marketing tool, brought to a fine tune by the church.

The Methodists are more grassroots, almost more jazzy.

## Upbeat

There is an upbeat resonance, a Gospel-like swing that comes out with such fascinating power from the Amadodana Ase Wesele.

It is pure African and adds the right mysticism to our witness, or at least to mine.

There are other actors in our church, chiefly the Amadodana themselves.

They are known by their red waistcoats and a blues-like blast of the hymns that almost opens the doors to Paradise.

I am exaggerating for effect.

They also have a style of preaching that you might have noticed among black Americans in their churches.

They sway their arms and bodies; they fix the

congregation with a hypnotic glare; their voices go through a contrapuntal explosion that fairly takes the roof off.

They descend into a hush, a folding of the arms, a closing of the eyes as if to pray; they then use the repetitive refrain that drives a particular verse home.

They make going to church a spectacular experience.

In short a totally joyful experience.

My going to church, apart from the spiritual link with my late relatives, is chiefly through them.

## Relief

That, and the music.

When the last prayer was hauntingly said this particular Sunday, we felt a certain purification.

A united conscious sigh of relief, like the whole problem was now in the hands of The Higher Power.

It was a wistful, childish thing to do.

For now we had to move back into the real world, the world where the sting of tears and smoke hits the eyes; the world where the ungainly smoky remains of destroyed buildings assault the senses; the world that loudly, rudely proclaims, in newspapers and the electronic media, the number of dead in the continuing violence.

I said prayer works.

August 27 1990

Page 41



# ON THE LINE

**Aggrey Klaaste**

unfailingly. But prayer has to go with complex, often arduous ethical and moral injunctions.

As I am not qualified to give sermons, let me lean on St Paul for a verse that gives the type of discipline required of those who call themselves the followers of Jesus Christ.

Thus:

"Love is patient, love

is kind. It does not envy, it does not boast, it is not proud. It is not rude, it is not self-seeking, it is not easily angered, it keeps no record of wrongs.

"Love does not delight in evil but rejoices with the truth. It always protects, always trusts, always hopes, always perseveres.

"Love never fails."

## UF calls on Govt to (339) withdraw subsidy limit

Staff Reporter

The Urban Foundation has recommended the Government withdraw its recently announced R2 000 a month income ceiling for qualification to participate in the First Time Home Buyer's Scheme, in a press release yesterday.

The foundation said: "Given the long term nature of development commitments through the servicing of land, it is neither rational nor acceptable for the State to change subsidy policies without a planned phasing-in approach."

The foundation said the subsidy change would result in a large number of already committed house buyers no longer being able to afford their future homes and a significant number of developers being threatened with in-

solveny.

It was unacceptable that limits on blacks participating in the First Time Home Buyer's Scheme should be any different from the limits placed on any other participants.

The statement was made in response to a recent Department of Planning and Provincial Affairs announcement which said the "First Time" housing subsidy scheme would be restricted to households which earned less than R2 000 a month.

The Urban Foundation suggested the Government should rather provide a lump sum subsidy, irrespective of the loan amount. The R2 000 qualification income ceiling is appropriate because subsidies should be targeted at the poor.

Stc  
17/7/90



CAPE TOWN 19/7/90

339

# Black land claims set poser for FW

JOHANNESBURG. — South African blacks want political reforms to yield them a bigger share of commercial farming but change is likely to be slow because of white opposition to land redistribution, political analysts say.

President F W de Klerk says land management will be negotiated with blacks as part of reforms aimed at ending apartheid, but his talks with the African National Congress (ANC) have not yet touched on this sensitive subject.

The issue is central for voteless blacks, who say apartheid has legalised the theft of their land.

Many of the 60 000 full-time white farmers who control agriculture, the country's biggest employer, fiercely oppose calls by some black groups for compulsory redistribution of white farms but could back other

proposals, according to economists.

"Forced redistribution would be a disaster," said Professor Philip Spies of Stellenbosch University. "We would lose 30% of agricultural output and become a net importer of food within two years."

Mr Koos du Toit, chief economist of the SA Agricultural Union, said: "Nationalisation is unacceptable to almost 100% of our white farmers but change through market forces is a different story."

White farms contribute 6% of national wealth and employ 1.4 million people, the vast majority of them blacks.

The ANC wants a land claims commission to transfer some white farms to blacks. The radical Pan Africanist Congress says black farm labourers should themselves organise land redistribution of land to blacks.

The government opposes compulsory re-

distribution while the Conservative Party, which has strong support among farmers, rules out any redistribution.

Mr Johan van Rooyen, a Development Bank of SA manager, said the DBSA favoured land redistribution through a mixture of market forces and affirmative action for blacks including beneficial land rentals.

Mr Dries Bruwer, agriculture spokesman of the Conservative Party, said the DBSA plan was misguided. "Whites go for optimum production. The blacks are going for a sort of lifestyle."

But Prof Julius Jappe of Stellenbosch's Department of Development Administration said a survey he conducted showed that many whites would accept blacks as commercial farmers as long as this occurred through market forces.

Reuter

# Industry urged to develop basin of Tugela River

THE Tugela River basin should be developed to increase job opportunities in the Natal/KwaZulu area, Deputy Justice Minister Danie Schutte said yesterday.

"The Tugela River is Natal's greatest natural resource, but in spite of this, the water resources of this river have not been harnessed to the benefit of Natal," he told the Tugela Basin Development Association.

Although there was a multi-million rand project to develop the upper reaches of the Tugela River, it was aimed at supplying the Witwatersrand with water, he said.

"The time is ripe for the development of the Tugela River for the benefit of Natal. I urge industry to consider developing the central part of the river by establishing dams, canals, agricultural projects linked to that and perhaps hydro-electrical plants."

Natal Chamber of Industries executive director John Pohl said in an interview that the Chamber had long propagated the development of the Tugela River as an untapped source of job creation and economic development.

While the chamber acknowledged the PWV area as the country's "premier" industrial area, it was not bene-

OWEN MAUBANE

ficial to the country to have Johannesburg develop into a megapolis while Natal was left "pristine", he said.

"We shouldn't always bring water to industry; we should rather bring industry to the water."

"We have long said that the Tugela has the potential to support several cities the size of Johannesburg and Durban. The conditions for such a development are ideal — adequate water, a stable workforce and existing infrastructure in the towns of Mool River, Ladysmith and others."

All that remained to be done was planning and tapping these resources.

Schutte said the short-term benefit of the proposed programme would be a reduction of unemployment in the area, while in the long term creating a new "development axis" along the river in central KwaZulu, as well as defusing the urbanisation pressure on the Durban-Pinetown-Maritzburg areas.

"I believe that this proposed project is completely vindicated when one considers that the number of people in Natal/KwaZulu deriving benefit from each million invested would be more than that for the Orange River project," he said.

## Staff cuts at housing firm

ADMINISTRATIVE staff at FHA Homes, part of the Urban Foundation's residential development division, has been cut by 40% over the past eight months because of a depressed black housing market, says the company's CE Rod MacGillivray.

MacGillivray said the long term cause of the market's slump was high interest rates, but recent changes in government subsidies for non-white first time house buyers had depressed the market further.

Government's decision to restrict subsidies — amounting to one third off interest payments for five years — to households earning less than R2 000 a month and the introduction of a new subsidy application procedure presented unwelcome extra costs and delays for house buyers.

MacGillivray said the growing cost element for customers exacerbated

MATTHEW CURTIN

the company's high holding costs, as funds were tied up pending bond approvals and the lengthy conveyancing process.

FHA Homes' "consolidation programme" and the adoption of a down-market sales drive stabilised the company's position during recent weeks.

MacGillivray said the new government rules affected deals in the process of being transacted and showed a "worrying persistence" in a racially motivated approach to housing for the poor. Whites are eligible for subsidies on projects under R65 000 if household income does not exceed R3 500 a month.

Job losses at FHA included retrenchments (there were seven at the end of June), transfers and resignations, but had not affected site staff.



## Survey shows black optimism

Black people are more optimistic about the future of South Africa than whites following recent changes made by President F.W. de Klerk, including the release of African National Congress leader Nelson Mandela, a recent study says.

A poll conducted in May by Markinor research group also indicates that more blacks than whites believe the relationship between the two race groups is improving.

Pollsters interviewed 1 500 black men and

women in metropolitan areas and 800 white women in urban and rural areas.

"The optimistic attitude among blacks can be attributed to the confidence they have in President de Klerk and his recent political changes," commented a Markinor director.

White pessimism was most prevalent in the platteland, Orange Free State and the Pretoria, Witwatersrand and Vaal area.

The study found that

43 percent of blacks believed Mr de Klerk was leading the country well, as opposed to 27 percent of whites.

Only four percent of blacks polled voted no confidence in Mr de Klerk. This view was shared by 14 percent of whites.

More than 50 percent of black people as compared to 31 percent of whites see the relationship between black and whites improving.

Markinor said the survey had a high degree of accuracy. — Sapa.

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Star  
29/7/92

## Call for reinstatement of home subsidy plan

WILSON ZWANE (339)

THOUSANDS of black prospective first-time home buyers and the home-building industry would be greatly affected by the cessation of the subsidy scheme for first-time buyers, SA Perm GM Denis Creighton said yesterday.

This follows Planning and Provincial Affairs Minister Hernus Kriel's announcement earlier this week that funds budgeted for the first-time home buyers subsidy scheme had been exhausted.

SA Perm had thousands (Creighton could not disclose the exact figure) of applicants whose fates were in the balance. "Of these applicants 40% will not qualify because of the R2 000 income limit, while others might not be approved by government because of lack of funds," he said.

The home-building industry would lose a substantial number of buyers who would now not qualify because of the cessation of the scheme. Ways should be found to continue the scheme, he added.

DP administration of black affairs spokesman Jan van Eck called for the reinstatement of the subsidy, saying its cessation would have a serious effect on the critical housing situation in the black community.

"It should also be questioned why the funds for black first-time home buyers have been exhausted when it was announced in Parliament this year that additional funds had been made available for white first-time home buyers," Van Eck said.

He added that if the subsidy was to benefit the "needy" then all needy home buyers should receive it and not only those belonging to a certain race group.

"It was announced in Parliament this year that R3bn had been put aside for the socio-economic development of blacks. That money should now be used to offset the impact of the subsidy cut," Van Eck said.

Kriel was unavailable to comment.

# Organisers decide on squatter targets

BIDM 20/7/90

LESLEY LAMBERT

CAPE TOWN — The UDF's squatter campaign, scheduled to start in August, will begin taking form in the western Cape today as local UDF leaders and civic organisations decide on the areas they plan to occupy.



● KRIEL

Regional UDF chairman Bulelani Ngcuka said yesterday that open areas in Hout Bay, District Six (re-named Zonnebloem) and possibly Tableview had already been targeted for squatter occupation.

Ngcuka said the plan to occupy District Six had become urgent as Cape-based property developer Ilco Homes was scheduled to start building 177 new homes there on Monday.

"We will use whatever means are available to prevent the development of up-market homes in this area," he warned.

While a number of small residential developments have sprung up in District Six since it was declared a white area in the late 1960s, most developers, including the BP project aimed at rehousing the coloured inhabitants who were forced to leave, have steered clear of political controversy.

UDF sources said Ngcu-

ka's announcement indicated that the political movement had decided the time was right to reclaim the area.

Ngcuka said the UDF's plan to "seize unoccupied government and certain private property to accommodate the homeless" was due to be implemented next month. The idea had started with a resolution — adopted earlier this year at the Conference for a Democratic Future — to highlight the housing crisis.

An estimated seven-million urbanised people were homeless, he said.

At a national level, UDF officials have declared their willingness to discuss the squatter crisis with Provincial and Planning Affairs Minister Hernus Kriel, who has requested a meeting.

Ngcuka confirmed this yesterday, but said it was on condition that the talks "lead to homes for the homeless".





## All but gone in a flash

Planning & Provincial Affairs Minister Hernus Kriel's bolt from the blue, dramatically lowering the earnings ceiling at which first time black home buyers qualify for State subsidies, has been labelled damaging and discriminatory.

Kriel's decision, which took effect at the beginning of July, means black households with combined incomes in excess of R2 000 a month will no longer be eligible for a State first-time homeowner's subsidy. Buyers who qualified before July 2 are not affected.

While homebuilders feel this pulls the rug from under their feet, the Urban Foundation sees Kriel's measures as an indication that government is running out of funds for subsidies. Its housing policy director Jill Strelitz says the minister is right to channel available capital to the most needy.

The foundation has for some time been negotiating with government over ways of restructuring the subsidy system to direct it more specifically at the low-income sector. But it brands as discriminatory the fact that there is a discrepancy between the income ceiling for blacks and other race groups — the maximum qualifying income of a white first-time buyer remains R3 500.

It's the suddenness of Kriel's decision that's attracted most criticism, for the confusion it has caused and because it allows no possibility of softening the impact. There is a general feeling that this is a case of government making snap decisions to save money at the expense of all around it.

Confusion and loss of business are likely to cost contractors dearly, particularly in holding costs for suddenly unwanted development land. The end result for those that survive will be higher overheads, which will add to the price paid by future home buyers.

Strelitz says builders, before committing capital to servicing sites and building houses, must know whether they can be sold on a first-time buyer's subsidy. Sudden removal of that subsidy also removes the market.

"If the department needs to consider applications it should do so on a project basis before the start of a scheme, not at the late stage when a financial institution applies for a subsidy on behalf of a buyer.

"Given the long-term nature of development, it is neither a rational nor acceptable practice for the State to change the subsidy policy without phasing-in."

She adds that the immediacy of the change will result in many of those committed to buying homes no longer being able to afford them. A significant number of developers will be threatened with insolvency.

Among those likely to beat a path to Kriel's door, to seek either clarification or

possibly a compromise, will be the Mortgage Lenders Association. Director Tim Hart says: "We had no prior knowledge that this was going to happen. Our members are involved in the implementation and administration of such schemes so we are disappointed that there was no consultation over how best to implement the measures."

He adds that future demand for bonds will depend a great deal on how homebuilders react and whether they stay in the market — and, indeed, whether demand from black buyers falls. ■

# Black homes: time runs out

THE struggling 'homes for blacks' building industry faces collapse unless vital talks this week restore the first-time home buyers' subsidies to former levels.

The situation facing the R1-billion-a-year industry is not just serious. "It is terminal," said Theunis Kotzee, financial director of Group 5 construction giant.

Construction industry chiefs, led by National Association of Home Builders executive director Johan Grotius, met Planning and Provincial Affairs Minister Hernus Kriel and officials twice last week to discuss heavy cuts in the subsidy scheme, which amounts to one-third of interest payments for five years.

The final word is expected this week.

The urgent meetings followed a circular from the Department to building societies, banks and developers which said subsidies would be restricted to black families earning R2 000 a month and to white families earning R3 500 a month because funds were running out.

The catch is that building society earnings requirements mean a black family qualifying for the subsidy could only build a house for

By IAN SMITH

R25 000. "There is no way we could build a house for that price on a serviced stand which would meet building society demands on quality and size," said Group 5 chairman Peter Clogg.

If the Government allows the subsidy scheme to collapse it will deal a "death blow" to the middle-class black home building industry, said Mr Kotzee.

"A vital industry worth R1-billion will be wiped out within weeks, with the loss of tens of thousands of jobs. Thousands of prospective homeowners will be left without a hope."

The interest on the Government's R2-billion upliftment fund for one month would provide full subsidies for a year.

"The sales tax on materials used for black home building — which the Government will lose if the industry is halted — would be about R65-million. But the cost of the subsidy for a year is only R40-million," said Mr Kotzee.

Houses built with the subsidy account for between 50% and 75% of houses now being built for blacks. "This is one of the more active sectors of the home building industry, but it is still nowhere near sufficient," said Mr Clogg.

## Danger

The industry has already been hit by high interest rates and big increases in the cost of building materials.

Another danger is that building societies will tighten up their requirements if they are faced with more repossession because owners cannot afford their mortgage payments.

Any cut in home building will also lead to the bankruptcy of small builders.

Major construction groups have invested hundreds of millions of rands in serviced land in areas suitable for black middle-class housing development.

Mr Kotzee said the Government first enticed developers into black housing by providing serviced land at no charge. The entry of blacks into the first-time buyers scheme extended the drive.

"Now the very popularity of the scheme has caused a severe drain on available funds and, rather than provide more money, the Government is effectively killing off the scheme," he said.



# Most blacks support ANC, claims survey

PATRICK LAURENCE examines an up-to-date survey of black attitudes in South Africa.

The African National Congress is by far the best known and most popular of the political organisations vying for support in the black community.

Its high popularity rating stretches across divisions of ethnicity, age and gender, straddles the urban-rural divide and reaches from South Africa's cities into the remote settlements of its rural hinterland.

These findings are contained in a major survey of black attitudes conducted after President de Klerk's February 2 speech unbanning the ANC and its allied organisation — the South African Communist Party (SACP), Umkhonto we Sizwe and the United Democratic Front (UDF) — and its challenger for three decades, the Pan-Africanist Congress (PAC).

The survey, conducted by Market Research Africa (MRA) in April, May and June, was based on a sample of 2 281 black adults, 1 181 men and 1 100 women. The sample was selected according to a method which gave every adult an equal chance of being interviewed.

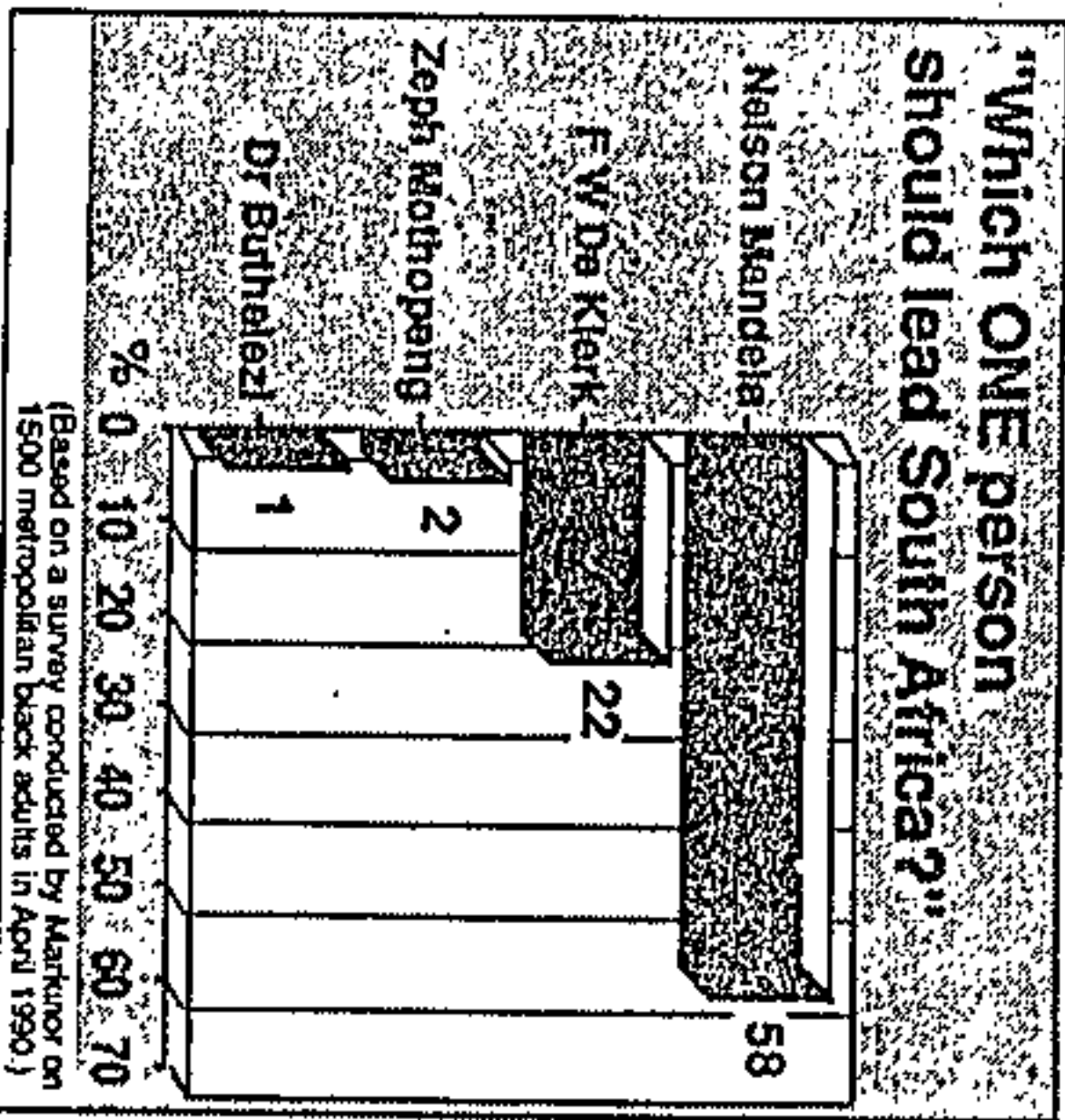
Political instability in Natal, however, made it impossible to poll attitudes there or in neighbouring KwaZulu. MRA estimates that blacks in Natal-KwaZulu constitute about a fifth of the black population.

The exclusion of Natal-KwaZulu, traditionally a strong area of support for Inkatha, has to be borne in mind in assessing the results of the MRA survey.

The skewing effect, however, may not be as great as it might have been until the mid-1980s.

when — according to various early surveys — Inkatha support was unquestionably still high in Natal-KwaZulu.

A separate contemporary survey, conducted by Markinor in April 1990 in the main metropolitan areas, including Dur-



ban, provides indirect confirmation of MRA's central finding: the rise of ANC's appeal and a corresponding decline in Inkatha's.

A salient feature of the MRA survey is the low appeal of Inkatha outside Natal-KwaZulu, even in areas like the Witwatersrand where there is a sizeable Zulu population and where Inkatha once enjoyed substantial support.

There is a high level of awareness of Inkatha; it is as

The same patterns prevail among Zulus outside Natal-KwaZulu. Distance from Inkatha among these Zulus contrasts with a much higher degree of closeness towards the ANC.

The PAC, SACP and UDF fall between the ANC and Inkatha, with the UDF slightly ahead of the PAC and SACP. Blacks feel closer to these organisations, although not much closer, than they do to either the NP and the DP.

A striking point is the degree of distance — and, with it, possible scepticism and suspicion — which on average blacks feel toward all political organisations, even the ANC.

The degree of closeness or distance is reflected on a scale ranging from plus-four (very close) to minus-four (very far), with zero signifying a state of neutrality.

The ANC's overall rating was 1.2, indicating what can perhaps be characterised as tepid or qualified support.

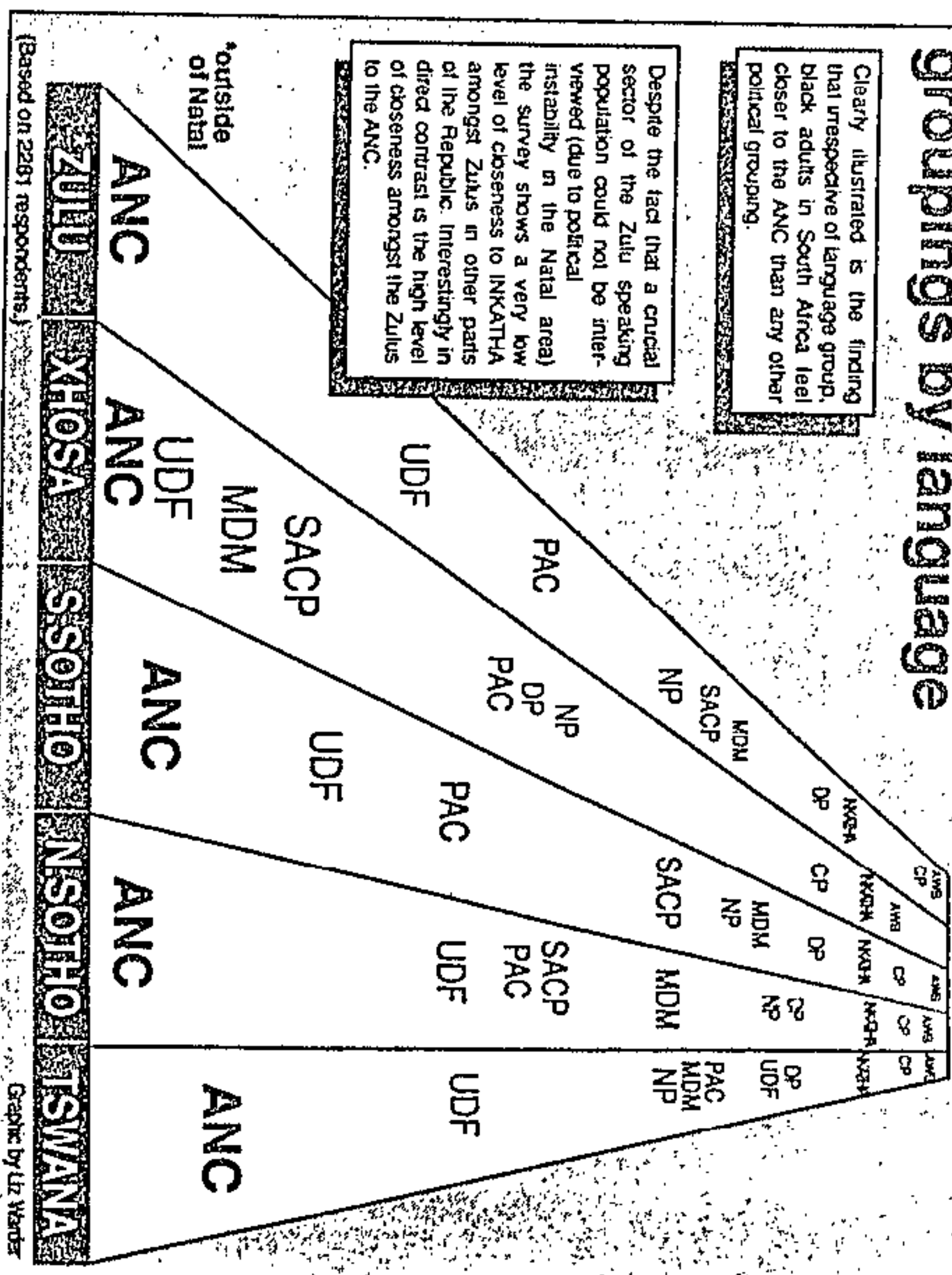
The UDF attains a zero rating, while the PAC SACP level peg with ratings of 0.9 each. All three ratings point to a measure of doubt.

Seen in that context Inkatha's minus 2.8 rating is perhaps not quite so bad. But it is bad enough to be cause of concern to its leaders.

The absence of strong, positive identification with the main political forces may be due to any of several factors.

It may mirror inner insecurity about the future, a reluctance by blacks to commit themselves fully in a rapidly shifting political terrain. It may simply be a reflex reaction after years of repression.

## Perceived closeness to various political groupings by language



in which it was dangerous to express approval of outlawed organisations.

These are, however, average scores. They are people who feel close to organisations. Again it is the ANC which emerges with, from its point of view, the best results: 38 percent of blacks feel close to the ANC against 10 percent for the PAC and 2 percent for Inkatha.

From the PAC's perspective the survey highlights a pattern which is likely to be of concern to its leaders.

Nearly 80 percent of those blacks who feel close to the PAC also feel close to the ANC. There is no reciprocal tendency among people who feel close to the PAC: only 11 percent of blacks who feel close to the ANC feel close to the PAC as well.

By contrast ANC supporters do not have the same potential loyalty to the PAC. Where dual

loyalty exists among ANC supporters it is directed at the UDF, a strong ANC ally and even a surrogate ANC.

From the ANC's viewpoint, there is one very gratifying result: most of its strongest supporters are drawn from the 16-24-year-old category.

Nearly half (47 percent) of blacks aged 16-24 feel very close to the ANC, against one tenth (9.9 percent) for the PAC and (1.8 percent) for Inkatha. The same pattern is found in the next age group of 25-34.

In general the proportion of people who feel close to an organisation decreases with age.

There is one exception: in the 25-34 group, the proportion of people who feel close to the PAC increases, rising from just under 10 to a little over 12 percent. In the ANC the comparative figures are 47 and 40. The Markinor survey, con-

ducted in April among 900 black men and 600 black women in the main metropolitan areas, provides confirmation of the ANC's dominance.

Thus a clear majority, 64 percent of blacks nominate the ANC as their favourite organisation. The NP does relatively well, attaining 10 percent of the vote. Mr de Klerk does even better, winning 22 percent of the vote against 58 percent for Mr Mandela.

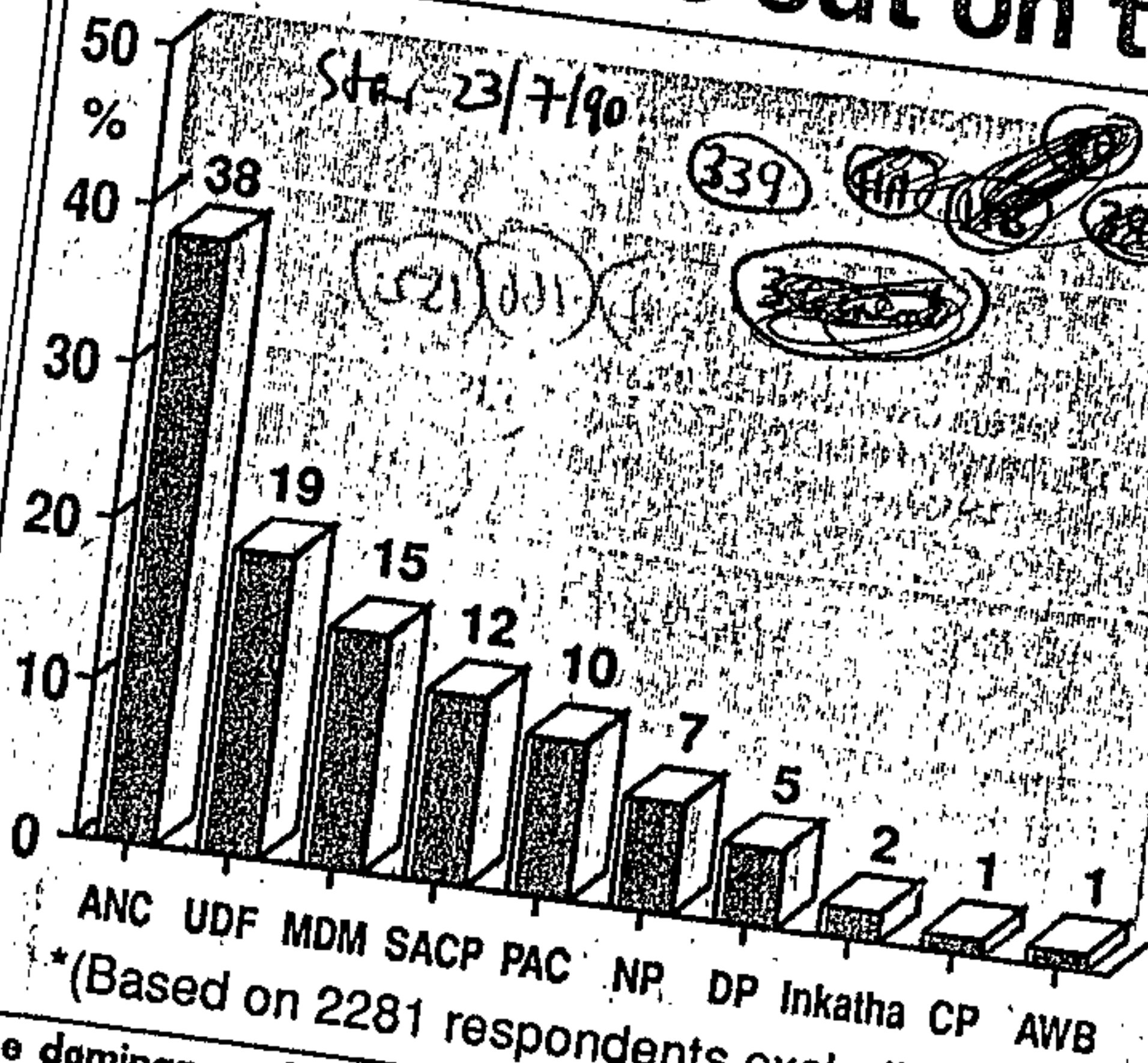
These results, coupled with strong support for the NP in the white community (46 percent against 22 for the CP), may mean that the NP has a future even under a system of universal adult suffrage, provided its leaders show the necessary skill and nerve in the transitional phase ahead.

Footnote: The MRA survey did not poll attitudes towards Azapo, the main Black Consciousness organisation.

Davalment may pose a threat to the Okavango



# ANC comes out on top



\*(Based on 2281 respondents excluding Natal.)

The dominance of the African National Congress in the black community, as disclosed in a comprehensive survey conducted by Market Research Africa, is strikingly illustrated in the graph above. The ANC towers over its rivals, the Pan-Africanist Congress and Inkatha. Its closest challenger, the United Democratic Front, is not really a challenger, it is an ally. The graph reflects the proportion of blacks outside Natal and KwaZulu, where civil war is raging in the black community, who feel "very close" to the organisations vying for their support.

● Most blacks support ANC, claims survey — Page 17.



## Long agenda beats debaters

BLOEMFONTEIN — The annual conference of the Urban Councils Association of SA (Ucasa) was adjourned at the weekend before delegates had a chance to discuss some of the more controversial items on the agenda.

The meeting was attended by 220 of the country's 250 black local authorities.

An amended constitution allowing only members who had paid their membership fees to vote was accepted on Saturday. 85- 23/7/90

But it was claimed yesterday that delegations said to still owe fees had, in fact, paid.

Ucasa president Phillip Nhlapo ruled that the conference resume on December 8. — Sapa. (339)

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The Star  
Finance

# End of subsidy could wipe out R1-bn black homes industry

If the first-time home buyers' subsidy scheme is allowed to collapse it will be a death blow for the middle class black home building industry.

That is the view of Theunis Kotzee, financial director of construction company Group Five.

He says: "A vital industry worth R1 billion could be wiped out within a few weeks, with the loss of tens of thousands of jobs."

There would also be thousands of prospective home owners with no hope of ever owning a home of their own."

Minister of Planning and Provincial Affairs Hernus Kriel announced recently that the cut-off limit for blacks to qualify for the subsidy was a joint household income of R2 000 a month.

This was followed by news that the funds allocated for the subsidy had dried up.

Questioning whether the Government had thought the decision through, Mr Kotzee believes the consequences



Property & Construction  
FRANK JEANS

of an end to the subsidy in the present social and political climate are explosive.

He argues that this critical situation could be avoided by mobilising R2 billion from the upliftment fund set up by the Government.

"The loss of interest on that sum for one month is the equivalent of the amount of the first-time buyers' subsidy for a year."

"The sales tax on materials used for black homebuilding which the Government will lose if the industry grinds to a halt, would be in the region of

R65 million, yet the subsidy is only R40 million."

Another serious effect would be an increase in insolvencies, especially among smaller black entrepreneurs.

"These people bought serviced land in areas suitable for black middle class housing development," says Mr Kotzee.

"If the land cannot be used for that purpose, they will be left holding it indefinitely with huge finance charges building up."

Calling on the Government to think again and come up with a plan to prevent a vital national industry going to the wall, he says: "Here we sit with an enormous housing problem which gets worse by the day and everyone is producing reasons why nothing can be done about it. It's madness!"

Other building leaders endorse Mr Kotzee's view.

Maggie Rowley reports from Cape Town that many major property developers, whose future is being threatened by the drying up of funds for first-time black homebuyers, could quit the industry, according to Mike Graham, managing director of Time Housing.

He says the South African housing industry is already in bad shape due to rising bond rates, political uncertainty, unrest and the effect of the gold price plunge over the past year.

## Substantial losses

"Most major housing developers are either at breakeven point or accumulating substantial losses."

"They are cutting back on skilled staff at all levels and reducing branch networks. The only developers holding out at present are those with strong holding companies."

"We could see many developers leaving the industry, which will be to the long-term detriment of the entire country," he says.



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## Proposals widely praised

Member bodies of the Private Sector Council on Urbanisation have welcomed the proposals on a comprehensive urbanisation policy and hoped policymakers would seriously consider and speedily implement them.

The Chamber of Mines said the proposals were courageous, imaginative and thoroughly researched and, if implemented, offered South Africa a unique chance to get ahead of the enor-

mous development challenges.

The SA Chamber of Business endorsed the call for the repeal of racial laws which inhibited economic growth.

The Steel and Engineering Industries Federation of SA urged policymakers to give urgent attention to development in the major urban areas. This, it said, would create sound economic growth and a better quality of life for all citizens.

p

(339) Steu 25/7/90

# Black urbanisation will rocket – report

By Esmarë van der Merwe,  
Political Reporter

About 20 million blacks will move into South Africa's cities in the next 25 years — providing major challenges for an effective urbanisation policy, says a report written by Urban Foundation executive director Ann Bernstein.

According to the report from the Private Sector Council on Urbanisation, the major trends in the geographical distribution of the black population are:

- Since 1980 the areas of "in-migration" have been the existing metropolitan areas, for example Winterveld in Bophuthatswana and Inanda in KwaZulu.

This indicates that people have not been moving *en masse* from the homelands into "white" cities. Rather, most have been moving from "white" farming areas into informal settlements in the homeland areas, near the major metropolises.

- The major expected population shift in the future will be from the rural areas to the metropolitan areas. It is, however,

unlikely — given the general population growth — that the number of people living in any area will decrease.

- Most rapid growth will take place in the existing metropolises and large urban areas. In 1985, metropolitan areas had a total black population of 8,7 million. In 2010 this figure will be about 23,6 million.

## Pressure

- The cities particularly are under severe pressure. They have a formal housing shortage of about 850 000 units.

More than 7 million urban people live in informal houses such as shacks and garages. Of these, about 2,5 million live in the PWV area and 1,7 million in greater Durban.

- Between 25 and 40 percent of the economically active urban black population is formally unemployed.

- About 70 percent of urban blacks do not have direct access to electricity and running water.

- Hidden truths of influx problems — Page 25.



# Hidden truths of the influx problem

25/7/90 Star

A positive and successful urbanisation strategy can be a crucial vehicle for reconstructing a divided society and building a nation.

For it is in the cities, black and white South Africans can learn to live together in equality and prosperity.

This is the message from the Private Sector Council on Urbanisation in a comprehensive report, released yesterday, on a new urbanisation policy for South Africa.

Urban Foundation executive director of urbanisation Ann Bernstein sketches a gloomy picture of a failed urbanisation policy which, if not corrected, could plunge the country into increased urban decay, homelessness, violence, poverty and disease.

Based on extensive research over the years, she proposes a new policy on urbanisation which involves the restructuring of cities and sets out the gains to be made if the urbanisation process is managed successfully.

## New society

"South Africa's cities are leading the country towards the future. It is in the urban areas that the challenge of urbanisation is increasingly obvious. It is here that the consequences of failure manifest themselves so harshly, and it is here that a new society encompassing 35 million South Africans is being forged," Ms Bernstein notes.

She argues that the impact of rapid urbanisation and population growth has been concealed behind the political "fences" of segregation and homeland borders.

The increasingly Third World character of the cities and towns has been disguised and denied.

"As a consequence, present policy has the paradoxical result that the most recent, least experienced and least viable authorities — homeland governments and black local authorities — have to cope with the restructuring of institutions and policies to meet the needs of millions of urban dwellers effectively."

So noted, Ms Bernstein presented a comprehensive 10-point urbanisation plan:

- A major attitudinal change is required by the authorities on the philosophy of urbanisation.

As part of its ongoing research on effective urbanisation strategies, the Private Sector Council on Urbanisation yesterday released proposals for the management of South Africa's cities, coupled with a policy for urban development. Political Reporter **ESMARE VAN DER MERWE** examines changes suggested by the Urban Foundation's executive director of urbanisation, Ann Bernstein.

At the core of a new approach should be the belief that urbanisation is a desirable process which can be managed successfully, and that South Africa's future will ultimately be decided in the cities.

- A new urbanisation policy must accelerate economic growth. The benefits of an expanding urban market must be built upon policies which facilitate private sector investment and create a climate to maximise the return on public expenditure.

- An effective urbanisation policy must be a comprehensive package which provides guidelines to all levels of the urban system and includes a systematic programme for rural development.

- In view of the cities's leading role, policy must ensure that the cities get increased financial support, greater political autonomy and management responsibility and are not held back by the more conservative parts of the country.

- Urban management is the key to a successful policy. Decentralisation should not substitute physical and realistic urban management, while urban management should go beyond physical planning and shelter to the heart of many of the economic and political linkages of the society.

- Effective urban management requires new urban government institutions whose boundaries are defined on functional and not racial criteria and in which all inhabitants participate equally.

It further requires an economic approach to urban development and an urban finance strategy that increases available resources and provides incentives for local government and private sector involvement.

It implies the opening of cities to all residents to ensure equal opportunities and access to all the amenities and services in the urban areas.

Effective urban management should be based on an effective housing policy which allows for

access to land and finance for the poor, appropriate standards, sufficient service provision, and a positive attitude towards informal settlements and mechanisms to promote upgrading.

Such an urban policy should facilitate large-scale job creation.

- A new regional policy should encourage cities and town to compete for public and private investment.

Policy should encourage regions to market their advantages and emphasise their local economic growth strategies.

- Rural restructuring must begin in with the structural changes which have occurred in the cities. The first phase of such restructuring should include the establishment of a non-racial, rural land market, the opening of existing towns and the development of small-scale farming.

- All development activities should be directed by four guidelines.

Firstly, all physical, human and institutional resources must be used to the maximum.

## Challenges

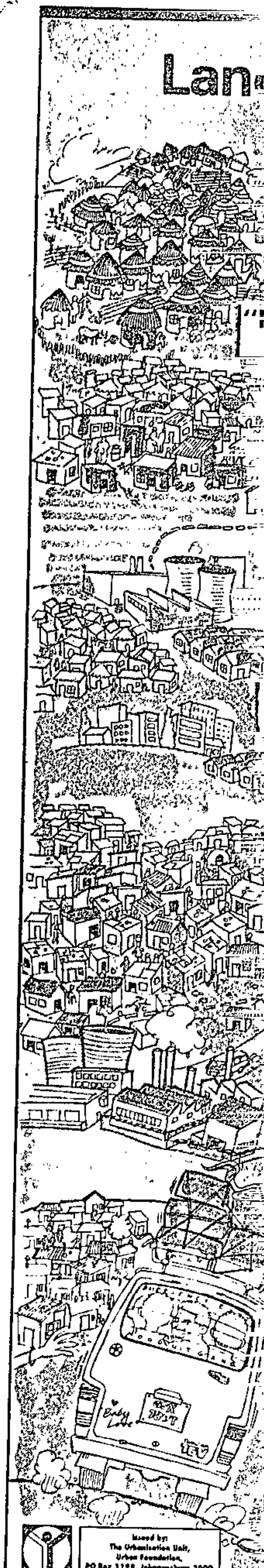
Secondly, the strength of South Africa's highly-developed private sector must be used in meeting the developmental challenges.

Thirdly, the State should assist in raising the living standards of the poor by bringing them into the economic system.

Fourthly, it should be recognised that community participation is essential for effective urban and rural development. This emphasises the need for democratic urban government institutions.

- Government has a leading role to play in defining the new urbanisation policy and communicating it to the communities involved.

It should implement the policy effectively while encouraging all other participants to contribute to the country's development challenges.



Issued by:  
The Urbanisation Unit,  
Urban Foundation,  
PO Box 1198, Johannesburg 2000

Note: This figure is for the year 2000. Urban



## Landscape of urbanisation 2000

**TOTAL POPULATION**  
**48 MILLION**

Estimate for 2000 based on 1985 projections

**"HOMELAND" RURAL**  
**10 MILLION**

**RURAL INDUSTRY**  
**4 MILLION**

**DENSE SETTLEMENTS**  
**3 MILLION**

**"HOMELAND" URBAN**  
**2 MILLION**

**"HOMELAND" METRO**  
**7 MILLION**

**SMALL TOWNS**  
**5 MILLION**

**METROPOLITAN**  
**17 MILLION**

- PWV
- DURBAN
- CAPE TOWN
- PORT ELIZABETH
- BLOEMFONTEIN
- MARITZBURG
- OFS GOLDFIELDS
- EAST LONDON



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PO Box 1199, Johannesburg 2000

Note: This figure assumes, for the sake of illustration, that the artificial 'homeland' / SA divide will persist to the year 2000. Under such circumstances it can be seen that the homeland areas will be extremely crowded

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# Crisis that faces SA cities

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THERE is growing evidence that South Africa's cities are coming apart.

Rent boycotts, the invasion of unused land, sporadic outbreaks of disease and clashes between "shacklords" and squatters all point to the growing crisis facing this country's urban centres.

At the heart of urban breakdown is an outdated policy framework which restricts local authorities at best to exercising "crisis management".

A range of top business leaders gathered in Johannesburg yesterday to present what is in effect the private sector's urbanisation policy blueprint.

The 50-page overview sketches in broad outlines the extent to which SA's development planners need to rethink their basic assumptions.

Although lacking detail, the report underscores business's perception of the urgent need to move rapidly towards a non-racial urban future.

The report contains a 10-point urbanisation plan compiled after extensive five-year research by the Urban Foundation's Urbanisation Unit.

The work was carried out under the auspices of the Private Sector Council on Urbanisation, a body representing all five major employer organisations (Sacob, AHI, Nafcoc, Selfsa and the Chamber of Mines).

The latest document is the second in a series of 10 and follows the publication earlier this month of the foundation's research documenting nation-wide demographic trends.

That report predicted that SA's population would double to 60-million by 2010, with the total black population of the country's eight largest cities almost tripling to 32-million by the same year.

Addressing yesterday's launch, the foundation's urbanisation unit director Ann Bernstein said South Africans' attitude to cities had to undergo a fundamental change.

Large cities, she said, worked well and it was here that the country's future would be decided.

## PETER DELMAR

A new urbanisation policy needed to accelerate growth and be comprehensive enough to provide guidelines to all levels of the urban system, while including a systematic programme of rural development.

To realise the leading role of SA's cities, policy should ensure that the cities received increased financial support and greater autonomy.

Effective urban management and the attitudes of their managers, Bernstein said, was what separated cities which "get it right" from those which were simply allowed to be swamped.

Large city management of necessity entailed non-racial municipal

structures and redrawing municipal boundaries on functional and not racial lines.

It also involved re-integrating cities and towns divided by artificial racial boundaries, an effective housing strategy and a new, positive attitude towards squatting.

The report is short on details on how to tackle the thorny issues of financing non-racial cities and how to address the huge disparities in income and infrastructure between black and white areas.

It proposes a multi-party debate on the issue and the possibility of an urban development corporation.

SA's regional development policies, Bernstein argued, had failed. "The policy of decentralisation has failed. We have experimented with it now for 30 years. We shouldn't adapt it. We should just drop it."

The new regional policy, she said, should encourage cities and towns to

complete for public and private investment.

Rural restructuring could not be neglected. And affirmative action was needed to open up agricultural areas to small-scale black farmers.

The report proposes immediate action including the formation of new non-racial structures, an end to forced removals, shack demolitions, homeland incorporations and racial planning.

A start could also be made on negotiating an end to the rent boycott and greater co-operation between white and black local authorities.

Discriminatory legislation also needed to go, including the Group Areas, Prevention of Illegal Squatting and Land Acts.

Along with it, legislation which provides for racially based local authorities and prevents the acquisition of SA citizenship by homeland residents needed to go.

The report urges an end to implementation of the Free Settlement Areas Act which it describes as an impractical response to the de facto breakdown of the Group Areas Act.

## LETTERS



## HOME IMPROVEMENTS

# Action needed to tackle low-cost homes problem

By KENOSI MODISANE

RISING bond rates, political uncertainty, unrest and the effect of the gold price plunge over the past year has left the South African housing industry in bad shape, says Mike Graham, managing director of Time Housing.

"Most major housing developers are either at break-even point or accumulating substantial losses. They are cutting back on skilled staff at all levels and reducing branch networks.

The Government is now making more funds available for housing and the Urban Foundation initiative is expected to facilitate bond finance at the lower end of the market.

"Yet the question is just how well equipped and prepared is this industry to meet the challenges

## *'Production must increase dramatically to meet needs'*

of the low-cost housing market?

"Having more funds available is undoubtedly a plus factor. The industry, however, is virtually under siege and facing enormously difficult trading conditions. Yet it is expected to enter a market far less profitable than the markets currently serviced.

"About 250 000 new low-cost homes must be built annually to meet the

backlog at the lower end of the market. This means an effective 500 percent increase in production - an almost impossible task, specially in the near-recessionary conditions.

"Technically, the industry has shown that it can build quality homes at affordable prices.

With broad-based support by the Government and black leaders alike, and those large sums earmarked for inexpensive land, all ingredients are there to tackle the awesome challenge.

The market, however, is simply not a viable one the way it is currently structured.

### **Pragmatic**

"I believe we should take a radical, yet pragmatic, look at the urgent requirements which will enable the industry to use existing structures to build high volumes rapidly and efficiently without compromising on quality."

The four needs Graham identified as paramount are:

- \* Accessibility to low-cost land in sufficiently large allocations for efficient production flows.

- \* Access to finance which gives cash flow certainty.

- \* Streamlined conveyancing procedures; and

- \* Co-ordination of policy making in the industry.

"One other way to speed up land proclamation process would be to pre-approve standards so that there could be an almost automatic acceptance of realistic servicing standards," said Graham.

He further said the authorities and the industry should follow the lead of the South African Housing Trust who "did excellent work in making available low-cost stands quickly and efficiently".

### **Facilitator**

The Government could also act as facilitator by providing cash flow to bridge finance for the bottom end of the market via the tender system.

For the large part of the market where the buyer demands freedom of choice, one solution would be to separate production and sales by building for an organisation such as the SAHT.

The SAHT would, for instance, assume the role of client by awarding large low-cost contracts and paying the developers according to progress - thus providing them with a certain cash flow.

The developers would then become responsible for marketing the houses for the SAHT for a small commission.

### **Developers**

Developers would not be eligible for further contracts, until they had sold at least two-thirds of the allocation.

The marketing responsibility would also ensure that developers would pay attention to quality and aesthetics.

"In the current state of the industry most developers simply cannot undertake work which will not provide adequate cash flow, especially with slow conveyancing, taking two

they work closely with the informal sector in strategic partnerships or in black-white joint ventures."

"However, if the low-cost market is to be effectively addressed in its entirety, the industry will need a co-ordinating umbrella body to take part in policy formulation at official level on an ongoing basis."

### **Involved**

A major obstacle to this is the current fragmentation of the industry into hundreds of associations and committees - all working for the common good yet apparently

powerless to form one authoritative body.

The industry simply has to become more involved in the formulation of housing policies at an early stage and to work in close co-operation with policy makers.

"If we do not address these issues now as a matter of urgency we shall not be able to meet the backlog in the short term, let alone cope with incremental needs.

"We shall slide backwards and eventually have to revert to the old and counter-productive practice of building ugly, cheap little boxes to meet urgent needs."

months or more and thus compounding the problem," says Graham.

"I see immense opportunities and scope for all builders in the low-cost housing market. This will particularly be true if



A NEW concept in low-cost housing that includes the provision of warm water without using electricity has been announced by the CSIR, SABC Radio News reports. (23)

## Low-cost housing

A project leader in the CSIR's refuse and energy division, Mr Fred Hose,

said on Tuesday that the gas-driven hot water system was extremely cost-efficient and easy to use.

The main benefit of this system was that it caused no pollution. Sapa. (339)

**SOWETAN**  
Building the Nation

# BUILDING GETS HOME

# INVESTMENTS

## Subsidy cut hits new home buyers

THE Government's withdrawal of the subsidy scheme for first-time home buyers will be a blow to the home-building industry for the black middle class in the country.

So says Group Five Financial director, Mr Theunis Kotzee.

"A vital industry worth R1 billion will be wiped out within weeks, with the loss of tens of thousands of jobs and many prospective home buyers left with no hope of owning their own homes."

**BY KENOSI  
MODISANE**

But, he said, the situation could be avoided if the Government "used the R2 billion housing upliftment fund controlled by Mr Jan Steyn, the Minister of Housing".

"The loss of interest on that sum of money for one month is the equivalent of the amount of the first-time home buyers' subsidy for 12 months, which the Government now says it cannot maintain," said Kotzee.

The sales tax on material used for black home-building, which the Government will now lose if the industry comes to a halt, would be in the

region of R65-million, yet the subsidy for first-time buyers is only R40 million.

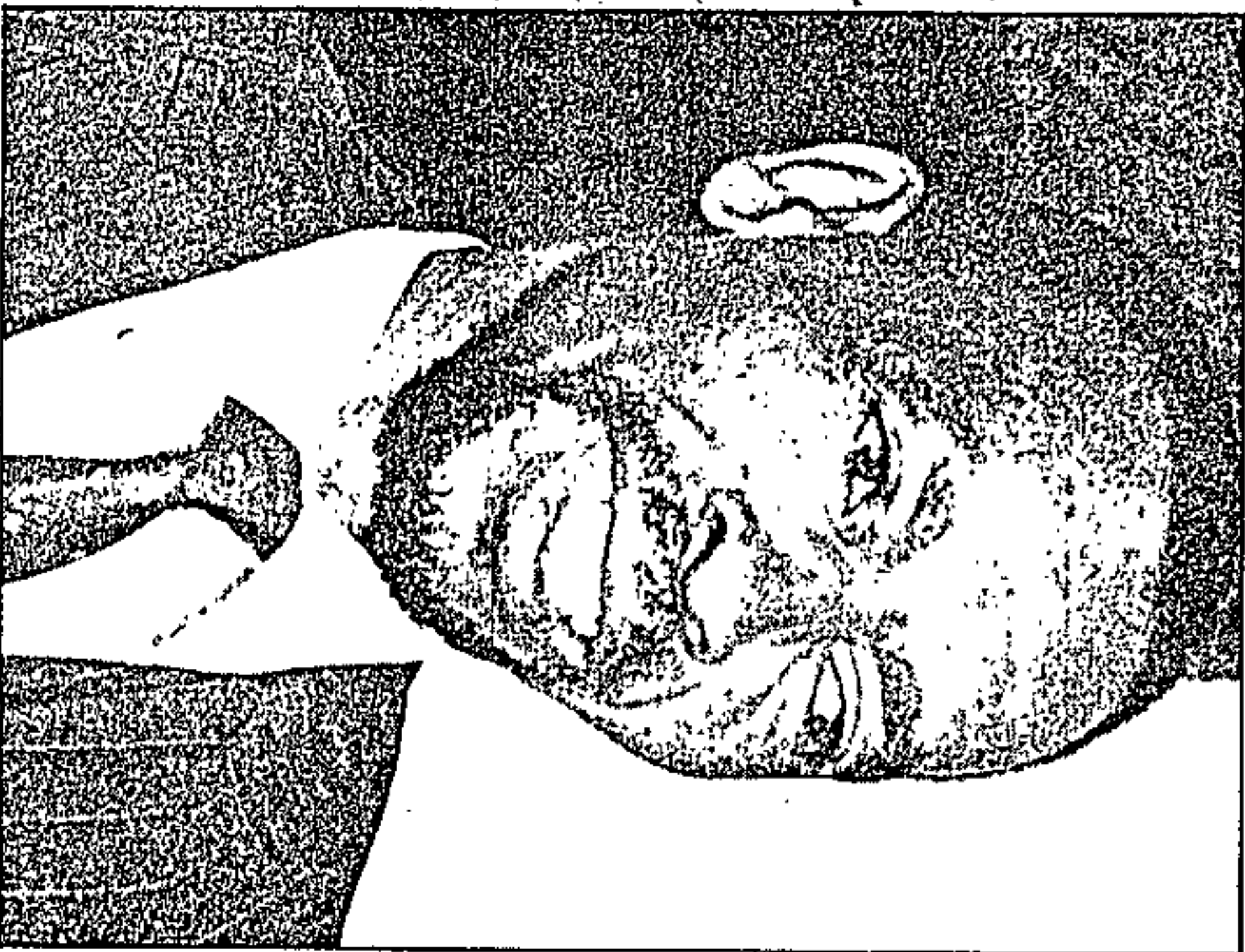
"Another factor to be considered is the danger of insolvencies, especially among the small black entrepreneurs."

"These developers, like the other bigger companies, bought serviced land in areas suitable for black middle-class housing development. If the land cannot be used for that purpose, they will be left holding it indefinitely - with huge finance charges building up."

Kotzee said the black developer will alternatively lose substantially if "he put the land to other use".



# New threat to taxi industry



Sabta president T J Ngcoya... While too few permits were being issued there was at least a degree of stability, he says.

Excessive regulation created the climate in which the mafioso element of the taxi industry could flourish — and today uncontrolled deregulation threatens to throw the entire industry into chaos.

"Only a few years ago government made a decision to do away with the black taxi."

"Although we resisted this attempt, our numbers were limited, and while too few permits were being issued there was at least a degree of stability," says Sabta president T J Ngcoya.

"Then, largely as a result of our lobbying, government's attitude changed and instead of excessive control we had deregulation."

"Last year saw a 135 percent increase in the number of permits issued, on top of a 100 percent increase the year before."

"Overnight the ranks have been swamped with newly licensed drivers — and that is when the trouble started. Flights almost always occur because a driver has tried to move into territory which belongs to someone else, and which cannot accommodate him."

In addition, there is little room within the industry for normal market forces to operate — and profitability has begun to take a beating.

"In the early days of the in-

dustry it was easy to make money running a taxi, because it offered greater efficiency, comfort and flexibility than any of its competitors," comments transportation consultant Paul Browning.

on the roads. Before it attempts such a programme government needs to understand the nature of the taxi industry," says public affairs director Mike Ntsheng.

"People established within the industry have struggled for years against resistance by government, hostility on the part of financial institutions and harassment by traffic police."

"If the industry is simply thrown open, new taxi operators will continue to flood the market — and the livelihoods of those who have made it this far will be threatened," Mr Ntsheng warns.

Another fear is that major corporations, such as the bus companies, could develop or finance taxi fleets that would represent unfair competition to established operators.

"Before the industry can be deregulated, government must level the playing fields."

"We need statutory protection for about 10 years, until the situation is normalised. Once our members have had a chance to develop as a competitive force, we will be able to hold our own against subsidised services."

"But if government insists on allowing more and more players into the game, a bloodbath will be inevitable," Mr Ntsheng says.

## Outcry

At the same time, the bus industry has been bolstered by government subsidies to enable it to survive a period of galloping inflation — while taxi fares have not kept pace with inflation.

And whenever there are increased, there is a tremendous outcry. Sabta has even been threatened with boycott action if it fails to keep fares down.

"Today it's questionable whether, using normal standards of accounting, many taxis are operating on a basis of long-term profitability," says Mr Browning.

The situation is exacerbated by the government's deregulation policies — which have met with resistance from Sabta.

"If deregulation takes place willy-nilly, it will create chaos

## Sabta membership growing by about 300 a month

In the 11 years since it was established, the SA Black Taxi Association's membership has grown from 21 to an estimated 53 000 owners, drivers and businessmen with links with the industry.

And the membership is growing by an average of 300 a month, as newcomers enter the industry and as splinter groups regroup under the Sabta banner.

"There are no reliable statistics for the total number of minibus taxis on the roads — figures range between 60 000 and 300 000," comments public affairs director Mike Ntsheng.

"Our estimate is a total of about 100 000. The industry is huge, and has a growth potential of 30 to 40 percent."

ern Africa, including Namibia, Mozambique, Lesotho, Swaziland and the TBVC states.

But its main complaint at this stage is the lack of official recognition of its status as industry leader.

"We represent about 60 percent of the total taxi industry — and a good 80 percent of short distance taxis," says Mr Ntsheng.

"But the authorities grant equal status to us and to other organisations which may have as few as 20 members."

South Africa has an estimated 65 taxi associations apart from Sabta, ranging in size from five to 5 000 members, with an average membership of 25. The largest of these is the SA Long Distance

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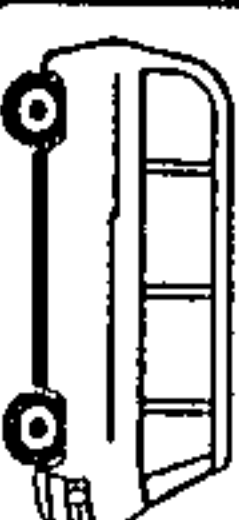
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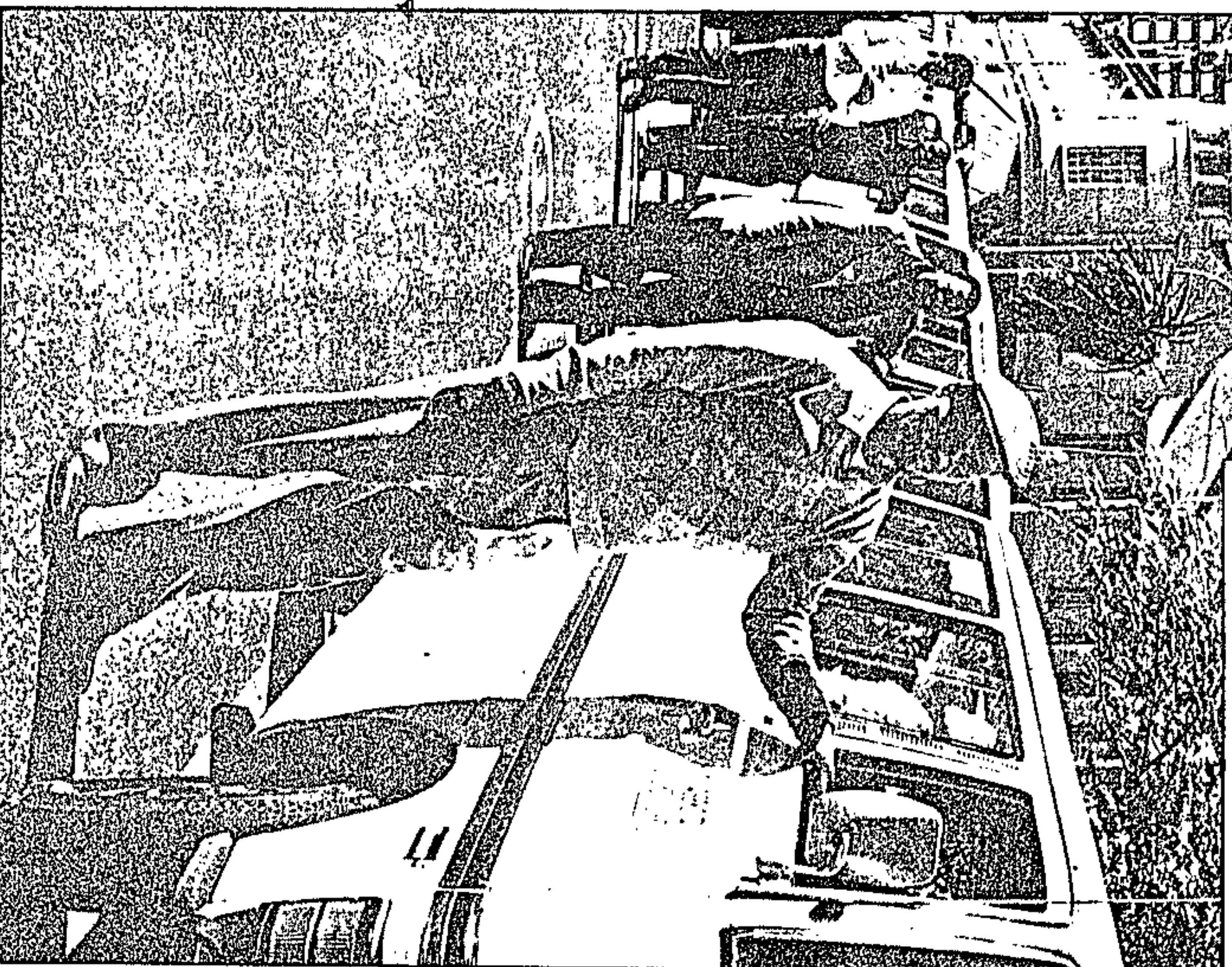
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Reports by  
VAL PIENAR

Corporate Review  
**SABTA**  
(S A Black Taxi Association)



A Star survey



Some taxi operators have taken years to become established within the industry, struggling against government resistance, hostility from financial institutions and traffic police harassment, says Sabta's public affairs director.



# A 60-year struggle against bias

The black taxi industry became a newsmaker during the last decade — but its roots extend over 60 years back, when the first recorded taxi operated in Katlehong in 1939.

The SA Black Taxi Association came onto the scene only 40 years later, when taxi operators banded together to deal with the negative attitude of the private and public sectors.

"Exploitative deals with members of the private sector threatened to cripple the industry," says joint-MD Jabu Mabuza.

"For example, in 1985 a taxi owner buying a vehicle was expected to pay a 50 percent deposit for a R20 000 vehicle, at the highest possible interest rate. In addition, he was obliged to pay an insurance premium of R8 000 a year for cover with a R8 000 excess!"

At the same time, Mr Mabuza says, the vehicle manufacturing industry worked on a quota system, in terms of which a small percentage of vehicles sold were allocated to black buyers while the rest went to whites.

"It wasn't only government that upheld the status quo — it was white businessmen who restricted the amount of business they were willing to do with, and the amount of credit they were willing to extend to, black entrepreneurs.

"It was perceived as a high risk market — but when some far-sighted companies opened their



The taxi industry became an essential service for South Africans as state transport did not provide for social and domestic needs.

doors to black businessmen they found the risks had been greatly overstated," said Mr Mabuza.

The Sabta Foundation Scheme, backed by Wesbank, was introduced in 1987. This consolidated the black market for vehicle purchases — now worth an estimated R100 million a year — and made credit more readily obtainable.

But before such a scheme could come into action, Sabta had to deal with years of government resistance to the industry.

"The grand apartheid concept promoted the creation of a subsidised bus and train service to transport blacks to and from work. No provision was made for social and domestic transport needs — and hence the black taxi industry developed and became essential to people's survival," he explains.

1983 saw the Welgemoed Commission mus-

cle in on the industry, with the recommendation that government phase out the black taxi — and this recommendation more than any other factor served as a rallying point for the industry.

Legislation limited seating in a taxi to four, although this was later increased to eight.

Bureaucratic harassment — already a factor in the lives of taxi operators — intensified.

The number of pirate operators increased, despite vigorous action by the traffic department — laying the foundations for the strife and poor standards which plague the industry today.

In 1986 Sabta, backed by the National African Federated Chambers of Commerce, made a play to buy out the Putco bus company.

Bus transport had already been hard hit by the taxi industry; Sabta saw this as an opportunity to take over an es-

tablished infrastructure and extensive property holdings.

Circumstances, however, went against them.

"Because of its sensitive nature the success of the deal depended on speed and secrecy. But there was a leak to the press and people reacted to our proposal as a major political threat.

"In the end the confusion was so great that we withdrew from the deal ... and continued developing the infrastructure we needed from within."

Since then lobbying by Sabta has forced government to recognise the taxi industry as a feature of the economy that is not going to go away.

"On the one hand we have used the power of numbers to break through the resistance of the private sector, and on the other we have seen government's attitude change towards co-operation," comments joint-MD James Chapman.

"The change in attitude presents some problems — uncontrolled deregulation, for instance, sounds good but represents a real threat to the industry. And although taxi operators welcome the legislation that permits the use of 16-seater vehicles, this is also putting a strain on the market.

"But for the first time, government is willing to pay attention to the views of black businessmen in determining its relationship with black business — and that is an important step in the right direction."



## Finance <sup>Start</sup> through <sup>27-11-90</sup> group buying <sup>327</sup>

Wesbank and Sabta have developed a scheme which makes finance available to thousands of entrepreneurs who would normally not qualify.

Based on the old African "stokvel" principle, which makes use of the power of group buying, the scheme has established Sabta as Wesbank's biggest client group.

"The biggest problem faced in granting credit to entrepreneurs is the uncertainty factor. Few small black businessmen have the credit records needed to qualify them for a loan," explains Wesbank marketing manager Peter Page.

The solution was the creation of a special fund, held by the Sabta Foundation and pledged to Wesbank, intended to cover any bad debts.

"These have not been high — and today the fund amounts to some R40 million.

Members place a 20 percent deposit with the fund. Once the loan is paid up the lender is entitled to the return of his original capital.

# New service aims to break down the colour barrier

The black taxi has the potential to be far more than a mass transporter of a limited group of people.

This decade will see it expand into numerous new markets — many of them still in the making.

The most obvious first step is the breaking of the colour barrier. A new service, aimed specifically at the white market, is to be launched in Pretoria during the next three months, and will be followed by others countrywide.

At present there is no reason why whites should not use the existing taxi services — except that there is a certain mystique to the industry which is understood only by blacks.



The taxi industry has shown tremendous growth over the past five years, putting great pressure on facilities.

Taxis carry no destination boards, for instance. Instead, a complex system of hand symbols unique to each area indicates where would-be passengers want to go.

For example, in the Johannesburg area a person wanting to travel to the CBD would hold up one finger — in what white motorists could interpret as a rude gesture. If that is the taxi driver's destination, he stops; if not, he simply keeps going.

The success of the Pretoria service will be based on the radio link-up between taxis and a central control. Passengers will be able to phone for a taxi — making the service as flexible

as a conventional taxi but far cheaper. Marketing director Ashley Mabogane stresses, however, that this service will not be able to make more than limited headway into the white market before the quality of service improves.

"Black commuters are learning to be more discerning about safety standards and public relations — and standards of expectation among whites are already high.

"No white commuter will use a taxi — or allow his children to use one — unless it is clean, safe and manned by a courteous driver. Simply being cheap isn't enough," he says.

graduation of high density traffic into the established traffic flow.

Safety is another important area of concern, covered by the Taxi Safety Action Group.

"A diversity of organisations, ranging from Project Spear through Cosatu and the Black Consumer Union to the SA Police and the CSIR, have been working towards improved safety. We aim to co-ordinate all their activities," she explains.

These projects, however, are only a part of the overall research objective of the CSIR.

"Sabta is unique. It is huge and relatively well organised, yet still a member of the informal sector. In fact, it has become the flagship of the black entrepreneur," says Ms Miller.

"Transport is as basic a need as food or shelter — and because of its important role in this sector, Sabta has become a fundamental part of the black community.

Mr Mabogane sees an additional potential market in parcel delivery services, both within a metropolitan area and in an inter-city service.

"Outside of peak hours, taxis tend to stand around costing money. We would like to train our members to a level of professionalism which would make them able to take responsibility for delivery services.

"A service like this — whether it involves running around town or transporting goods and documents between cities — could be managed much more efficiently and cheaply by Sabta taxis than by any alternative service currently operating," he says.

"Over the past five years the growth of the industry has been phenomenal, putting tremendous pressure on facilities. Municipalities — who based long-term planning on the expectation that taxis were to be phased out — have been caught with their pants down."

Today, town planning is geared to the needs of the industry.

Already some unexpected facts have been highlighted as a result of the research. According to Ms Miller:

- The ratio of taxi drivers wearing glasses is lower than the national average — indicating many drivers have uncorrected defective vision.
- Alcohol usage is low and indications are that there is a strong awareness of the dangers of drinking and driving within the industry.
- Drivers tend not to wear seatbelts.
- Worn out tyres tend to be replaced late — and then often with the wrong product. Tyre pressures also tend to be poorly monitored.

Steps to ensure the success story continues

Star 27/7/90

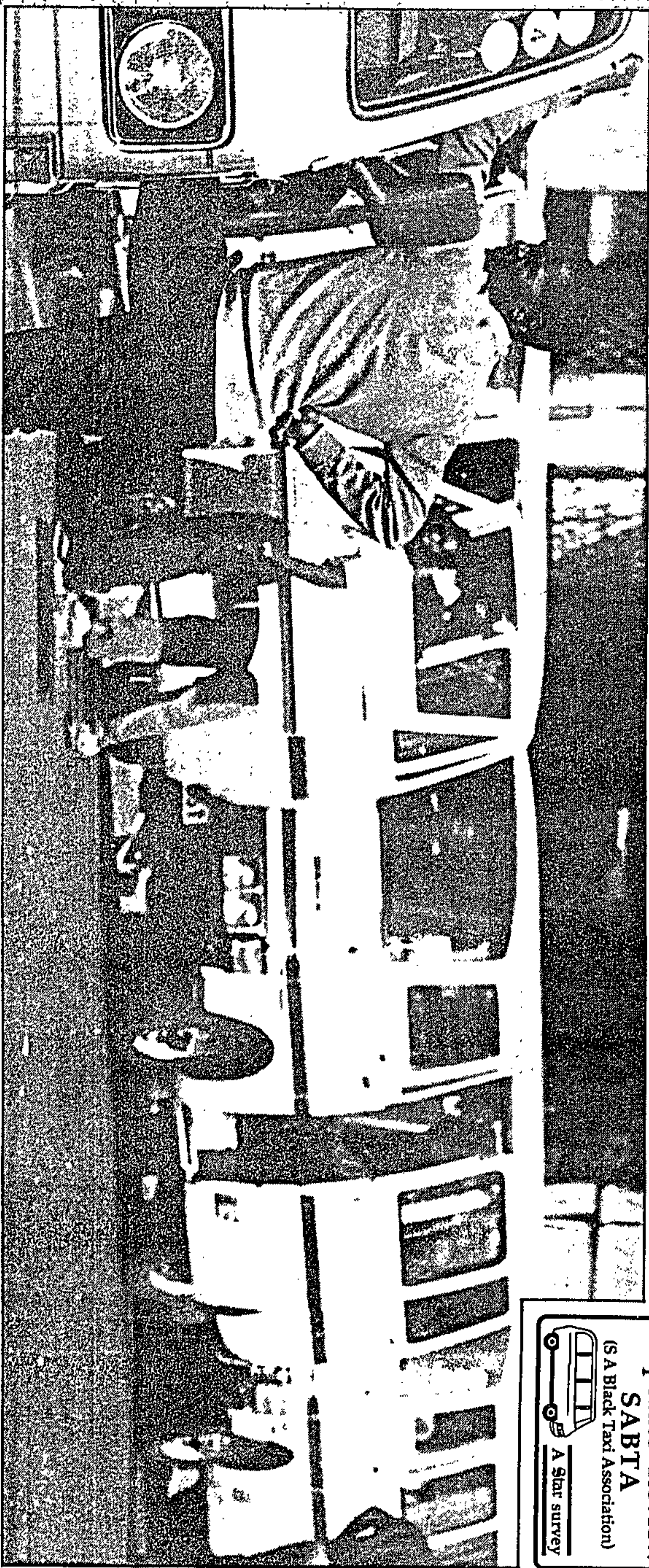
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**Corporate Review**  
**SABTA**  
(A Black Taxi Association)  
 **A Star survey**

# Taxi wars: a fact of life for many

If a Sabta members is found to be involved in attacks on other taxi drivers, stern disciplinary action is taken against him, say Sabta officials.

Vendettas are a fact of life for people operating within the taxi industry — but while it accepts a significant role in attempting to solve the problem, Sabta reacts defensively to suggestions that every taxi war concerns its members.

"Whenever there is trouble, because Sabta is a name people know in connection with the taxi industry, they assume we are involved," says marketing director Ashley Mabogoane, who dismisses many allegations of mafioso behaviour as "pure nonsense".

"Not every vehicle on the road is a Sabta vehicle — and if one of our members is found to be involved in attacks on other taxi drivers we take stern disciplinary action against him."

Battles usually erupt when drivers cross the boundaries into each other's territories — either accidentally or in pursuit of a few rands worth of extra business.

If a trespassing driver is spotted by taxi operators who control the territory, he is warned off. A second offence could lead to an assault — which in turn would bring retaliation from the assaulted driver's friends.

And in all too many cases, the final outcome is murder — often carefully planned in cold blood, and executed late at night, before the eyes of the murdered man's family.

The police are powerless to protect people from these incidents — and ineffectual in tracking down the criminals. Clearly the solution has to come from within the industry

itself — but Sabta president T J Ngcoya says the situation will become truly controllable only when government adopts a rational approach to the industry.

"For years our members have been ignored by the law except when it was being used to harass them. They have become accustomed to fighting their own battles, outside of the law.

"Negotiation is a foreign concept to them. Around 50 percent of our staff is constantly involved in defusing and negotiating a way through these incidents — but unless the government gives us teeth and takes steps to protect the industry, our effectiveness is limited," he says.

Unification of the various taxi associa-

tions is an important step. If Sabta were to be adopted as an overall umbrella organisation — or given the standing of a pace-setter — it would be possible for the industry to run more smoothly and efficiently.

"Government needs to learn to trust black organisations. There is a fear that if we are given the ability to regulate ourselves, we will cause havoc — for instance by exerting political pressure.

"But we are not in the business of politics; we are in the business of providing mass transportation. To do so effectively, we want the same respect and authority as any other self-regulating body, such as the SA Medical and Dental Council," says public affairs director Mike Ntlateng.



# SABTA



Vehicles standing at the Baragwanath Hospital taxi rank — one of the largest in South Africa.

Upgrading the image of the taxi industry is a huge task involving the education of vehicle owners, drivers and the general public.

And, Sabta maintains, none of their efforts will be truly effective until the authorities give the organisation the clout it needs, by acknowledging its role as industry leader.

Two changes are needed, says Sabta: the association must be given statutory power over all members of the industry, and government must legalise existing taxi operators prior to forcing them to clean up their act.

"Laws governing the taxi industry have been made without consulting the people affected by those laws.

"Sabta has played an important role in

## Given the power, we c

lobbying government, and more recently we have been involved in discussions — but many of the problems faced by the industry are due to the authorities' refusal to recognise us in the past," says public affairs director Mike Ntlatleng.

"We have no desire to usurp the role of government — but as a major organisation with a code of conduct, we can regulate ourselves and our industry, if only we are empowered by government to do so."

Given the authority, he says, Sabta would choose to discipline members even to the point of withdrawing permits if necessary.

And giving the association this authority

would reduce the need for police action as well as improving the level of professionalism within the industry.

The problem, he says, goes beyond tactics and into the realm of public safety, the health of the industry as a whole.

"There are many taxi drivers on the road who simply aren't qualified to be — but none of them are Sabta members," Mr Ntlatleng says.

He points out that members are required to have a taxi permit, while drivers hold a valid public driver's permit and driving licence.

"Ideally, before anyone is allowed



# 'A force that must be reckoned with'

Common needs and aspirations unite entrepreneurs across the full spectrum of industries — but it was only recently that these needs found expression in a central organisation.

Fabcos — the Foundation for African Business and Consumer Services — elected its first full-time executive in May this year.

"It's the most dynamic thing to hit the black business scene in South Africa," says Sabta joint-MD James Chapman.

"It's a force that must be reckoned with, representing about 1.5 million individuals."

Created as an umbrella body for 14 highly diversified associations, Fabcos has taken Sabta as its role model. It has four main functions:

- To lobby government for legislative changes.
- To negotiate discounts within the markets specific to its members.
- To bring group dynamics to bear in negotiating such benefits as medical aid, pension, insurance and financing.
- To negotiate discounts on groceries and general goods.

Fabcos represents an estimated 1.5 million people — although, says secretary general Joas Mogale, this figure cannot

be accurately determined before the organisation has achieved one of its main priorities: the computerisation of its membership list.

"One of Sabta's greatest strengths in negotiating on behalf of its members was that it had evidence of the numbers it represented," says Mr Mogale.

"We are creating a band of card-carrying members across the spectrum of entrepreneurial activity who will be able to exert real pressure on the market and on government."

The dream of an effective association of black businessmen gained flesh following Sabta's decision to testify against sanctions before the US Congress.

"A number of black organisations, including the African Builders' Association (ABA), of which I am president, were troubled by this decision and held discussions with Sabta."

"Out of these talks grew the idea of joining forces to rationalise our operations and maximise our effectiveness," Mr Mogale says.

The National Black Consumer Union (NBCU) was also involved in discussions at this point. Awed by Sabta's achievements, it became one of the



Secretary general of Fabcos  
Joas Mogale.

founder members of Fabcos when it was formed in 1986.

"Our objective is to help black business realise its full potential — and in the process contribute to black economic empowerment," explains Mr Mogale.

"What sets Fabcos apart — and makes it more effective than any other organisation so far — is its structure."

"Our members have come together to deal with shared problems and aspirations, but in the process we have not overlooked the specific needs of individual industries."

"Where an issue is general we deal with it across the board; where it is specific we make fa-

cilities and skills available to our members to enable them to deal with it at that level."

Fabcos recognises that the greatest need of black business — greater even than financial backing — is access to the expertise of the white business sector.

And a primary objective is to forge links with major corporations, through sponsorships.

Three sponsorship options are available — and in each case the sponsor is required to second a senior executive to assist in planning and administration, and to advise on projects.

"We've structured the sponsorship programme in this way because we want to avoid mistakes made in the past," says Mr Mogale.

"For years, white business has poured money into the bottomless pit of black entrepreneurship — but because black businessmen generally lack the skills to manage this money it has all been frittered away."

"We want to commit ourselves to a goal — we believe two years should be time enough to get most operations on their feet and self-supporting — and we want steady financial assistance backed up by advice to make it work."

## in regulate our industry — Ntlatleng

drive a taxi he should go through a training process.

"But in South Africa, once someone has a driver's licence he qualifies for a PDP — provided he has no criminal record and can pass a few tests. Now that government has eased up on its controls over the industry, it's relatively easy to get into it."

Despite this, he says, many taxi owners run their businesses without the benefit of a taxi permit, while numerous drivers operate under forged licences and are inadequately trained.

"In some homelands it takes two weeks to get a drivers licence, and another week

to obtain a PDP. After that, the driver is free to take on responsibility for the safety of his passengers."

The police force is ill-equipped to deal with the problem... and Sabta cannot exercise any authority until this is recognised by government.

"We are not involved in the process at any stage. We can do a great deal through our training programmes, but have no power over the man who employs a driver off the street without even checking that his licences are valid," Mr Ntlatleng says.

"The problem starts with the Transportation Board, which is responsible for

awarding permits. If a permit is refused — perhaps because of quota restrictions — people will go ahead and do business without it."

The solution, he says, is for all existing taxi operators to be legalised but obliged to take their vehicles through a roadworthiness test and to undergo a period of training under Sabta's control.

"We need less bureaucracy and more quality control," he says.

"The quota system is unfair — but on the other hand we would welcome a clampdown by police on people who deliberately flout the law."



# A mammoth task: control

Professionalism is essential if the black taxi industry is to progress beyond its present status — and for this, greater controls are necessary at all levels.

Sabta is faced with a chicken-and-egg situation. On the one hand, dangerous driving and careless handling of the vehicle is costing owners money; on the other, owners are demanding high rates of productivity from their drivers and forcing them to ignore safety rules in their pursuit of passengers.

Underpaid drivers slip a large percentage of takings into their pockets. The average wage for a driver is about R150 a week — fixed, based on turnover or on the basis of returns after paying a set daily income to the taxi owner.

"Whatever arrangement is made, taxi owners compute theft by drivers into their sums. We believe taxi fares could be reduced as much as 30 percent if this could be controlled," says joint-MD Jabu Mabuza.

"We are faced with a mammoth task," comments marketing director Ashley Mabogoane.

## Grading

Sabta has adopted a two-pronged approach to the problem. Safety is of prime importance — and here the issue is to prove to drivers and taxi owners that better driving enhances profits.

In the long term, Sabta hopes to introduce driver grading.

Mr Mabogoane explains: "All Sabta drivers have to have a valid driver's licence and a public carrier permit (PCP), and these would give the driver a 'one star' qualification.

"A second star could be awarded on the successful completion of a safe driving course, a third star for completion of a public relations course, and so on."

The idea is that driver

salaries would be paid on the basis of their star rating. These could also be displayed on taxis for the benefit of increasingly safety conscious commuters.

In the long term, Sabta plans to set up a data bank containing information on the star rating and performance history of members. Taxi owners could phone in for this information before employing a driver — an added incentive for drivers to improve their rating.

## Steal

But additional measures are needed to protect taxi owners.

"Usually when an owner employs a driver he allows for the fact that the driver will steal a percentage of the fares, and often pays him less while simultaneously demanding a high bottom line income," Mr Mabogoane explains.

"The driver, in turn, justifies his stealing on the grounds that he is paid too little money.

"The only solution is a ticket system that can be monitored and will reduce drivers' handling of money to a minimum."

A pilot scheme is to be launched in Bloemfontein in October. If successful, it will be introduced in other major centres.

The scheme involves the use of a "smart card" operating off a credit balance, to be held by all Fabcos members. The card holder will deposit cash into the card account in advance.

Non-cardholders will still be able to use cash — but will be issued with a receipt. Eventually it should become possible to sell tickets from a central point at taxi ranks, virtually eliminating the need for drivers to deal with cash.

"Use of such a system could cut taxi fares by a third while still making it possible to pay drivers a living wage," says joint MD James Chapman.



Driver training . . . A series of courses, developed by Sabta and the National Road Safety Council, are run by Project Spear.

## Projects aim to promote safety

Safety on the roads is a major factor of concern to Sabta, and various campaigns and programmes are already underway to improve standards of safety — of both drivers and vehicles.

The issue is two-sided, however. Simply training and motivating the drivers will not be enough if Sabta's efforts do not receive the support of taxi owners.

An owner whose prime interest is short-term profits in effect encourages overloading and fast driving. Consequently, an important aspect of Sabta's task is to educate taxi owners on the financial benefits of safe driving — and to motivate them by educating the public to demand higher levels of safety.

In addition, the commuter needs to be educated: about the need for safety, the advantages of choosing a skilled driver endorsed by Sabta and his own role in ensuring vehicle safety.

Central to its campaigns is the annual Sabta Best Driver

Competition, which is now in its fourth year.

"Our prime aim is to alter owners' and drivers' attitudes towards road safety," says Bigriver Rahlahane, projects manager in the marketing division.

"If the owner demands too high a level of productivity from his driver, he makes it impossible for the driver to concern himself with road safety."

The competition is a prestige event and simply entering entitles a driver to take credit.

The sponsors are Nissan, Shell and the National Road Safety Council (NRSC).

The competition progresses from local to national level and involves theory and practical tests on safety, the state of the vehicle and the driver's attitude towards his passengers.

"This competition is one of a number of programmes we have underway which are aimed at creating a positive image for the taxi industry," says Mr Rahlahane.

Project Spear project. A training programme has been developed and the NRSC is linked to training across the country. The TBVC states that the aim of the project is to teach taxi drivers safe driving skills, as well as their driving.

The programme consists of four courses. The first is on safe driving skills; the second on defensive driving; the third on mechanical knowledge; and the fourth on professional conduct.

Each course is a two-day course and at least 100 drivers are allowed to take each course.

"We use donated vehicles for the courses," says Mr Rahlahane.



# th task: control

Corporate Review

SABTA

(S A Black Taxi Association)



A Star survey

## Working together to meet demands

The Toyota HiAce has entrenched itself in the black taxi market and is now claimed to be the most popular choice of drivers and passengers alike.

Toyota's efforts to meet the demands of this market sector have been ongoing for some years. Its ties with Sabta can be traced back to the association's inception in 1979.

And the relationship has developed in two directions. Not only does Toyota acknowledge and use the input of the taxi drivers; in addition, the company has given considerable financial support to Sabta.

More recently, it has given financial backing to the creation of Fabcos. And when Fabcos launched the black driver training programme Project Spear in 1989, Toyota donated four HiAces and committed itself to monthly financial contributions.

Sabta members represent a sizeable chunk of the new vehicle market — and Toyota has responded by recognising them as fleet owners. This title — normally restricted to owners of five or more vehicles — entitles them to fleet discounts.

Toyota also makes a financial contribution to Sabta itself for each new vehicle purchased by a member.

Over the years, the design of the HiAce has been modified as a result of regular liaison with Sabta representatives.

Investigations have shown that the vehicles generally travel with a heavy payload. To cope with this, the HiAce is equipped with high performance suspension, and the flooring and seating have been reinforced.

High daily mileages are another feature of the industry — mostly short trips characterised by frequent stops and starts. This leads to rapid wear and tear on tyres. Toyota is shortly to introduce a bigger, wider, stronger tyre designed for these stressful conditions.

The braking system has also been improved and more robust brake pads introduced.



Driver training . . . A series of courses, developed by Sabta and the National Road Safety Council, are run by Project Spear.

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Project Spear is another project. A training programme has been developed by Sabta and the NRSC and is being marketed to training institutions across the country as well as in the TBVC states, Swaziland, Lesotho and Botswana.

The aim of the project is to teach taxi drivers to use basic perceptive skills in understanding the traffic pattern around them, as well as to improve their driving skills.

The programme comprises four courses. The first concentrates on sharpening perceptive driving skills; the second deals with defensive driving skills; the third on master driving skills and the fourth rounds it off with professional driving skills.

Each course takes two days and at least two months is allowed to elapse between courses.

"We use our own vehicles — donated by Toyota — for the courses," says Henry Serfontein, who runs Project Spear.



## From holiday driver to joint-MD

Jabu Mabuza, joint-MD of Sabta, is a maverick with a definite flair for management.

Born in 1960 in Water-val-Boven, he was the son of a driver employed by a local Indian shopkeeper. He excelled as a student.

His mother died when he was 12 and he moved to kaNgwane and later to Daveyton — remaining at his Eastern Transvaal school as a boarder.

In Standard 8 he was elected SRC president. In June 16 of that year riots erupted across the country — and a politically alert young Jabu took his place in the forefront of activity at his school.

The protesting students were eventually evicted

from the school, Jabu returned the following year — just long enough to pass his Standard 8 exam before being expelled.

He moved to Durban to complete his schooling, matriculating first class in 1979. In 1981 he entered the University of the North to take a law degree, but during his second year his father died and he had to drop out to help support the family.

By then his links with the taxi industry had already been forged.

"I had been driving a taxi since I was a school-boy on holiday and had also been active in the Benoni Taxi Association. In 1983, after leaving uni-

versity, I went into driving taxis full time."

Various jobs followed, but he continued to drive taxis during weekends and holidays. By 1986 he had joined Ashley Mabo-goane — now marketing director at Sabta — as joint-MD of a travel agency and was also the owner of three taxis.

It was only a matter of time before he met James Chapman — as leader of a delegation against Sabta.

"At a subsequent meeting I asked him: 'What is in this for you, White Man?' He told me he was building a better future for his children. I was impressed by that answer," recalls Mr Mabuza.



Jabu Mabuza

By 1986 he had been retained by Sabta as a consultant and during the following year represented the association before the Margo Commission.

He joined Sabta as communications manager in June 1988 and by the end of the year had been appointed deputy MD. He was appointed joint-MD in March this year.

## Following a dream of stability

When James Chapman first got involved with the black taxi industry, it was with a view to making a profit.

Today, 11 years down the track, his life revolves around Sabta.

His involvement has challenged and moulded his philosophy of life, and it is with a measure of difficulty that he is gradually withdrawing from the controls and handing over to his joint-MD Jabu Mabuza.

His involvement started in 1979 with an attempt to attract taxi operators to his filling station business in Pretoria.

"It opened up a whole new world to me. At first I was simply curious —

but after two or three years the vision of a different South Africa took hold of me.

"I was gripped by the idea that one could use economic forces to create a stable South Africa that we could all share.

"Without that vision I could never have coped with the pressures of working with Sabta during the years that followed," he says.

Mr Chapman's wife shares his vision and is employed in the public affairs department. He has five children — who give meaning to his dream for the future.

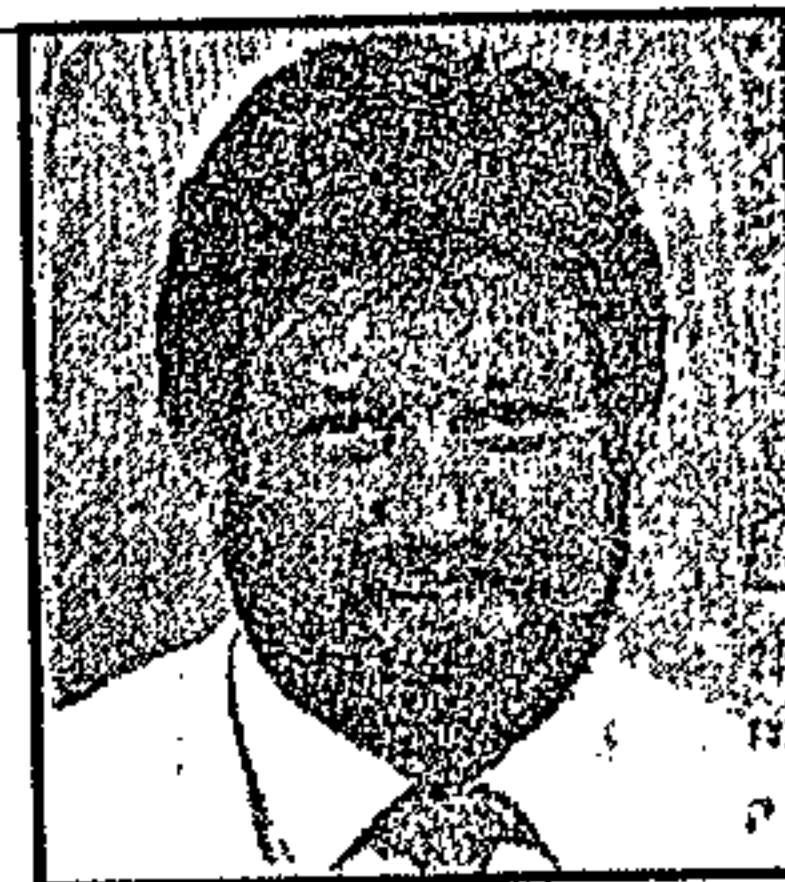
Born and bred in Pretoria, half Afrikaner and half English, Mr Chap-

man was educated at Pretoria Boys' High.

Many of the skills and principles he has brought to bear in Sabta and Fabcos were inherited from his father, who founded the first co-operative buying associations in Cape Town and Pretoria.

"Our family wasn't wealthy — we had to keep a close watch on where our money went. Forming a co-operative buying effort with colleagues made a real difference to my parents' budget," he recalls.

An awareness of the cumulative power of groups of purchasers alerted him to the potential of the taxi industry,



James Chapman

before anyone in the business had dared to dream of more than day-to-day survival.

He challenged a small group of black businessmen to "get together and see what you can do" — and an organisation developed that continues to serve as a blueprint for entrepreneurial black business in this country."



# Perspectives

BRIAN POTTINGER

## SA's new found

Stillness 29/7/90

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DESTITUTE... a Soweto family after their Soweto shack had been demolished

THIS year reality seemed to come to town in leaps and bounds.

It took the form of mushrooming new squatter camps, homeless people camping out on golf courses, a surge of hawkers on downtown streets and a sharp spiral in urban violence.

For alarmed whites it looked as if Africa had suddenly come to occupy their front stoep. It is not, of course, quite that way. From Rio de Janeiro to New Delhi to Kinshasa, the movement of people from rural areas to urban ones, and the growth of urban populations, is a common phenomenon in developing countries. It is known as urbanisation.

But mention the word "urbanisation" in police company and half the party yawns

and the other half thinks it is some form of social disease. That has been part of the problem: White South Africans have regarded poor and homeless black people as somebody else's baby — out of sight, out of mind.

Because of that, the crisis of the cities, like Pinochio's nose, has just grown and grown with every Government denial that there is a problem.

The organisation that has remorselessly kept the issues before public attention is the Urban Foundation. It was formed in the wake of the 1976 riots, with major corporate backing, as an initiative to stabilise urban communities.

The early years were dogged by difficulties. Radicals accused it of being a cap-

italist palliative bent on dividing the oppressed masses; many in the business community saw it as a worthwhile, but vaguely utopian outfit; and in Pretoria the diehards sniffed suspiciously for a hint of subversiveness.

### CREDIBILITY

How times have changed. Now civic leaders seek out the foundation's views on development issues, the business community has broadly adopted the foundation's social democratic charter and the Government's rhetoric, if not actions, sometimes comes whisker-close to those of the foundation.



Ann Bernstein... 'Scrap laws which create tensions'

court of equity, to deal with land and housing problems.

It could be called anything one wants, but it will have a critical role: To mediate, for example, between the interests of Mrs Khumalo, who has been 20 years on a waiting list for a house and has in desperation occupied a patch of vacant land, on the one hand, and Mrs Smith, who has invested her life's savings in a neat suburban house adjacent to the vacant lot, on the other.

Nobody, least of all Bernstein, is suggesting the mediation would be easy. It is the nurturing of a common vision for a city that is at the heart of the issue.

This does not mean that every city's vision has got to be exactly the same as the next one: Port Elizabeth's residents may go about building their vision differently from Maritzburg, but the bottom line is that all the residents — irrespective of race or class — must be drawn into defining that vision and must have a part in working towards it.

### TERRIFIED

But two problems immediately suggest themselves: Can a divided society like ours ever share a common vision of the piece of turf history has forced us to share? And is the leadership — black or white — capable of inspiring that common vision?

The Urban Foundation's research on the first score is interesting. The vast majority of black immi-

## COURT OF EQUITY HAS VITAL

active urban black population is formally unemployed and, for good measure, about 70 per cent of urban blacks do not have access to electricity and running water.

Things may have come a long way in the sense that most of the major players now accept there is a crisis. But the Urban Foundation's executive director, Ann Bernstein, believes there is much further to go.

The first thing the Government needs to do, she insists, is get a broad vision of where exactly it wants to head in city government.

The second thing is that the Government must move now to scrap those laws and practices which clearly create tensions and are stumbling blocks to further negotiations. What the Government should stop: Forced removals and shack demolitions. What the Government should do: Scrap the Group Areas Act, Land Act, Prevention of Squatting Act, citizenship legislation and racial laws on local government.

### SHIFTS

"We are trying to say that getting it right in handling the urban challenge problem is as important as political negotiations themselves," says Bernstein. "This is not a one-two problem. If you do not sort out the cities, they will sort you out."

How committed is the Government to tackling the problem?

Bernstein believes that the Government has made significant, even profound, shifts in its attitude to black people in the cities, but it is still concentrating on adaptations to the bureaucracy or policy, whereas what is really needed is a fundamentally different, non-racial, national development framework.

"There is a current enthusiasm for 'policy' on the part of both blacks and whites. But policy formulation is damned hard. It is not just research — it is looking at what is happening, understanding the capacity and the institutions one has available to implement policy.

"It is looking at international and

Part of this change of approach is undoubtedly due to the growing credibility of the foundation through its deeds, as opposed to words. But much more has to do with the simple demography of the country, graphically captured by the publication, Policy Overview: The Urban Challenge, which was put out this week by the Private Sector Council on the basis of Urban Foundation research.

A sampling: By the year 2010 there will be 59.7 million South Africans of whom a mere 5.8 million will be white; there is now a shortage of 850 000 formal housing units; over seven million urban people live in informal housing circumstances; between 25 and 40 percent of the economically ac-



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S. Times

South African experience and saying: "What is our goal for this society and is it appropriate for its strengths and weaknesses?" I just don't think that is happening."

## ROLE...

Part of the problem, according to Bernstein, is that Pretoria is still looking at urban issues in "project" terms: Acquire here a patch of land 40km from the city, give R1-million there to protesting squatters, subsidise this group, placate that lot.

"We should be beyond talking of 'projects' for thousands. We should be talking in terms of schemes for millions," she says.

So if the Government is doing it wrong, how would the Urban Foundation like to see it done right?

The main emphasis should be on a change of attitude in the Government. Senior members of the bureaucracy, for example, still talk blithely of developing "black" cities in distant spots.

## PILLARS

Come off it — take a walk down the main street of any major South African inner city and see how "white" it is. And there is no black dormitory township that can become a "city" without being re-integrated with the white core city.

"The only way we can move to a more effective urban government situation is to recognise that the municipal boundaries have to be redrawn. There must be three crucial tests — the proposed city administration must be economically viable; it must be non-racial and it must be democratic," argues Bernstein.

She sketches the main pillars of a new city housing programme — large-scale site and service schemes must be in a suitable location; authorities should upgrade areas wherever they can and, finally, the Government should recognise that a conflict of interests is unavoidable.

This last point leads to an important proposal. In the same way South Africa needs an industrial court for labour issues, argues the Urban Foundation, so do we need an institution, a

grants to the cities display a remarkable commonality of interests and aspirations with their white city counterparts.

They, too, are terrified of crime, offended by vagrants passed out on the sidewalks, outraged by drunks urinating against the walls and worried about "maintaining standards".

And the leadership quality in the black urban community? Bernstein reports an encouraging, indeed remarkable, explosion of interest among civic leaders in the black community — inside and outside Government structures — in the possibilities and challenges of urbanisation.

Bernstein: "In the last six months, I have been speaking to a wide range of black community and political groups. The discussions have been deeply serious and very exciting. I think the general message is coming through — political change is coming and everybody better get their act together — prepare to govern."

Part of this new approach is undoubtedly tied up with the changing political climate. It is one thing to say something when nobody is listening. It is quite another to say the same thing when both the community and the Government regards you as a serious player.

## DISPARITY

This forging of a common vision is not going to be easy but it can happen — indeed is already happening in many parts of the country, in a hard-won series of trade-offs.

The deal is simple: White, affluent, residents must realise and address the disparity in standards and opportunity between them and their black fellow-burgers. Black residents, conversely, must recognise legitimate white fears about standards and economic viability.



URBAN AFRICANS  
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# UDF'S

South 2/8-8/8/90

# yes to

# R2-bn

# plan

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By REHANA ROSSOUW and CHIARA CARTER

**THE United Democratic Front has decided to participate in a special fund established by President FW de Klerk for urban development.**

With its participation, the UDF has the possibility of delivering some of the demands for improvement in black townships.

The R2-billion fund, announced by De Klerk on March 15, is being administered by the former chairman of the Urban Foundation, Mr Jan Steyn, through the Independent Development Trust (IDT).

Steyn has approached the ANC, UDF, Cosatu, PAC, Azapo and Inkatha to serve on a board of trustees, chosen on the basis of their skills.

Most of the funds are likely to be used for projects in the fields of housing and education.

The UDF elected a special committee — the Development Forum Committee — to examine the IDT.

The committee, chaired by Eric Molobi, had to investigate and report on the basis of the Front's "engagement" with the trust.

Molobi said the committee consulted with community organisations and had several discussions with Steyn, the most recent one this Tuesday.

TO PAGE THREE



# UDF's Yes to R2-bn scheme

FROM PAGE ONE

Its recommendation to the UDF national executive committee meeting last weekend was that the Front should engage with the trust. The recommendation was accepted.

Molobi said the UDF was given an assurance by Steyn that the trust was autonomous of the government and that he was not operating as an individual but with the guidance of a board of trustees.

Although the names of the trustees are not known to SOUTH, the UDF is apparently satisfied with its composition.

## Influence

Another assurance given to the UDF was that the R2-billion was not generated from privatisation but that it was surplus money after the government had over-budgeted.

Molobi said the special committee felt that with participation on the board and focus committees Steyn intended establishing, there was considerable room to influence the policy of the trust.

"The developmental projects have great possibilities to develop communities with the provision of health, education and housing," he said.

"By being involved the UDF can influence the policy. The money is not going to community councils, for instance."

Molobi said Steyn had also approached the ANC to participate and claimed Popo Molefe, Thabo Mbeki and ANC deputy president Nelson Mandela were also involved in discussions with him.

However, critics have raised problems with the UDF's decision to participate in the fund.

## Priorities

The structure of the fund does not allow for a process followed by the UDF since its inception. It removes direct control over the process of development from the communities themselves.

The communities will not be part of determining needs and priorities and allocating the funds in their areas. The trustees are also not accountable to the communities and will be making decisions without consulting them.

The funds will also be implemented and managed by private sector organisations over which the UDF has no control and with which it has had confrontations in the past.

# End detention without trial

Detention without trial must rank, alongside apartheid itself, as one of the darkest blots on the history of human rights in South Africa.

This practice must have contributed as much as any other to the creation of South Africa's image as the polecat of the world, a country beyond the pale.

Yes, other countries have practised and do practise detention without trial, but few on the scale of South Africa and with such unremitting intensity.

Since the early '60s when the first state of emergency was declared, and when permanent legislation permitting detention without trial was first introduced, the records show that an estimated 78 000 detentions have taken place.

That means a like number of families affected, with perhaps half a million members, add extended families and just close friends, and upwards of a million people have in some way been touched by this



**HUMAN RIGHTS  
FOCUS**

An article by the  
Human Rights Commission

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gross denial of a basic human right. These dimensions are reminiscent of a country at war.

What of the suffering of the victims themselves?

Untold numbers have experienced the brutality of a situation tailor-made to bring out the worst in their captors, who in their zeal to extract information or simply to intimidate would need to be saints in order to resist the temptation to resort to abuses both physical and mental.

Seventy-three, or nearly one in every 1 000 detainees, have not survived that experience.

Being a woman or even a child has proved no defence whatsoever against candidacy for becoming a detainee or for suffering its consequences, as statistics show.

In their attempts to defend the indefensible, the authorities have over the years introduced "safeguards" in the form of inspectors, magistrates, district surgeons and other servants of the State, but in the process have succeeded only in bringing disgrace upon the legal and medical professions as accomplices in this form of legalised barbarity. The safeguards have come to naught, the torture and the deaths in detention continue.

Like apartheid itself, detention without trial must surely by now have outlived even its own purpose. If that purpose was to eliminate or subdue opposition to an apartheid system of government, then, patently, it has failed, and equally clearly, it has no future.

Nevertheless, the Government inexplicably persists in its use, and insensitively seems prepared to risk the moral and political censure of detaining a mother with her 16-month-old baby and conducting a witch-hunt against now legalised members of the ANC and SACP on the advice of security police still clinging to the past.

And to show "even-handedness" right-wing suspects are also caught in the detention net, albeit for very short periods.

All that remains to be said about detention without trial is that its time has come, a monstrous dinosaur that must depart the scene without delay.



## Stop pretending 339

Apartheid planners saw blacks as labour units that only entered cities for brief periods.

Forty years of that type of thinking has seen urban areas crushed under an unplanned invasion of people evicted from land by other apartheid legislation and economic pressure.

Dramatic reform is needed to prevent land becoming the tinder-box issue that education has been for two decades.

### Informal housing

The Private Sector Council on Urbanisation (PSC)'s recently released report on a new urbanisation strategy for SA notes that in 1985, for example, 63% of the total population was urbanised. By 2010, that proportion will be 73%.

Government policies have created a serious formal housing shortage, and more than 7m urban people live in informal housing.

The PSC report suggests that:

- ☐ Central government should form a Cities Development Fund;
- ☐ Local government should have more decision-making powers and increased finance;
- ☐ The private sector should be offered incentives to invest in the development of cities;

☐ Community participation must be seen as central to effective urban and rural development policy; and

☐ Government should stop the implementation of the Free Settlement legislation and repeal the Group Areas Act as a matter of urgency.

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The report also argues that present local government structures are extremely inefficient. It believes the only effective local government will be based on functionally defined municipal areas, governed by local authorities that represent all the inhabitants. ■

# SAPOA to tackle land issue in a 'new' SA

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By MAGGIE ROWLEY  
Business Staff

A MAJOR convention of property developers is to be held in Cape Town this month to "tackle head on" the looming land issues of the "new" South Africa.

The South African Property Owners' Association (Sapoa) — on which all leading property owners, developers and professional people in the industry are represented — plans to use its 1990 annual convention to air traditional as well as crucial property issues, such as urbanisation and the Group Areas Act, in the light of recent political reforms.

## Rapid changes

Mr Nick Harris, chairman of Sapoa, said that like many others Sapoa had been caught up by the rapid changes in South Africa.

"To overtake them we had to look forward and introduce speakers who would look to the future South Africa and how it would impinge on property. We have focused on many issues that have been sidelined in the past."

The convention agenda includes an address by Dr Ervin Galantay, professor of urban planning at the Swiss Federal Institute of Technology in Lausanne who is an international authority on urbanisation and world metropolitan trends.

A post Group Areas debate will be staged and included on the panel will be Ermelo Conservative Party MP Advocate M Mentz and Professor Brian Kantor, director of UCT's School of Economics.

Also on the agenda are comprehensive sessions on residential development for black communities and marketing free enterprise in the face of widespread belief that "capitalism equals apartheid", said Mr Harris.

Finance Minister Mr Barend du Plessis will address the convention on the property developer's role in the development of a new South Africa.

Broader social-political issues will be covered by selected high profile speakers including Dr Beyers Naude, John Kane-Berman of the Institute of Race Relations and Advocate L Pienaar, former administrator of South West Africa/Namibia.

The convention will be held at the Cape Sun Hotel from August 21 to 23. For further details contact Brian Kirchmann, executive director of Sapoa at (011) 8804703.



held, he expected a continuing trend.

## Home buyers get R20m more

TANIA LEVY

GOVERNMENT will almost double its First Time Home-Buyers (FTHB) Scheme for blacks if necessary to subsidise at least 10 000 prospective homeowners this year.

Planning and Provincial Affairs Minister Hernus Kriel has agreed to inject an extra R20m into the R40m scheme and to find a further R10m if necessary, after a meeting on Friday with the National Association of Home Builders.

He also raised the income limit for black households to qualify by R1 500 to R3 500 a month.

TANIA LEVY

## Council 'must stop urban decay'

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A CO-ORDINATED response to urbanisation was needed from the Johannesburg City Council to save the inner city from urban decay, DP chief whip Cliff Garrun said in an interview yesterday.

With civic representatives and organisations like the Urban Foundation, council had to look at upgrading and preserving the residential component of the inner city and surrounding suburbs — home to an estimated 150 000 people who had flocked into the city in the past decade, he said.

Needing attention were the reversal and prevention of further urban decay, legislation regarding slums and environmental health, expanded health services, and the possible provision of recreational and educational facilities.

Garrun said the council would have to provide temporary accommodation for tenants of buildings whose upgrading would be forced by council on the grounds that they were health hazards.

However, existing municipal by-laws were completely inadequate to deal with "slumlords" who neglected buildings and exploited occupants.

Garrun said landlords owed the council hundreds of thousands of rands in electricity charges collected from tenants but never paid to the council.

The provision for fines was almost laughable, he said. A maximum R150 admission of guilt fine could be imposed on landlords of buildings deemed to be health hazards, environmental health senior deputy director Mary Ross said.

Garrun said authorities had not planned for the influx of families with children and there was a serious shortage of clinics, recreation centres and schools.

The council also had to push for the opening of schools as black pupils living in the inner city mostly had to travel by bus to schools outside the area.

### East Daggafontein Mines, Limited

(Reg No 05/04237/06)  
[East Daggafontein]

### Lydenburg Exploration Limited

(Reg No 88/04863/06)  
[Lydenburg]

### Potchefstroom Gold Areas Limited

(Reg No 85/04450/06)  
[PGAF]



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# Blowing down the paper houses

■ There are solutions — but also too many players and a skewed subsidy system

SA has no single housing crisis. It has millions of them — each a tale of tragedy and human suffering.

You could even say that thinking in terms of a single housing solution to a single housing problem has created its own difficulties. Witness the seemingly endless rows of "matchboxes" in Soweto and elsewhere. You can't substantially build on to them — so because families grow and houses don't just spring up, family life gets crowded. This shortage is one legacy of apartheid; so is the fact that many who were bottled up by influx control have in recent years been seeking to

improve their lot, which naturally means choosing the bright lights, houses or no houses.

So the immediate crisis is that caused by squatters — 7m already and rising daily — who are moving on to any available scrap of land as close to the cities and work as possible.

The response to the inflow has often been draconian. Property owners fall over each other to barricade any open land with razor fencing; birdshot and bulldozers are sent to flatten settlements and drive the hapless families off in search of other places to live.

Which, of course, defeats the purpose.

Almost anything constructive tends to run straight up against bureaucracy and prejudice. Not surprising when you consider that there are 14 different government housing departments, making it impossible to know just who to deal with. The State has created confusion by slashing first-time buyer subsidies for blacks and there are various "civic" committees who actively encourage rents boycotts and their equivalent among mortgagees — meaning that further investment in their areas is stifled and squalor becomes entrenched.

Casting its shadow over everything is that obnoxious bit of legislation from the past, the Group Areas Act. Government has fudged the issue so often that latest reports that the law will be scrapped next year have simply added to the confusion. After all, at this stage of negotiations, no one yet knows how long housing will remain an "own affair" in terms of the tricameral system. Free settlement areas continue to dribble into being, distorting the market.

There is also a multitude of housing agencies. Organisations like the Urban Foundation and the SA Housing Trust; development companies like Time Housing and Group Five — all battle to make an impression by building more homes. The institutions — particularly the Perm — are constantly looking for innovative ways of providing appropriate funding for the masses.

But where to start?

As the foundation's Matthew Nell points out: "International experience shows that identifying one minimum standard, acquiring the subsidy to build (the houses), yields few dwellings. And, because they're so scarce, they usually accommodate the people with the connections and bureaucratic leverage rather than the poor people for whom they were intended. Financial resources and development must be scaled to demand if the right people are to get the homes."

"We're making progress — but it's naive to believe we can solve the problems instantly. We must first reduce the degree of failure."

Nell identifies four broad segments of housing demand:

- Conventional housing of above R35 000 with full services built to a conventional design supported by traditional home loan finance. This accounts for slightly less than 10% of the market;
- Below that are "starter homes" — often a combination of simply being smaller, with reduced services, and having lower-quality finishes. This reduces the cost but gives the buyer the opportunity to upgrade at a later stage. Prices range from about R12 500 to R35 000 and they account for 41% of the market — or would do if demand could be matched by credit. The hitch is that financial institutions generally won't grant loans to this sector because of the low profit potential and the perceived high risk;
- The third category (involving about 43% of the population) is even less popular with the institutions. It is the "incremental homes arena." This involves informal settlements on serviced sites; over time (sometimes as little as six months, but usually five to 10 years) the shack is gradually upgraded into a formal dwelling; and
- The remaining 7% of the population who, according to Nell, cannot afford any kind of ownership. Poverty forces them to rent whatever shelter they can get.

The problem is to match available resources to these demands. That means the acquisition of suitable land and manoeuvring the appropriate credit facilities into a posi-

tion where would-be homeowners can take advantage of them.

Despite a crazy history of racial zoning, there is good vacant land close to the cities which could be used for mass housing of various kinds. However, it would only be possible to capitalise on this advantage if the land were to be unlocked for habitation by the introduction of a sensible rather than perfect land registration system for the swift transfer of land. In addition, existing — and often politically unacceptable to blacks — local authorities would have to be replaced

by bodies which could fund bulk infrastructure.

Until that happens, the poor will continue to be squeezed out to the periphery.

The trust and foundation have been working feverishly to create a financial climate which would entice financial institutions into low-income housing areas. The most receptive has been the Perm, with mixed success. Perm GM, housing, Denis Creighton says slightly more than 25% of its activity is in the sub-R35 000 bond market — the cut-off point for conventional housing.

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AUGUST

**No. 12688**

## PROKLAMASIE

*van die Waarnemende*

*Staatspresident van die Republiek van Suid-Afrika*

**No. R. 131, 1990**

**REGULASIES VIR DIE STIGTING EN ONTWIKKELING VAN DORPE.—HERROEPING VAN PROKLAMASIE No. R. 154 VAN 14 OKTOBER 1983**

Kragtens die bevoegdheid my verleen by artikel 25 (1) van die Swart Administrasie Wet, 1927 (Wet No. 38 van 1927), gelees met artikel 21 (1) van die Ontwikkelingstrust en Grond Wet, 1936 (Wet No. 18 van 1936), herroep ek hierby Proklamasie No. R. 154 van 1983, soos gewysig.

Hierdie Proklamasie geld nie in 'n selfregerende gebied ingestel kragtens die Grondwet van die Nasionale State, 1971 (Wet No. 21 van 1971), nie.

Gegee onder my Hand en die Seël van die Republiek van Suid-Afrika te Kaapstad, op hede die Een-en-twintigste dag van Mei Eenduisend Negehonderd-en-negentig.

G. VAN N. VILJOEN,  
Waarnemende Staatspresident.

Op las van die Staatspresident-in-Kabinet:

C. J. VAN DER MERWE,  
Minister van die Kabinet.

## PROCLAMATION

*by the Acting*

(339)

*State President of the Republic of South Africa*

**No. R. 131, 1990**

**REGULATIONS FOR THE ESTABLISHMENT AND DEVELOPMENT OF TOWNS.—REPEAL OF PROCLAMATION No. R. 154 OF 14 OCTOBER 1983**

By virtue of the powers vested in me by section 25 (1) of the Black Administration Act, 1927 (Act No. 38 of 1927), read with section 21 (1) of the Development Trust and Land Act, 1936 (Act No. 18 of 1936), I hereby repeal Proclamation No. R. 154 of 1983, as amended.

This Proclamation shall not apply in a self-governing territory established under the National States Constitution Act, 1971 (Act No. 21 of 1971).

Given under my Hand and the Seal of the Republic of South Africa at Cape Town this Twenty-first day of May, One thousand Nine hundred and Ninety.

G. VAN N. VILJOEN,  
Acting State President.

By Order of the State President-in-Cabinet:

C. J. VAN DER MERWE,  
Minister of the Cabinet.



garded in Pretoria as an important sign of what has been

President de Klerk to sit down with

# Bid to clean up the problem-ridden black taxi industry

Spec 14/8/90

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Violent taxi feuds, overcharging, speeding and recklessness are facets of the giant black taxi industry that will soon be submerged with the help of strict discipline, if the current efforts of the Southern African Black Taxi Association (Sabta) to forge more power over the industry succeed.

Violence as well as gross disregard for consumers and road rules are accusations which have come to epitomise the industry since it began to flourish in the 1980s.

In recent incidents, the use of weapons, including automatic firearms, has become a seri-

ous concern for police and umbrella taxi associations.

And at the brunt of constant feuds are innocent commuters, whose grievances and fears for their safety have seemingly had little effect.

The reasons for continuing taxi wars is multifold, but the major contributing factor lies in the struggle by ever increasing numbers of taxi drivers to secure operational territory, according to Sabta media liaison officer Fanyana Shiburi.

According to Mr Shiburi, the only way properly to control the industry is through the wider disciplinary influence of

Major moves are afoot to bring the increasingly conflict-ridden black taxi industry under control. After years of freedom, wayward taxi operators may soon meet with stringent discipline from all sides. **HELEN GRANGE** reports.

one taxi body over allocation of routes, for instance.

Meanwhile, Sabta has launched a major drive to unite splinter taxi groups and diffuse animosity between them.

The industry had also become the battlefield of problems outside business, for instance personal clashes and po-

litical differences.

One long-standing problem that Sabta had gone some way towards solving was the motivation for recklessness and speeding among taxi drivers.

"The reason many drivers speed is because the taxi owner stipulates a particular amount to be submitted to him, and

the rest goes into the driver's pocket. The more trips a driver can fit into a day, the better off he is.

"A computerised money collecting card (similar to a credit card) is being introduced, which will mean no money is collected by the driver. The card will record kilometres done and at the end of the day, the driver and owner can sit down and analyse the computerised information and work out profit sharing."

But in order to clamp down on other 'mafioso' style behaviour in the industry, Sabta needed the ability to stop cer-

tain operators from doing business. "If this happened, the word would soon spread and everybody would eventually fall into line."

Moves to improve the structure of the wayward black taxi industry have been sanctioned by the ANC, which has called for the formation of one united taxi association.

"This is likely to be the major hurdle in the bid to oversee taxi operations properly."

Although the industry has been a landmark in the Government's deregulation policies, Sabta feels that necessary restrictions will soon be imposed.

WITNESS

## Quantum 'building a new SA'

MOST institutions' lack of interest and hesitancy to invest in fast-growing townships was surprising in view of events in SA, Quantum Group chairman Deon Meyer said in his 1990 annual report. *8/Day 14/8/90*

Meanwhile, Quantum Group projects that had shown good progress during the year under review included the completion of Gamaphuteng Shopping Centre in Katlehong, Pimville Shopping Centre and the raising of R18m to fund Manhattan Centre in Kagiso.

Meyer said comparable projects were in different stages of planning.

As a consortium member, the group had "helped to make a new hotel in

CHARLOTTE MATHEWS

the township of Tumahole near Parys, in the Free State, a reality.

"Completion is scheduled for November this year. Further projects of a similar nature are in the pipeline."

Quantum Group's production of houses in the middle and upper ends of the black market yielded acceptable results despite tough market conditions. Quest Construction, the subsidiary involved in the affordable housing market, turned in a pleasing performance. *339*

Meyer believed construction companies would be active in the supply of affordable housing if only construction companies were allowed to build.



# Subsidy scheme helps out

Star 14/8/90

By Frank Jeans

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The Government's additional R20 million injection into the black first-time homeowners' subsidy scheme could create nearly 4 000 jobs in the building industry and many more in the informal sector.

This is the view of Gavin Hardy, executive director, housing of Murray & Roberts Construction.

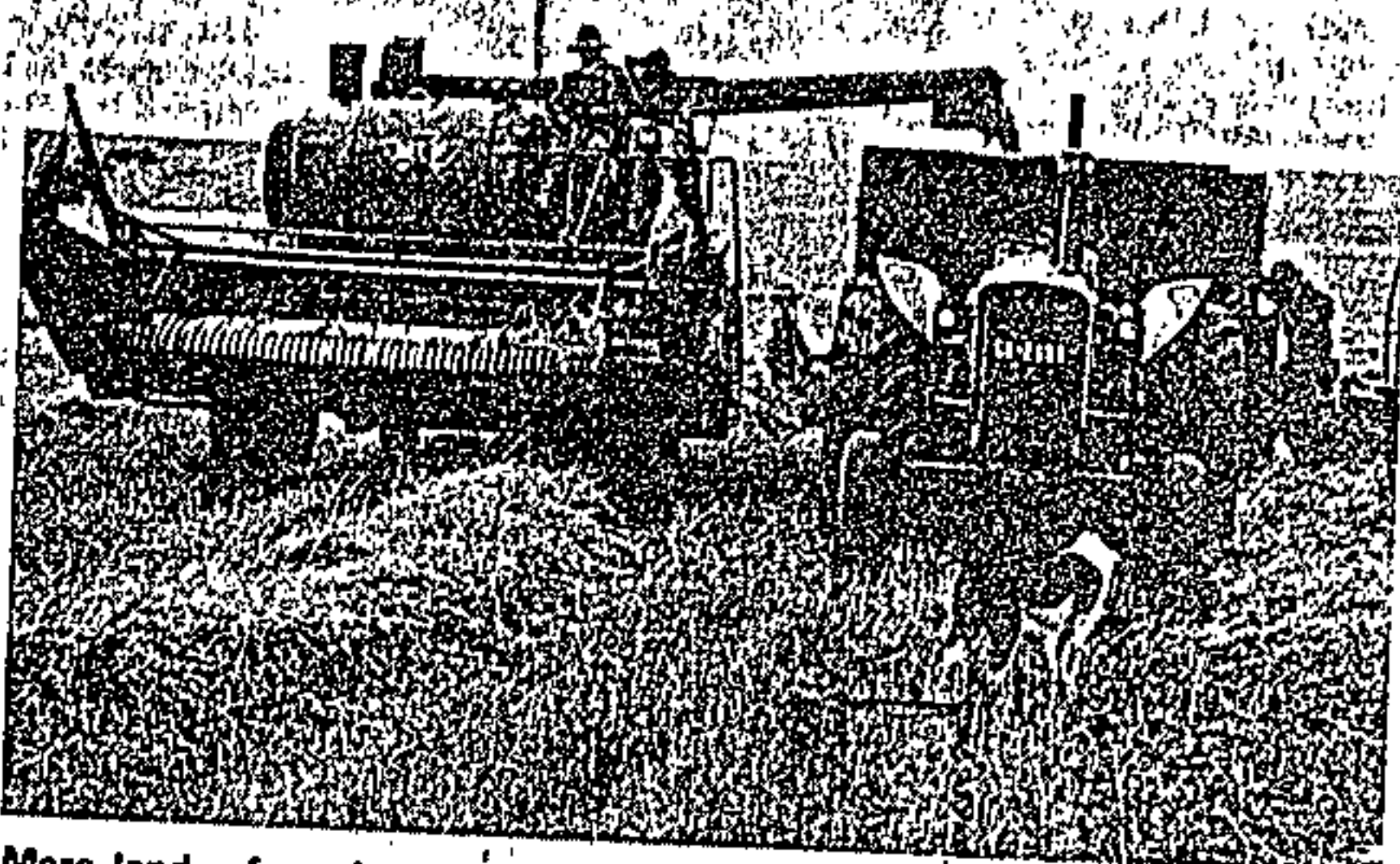
Mr Hardy is a member of the National Association of Home Builders' action committee which met Minister of Planning Hernus Kriel to discuss an earlier announcement that the subsidy scheme would be limited to households earning less than R2 000 a month. The proposal drew a strong reaction from the building industry.

After the meeting the Minister decided instead to make the R20 million injection and to raise the qualifying limit to R3 500, bringing the scheme into line with that for whites.

"I compliment the Government on its decision to increase its commitment to the scheme, which is acting as an important stabilising influence in an otherwise depressed market," says Mr Hardy.



# Agrarian reform is needed for future SA



Mere land reform is not enough if South Africa is to tackle the myriad constraints on black farming.

THERE can scarcely be a democrat who does not believe that the exploitative Land Act of 1913 should be abolished. But some fear little would result other than the loss of land by the poor in the bantustans.

For example, coloured farmers in the Cape have not been subject to the Land Act but many communities have steadily lost land due to urban migration. Most black US farmers who were settled on 40-acre farms during the New Deal, subsequently sold their land and went to the northern factories. So if the Land Act goes, what little remains of black ownership in the rural economy could go with it.

Fortunately, there is another scenario, often given lurid expression by conservative farmers. This is the "verswarring van die platteland" — the title of a tendentious government commission of 1959. In some areas, black farmers are raising their output, challenging the predominance of white farming, despite the forces ranged against them.

## Reduce apartheid

In Bophuthatswana some entirely self-made farmers harvest 1 000 t of maize a year. White farmers, at least, are under no illusions about the potential for black farming to expand. Recently white farmers used their collective powers to torpedo a Development Bank plan to enable black farmers to participate on an equal footing in the grain marketing system.

One thing is clear: no-one knows what eventual result the scrapping of the Land Act will bring. What can be done to ensure that its scrapping reduces apartheid, rather than expands it?

After the Group Areas Act, the abolition of the Land Act is a major priority of reform. P G MOLL, a specialist student of the subject, argues that land reform will not be enough. It will be necessary to remove the myriad other constraints on black farming.

A critical step is to abolish the Subdivision of Agricultural Land Act, No. 70 of 1970, which forbids the fragmentation of land into units which, in the opinion of the Department of Agriculture, are "uneconomical". This paternalistic law prevents farmers from starting small and growing large, and would hold back the progress of energetic but capital-poor black farmers.

## '20s' methods

Another barrier to black empowerment is the pattern of government spending. Black people pay sales and income taxes, but these sums almost entirely bypass the hundreds of thousands of black farmers and end up as subsidies in the pockets of the 60 000 white farmers.

State resources should rather be concentrated on achieving distributional goals — viz facilitating the expansion of the black farming sector. It should not be forgotten that the present pattern of agricultural spending is both inefficient and inequitable. By reorienting the pro-

grammes both efficiency and equity gains can be made. At one and the same time, our food could become cheaper, more black people could enter farming, and the market could weed out ineffectual white farmers who are better suited for assembly-line work.

Black economic empowerment could be accelerated by using some of the methods employed in the '20s to aid the "poor whites". Of these, one of the most successful was the Contributory Purchase Scheme. Settlers who could show they possessed working capital could buy land with a government subsidy of 80%. The scheme avoided adverse selection of fly-by-night operators by requiring evidence of financial capability.

an insult to the new South Africa's national sovereignty. The present government acknowledges no such rein on its powers (especially not in pursuance of apartheid!) — it appropriates and pays the market price plus a percentage. It may be prudent for the future government to assure farmers compensation will be market-related to retain a favourable investment environment.

## Recoup fears

After all, the land costs are only a part of an agrarian reform programme. In well-organised programmes, the land costs are perhaps a third of total costs. The costs of infrastructure, training, working capital, equipment and housing are substantial. It is not land, but these development costs, that limit agrarian reform.

Indeed, it will be essential to retain the productive core of "white" agriculture. With only half-a-dozen other countries in the world, South Africa shares the distinction of being a net food exporter. If farmers came to expect widespread or arbitrary expropriation, they would fear their annual investments in fertiliser, insecticide and seed could not be recouped, and they would therefore not make them. After one missed season the country would have to import millions of tons of maize or wheat. If the government assured farmers that its direct redistribution schemes would extend only to certain sectors and regions, these harmful disinvestment effects would not follow.

## Targeted help

In any case, substantial expropriation would be unnecessary if the government took away white farming's financial swaddling clothes. Inefficient white farmers would leave the industry at a sufficient pace to keep the state well supplied with rela-

tively cheap land for some time to come.

To get an idea of the orders of magnitude involved, I consulted financial data on a large number of settlement programmes: assorted World Bank projects, the Italian and Zimbabwean land reforms, Israeli settlement (1950s), and the USA New Deal settlement. The costs per family ranged from US\$500 (Zimbabwe) to \$40 000 (World Bank). If the government spent the entire 1989/90 Department of Agricultural Economics and Marketing budget of R300 m on a relatively inexpensive Zimbabwe-type scheme, only 15 000 families would be helped.

Despite the crudity of these figures, they illustrate the potential for direct settlement by government agencies is limited — not because of high land costs but because of high infrastructural, training and capital costs. In South Africa, as has been the case in Zimbabwe, the major avenue for redistribution within agriculture will probably be through judicious and targeted help to individuals and cooperatives who will lead agricultural renewal through their own efforts.

The Land Act must go. But mere land reform is not enough. Agrarian reform is needed. The programme outlined above is radical because it strikes at the root of the problem: the myriad constraints on black farming. It would transform the agricultural landscape by reshaping state spending, revising land ownership laws and, culturally, by converting the orientation of government from inefficient mollycoddling of a 60 000 minority to efficient and equitable growth for the majority. □ Dr Moll, formerly of UCT, is currently a visiting scholar at Northwestern University, Evanston, Illinois. His D.Phil. thesis at Oxford dealt with land reform.



belongs to a Higher Authority."

## Lancaster House

If this institutional barrier could be swept away, and if the new farmers could be supplied with some minimal infrastructural and marketing arrangements, the black farming sector may well flourish, as it did in Kenya and Zimbabwe after independence. In fact, most economists now agree that the major agricultural improvement in Zimbabwe came from economic renewal in the areas already occupied by black smallholders.

The future government will also be under pressure to provide directly for land settlement. The most crying need will be for reparations for farmers who have recently been dispossessed and forcibly removed. In view of these urgent needs, it is crucial that the future government should not be hobbled by "willing buyer, willing seller" restrictions. At Zimbabwe's Lancaster House it was agreed that the new government could buy land only if white farmers were willing to sell, or if compensation was paid in foreign currency. Such a requirement would be



# The face of justice is white

Star 14/8/90

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The legitimacy of the administration of justice in South Africa has been questioned both inside and outside Parliament. Most recently ANC deputy president Nelson Mandela declared that the judiciary had no legitimacy because over the years it had enforced apartheid laws. **DAVID DALLING**, the Democratic Party MP for Sandton, looks at the issue.

In 1988 the percentage of whites being afforded this advantage rose to 76 percent.

In regard to the judiciary, not one non-white Silk was appointed an acting judge during 1989, let alone to the Bench on a permanent basis.

**'What is worse is that most magistrates of colour, Indians in particular, were and are used almost exclusively in ethnic courts such as Chatsworth, Verulam, Stanger and the like, and are thus prevented from playing any real role in the broader administration of Justice.'**

To add insult to injury, a highly respected Senior Counsel who is not white, recently accepted an acting appointment to the Bench of newly independent Namibia.

I would like to quote the following final statistic. Looking at the overall establishment of the Department of Justice it is illuminating to see that the top seven grades of salary scale stretching downwards from R165 000 per annum to R38 000 per annum are commanded by 2 252

whites, seven coloureds, 14 Indians and only four black South Africans.

It is not enough for the Minister of Justice to wring his hands and say his department is colour-blind but that he is battling to find suitable candidates within the coloured, Indian or black communities to join his department.

The Minister of Justice should make it his task actively to promote recruitment. The Minister should be sponsoring legal education programmes in these communities.

He should inform, by every means possible, the schools, universities and colleges that he is looking for scholars and students of colour to undertake permanent careers in his department.

He should encourage community involvement in the administration of justice, using among other tools all available employment and training opportunities.

It would seem to me that the Government is not taking this question seriously.

In virtually every section of the Department of Justice, the situation has either not changed at all or it has deteriorated.

The prosecutors are white, the magistrates and judges are white, the people who are being trained to become prosecutors are white, and the people who are being trained to become magistrates are white.

The only role that the vast majority of black, coloured and Indian South Africans play is to be the accused or the sentenced persons.

The face of justice in South Africa is a white face.

This is not to criticise the thousands of judicial officers presently doing fine work.

This is a political criticism of the Government and the Minister of Justice who have shown a lack of foresight and effort needed to meet the challenges of the future.

I wonder if the Minister of Justice really believes that the new South Africa will tolerate the courts and justice administration being as lily white as they are today. It will surely not.

It is better to make a genuine effort to recruit, train, adapt and prepare for tomorrow and to do this now, rather than to wait for a new

**'It is better to make a genuine effort to recruit, train, adapt and prepare for tomorrow and to do this now, rather than to wait for a new Government to produce a policy of crash Africanisation which could well lower the standards of justice to which we aspire.'**

Government to produce a policy of crash Africanisation which could well lower the standards of justice to which we aspire.

Surely, the system of justice operating in the country should be a reflection of the norms and standards prevailing in our country, and the people controlling it should mirror our South African community as a whole?

This is an issue which the Government cannot afford to ignore for yet another year.

Many black and coloured people feel strong animosity towards the criminal justice system.

The Director-General of the Department of Justice, in a recent report, concedes that a situation has arisen where the community no longer regards as criminals those who have fallen foul of the law.

One of the major problems contributing to the unhappy situation is to be found in the statistics relating to the employment, promotion and education practices operating within the Department of Justice.

In 1988, of the departmental professional establishment of 2 537, 2 409 were white. Now, of the professional establishment of 2 588, 2 411 are white. This represents a non-racial improvement of about 1 percent.

In 1988, all 144 Regional Court magistrates were white. Today there is absolutely no change in that situation.

In 1988, all 144 Regional Court magistrates were white. Today there is no change at all in that situation.

In 1988 there were four coloured magistrates. In 1989 this figure was reduced to three, despite the fact that the total number of magistrates increased by 39.

What is worse is that most magistrates of colour, Indians in particular, were and are used almost exclusively in ethnic courts such as Chatsworth, Verulam, Stanger and the like, and are thus prevented from playing any real role in the broader administration of justice.

Magistrates of colour seldom, if ever, preside in trials involving white accused.

In 1988, of the 956 Regional and Magistrate's Court prosecutors, 847 or 88 percent were white. In 1989, of the 994 prosecutors 871 or 87,5 percent were white.

The profile of the legal training which is sponsored by the department and which prepares the way for the advancement of staff is no better.

# Townships want F W to stay a leader — research

Star 18/8/90

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RESEARCH data just released shows that President F W de Klerk has not only gained considerable support in black townships, but an increasing number of blacks now want him as one of their leaders in the new South Africa.

But, while the independent research project indicates that Mr de Klerk's star is rapidly rising in the townships, it also shows that blacks remain suspicious of the National Party, still regarded as the "creator of apartheid", which it is relinquishing as slowly as possible and only because of international pressure.

The Rubicon 2 project was undertaken by the Johannesburg advertising agency McCann in May

**CHRIS MOERDYK**

this year as a sequel to Rubicon 1, conducted shortly after Mr de Klerk's watershed speech on February 2.

At the time, research showed that blacks generally welcomed the State President's reforms and the release of Nelson Mandela, but that two widely divergent points of view still existed in the townships — a feeling of continuing black resentment and a new spirit of reconciliation.

Latest research shows black middle and upper-income residents of Transvaal townships believe the National Party is not to

be trusted, that it still maintains double standards and that it is only President de Klerk who is committed to change, and not his party.

The majority view Inkatha "with loathing" and see it as a narrow tribal party that is not as much representative of Zulu interests as it is of its leader's political ambitions.

The planning director of the McCann Group, Sue Lerena, who co-ordinated both Rubicon research projects, said it was "impossible" to conduct research in Natal because of intimidation.

"While it was expected that a

● TO PAGE 2.

## Township views

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● FROM PAGE 1.

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certain resentment of Inkatha would come out of research conducted only in the Transvaal, what was staggering was the degree of this resentment. Blacks outside of Natal, including many Zulus, seemed almost to consider Inkatha a greater danger than many radical white right-wing movements."

She added that Rubicon 2 supported the findings of research published by the Argus Newspaper Group last week.

In general, all respondents in the Rubicon 2 project saw the ANC as being representative of a non-racial society.

It was also seen as the party most actively promoting black advancement and the establishment of a

"middle class". Respondents described ANC supporters as "those who can forgive and forget".

In contrast, the PAC was seen as an uncompromising, hard-line, non-conciliatory party referred to by a number of respondents as a "black AWB".

Research showed considerable support for Nelson Mandela as a future president, with Mr de Klerk as Vice-President.

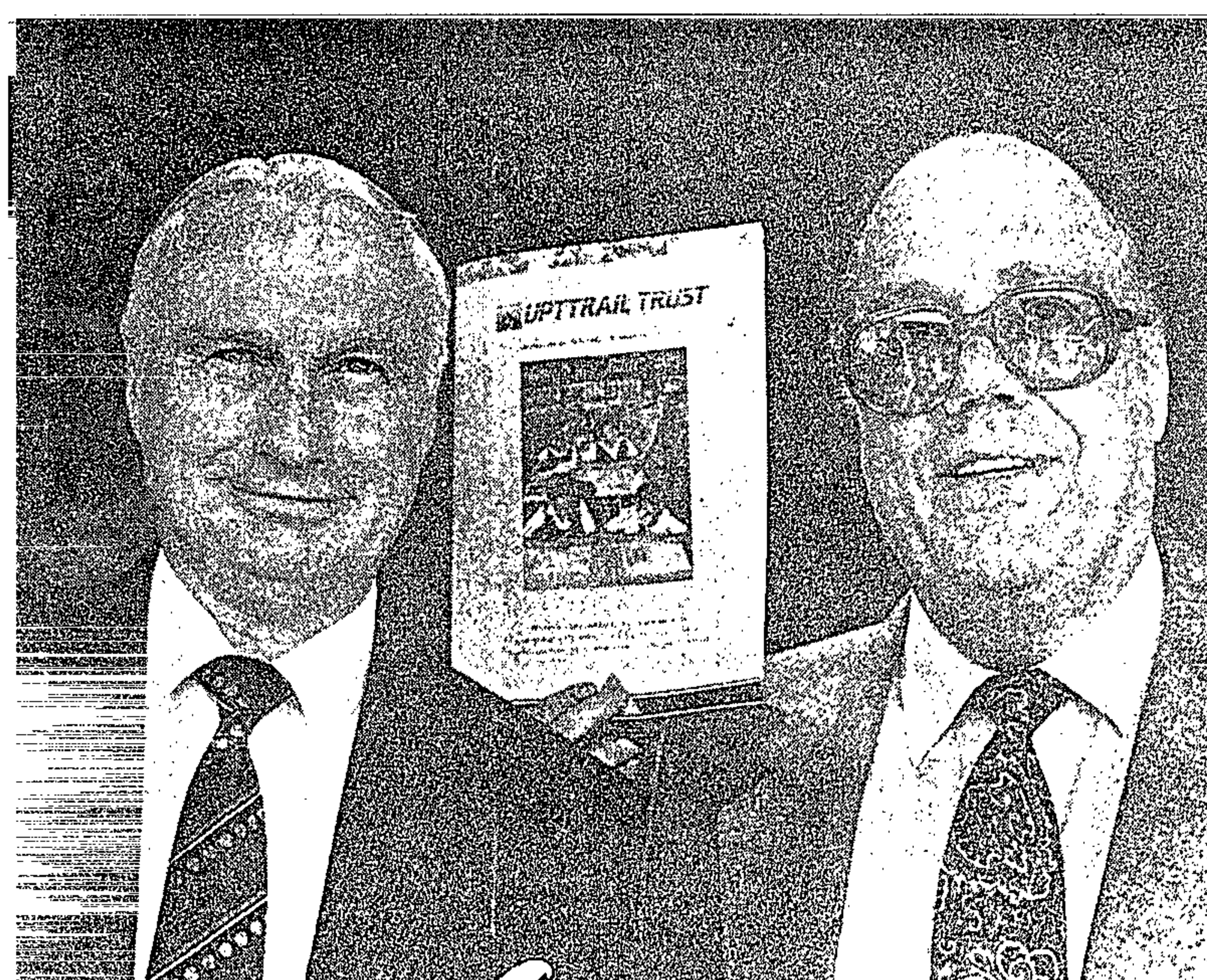
Only a few respondents were in favour of changing the country's name to Azania, with the majority believing that as South Africa was well-known internationally a "new name would be confusing".

They also believed that the names of major towns were also well-known and acceptable. With regard to the flag, the majority of respondents envisaged a new flag that at least incorporated ANC colours.

● (See also Page 6)



'S



# Bid to upgrade black schools

By Karen Stander, Education Reporter

A massive fund-raising drive has been launched for a project aimed at improving the quality of teaching and learning in black schools.

The Upttrail Trust hopes to raise R15 million in the next year and to reach hundreds of thousands of primary school children over the next five years.

"If the Germans had had the skills we are teaching, maybe Hitler would never have come to power," executive director Dawid van der Vyver told a function to launch the project.

Upttrail (Upgrade Teaching, Training and Learning) has completed a pilot study in KwaZulu which was evaluated by the Human Sciences Research Council. It was found that pupils' results could be substantially improved through training in language and thinking skills.

The measured improvement rate of 5 per cent would be a saving of millions of rands to the community and the taxpayer.

Mr van der Vyver said that while the project emphasised the teaching of English, it had been found during the pilot project that an important spin-off was an improvement in all subjects.

There had been no Government involvement so far, but the Department of Education and Training had agreed to look at the project.

Initially about 100 teachers from Johannesburg, KwaZulu and the Free State will attend a training course, and the trust hopes to train up to 600 teachers in the next five years.

Money for the mind . . . in a promising new project, Upttrail Trust hopes to raise R15 million during the next year to help improve the quality of teaching and learning in black schools. Executive director of the trust Dawid van der Vyver (right), with chairman Harold Groom, says that initially about 100 teachers will attend the training course.



# The disastrous reality of the kitskonstabel

Sta 20/8/90

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For anybody with illusions that hostility between the South African Police and the people can be solved by "kitskonstabels", a new book about these special constables offers a salutary lesson.

A chapter in the new book "Policing and the Law" is entitled "Kitskonstabels: A case study in Black on Black Policing". The book is by Derrick Fine, a researcher in the Legal Education Action Project of the University of Cape Town's Institute of Criminology.

Fine sees the introduction to black townships of kitskonstabels between October 1986 and June 1987 as "a component of the State's strategy of black on black policing as a means of controlling political resistance in black townships".

The notion, he maintains, is "rooted in the old apartheid formula of 'divide and rule' whereby agents of repression and control are recruited from within the black community".

The introduction of kitskonstabels was, he contends, "one of the methods to re-establish control over black townships perceived by the State as ungovernable".

Whatever the reasoning behind the creation of this force of instant police — drawn from the ranks of the unemployed or vigilantes and trained for six weeks — there can be little doubt that the reality has been a disaster.

In 1986 the SA Police started recruiting 'kitskonstabels', possibly as a temporary measure. But a new book suggests these men, who have been the centre of controversy for years, are here to stay. PAT SCHWARTZ reports.

From the first weeks of their deployment, serious abuses of power by kitskonstabels occurred in many areas. These ranged from fatal shootings, arbitrary assaults and sexual abuse to verbal abuse and harassment.

## Restraining

By February 1988, kitskonstabels were the subject of five Supreme Court interdicts restraining them from unlawful conduct.

Despite assurances about the effectiveness of the screening of recruits, the Minister of Law and Order conceded that, in the Maritzburg area, a number of special constables were dismissed when, towards the end of their training, it emerged that they had failed to mention that they were facing criminal charges.

In the light of the fact that these men are employed by the SAP — and, in terms of the Security Emergency Regulations were also defined as security force members, giving them sweeping general powers of using force, arrest, detention, interrogation, entry, search and seizure — such admissions do

little to instil confidence.

As for political affiliations, while the Minister of Law and Order maintains that men are recruited without being asked what their political links are, his press secretary is on record as stating that although it was illegal for policemen to belong to "extremist organisations", such as the UDF or the AWB, they were not prohibited from being Inkatha members.

Kitskonstabels, writes Fine, appear to be unsupervised and township residents have had enormous problems trying to lay charges against them.

As a result, they "tend to perceive themselves as exempt from criminal charges and departmental disciplinary action".

Kitskonstabels, it is suggested, do not know, or at least do not respect, the legal limits placed on their powers to use force, arrest and to detain, enter, search and seize. Their apparent ignorance of provisions such as the stringent conditions on the use of firearms and other weapons to disperse gatherings, has had fatal consequences.

Inevitably, writes Fine, "the brutalisation and degree of

provocation suffered at the hands of kitskonstabels have given rise to many instances of counter-violence ... including shootings, stabbings, and petrol-bombing of homes and barracks.

The State, writes Fine, has admitted that mistakes have been made and has promised to tighten up recruitment methods and training and to root out undisciplined elements.

"There have also been shifts in the portrayal of the role of kitskonstabels. The tendency has been to highlight the contribution of kitskonstabels to the prevention of crime, seemingly in an attempt to depoliticise their role and present it as one of broader community service.

## Lawlessness

"These efforts appear to be no more than an attempt to address some of the symptoms of a wider pattern of lawlessness and ill-discipline within the police force."

"What was possibly intended as a temporary measure in crisis policing, has now irrevocably changed the nature of South African policing. Kitskonstabels appear to have become a permanent component of the SAP."

● "Policing and the Law" is published by Juta and Co for the Faculty of Law, University of Cape Town.



Sowetan 23/8/90



HERNUS KRIEL

## R10-m for ~~the~~ home buyers

THE Government has made available another R10 million towards the first home buyer/rent subsidy.

This increases the initial amount of R40 million budgeted for this year to R70 million.

The Minister of Planning and Economic Development, Mr. Hennis Kriel, announced this in his address to the Institute of Housing of Southern Africa conference in Bloemfontein on Tuesday.

Kriel said no government could have open-

ended schemes as this led to poor budgeting and expenditure.

He said this scheme would, therefore, have to be investigated in order to allocate a fixed amount of money a year.

Reform of the provision of basic serviced sites for low-cost housing, Kriel said at the moment the heavy burden was being shouldered by the State.

The challenge for the future was to get private sector involvement in this regard. - Sapa.

# Govt to give extra R10-m for new homes

Star 24/8/90 339

By Frank Jeans

The first-time home-buyers' subsidy scheme is to get a further boost of R10 million on top of the R20 million allocated recently by the Government.

This will give added impetus to the black residential market and, with a total of R30 million in the coffers, will have the effect of mobilising about R450 million for housing through financial institutions.

The additional funds should ensure there is sufficient capital for the scheme to continue operating for the balance of the 1990 financial year.

The R10 million bonus was announced by Planning and Provincial Affairs Minister Hernus Kriel when he addressed the Institute of Building in Bloemfontein yesterday.

"As a result of the success of the subsidy scheme, the first R40 million allocated for the 1990-91 financial year has already been committed."

## New applications

"A further R20 million was recently allocated and, to meet demand, the scheme will be boosted by another R10 million."

"The total R30 million will cover any new applications for the remainder of the year as well as the approximate 8 500 applications already in the pipeline."

Johan Grotsius, executive director of the National Association of Home Builders, said: "We are pleased at the outcome of our lobby on behalf of the home-building industry."

"This latest allocation means builders will be able to continue trading for the remainder of the year without restraint."

The R450 million of private sector money which will come into the home-building process will enable about 20 000 first-time buyers to secure a property.

"Of equal importance," says Mr Grotsius, "is the fact that the increased subsidy will provide employment for an estimated 85 000 people."



## CUTTING THE WELFARE CAKE

FM 24/8/90

In case you're wondering what happened to the R2bn set aside by President F W de Klerk — primarily for black upliftment — the first instalments should be paid within the next month.

Jan Kitshoff, financial director of the Independent Development Trust set up under Jan Steyn, tells the *FM* the trust is meeting in Cape Town this week to discuss more than 100 requests for help. The meeting, to determine principles and strategy, is the first held by the trust since De Klerk set aside the funds in April.

Kitshoff says the requests are for a variety of funding — "education, housing, health and economic development. We need to get the money to the ground as soon as possible, and we should have the first projects going within the next month."

Though the funds are not specifically for a single racial group, the most critical areas of need are in the black community and that's where most of the money will go.

An additional R1bn has been set up in another fund, mainly for land and education issues. In July R8m from this fund was used to help to relieve the critical shortage of textbooks in black schools. There are only three school months left this year but black children are still sharing textbooks at a ratio of four pupils to one book.

Having been set aside, it would be scandalous if the money were not used as rapidly as possible to meet the many areas of need, particularly in housing, education and health — and not on costly bureaucracy.

(339)

## Construction giant quits black market

By REG RUMNEY

A MAJOR construction company is pulling out of the black home building market, blaming red tape and the building societies. *WMA 24/8 - 26/8/90*

This is despite the announcement on Wednesday of a further R10-million subsidy for black first-time home buyers, a move hailed by the National Association of Home Builders.

Group 5 executive chairman Peter Clogg said yesterday the group had substantially cut back its involvement in this field, as a result of rising costs, excessive red tape and a lack of finance from building societies.

He described the outlook for private home building as bleak.

Financial director Theunis Kotzee yesterday laid the blame at the feet of the building societies and the local authorities for the failure of the construction industry to build enough black houses.



IN the "Living in the City" supplement recently published by SOUTH, Mark Swilling offered a critique of the Urban Foundation's urban policy initiative.

We welcome this sort of contribution to a debate that South Africa urgently needs.

Swilling's article, however, contains several basic inaccuracies and is seriously flawed.

We agree wholeheartedly with his view that "the democratic movement must quickly and seriously begin to consider policy issues if it is to meet any of the expectations of its constituency."

If the MDM dose this with the understanding of urban policy that Swilling propounds, however, both analytic and strategic errors may result.

Swilling claims "state and capital" have together developed a "new policy framework" which he calls "deracialised urbanisation".

Anyone who is familiar with the urban policy arena knows the state has no co-

# Against a war of slogans

South 23/8 - 29/8/90

**ANN BERNSTEIN, Executive Director: Urbanisation, of The Urban Foundation, replies to an article by Mark Swilling in a recent supplement on urbanisation published in SOUTH:**

herent urban policy at the moment, nor has had for some time.

Thus, for example, it is still committed to keeping black local authorities going, even though it has admitted they cannot work. It allows some shack settlements while destroying others, it is still dithering about Group Areas, and so on.

Moreover, the few ideas the state does have on urban policy tend to directly contradict those of the Urban Foundation (which is presumably who Swilling means by the term "big capital").

Swilling makes this error of understanding because he has not reviewed any of the UF's recently-released urban policy proposals.

Instead, he has chosen to focus on a very general article of mine published well over a year ago.

This article was never intended to expound UF proposals in any detail. In fact, it merely put forward questions for consideration.

For instance, Swilling says the UF proposals do not deal with "the role of the market, the nature of ownership, access to and control over development capital, and the central role of community participation in planning."

Whoever has read our policy overview document, "The Urban Challenge", will know this is simply not true.

We are not saying we have all the answers, or that everyone will agree with us. But we do believe that the question of post-apartheid urban policy is a critical and difficult one which requires serious attention.

On our part, we have several suggestions to put on the table and both resources and expertise to offer. We have already begun to interact with key community and political organisations around urban policy issues.

Finally, we would like to comment on a recent comment by Cosatu trade unionist, Alec Irwin. With respect to recent developments both here and abroad, he said:

"We will have to learn to confront the

issues and not the ideological paradigms. This is not to abandon analysis or to deny very real differences.

"However, we will have to be clear what those differences are, and to what extent negotiation will narrow them. Our future is far too important to everyone to allow it to be left in the realm of a war of slogans ..."

We agree wholeheartedly. Regarding urban issues, this country needs policies that promote both efficiency and equity; democratic policies that have a realistic chance of meeting the needs of the millions of poor and oppressed people in the country.

Key players — and this obviously includes organisations such as the civics and the MDM — will need to enter a vigorous process of interaction to achieve this goal for a post-apartheid South Africa.

In so doing, such players will have to advance considerably beyond the kind of analysis contained in Swilling's contribution.

## PROPERTY

# Two ideas aimed at providing cheaper homes

339  
B/day 29/8/90

THE single-skin house and the plastic house are two of the latest products on the market aimed at making houses even more affordable to the hard-up black buyer.

And from the beginning of September the first mortgage loan will be granted under the Urban Foundation's Loan Guarantee initiative, a foundation spokesman confirmed.

The Home Loan Guarantee Company was launched in July. With the backing of R350m in insurance arranged by the Urban Foundation, financial institutions are to make R3,5bn available to provide mortgage loans for houses in the R12 500 to R35 000 range.

Ten days ago the Clay Brick Association (CBA) received the Mantag Certificate for houses based on single-leaf clay brick walls.

The Mantag Certificate is official sanction from the Agreement Board of a particular building system based on certain standards of habitability and durability.

CBA executive director Ockert Goosen said the CBA's system would only be erected by contractors or self-help builders who had been licensed by the CBA.

Ockert said the system was based on conventional building methods so no extensive training was needed. The CBA would instruct on the system using a video and a training manual.

"We are not sure of the cost," Ockert said. "We have built two units ourselves,

Reports by  
CHARLOTTE MATHEWS

one in East London and one in the Olifantsfontein area. These cost us just below R7 000 for the shell of the house.

"It is a very basic type of house. The buyer has to upgrade from there and decide for himself what he wants."

In July Direct Franchise and Patent Brokers launched a plastic house. According to newspaper reports the structure looks like a conventional house but takes less time to assemble. It can range in price from R8 000 for a shell to a very upmarket version for R150 000.

The plastic house can be ordered in kit form with instructions for assembly.

### Incremental

The SA Housing Trust has built nine units in a pilot project in Stretford, near Palm Springs. Market development manager Mike Fowlds said these ranged in price from R8 500 to R10 000 depending on size.

The units, built on 200m<sup>2</sup> stands, are incremental. They provide a walled bathroom with a bath or shower and a basin. On the other side of the wall from the basin is a sink which would form the basis of a kitchen. The owner can surround the unit with corrugated iron sheeting until he can afford to build up a house.

Fowlds said the project was entirely for research and not for sale at this stage.



# Govt needs additional R1,2billion

CH-76P  
30/8/90 Own Correspondent

JOHANNESBURG. — The government will need R1,2 billion more than budgeted from the capital market to finance extra expenditure in the current fiscal year, according to a senior Department of Finance official.

The Deputy Director-General of Finance, Mr Estian Calitz, said special expenditures, announced after the budget, could mean a greater demand on the financial markets.

A revision of spending estimates for the 1990/91 fiscal year yielded about R74,1bn — against a budgeted R72,9bn. This implied an increase in spending of 12,9% for the year (budgeted 11,8%). He said "various actions" were under way to ensure compliance with the adjusted budget figures.

Increased spending would reflect a portion of R1bn set aside for black schools and buying land for black urbanisation.

"These expenditures, to be financed from privatisation proceeds or, failing that, from other sources of finance, have yet to take place. For logistical reasons it is doubtful that more than about 50% of this money will be spent during this financial year," Mr Calitz said.

Although privatisation proceeds had been identified as a source of finance, the macro effect on the financial markets would be no different from direct borrowing in the capital market.

"Both methods represent a demand on private savings through the financial markets," he said.

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## Fabcos takes a stake in Unibank

See 31/8/90

Finance Staff

The Foundation for African Business and Consumer Services (Fabcos) has acquired a 10 per cent stake in the newly launched Unibank.

Sources said yesterday the investment in Unibank was in line with Fabcos's attempts to get into the financial services sector.

It is envisaged that the financial institution will provide finance for Fabcos members, which includes the R624 million-a-year stokvels, small builders, taxi operators and members of the estimated 600 000-strong National Black Consumer Union (NBCU).

Unibank, launched last Thursday has among its major investors First National Bank, Fedlife and the Bophuthatswana National Development Corporation (BNDC).

With a capital base of R10 million, Unibank was formed out of the restructuring of the 130-year-old BK Savings bank which had been operating in Queenstown and King William's Town.



# Our housing policy needs major overhaul

Sowetan  
6/9/90  
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IT is well known that the current rate of production of shelter lags well behind the requirements of South Africa's people.

A high rate of inflation coupled with real mortgage rates - now of the order of six percent - and an economy in recession, combine to render even the most modest formal houses unaffordable to the greater part of our urban population.

Government housing policy is not well adapted to current circumstances: fewer than a quarter of new black households in need of State assistance receive it.

## Progress

While there has been some progress in creating the conditions for financial institutions to lend money in smaller parcels, much remains to be done. Furthermore, current initiatives in financial practices cannot achieve a great deal on their own; they need to be accompanied by an all-round policy overhaul if they are to have their maximum possible effect.

There is a general agreement that current housing policy is inappropriate. However, serious difference of opinion manifest themselves in the debate about the desirable direction of change.

## Proposals

A wide range of proposals have been made, ranging from complete reliance on the market. A number of intermediate positions are also possible.

Implicit in these proposals are a diverse range of value positions as well as differing estimates of the capacity of the various possible actors to make a contribution to improved performance. These assumptions are not always well articulated (or even well understood). I want therefore to start my address by outlining four requirements which a new housing policy ought to meet and to suggest reasons why these should become widely held objectives.

In the first place, housing policy must be comprehensive. It must offer the best deal possible

THIS is a speech on the housing policy for a new South Africa by Mr Jan Steyn, chairman of the Independent Development Trust, made at a housing conference at Unisa.

to all South African households and not merely to those in the middle class, or even the unionised working class.

The needs of those households with members working in low-income formal sector jobs or in the informal sector must also be dealt with. Not to do so is only to neglect the people most in need of assistance.

It also means that unless these needs are addressed, a great number of people will end up in overcrowded, unsafe shelter and that the efforts of both the state and the formal private sector will be overwhelmed by land invasions.

## Equality

Secondly, housing policy must respect the principle of equality of treatment by the State. Antiquated practices which treat households differently on the basis of imputed racial identity have no place in the new South Africa. People currently classified as "white" or "coloured" or "Asian" have no right to greater support from the State than black people in the same circumstances.

Of course, households may have different priorities and may want to put the same amount of State assistance to different uses; other things being equal, a housing policy which enables different tastes to find expression is to be preferred over one which does not.

## Resources

But these two issues are different and every attempt to confuse them should be resisted.

Thirdly, housing policy must efficiently mobilise all resources capable of making a contribution. This requires an unprejudiced assessment of the capacities of various actors in the field.

Heavily ideologically biased approaches of either a statist or an



anti-statist kind, will serve only to obstruct the search for improved performance.

Finally, housing policy must be sustainable. One looks with considerable suspicion on calls for massive programmes which are not accompanied by estimates of cost and proposals for financing.

## Claims

Equally unacceptable are single issue approaches which ignore the competing claims of education, health and welfare (to name just three important fields) on public and private resources.

And, while a case can be made for an economic growth potential in 1990s considerably greater than the actual poor performance of the 1980s, the formidable political difficulties of realising this potential must be acknowledged.

A robust housing policy must be capable of application in a context of modest economic growth (say, 3.5 per annum). If higher rates of growth are realised, it would always be possible to achieve more in a shorter period of time.

## Realities

There are also certain realities which have to be accepted. Chief among these is the fact that - barring miraculous rates of economic growth - no government will be able to ensure that even by the end of the 1990s that all households will be accommodated in conventional housing.

Slow economic growth and rapid urbanisation means that the proportion of households in the metropolitan areas living in absolute poverty has risen. If we accept at present a poverty datum



Mr JAN STEYN

line of R700 a month, about 40 of households in metropolitan areas outside the homelands and 55 percent of households in the homeland sections of cities receive income below it.

On the other hand, the smallest conventional house now costs between R35 000 and R40 000. Even with the operation of the first-time home-buyer's scheme one currently needs an income of three times the poverty datum line to afford conventional housing.

## Mortgages

Of course, current mortgage rates are high and incomes depressed as a result of recessionary conditions. However, the gap between affordable payments for shelter and required repayments on conventional houses will remain much too large for any government to be able to bridge by housing subsidies.

The second reality is that the market for conventional housing among all population groups is probably approaching equilibrium. By this I mean that the old administrative constraints which prevented demand for effective representation in the market place have been broken.

\* The second and final part of this report will be published tomorrow.



# Removing obstacles to housing progress

Souten 7/9/90

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MANY people have called for a housing "kick-start", both to stimulate economic activity in general and to deal with a major basic need. But is not in the conventional housing market that this kick-start can presently be generated. Rather, one should be looking at two other markets - the market for starter or core housing and the market serviced sites on which incremental housing be built.

In both these markets, political and administrative constraints continue to hamper construction of what households are able to afford.

Let me identify seven such constraints. The first five will have to be dealt with by the Government. There is also a task apiece for business and the communities.

In the first place, land in sufficient quantities and at appropriate prices (as projected by demographic and economic studies), must be made available for the development of serviced sites and starter housing.

## Progress

Over the past few years, considerable progress has been made in the identification of land as suitable for township development in general. Such identification, of course, immediately increases the value of land.

In order to keep land price increases within bounds, it may be necessary to make new distinctions: to say that some land is for any kind of residential land, but that other parcels can only be used for site and service development or for starter housing to be sold at prices below a certain limit.

Such limitations on end use will serve to limit the prices which people are prepared to pay for raw land; these prices will, of course, be higher than the price of the land in agricultural use, so that specialised development rights will be valuable.

Secondly, there must be sensitive planning in relation to the location of such areas. Whilst piracy of land cannot be defended,

TODAY we continue the second and final part of a speech on the housing policy for a new South Africa by Mr Jan Steyn, chairman of the Independent Development Trust, made at a housing conference at Unisa recently.

poor planning and statist policies exacerbate social tensions.

I am glad that it is recognised today that households able to afford only starter or incremental housing have to be accommodated in our cities. The choice is not whether or not to have households with low or modest incomes in the cities; the time when that choice could have been contemplated is long past. It is whether to have them in decently planned settlements designed to offer the best facilities possible in the economic circumstances, or whether to have poorly located, badly serviced and overcrowded settlements with perpetual disputes about ownership.

On the other hand, it should be recognised that residential systems should be planned so as to yield reasonable income gradients across space. Immediate physical juxtaposition of low-cost shelter with expensive housing is bound to met with fierce and understandable resistance.

Thirdly, there needs to be an appropriate subsidy policy. Private ownership of shelter not financed by mortgage loans is completely unassisted by the present state subsidy system. While it is impossible to replace it with a system which will enable every household to afford a conventional house, it is certainly within the bounds of possibility to apply a capital subsidy to each serviced site and starter house for which there is effective economic demand.

The level of this subsidy should cover most of the cost of a modestly serviced site. The corollary is reorientation away from increasing the capital of housing commissions in order to construct family housing, for which the state needs to find not only the subsidy component, but the balance of the construction cost as an advance against repayments.

Under the capital subsidy scheme, on the other hand, the

non-subsidy component of the price of shelter is mobilised through the market, enabling the private sector to contribute to housing finance.

This, in my view, is critically important.

Fourthly, level playing fields need to be established between the state and the private sector in the provision of housing.

If the state provides housing on a properly commercialised basis, then it is entirely reasonable that it should compete with the private sector, the same subsidy rules applying across the board.

In such a way, monopoly situations are avoided and the spur of competition encourages the technical innovation needed to reduce the cost of housing in relation to the average wage level. If, however, the state is able to offer housing at prices made possible by all kinds of hidden extra subsidies, the private sector will face unfair competition and will be reluctant to make a contribution or may even be completely prevented from doing so.

## Monopoly

This creates the condition for an effective state monopoly on housing production, which has failed wherever it has been attempted. The stimulus to efficiency and innovation is lost and the political pressures to produce expensive housing for a few rather than to treat everyone equally, powerfully reinforce a deplorable tradition of ruthless patronage politics.

Fifthly, a way has to be found through the political, administrative and financial mess at local authority level. We need to facilitate the establishment of agencies capable of providing services which are affordable and which relate to the nature of site and service and starter housing developments.

This requires a set of agree-

ments on standards and cost recovery which do not impose an impossible burden on the state. It may well be necessary to address the particular problem of new settlements of this kind, attempting to lift it out of the difficulties in existing areas.

Reference has already been made to efforts to reduce the minimum sizes of mortgage loan which financial institutions are prepared to offer.

The Urban Foundation has been instrumental in establishing a loan guarantee fund in order to reduce risks in a new market to acceptable levels. It has also taken a lead in establishing a Group Credit Company which offers small unsecured loans for relatively short terms and (inevitably) at higher interest rates than the mortgage rate, though appreciably lower than rates generally available in the informal money-lending market.

Other initiatives are possible. Loans can be made by companies or financial institutions against the security of withdrawal benefits in pension and provident funds; these can have the effect of cushioning households against high real repayments to later years when inflation has eroded the real value of bond repayments.

All these efforts are designed to open financial markets on the best possible terms for people who have, up to now, had very little access to them. They make a substantial difference to the pattern of demand, provided that the other necessary changes are made at the same time.

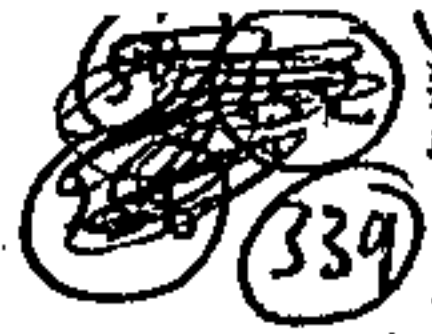
Finally - and perhaps most importantly - I wish to refer to the contribution that the communities, through their organisations, can make.

Indeed, this is the key to achieving everything else. The prospect of political change has induced considerable expectation - and rightly so.

The development of democratic institutions - which work - is the key to achieving the advanced industrial society which will provide the material framework for the satisfaction of popular aspirations.



# Students sit-in



C/Press 9/9/90

## ■ From Page 1

Congress of the Azanian Students' Movement (Azasm) – the student wing of Azapo.

Also, Azapo members went into closed session in downtown Johannesburg to discuss the possibility of President F W de Klerk extending a formal invitation to peace talks.

Azapo leadership, including president Dr Jerry Mosala and deputy Dr Aubrey Mokoape, had flown to Johannesburg earlier to discuss suggestions made by Dutch, German, US and British diplomats regarding the talks.

As their black and gold flag flew

with its stark red star in the centre, pupils and students from throughout the country chanted and sang liberation songs as they entered the complex.

Azasm publicity secretary Sipho Maseko said: "This is a historic gathering because it comes at a time when students have to act decisively in shaping the future of the education system and their country."

The congress is scheduled to deal with the impending matric examinations, abuse of drugs among pupils and how the question of negotiations will affect black students and pupils.

# Decentralisation drive 'has failed'

By Michael Chester

The Government was urged by the Urban Foundation today to admit the failure of its decentralisation policies and make an entirely new non-racial approach to development planning on a regional basis.

It was estimated that the failure was costing the country no less than R1 billion a year.

The foundation argued that new strategies were needed in setting targets for a national programme to face the challenges of the 1990s and combat unemployment and poverty. The current approach to regional policy — based primarily on the subsidised decentralisation of the manufacturing sector — had failed.

Studies undertaken with the Private Sector Council on Urbanisation showed that, in fact, only about half of the 250 000 jobs claimed to have been created at new growth points owed their existence to the decentralisation policy.

The creation of each job had been extremely expensive — costing three or four times more than in metropolitan centres. Many of the jobs would have been created elsewhere anyway if investors had not been drawn by incentives. The attractiveness of incentives had led to poor judgment in the location of many factories.

But tax-free cash grants to cover labour costs had created the extraordinary situation where actual wage bills were down to zero at many locations.

Since 50 percent of the decentralised firms would have been able to operate at a profit without incentives, the exercise had merely drawn on State revenue collected from urban taxpayers.

"There is a question mark over the future growth potential of these areas," say the researchers. "Once the incentives are withdrawn, the ability of some industries to continue operating at a profit is questionable."

Between 34 and 42 percent believed they would sink into the red.

The present decentralisation policy had misjudged the nature of the urban settlement system and created little or no self-sustaining industrial momentum.

## Insignificant

The impact on migration to the large cities and towns had been insignificant.

The Private Sector Council recommended that the present system of incentives for industrial location should be phased out as a matter of urgency. Priority should be switched to national economic development. The savings could be used effectively elsewhere, such as in educational, urban and rural development schemes.

Individual regions should be empowered to work out strategies best suited to themselves — not concentrated on the manufacturing industry alone, but also taking into account its potential role in other sectors,

such as agriculture and tourism.

It was critical that future implementation of rural and regional development strategies should occur in tandem.

Any measures that restricted industrial and residential expansion in the metropolitan areas should be reconsidered, taking into account the critical role of metropolitan centres in national economic growth.

"South Africa's most pressing development challenges of the future will focus upon the ability of all cities and towns to accommodate the needs of a rapidly expanding population at the appropriate scale, pace and affordability levels," says the report. "South Africa, like any other country implementing a regional policy, must learn from its mistakes."

"The interests of the country can now best be served by a fundamental re-evaluation of the concepts, practices and future of the current policy."

Alternative approaches could be made more attractive to investors and be far more effective in providing economic stimulants and thus more job opportunities.

"South Africa cannot afford a regional development strategy which is based on concepts and practices that have failed internationally and which is rendered even less viable in the South Africa context due to its distortion by racial-political boundaries. The time is now overdue for a thorough re-think."



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# Sweeping R3-bn plan for land reform

By Michael Chester

The Urban Foundation today called on the Government to sweep away apartheid land laws and launch a R3 032 million programme of rural development schemes to tackle land reform.

The plan envisages settlement schemes and support programmes to give more than 200 000 black farmers a viable start in agriculture over the next four years.

The proposals are based on five years of research into the neglect of black rural living standards and black land hunger problems.

The aim is the scrapping of current border lines between "black" and "white" areas — often marked by homeland boundaries — to give black farmers access to better agricultural land zones long reserved for whites.

Proposals include an investigation of the Zimbabwean "willing buyer, willing seller" approach to any land transfers.

The Urban Foundation

stresses that it is crucial that a new deal for rural black families goes hand in hand with advances made in black urbanisation and new strategies in regional development planning.

"Rural development," says the Urban Foundation, "is not only important as part of an overall urbanisation strategy: it is central to the alleviation of some of the worst cases of poverty and social deprivation."

Priority should be given to the abolition of the infamous 1913 and 1936 Land Acts in tandem with all segments of the Group Areas Act.

## Capital market

The proposals call for an immediate halt to forced removals from so-called "black spots" — areas where black families live inside "white areas".

Research has shown that no fewer than 3,5 million blacks have been forced out of their homes.

The cornerstone of the plan is a proposal that R1,7 billion should be raised in the private capital market to finance the initial phase. In the first four

years, the results would be:

- Capital to cover support programmes for 200 000 small farmers.

- Schemes to settle another 2 500 farmers on large commercial farms.

- The acquisition of 250 000 ha of grazing land, to be used on a communal basis.

- R400 million to be used by the Land Bank and the Development Bank to buy extra farmland.

- R150 million to finance more non-farm business development in small rural towns.

- R300 million to provide better infrastructure — new schools, roads and power supplies — in the rural areas and small towns of the homelands.

The balance of the R3 billion needed to finance the programme should come from the State.

The Urban Foundation stresses that the proposals are not intended as a rigid blueprint but as a contribution to the growing debate on the future of South Africa.

- Decentralisation failure, "black spots" misery — Page 6.

# Share the land, says UF report

Sowetan 12/9/90

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**THE Urban Foundation has designed a multi-million rand rural land-redistribution plan for the repeal of the Group Areas Act, the Land Acts and the Prevention of Illegal Squatting Act.**

The plan, entitled "Rural development: towards a new framework", proposes the immediate removal of the last vestiges of apartheid to provide blacks, coloureds and Indians access to white-owned rural land.

An annual R330 million financial injection from the State and R1,7 billion from the private sector, spread over four years and earmarked for rural upliftment and the deracialisation of rural areas, has been recommended to the Government.

The foundation has also proposed interim laws to exclude whites from purchasing land in black and coloured areas.

The plan, if imple-

mented by the Government, will have a major impact on the future ownership of rural property.

Also involved in the project are business and civic leaders.

The report says millions of blacks have been denied access to land in the greater part of the country.

An estimated 50 000 white farmers own 70 percent of the rural land and produce three-quarters of the total agricultural output.

Thirteen percent of the rural land is worked by 700 000 black South Africans who produce six percent of the country's agricultural output.

Only 16 percent of black homeland farmers are able to feed their own populations, says the report.

Most homeland residents with agricultural land are only able to feed themselves and their families.

New legislation, says the report, should be introduced to provide equal

rights for rural farmworkers and offer equal opportunities to own or lease white-owned land.

A major step proposed is for rural towns, schools, local government and the infrastructure to be deracialised.

Small towns could play an important role as secondary educational centres for rural families of all races, the report recommends. - Sapa.



## Urbanisation seen as a contributor to job opportunities

Finance Staff 339  
Urbanisation could make an important contribution to economic development and employment creation, Development Bank of South Africa policy analyst Stef Coetzee said yesterday.

He told the biennial conference of the DBSA at Wits University unemployment had reached alarming proportions, with

41,5 percent of the potential workforce without formal job opportunities.

A political settlement was needed to improve the economic growth, he said.

"However, a change in the pattern of economic growth is needed to promote the economic empowerment of the poor. This can, inter alia, be effected through policies

promoting a process of inward industrialisation and appropriate housing policies," he said.

Mr Coetzee said "emphasis will have to be placed on upgrading informal settlements and creation of a more integrated city form, networking the developed and developing parts of our cities more closely than before".

**T**HE present approach to regional policy — based primarily on the subsidised decentralisation of manufacturing industry — has failed. A new approach is required if SA is to meet the development challenges of the 1990s.

Regional development must form part of a new nonracial urbanisation policy for the country as a whole, and is an important component of a national programme to combat unemployment and poverty.

The Private Sector Council (PSC) proposals should not be seen as a new blueprint. They are intended as contributions to what we hope will be a vigorous public debate.

The two cornerstones of current regional development policy both use incentives to attract industry out of the established cities. These are the decentralisation and deconcentration policies which, in turn, are components of the Regional Industrial Development Policy (RIDP).

Both are based on "growth centre policy", as developed internationally. In many countries during the 1950s and 1960s, "growth centres" were tried to attract industry to remote locations. It was assumed that the decentralisation of industry to pre-selected places would be an effective strategy to reduce unemployment, slow the rate of urbanisation and deal with the problems of expanding cities. In practice the strategy has failed.

In SA the policy is coupled to homeland development, as almost all growth centres are in or next to homeland borders. The policy has been in operation since the early 1980s.

Research of growth points in SA has found the following:

- The attractiveness of the incentives has led to inefficient decisions on location, with some industries being sited very poorly in relation to raw material sources.
- The tax-free cash grant on wages has created the extraordinary situation where labour has in effect been free at many locations.
- About 50% of decentralised firms would have been able to operate at a profit without incentives, indicating that there has been a transfer of income from the urban taxpayer to

# Regional incentives put the wrong jobs in the wrong places

Blom 12/9/90

SA needs a new regional policy to complement urban and rural development plans. This is an excerpt from a study published yesterday by the Urban Foundation and the Private Sector Council.

these firms.

- Many decentralised firms survive only because of government subsidies and they do not act as magnets for others.

- Decentralised areas are not always provided with the physical infrastructure essential for the efficient functioning of firms, and lack of housing for key personnel and workers has been a problem. On the other hand, in many instances there has been an overprovision.

- 250 000 jobs have been "created" at decentralisation points, although only about half of these are indisputably a result of the policy itself.

- Development of growth points has been extremely expensive, each job costing about three to four times its metropolitan equivalent; and
- Employment growth in decentralised areas frequently does not represent new jobs, but rather new locations for jobs which would have existed anyway.

The long-term growth potential of many of these areas is limited. Original growth points have been adversely affected by competition from new ones, and some firms have moved from the old to the new in order to take advantage of current incentives.

There have been some unexpected negative consequences. Port Elizabeth-Uitenhage, the country's fourth largest metropolitan region, is in economic decline, and government economic and regional policy is an important cause. Decentralised areas have a competitive edge over the PEU region, and the local content programme in the motor industry has also reduced its locational advantage.

The regional policy has also had adverse effects on established, medium-sized centres such as Witbank. This town developed without state assistance and should be one of the more attractive locations for industry in the country, but its growth is prejudiced by the incentives available in nearby KwaNdebele.

Present regional policy is not integrated with and actually undermines new economic growth strategies such as the promotion of small business, the informal sector and subcontracting between large and smaller firms.

**B**ut criticism of existing regional policy should not be interpreted as arguing for no regional policy at all. The private sector is strongly in favour of a national policy framework for the promotion of regional

growth and development. Key objectives of that framework must include the promotion of economic growth and the improvement of the living conditions of the poor throughout the country.

A fundamental conceptual shift is required if SA is to respond to the future challenges of regional development. This shift will need to develop through interaction with negotiations on a future economic and national constitutional framework.

The PSC recommends the following 10 strategies:

- Implement region-specific policies. The boundaries of the present nine development regions should be reassessed to conform as closely as possible to functional considerations.
- Phase out the present system of industrial decentralisation. Priority should be given to national economic development with an emphasis on sectoral growth. The RIDP money could be channelled more productively elsewhere in the economy, for example for education, urban or rural development.
- Integrate regional and rural development.
- Lift restrictions on urban and metropolitan growth. Measures restricting industrial and residential expansion in metropolitan regions should be reconsidered.

- Promote urban growth and development. Regions, and all urban centres (functionally and not racially defined) should be encouraged to prepare local economic growth and development proposals.
- Phase out the policy of deconcentration. This must be urgently replaced by an approach which builds on the compact city and maximises the natural agglomeration and scale economies of metropolitan and other urban areas.

- Adopt more appropriate pricing policies, based on economic criteria such as opportunity costs, for public utilities like electricity and water.
- Reassess the future location of public investment. The current spatial distribution of public investment is neither equitable nor efficient, and is clearly biased towards certain centres and regions.
- Decentralise the service sector. A fruitful area for local and regional growth strategies is to target the service sector, and

- A new regional policy must form an integral part of the new national nonracial development framework for the country. It must build on the country's economic growth strategy and a national programme to combat poverty.

SA, like any other country implementing a regional policy, must learn from its mistakes. The PSC recommendations for an alternative approach would be more attractive to investors and hence would stimulate more rapid growth and job creation than the present policy.

**P**ublic and private investment resources, development funds and capacity must be used where the population as a whole will get the highest returns. A "second best" strategy, based on further modification of the RIDP, should be avoided. Public funds should not be squandered on economically inefficient, ideologically motivated and patently unsuccessful programmes.

SA cannot afford a regional development strategy based on concepts and practices that have failed internationally, and rendered even less viable due here to its distortion by racial-political boundaries.

- The PSC comprises six private sector bodies and 30 individual members. It has research support from the Urban Foundation.



# Land Acts must go, says researcher

THE Land Acts restricted economic development in SA and their abolition should lay the ground for a R3bn action programme to promote rural development, the Urban Foundation said yesterday.

Urban Foundation executive director for urbanisation Ann Bernstein said the repeal of the Group Areas Act and the Prevention of Illegal Squatting Act as well as the 1913 and 1936 Land Acts was a vital step towards a new rural development policy for a future SA.

Bernstein and Natal University economic research unit director Prof. Gavin Maasdorp yesterday presented the two latest research and policy documents released by the Foundation and the Private Sector Council on Urbanisation (PSC) at a news conference in Johannesburg.

Bernstein said the PSC propos-

als for rural development were based on the premise that race was not an indicator of potential farming performance but access to land, skills and resources were.

A balance between economic efficiency and equity was essential for successful rural development.

The abolition of apartheid laws should be accompanied by a new legal mechanism to resolve land conflicts.

She said rural development was important because those South Africans with the lowest quality of life lived in rural areas.

In 1985, 37% of the population, 12-million people lived in rural areas, and while by the year 2000 only 30% would be rural dwellers, they would then number about 14-million.

It was not feasible to expect so many people to continue to survive on only 13% of the land.

Bernstein said the Urban Foundation proposed the funding of a development programme should be shared by the state and the private sector which the Foundation envisaged could raise R1.7bn on the private capital market.

Maasdorp said government's decentralisation policy was a failure and should be abandoned.

He said the policy was guided by ideological considerations — the promotion of homelands in SA — and marked by the abuse of government incentives, inefficiency and high opportunity costs.

About half of firms benefiting from government subsidies did not need incentives to ensure profitability, while the others were not profitable even with the subsidies.

See Page 10

MATTHEW CURTIN

8-14/9/92

## 283 being held in detention, says HRC

### Political Reporter

A total of 283 people are currently in detention in South Africa and the self-governing national states, according to the Human Rights Commission's latest statistics.

The HRC has recorded 133 detentions under the Unrest Areas Act in the past week.

Among those detained is Themba Khoza, chairman of the Inkatha Youth Brigade, who has been implicated in the attacks which have swept the Reef in recent weeks.

### On trial

Worldwide Television News sound recordist Brian Greene was currently on trial for contravening the new unrest regulations and resisting arrest, the HRC said.

Petrus Masuku died in police custody last Wednesday, a short time after being arrested on criminal charges by Welkom police.

A total of 111 people were detained in terms of section 29 of the Internal Security Act and four in terms of section 31.

Twelve people were being held in Transkei in terms of the territory's Public Safety Act and 23 were currently in detention in Bophuthatswana in terms of emergency regulations.



And the people they claim are treating them like kaffirs are other white men dedicated to keeping law and order — which, until recently, meant keeping the black man in his place. A major reason I went into self-imposed exile was my fear that I'd bust a gut laughing like a fool at the il-

Speakers stressed that many of the effects of such violence would be long-term, becoming evident years later. The new Post-Traumatic Stress Syndrome is used to describe such cases.

erry Gibson from the Organisation of South African speakers included Dr. Appropriate Social Services in South Africa (OASSSA) when discussing the

her country has enough trained medical personnel to deal with the crisis. The fact that Mozambique has just one psychiatrist for its population of 14-million gives an indication of the dearth of skills.

Another problem is one of measuring scale of traumatisatisation in Mozambique where it is estimated that 90 percent of all families have been directly affected by

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THE WEEKLY MAIL, September 14 to September 20 1990

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# Urban Foundation fails to grasp land reform nettle

By JO-ANNE COLLINGE  
A RURAL development proposal which fails to grasp the sting in the nettle of land reform is a curiosity in this age of political transition. But the Urban Foundation—in collaboration with the Private Sector Council—has created just such a curiosity.

The break in the reform logic is made all the more curious in the light of the foundation's own primary (and probably unequalled) research on the poverty of black farmers, suggesting that access to the 'free' land market is well beyond the reach of all but a very few.

**“The removal of existing legislative**

constraints on access to the key resource (in rural development), land, is the necessary first step," the UF report argues. "The abolition of all discriminatory leg-

Isation is therefore an urgent prerequisite. However, this should be undertaken in such a way as to retain, as an

interim measure, the aspects of defining land tenure in the homelands and the 'co-located reserve areas'."

The idea of this latter provision is to prevent the wealthy — either black or white — from gobbling up land accessi-

able in a limited way to the poorer sections of the community by means of "traditional" land tenure.

The Uf acknowledges that "there is, for example, no 'unoccupied' land in South Africa and as rural development and change progresses there will be conflicting land claims".

In line with more trenchant land reformers, it concedes the need for a mechanism to adjudicate conflicting land claims.

Such a procedure would ensure a more judicial process accessible to the poor capable of handing down legally binding

judgments in respect of conflicting claims in relation to settlement and ownership issues," the report states.

But it ventures no views on the nature of conflicting claims; their historical basis and their status in terms of legal

codes less blinkered than those developed under apartheid.

rights, goes no further than calling for a moratorium on "black spot" removals and for the threat of such removals to be lifted. "Care should be taken that the ba-

Similarly, tenant farming in the form of capriciously withdrawn."

bour tenancy, is acknowledged as "fairly widespread" despite attempts by the

The report observes that although teeny acquired a negative image among

many black South Africans "I nevertheless allowed some to obtain a foothold on the land and they have vigorously resist-

and to evict them from the farms".

regarded not primarily in the light of claims to land title but as tenants in premises whose grievances would be addressed in terms of "a specific body of tenants' rights legislation".

The UF considers that rural development cannot be pursued in isolation from the process of political negotiation and states that the "widest possible consulta-

tion with rural interest groups" is necessary.

form in phases rather than as a comprehensive package, bound by a single overarching set of principles.

As it presently stands there is little if not no support for the Foundation's position on land re-

President FV de Klerk said so in almost as many words to an agricultural summit held last month. "Naturally we

must also ensure that opportunities for private ownership of land are extended to all South Africans without prejudice to established rights," said De Klerk.

But he also stated: "I have committed myself to the position that land owner ship in South Africa will be organised on the basis of 'kaari en transport' ('map

and transport — implying full title deed) and private possession. It is an important principle that we dare not

**“I want to assure you as the farming community that we have no intention to**

negotiate about your land. Your 'kaar en transport' are safe."

## Unionists arrested following dispute

C/11/12 16/9/90 (188) (339)

THERE was drama this week on the premises of a Potchefstroom company when riot police bundled 95 workers into police vans.

The 95 workers – all members of the Metal Workers Union of South Africa (Mewusa) – later appeared before magistrate HE Schutte on trespassing charges.

The court was packed to capacity by the accused, who were not asked to plead.

Mewusa lawyer Mark Mehl asked for the case to be postponed to November 1, saying that by then Mewusa and WG Engineering management, who were engaged in negotiations over a dispute, would have resolved their differences.

The accused were released on R100 bail each. A request by the prosecutor that they should be banned from entering the premises of WG Engineering was not granted by the magistrate.



# Squeeze on black housing!

By COLLETTE CAINE

Press

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IN a shock move two major building societies in the black homes' market have pushed up house deposits from 10 percent to 20 percent, drastically reducing the chances of many to own their own homes.

The two building societies – the SA Perm and the Natal Building Society – are also asking employers for guarantees and are applying income rules for bonds more strictly than before.

At the same time major building contractors are adopting a wait-and-see attitude before tackling new developments. Some have even reduced the prices of newly-built houses by as much as 15 percent to get rid of existing stock.

United Building Society General Manager Piet Kruger said the UBS was sticking to the 10 percent minimum deposit, but was being more selective in granting loans.

## Upped deposits no picnic for buyers

He ascribed the downturn in development in black areas to:

- The high interest rate;
- Uncertainty about the government's first-time buyers' subsidy scheme;
- Township violence; and
- Bond boycotts in areas like Khayelitsha, Old Crossroads and Daveyton.

He said it was extremely difficult to invest in new developments unless the political situation normalised.

He welcomed an announcement this week that the six-month bond boycott of 1 400 houses in Old Crossroads and Khayelitsha in the Cape had been discontinued.

Observers, however, don't think it would do much to restore confidence in the black housing market.

Building Industries Federation of South Africa (Bifsa) economist Dr Charles Martin said the increases in interest rates on home loans to 21 percent had a negative effect on the building industry.

National Association of Home Builders (NAHB) executive director Johan Grotsius said some members of the association were wary of future involvement in black housing.

The uncertainty about the future of the government subsidy scheme for first-time buyers had hit the industry hard.

In June the government announced it was immediately limiting the black housing subsidy scheme for first-time buyers to people earning less than R2 000 instead of R3 500 a month.

After representations from the NAHB and other organisations, the scheme was reinstated and granted R30-million to last to the end of the year, but the future of the scheme remains uncertain.

The cutting of the subsidy showed the building industry in black areas was not healthy because it could not survive without the subsidy, Grotsius said.

Builders are not optimistic about this week's launch of the Urban Foundation's R3,5-billion loan guarantee scheme which limits loans to R35 000.

Builders point out that plots cost up to R12 000.

leaving just more than R20 000 for a house – which cuts into profits.

But pulling out of black housing is not a solution for many developers who have invested millions of rands in land and other assets and make a huge slice of their profits from black housing.

Gough Cooper Homes marketing manager Russel Cuthbert said the company was dedicated to the black homes' market, and despite difficulties, would not be pulling out.

"We do 90 percent of our business in the black market and have invested more than R20-million in land alone. We are trying to find ways around the problems being experienced in the black homes' market," he said.

Gough Cooper last week reduced house prices throughout the Reef by up to 15 percent. Although this cut their profit margin, the company hopes to recover their losses by increasing sales.

Bester Homes manager Rob Henderson said the company was still heavily involved in black housing, but not to the extent it had been.

Henderson predicted higher minimum deposits would further reduce the number of houses being built.



# LITERACY TO THE FORE IN BATTLE FOR SKILLS

CORPORATE social responsibility schemes (CSR) in the US — they took off there after race riots in the late 1960s — have great relevance for South Africa, says an American authority, Myra Alpers.

SA's economy, which desperately seeks higher productivity, needs to tackle its literacy problem and related skills shortage.

As part of the solution companies could encourage on-site literacy programmes in terms of CSR schemes.

A survey on trends in CSR in SA indicates that housing and education enjoy the greatest priority. The study was undertaken by FSA-Contact and covered 101 companies.

Miss Alpers says in the Innes Labour Brief that some companies in the US place such a high priority on CSR that they appoint social responsibility committees on their boards.

Corporations, such as Coca-Cola and IBM, have made multimillion-dollar



## MANPOWER MIRROR

By Adrian  
Hersch

grants for public education. But other methods are also used.

Some companies that are retrenching, such as Polaroid and Chevron, are funding schemes to encourage employees to become teachers. Polaroid also takes care of on-site literacy training.

### Mentor

In the automobile industry management and unions have developed on-site educational programmes. Ford employees can even obtain university degrees at the workplace.

The "mentor" system is encouraged by General Electric Company. This scheme encourages employ-

ees to volunteer — even in company time — as mentors for those interested in science or engineering careers.

Support for minority (black or Hispanic) businesses and banks is a major component of CSR, fostering support for a middle-class of minority entrepreneurs.

In 1989 General Motors spent more than \$1-billion on purchases from minority suppliers. It also deposited more than \$900-million in accounts of 83 minority-owned banks.

Miss Alpers is project director, corporate social responsibility, at the Council on Economic Priorities in New York. She will be in SA for two years from October, and will be attached to the

Labour Brief offices. The publication is edited by Professor Duncan Innes of Wits University.

The FSA-Contact survey shows that 80% of organisations provide housing benefits, whether to their employees or to interest groups the company has identified.

Of those providing housing benefits, 38% are involved in housing schemes in the townships and with community housing self-help schemes (32%).

### Priority

About three-quarters of the companies provide education benefits, whether to employees or some other interest group. About 50% assist in the development of schools in areas where their employees live, and an equal proportion help in upgrading teaching skills in the community.

Nearly two-thirds of companies place a priority on health care. But less than half place high priority on the development of small business.



## Plea for strategy to uplift the poor

Star 25/9/90 337  
South Africa needed a national development strategy to combat poverty so that the energy and resourcefulness of the poor could be mobilised, Urban Foundation chief executive officer DL van Coller said yesterday.

Addressing a National Council for Child and Family Welfare symposium, he said formulating a development strategy to bring about socioeconomic upliftment of South Africans required difficult choices.

Mr van Coller said

some believed there had to be a nonracial democracy before development, but in reality this was not the case.

The housing crisis was one of the first challenges that had to be met.

"It is within the capability of our present society to embark on a housing strategy which will ensure that low-income families gain access to a serviced site where health and safety is secure," he said.

Sapa.

# Big home-loans scheme nears launch date

By Michael Chester

The Urban Foundation began the countdown yesterday to a November 1 launch for the first flow of home loans from a R3.5 million scheme to tackle the black housing backlog.

The first phase of the new scheme, it was announced, promised to give the opportunity of home-buying to at least 40 000 low-income families.

No fewer than 250 000 parents and children were expected to be housed under the new deal in an initial phase that was poised to release R1 billion in extra funds to boost the black

housing programme. An additional R2.5 billion was expected to be provided by financial institutions.

The launch date was set in Johannesburg at the first of a series of special seminars being held to brief builders, banks and building societies on the new legal and administrative systems to be used in working out home-bond details.

Stress was laid by housing consultant Mike Morkel on the need for employers to formulate new corporate schemes to help employees with their housing problems.

The scheme, he said, was ideally placed to finance home-buying by employees earning between R750 and R1 200 a month, who could only afford houses priced at R15 000 to R25 000 and cash deposits or collateral of about five percent of total costs.

The broad outline of the scheme was first announced by the Urban Foundation late last year.

The key to the new formula was the creation of a R20 million package to finance a special loan guarantee fund that protects home-bond lenders

from the risk of defaults by home-buyers, and is backed by the Association of Mortgage Lenders.

Cash was ploughed into the insurance package by the governments of Britain, West Germany and Switzerland as well as big business at home and overseas.

The multiplier effects of the insurance cover against the risk of defaults in payments, according to the Urban Foundation, allowed financial institutions to pledge R3.5 billion to boost home-bond funds available to low-cost housing.



September 27 1990

NE

# Call for access to suicidal detainee

Star 27/9/90 239

By Shehnaaz Bulbulia

Family members and a lawyer yesterday demanded immediate access to a detainee who attempted suicide while being treated for depression at the Johannesburg Hospital.

The Star is in possession of the medical report on pharmacist Yusuf Mahomed, who was detained on August 20 under section 29 of the Internal Security Act for his alleged involvement in a plot to overthrow the Government.

## Depression

The medical report, dated September 12 and compiled by Dr M Berk, confirms that Mr Mahomed was admitted to Johannesburg Hospital on August 22 and diagnosed as suffering from depression.

It revealed that Mr Mahomed had attempted suicide and was still a suicide risk. The report said return to detention would probably have aggravated his problem, and it was re-

commended that he be released or charged.

Mr Mahomed's brother, Yunus Mahomed, said he had received letters from Minister of Law and Order Adriaan Vlok allowing family members and the lawyer access to his brother's medical file. But Mr Yunus Mahomed claimed that Dr Berk, after releasing the first medical report, had refused to divulge further information on his brother's condition.

According to Mr Mahomed, Dr Berk informed him that security police had allegedly "placed pressure on him".

Dr Berk said he was not allowed to comment and referred The Star to the chief superintendent, Dr J Botha, who said Mr Mahomed was receiving the best possible treatment.

"Dr Berk was free to give comment if he wanted to," Dr Botha said.

Police headquarters in Pretoria said requests for visits were based on merit and added that all section 29 detainees were given "the best medical attention necessary".

# Just a handful of blacks seek to join Nats

By Esmaré  
van der Merwe,  
Political Reporter

Blacks are in no mad rush to join the National Party following the decision of Natal and the Free State to open its ranks — but organisers are not perturbed by the lack of enthusiasm.

They believe the man in the street has the expert knowledge of technical party procedures to realise that a long process still has to be completed before blacks can join the party.

Despite blazing newspaper headlines on the NP's historic decision to accept members of all races, less than 10 people have phoned the party's Natal and Free State head offices to inquire about membership.

These two provinces have already endorsed the party leadership's guideline of scrapping the colour bar. The Cape and Transvaal are expected to follow suit at their provincial congresses next month.

Natal chief secretary James Waugh says about six "non-whites" — coloureds and Indians — have phoned to inquire about signing up.

## Ratified

"People understand that the decision first has to be endorsed by all four provinces. After that, we expect a flood of applications."

Free State chief secretary Johan van der Merwe says he is aware of "one, maybe up to three" inquiries.

NP director of information Renier Schoeman explains that a long process still has to be completed before blacks can join the NP.

The party leadership has formulated several "points of departure" — among them that the existing restrictions on NP membership are in conflict with the party's declared view against racial discrimination — which have to be ratified by the four provinces.

After ratification, the NP's constitution will be amended. Each province will be requested by the Federal Council to nominate people to a committee which will compile a draft manifesto.

Only then will it become clear how many blacks will contradict ANC deputy president Nelson Mandela's statement that "no black man with self-respect" will now join the NP.





Urban Foundation GM for project finance Franz Pretorius addressing a seminar in Johannesburg yesterday on the foundation's R3,5bn loan guarantee initiative. PICTURE: Robyn Ryan

## Plan 'will bring homes to blacks'

CHARLOTTE MATHEWS

THE Urban Foundation's R3,5bn Loan Guarantee Initiative will allow 33% of the black population, until now excluded from home ownership, to apply for home loan financing, Urban Foundation project finance GM Franz Pretorius told a seminar in Johannesburg yesterday.

Earlier this year the Urban Foundation announced it had raised R20m from private sources which had generated R350m of insurance from the short-term insurance industry. 6104 2779/90

With this backing, the major financial institutions had committed themselves to providing R3,5bn over the next three years in the form of loans below R35 000.

Pretorius said the financial institutions had previously not entered this segment of the market because of the risk, the non-profitability of small loans and the non-

availability of primary capital.

"The traditional risk has been reduced from 80% to around 65% of property valuation by insurance guarantees.

"Profitability has been addressed by a change in the legislation from July 1 allowing institutions to recover certain costs from the borrower. 339

"A mechanism has been developed and investors found for R1bn of capital in the form of special debentures which will rank as primary capital."

Pretorius said the housing backlog in the black population was estimated at about 800 000 units in the major metropolitan areas. About 130 000 homes a year should be built to address this shortage but in 1987/88 only 45 000 units were built.



# UF grasps the 'stinging nettles'

W/Mail 28/9-4/10/90

339

THE Urban Foundation's recently published policy document on rural development is one of the most comprehensive studies ever on how South Africa should begin to reconstruct its rural areas as non-racial development regions.

Is the UF ducking the issues most central to the debate in South Africa in this study — land reform and the promotion of strategies to redress the historic legacy of rural dispossession and segregation? No. The issue of rural land, how it is to be occupied and managed as a finite, productive asset in a future South Africa, is tackled head on.

This policy document, *Rural Development — Towards a New Framework*, is not only a research document. It is also a set of proposals for new policies. These have been widely debated by a range of people and aim at practical solutions for what is a critical priority in South Africa.

What are the UF's proposals?

- A call for the repeal of the Land Acts, the Group Areas Act and the Prevention of Illegal Squatting Act

- A new legal mechanism to resolve land conflicts and hand down binding judgments

- An affirmative action programme to create opportunities for black farmers

- The opening of rural towns to all South Africans, irrespective of race

- A particular focus on financing development projects for the rural poor

- A deracialising of legislation and policies governing agriculture to ensure that the small black farmer has access to farming

- A halt to "black spot" removals and communicating this to affected communities

*The Urban Foundation has been criticised for 'failing to grasp the stinging nettle of land reform' in its latest policy study on rural development. ANN BERNSTEIN, the organisation's executive director: Urbanisation, responds*

- Building up a body of legislation to protect the rights of tenants on rural land

- A new charter of rights for farm labourers, including the full application of the Labour Relations Act to agricultural workers and employers.

This is the most comprehensive and practical programme put forward for rural reform and seeks to focus the debate on the specifics of how to make change work.

The UF's document also suggests an action programme that would get the process of fundamental transformation of the rural areas under way.

- Opening avenues with communities in rural areas to discuss a reform programme

- Expanding farmer support programmes to all in order to create a new farming class — the small black farmer

- Setting up specially demarcated and protected areas for small resource-poor farmers to get them on their feet

- Expanding state-owned grazing lands so as to accommodate those with small herds but without land for them

- No disposal of Development Trust land

without referring this to communities

- A programme for non-agricultural rural development, including development of new residential areas

- Directing funds presently used for subsidising firms in decentralised growth points to development programmes for the rural poor.

Each proposal listed above, and still more in the full document, are measures that go beyond government policy. It is not incremental adjustments to existing policy that is being advocated. The UF advocates a fundamental policy shift.

The point of the UF proposals is to deracialise all aspects of rural development and to put in place an affirmative action programme which will make rural South Africa — home to more than 14-million people by the year 2000 — areas where opportunities are equalised. Their adoption would be a significant first step in the process of reconstructing rural South Africa, and ensuring that the "new South Africa" includes rural people in a democratic social contract.

The proposals face the fact that disputes and conflicts over land claims are likely to be a major issue if a non-racial rural development strategy is applied. The UF's proposals for resolving such conflicts are not very different to those of ANC leader Albie Sachs.

Our proposals will be regarded as radical by some; and as not going far enough by others. But in our view they are more detailed and comprehensive than anything else before the South African public and could pave the way for debate on land reforms based on realism, equity and efficiency.



# Dynamite with a short fuse — the black housing crisis

W/Man  
28/9 - 4/10/90

(339)

**W**ALTER Sisulu, internal leader of the African National Congress, has described the black housing and educational crises as

"dynamite".

For several years now, we have witnessed explosive clashes between the authorities and the people over these issues.

Under the National Party and its operatives in other institutions of authority, we can expect little respite on these issues.

The ANC leadership recognises that whoever takes over the government will inherit serious problems, since dispossessed people will expect their lot to be improved overnight.

Housing and educational problems go hand-in-hand, but the question of decent housing is arguably the more crucial. Tiny, overcrowded homes, often without electricity supply, are not conducive to encouraging children to study indoors.

This enforced lack of interest in studying at home has repercussions in school, where the same pupils won't care much if they lose out through boycotts.

If government is not interested in providing decent shelter for citizens who desperately need it, it should not complain that black educational institutions are a waste of money because of boycotts.

And because the government and other authorities have neither the inclination nor a visible strategy to tackle the housing crisis, black people put up crude shacks on land near towns and cities. These people are called "squatters".



AMEEN  
AKHALWAZA

Having determined that 87 percent of the country belongs to them, white people have regularly voted into power governments that are very stingy with the allocation of the rest of the 13 percent.

The way the government controls the allocations means it believes, to all intents and purposes, that even that 13 percent belongs to it.

So when dispossessed people put up shacks on unused or disused land, how on earth can they be accused of "squatting" in their own country?

When they take occupation of a tiny piece of ground, they are hounded by officialdom either through the iron fist or the courts.

Take the Lenasia area as an example. Homeless people have erected shacks on vacant land opposite the neat houses which have been sold by the authorities to people who qualify under the Group Areas Act.

The camp of the homeless continues to grow. The reaction of some settled residents, who are classified "Indian", has shown how far down the slope of racism we have slid.

They have demanded that the camp be destroyed. Publicly, their argument is that it is a health hazard. Privately, they add that their property values have slumped and they blame camp residents for the high crime rate in Lenasia.

The irony is that the most vociferous anti-camp people are themselves victims of the Group Areas Act.

In turn, many other Lenasia individuals and organisations have come out

in support of the right of the homeless people to stay where they are, but have urged the authorities to provide the basics of water, electricity and sewage disposal, and to ensure that health hazard is eliminated.

Concerned organisations have repeatedly written to the government, the provincial administration and the House of Delegates, calling for an improvement in the conditions at the camp. They have been shunted from

pillar to post by the bureaucrats.

Now we have a situation where officially-approved residents of Lenasia are at loggerheads with themselves over the camp, and some of them are at loggerheads with camp residents.

The divide-and-rule policies of the National Party have reached their logical, explosive climax. But the Nats did not foresee that they would be called in to police those they have so divided.

They pass the buck. Recently, the House of Delegates, which has repeatedly denied responsibility for housing those who are not classified "Indian", sent security guards to the

Obviously, a confrontation developed. Angry residents chased the guards away. Police were called in to keep the peace.

The HoD claimed the camp residents were illegally occupying land earmarked for "Indian" housing. In the same breath, it claimed the land was "dolomitic".

The local ANC branch and the UDF-affiliated Federation of Residents Association have pointed out the obvious contradiction and challenged the HoD authorities to debate the problem publicly.

The wealthy HoD chief minister, JN Reddy, a champion of privatisation and free enterprise, has remained deafeningly silent on where exactly the homeless people must go in their land of birth.

When he comes down from his high-salaried seat — paid for by the people against the will of the majority — he will perhaps explain to the camp residents why they are foolish to support organisations that demand "re-possession and redistribution of the land".

State President FW de Klerk, having publicly declared his Christian commitment to justice for all, will perhaps explain how the official hounding of — or at best, disinterest in — homeless fellow-Christian people can be reconciled with his beliefs.

He will no doubt explain it to those churches which are working hard to help the homeless.

For De Klerk has been a part of the government which some 10 years ago declared grandly that it would eliminate the housing backlog in a few years. His predecessor, PW Botha, appointed former postmaster-general Louis Rive to tackle the housing crisis in Soweto and then kwaZulu.

In the decade since that grand declaration, the housing crisis has deteriorated instead to such a level that Walter Sisulu can describe it as "dynamite".

Who can doubt his fears?

More importantly, who in government is determined to ensure that the dynamite doesn't explode?



Monday, October 1 1990

# Govt reviewing small business development

B/day 11/10/90 339

GOVERNMENT was taking a new look at the financing of small business development in order to utilise limited resources more effectively, Trade and Industry Minister Kent Durr said at the launch of Small Business Week at the weekend.

Discussions were under way to merge the activities of small business support organisations — both private and public — to obtain better cost-effectiveness in the application of state and private funds.

## Role

He said government was committed to supporting the Free Enterprise Ethic. It intended to further private initiative with emphasis on support for small businessmen. Government support was given through the Trade and Industry Department to organisations such as the Small Business Development Corporation and the

## ACHMED KARIEM

Small Business Advisory Bureau.

In the new SA, small business would play a major role and would act as a vehicle for job creation.

President F W de Klerk's recent US trip had included a message of hope for support from the US for a market economy in SA.

"This was a call, not for support of a broad economic theory as such but rather for the protection and encouragement of every person's right to share in economic endeavour in whatever way he wishes within an equal opportunity society, according to his talents."

Durr said government would encourage people to exercise this right and was pursuing deregulation of the legal environment within which business operated.

SBDC senior manager Dawie Crous said the Small Business Week was a national promotion aimed at furthering the interests of the small business sector.

"The purpose is to create an

awareness of the importance of the small business sector and to give recognition to entrepreneurs operating in a competitive environment," he said.

Crous said more than 85% of business enterprise in SA could be considered small — with total assets of less than R2m — while 75% of new jobs in SA were generated by the small business sector at a fraction of the cost incurred by big business.

## Events

The conference was organised by key players such as the SBDC, Wits Centre for Developing Business, the Urban Foundation, First National Bank and Get-Ahead. It was directed at entrepreneurs, big business and local and national authorities, he said.

"The events included activities such as breakfast seminars, fun runs, flea markets, fast food competitions and many more," Crous said.





Director of the Johannesburg City Council's transport department Ed Curtiss, left, and management committee member Councillor Paul Asherson, show off the refurbished buses.

Picture: REUTERS

## Johannesburg testing bus refurbishment

Blom 9/10/90  
LINDEN BIRNS

A SCHEME to refurbish the Johannesburg municipality's 450-strong bus fleet could result in savings of about R150 000 a bus, transport director Ed Curtiss said yesterday.

Speaking at the unveiling of five refurbished buses, Curtiss said the rebuilding costs amounted to approximately R350 000 a bus — as opposed to a replacement cost of R500 000.

He said the council had decided to put the five completed vehicles on a trial of six months to a year. Their performance would be monitored and commuter reactions surveyed.

The five refurbished buses were all of different designs and the best points of each model would be incorporated into the final rebuild design if the scheme got the go-ahead, he said.

### Extended

If the project is put into action, buses will receive an extended operating life of about 15 years. Most of the buses in the single decker fleet were purchased in the early 1970s.

The project involves the complete stripping down of the bus, an inspection, and replacement of fatigued parts. Single seats are included in place of the bench seating arrangement.

New braking and steering mechanisms are incorporated in the designs, as is a computerised central lubrication system ensuring regular lubrication and a cutback in wear and tear.

Refurbishment could take place at a rate of 30 buses a year, with the entire single decker fleet being rebuilt within 15 years, Curtiss said.

## Trust gives go-ahead on R500m for cheap housing

Blom 9/10/90 Business Day Reporter 339

THE SA Housing Trust (SAHT) gave approval for R500m to be spent on shelter provision projects in the year to end June, its annual report indicated.

Chairman Simon Brand said that this brought to nearly R1,3bn the total value of facilities approved by the board since the trust's operations began in 1987.

It was expected that these approvals would result in 62 681 houses and 54 831 serviced stands being made available. The value of advances made during the period was R268m compared with R142m for the 1988/1989 financial period.

New project approvals by the board of R500m in the past year indicated that the pace of work would continue to quicken in 1991.

MD Wallie Conradie said in the report that the trust was involved in 33 new projects nationwide in 1989/90, and that most of the 9 114 new houses built were in the price bracket below R20 000 each. This included a serviced stand.

MATTHEW CURTIN reports that Brand said the trust would shift the focus of its loan guarantee operations towards the area of greatest need, and would even be prepared to consider involvement in core home developments of under R10 000.

He said the trust welcomed the launch of the Urban Foundation's loan guarantee scheme as long as its focus remained on the lower end of the conventional housing market.

The first mortgage loan under the Urban Foundation scheme was granted at the beginning of September. The Foundation arranged R350m in insurance, and financial institutions agreed to provide R3,5bn to provide loans for houses in the R12 500 to R35 000 bracket.

# Housing standards 'unlikely to rise'

B/Dam 11/10/90

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LINDEN BIRNS

THE building industry had to get away from the myth that in a new dispensation housing schemes would have to be of a high standard, Building Industry Federation of SA (Bifsa) economist Charles Martin said at a Housing Issues workshop on Tuesday.

"The economy simply cannot sustain this," Martin said.

Namibia's independence had shown that the international community was prepared to invest in development projects but would not give budgetary aid. This made it even more important for government to increase spending on housing projects, he said.

## Cancellation

"There should be a gradual acceleration process where this is done, but a future democratic government would be acting irresponsibly if it embarked on a major housing project without consulting suppliers, as this would lead to inflation and rising building costs," he said.

Sage Schachat MD Rob Crockett said builders had a dual responsibility — to provide housing and to their shareholders. High interest rates had dented sales so profits had fallen since February 2 when President F W De Klerk had led the country into an era of change.

"The housing crisis actually deprives people of shelter and has resulted in the cancellation of contracts and the laying off of sub-contractors, supervisors and builders," Crockett said.

This, together with sanctions, political instability and escalating violence, had in-

hibited the home building industry with investors reluctant to make long-term commitments.

Perm housing division GM Denis Creighton said many South Africans aspired to housing beyond their means and called for a closer match between affordability and supply.

There was also an urgent need to explore the possibility of an unemployment insurance fund which could address the problem of people with outstanding loans becoming unemployed, he said.

Delegates agreed that SA's housing shortage was not something that would go away unaddressed with constitutional change and therefore needed immediate action.

A key point of agreement which emerged from the presentations was the industry's responsibility to talk to community and civic bodies in order to assess their requirements and aspirations.

They also agreed on the necessity for co-operation between the public and private sectors.

Delegates called for central and local government to streamline housing administration into one administrative body rather than the present 20 bodies.

This should happen together with a change in the stipulations for the identification and zoning of land for the development of low income housing.

The provision of full basic services and proximity to centres of employment were important factors for consideration, delegates said.



## LAND TENURE

## PAST INJUSTICE, PRESENT FEARS

BLACK FARMERS WERE ONCE PROSPEROUS — AND COULD BE AGAIN



With the latest announcements on land reform, the stage is being set for blacks to regain the position they once held as efficient farmers. But tremors of uncertainty, particularly among whites, suggest that

the issue needs to be thoroughly thought through — and explained.

The proposed repeal of the two cornerstones of rural apartheid, the 1913 Land Act and the 1936 Development Trust & Land Act, follows publication of two major policy documents dealing with land tenure and agricultural issues. These are the Urban Foundation (UF)'s *Rural Development* (part 4 of *Policies for a New Urban Future*) and SA Chamber of Business (Sacob)'s more generic *Economic Options for SA*.

The effect of the changes will be to open all agricultural land within the country to acquisition by blacks. (The rights of coloureds and Indians to land will be rectified, the UF points out, by repeal of the Group Areas Act.) The problem remains how to make significant areas available to blacks while concurrently maintaining respect for white property rights. The proposals also leave on the table the equally important question of how land tenure and agriculture in the homelands (the self-governing states) are to be rationalised.

All the agonies and desires of the SA political conflict are mirrored in the land issue. Statistics reported by the UF for 1985 show that the "white" rural areas accommodated nearly 4.3m people (of whom 78% were black, 12% coloured and 9% white). The homeland rural areas contained 8.1m, almost all black. The chart illustrates the population densities in the "white" platteland and in the homelands.

At one extreme of the political spectrum, conservative white farmers have reacted with shock and horror to the prospect of having black farmers as neighbours on a basis of equality of ownership — even though the white platteland is already around 90% black, and many farms owned by absentee landlords have for decades been operated by black managers.

A map, published in volume 2 of *The Oxford History of SA*, and dated as long ago as 1971, shows an astonishingly high proportion of farms in the

southern OFS even then unoccupied by whites. They fell into the categories "abandoned or unoccupied," occupied only by blacks, or occupied by a foreman or sharecropper.

At the other extreme, the Pan-Africanists openly repudiate all white title to land, proposing to turn back the pages of history to 1652! This is impractical because it could only be imposed at the end of a savage civil war lost by the whites; and inequitable because the line of final prescription has to be drawn somewhere.

In any case, not all white title to land derives from conquest: some land was bought freely from black owners over time.

The position of the ANC on land is not in all respects clear, but the latest policy statement explicitly calls for reinstatement of the freehold and labour tenancy rights of rural blacks relocated from so-called "black spots" during the Nationalists' tenure of office. The issue of forced removals aside, there is room for strong suspicion that the ANC still hankers for a collectivist approach to land.

The UF urges the setting up of a tribunal to adjudicate the rights of relocated rural blacks. Sacob too proposes a "new legal mechanism to resolve land conflicts."

The idea of a tribunal to rectify abuses of natural justice over land is a good one, subject to certain conditions. Firstly, it should be presided over by judges assisted by assessors with knowledge of the relevant issues; secondly, it should operate within a cut-off point, and 1948 makes good sense here; and lastly, it should not be empowered to take away rights from the current owner who acquired them in good faith.

Where a case is made out, the dispossessed black owner or labour tenant should be entitled to compensation, not from the good-

faith owner, but from a fund financed by the Treasury and set up for this purpose. Perhaps there might even be compensation for non-material losses (pain and suffering) endured during forced removals.

The remainder of Sacob's policy statement on land ownership makes excellent economic sense. We should remove all legal restrictions on land ownership by blacks (which government has accepted); reform the different land Acts to accommodate ownership by small-scale farming entrepreneurs; reform financial intermediaries, including the Land Bank, so that they will provide financial assistance to small-scale black farmers in those areas where they can operate effectively; establish a total institutional framework to sustain the programme for potential black farmers to return to independent farming; and provide more land for low-income housing in urban areas.

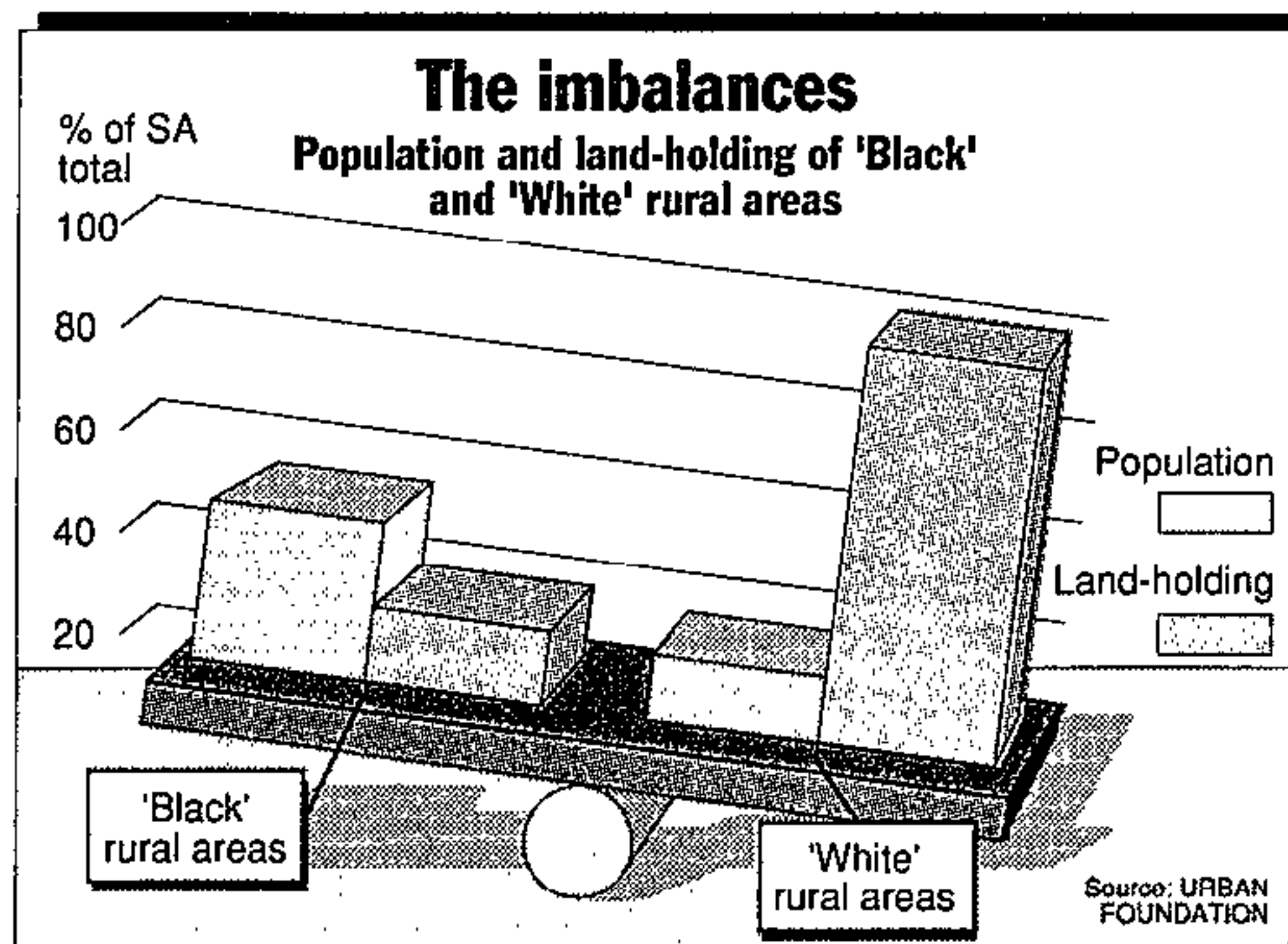
The nucleus of a bank of land for sale or lease to convincingly qualified potential black farmers already exists in the hands of the SA Development Trust — the 2m ha of "released areas" land derived from the 1936 provisions for black land acquisition and seemingly not yet disposed of but leased to white farmers.

If the process of rationalising white agriculture through establishing market-related pricing is carried through, this stock of land could be augmented. There could be purchases on reasonably generous terms of the land of farmers rendered sub marginal by the cut in output prices from too-high administered levels. (A pension scheme for elderly displaced farmers would not come amiss.)

The rationalisation of agricultural prices seems necessary anyway if additional output by a new wave of effective independent black farmers is to find a market.

Taking account of the indebtedness of white farmers to the Land Bank (some R2,7bn at the end of 1988), there might even be scope for deals for part purchase of land at good prices in exchange for a farmer's mortgage obligation — to augment the stock of land for resale still further.

Sacob warns that there is an overall limit to this policy: the potential of the agricultural sector to feed the population of SA should not be impaired by a programme to re-establish black land ownership. The goal must be achieving the more efficient use of resources in the agricultural sector, given the need to feed a fast-growing ur-



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**LEADING ARTICLES**

ban population.

This sound approach implies that it is not the land of efficient farming corporations or of large efficient farmers that should be looked to, contrary to UF hints.

The question of rationalising land use in the homelands remains as an independent and pressing concern. UF statistics show that a mere 10% of the income of the "black" rural areas is derived from agriculture. Evidently, these areas are today little more than wretched dormitories unnaturally dislocated from their main source of income in the cities because of apartheid.

The first step to remedying the ills of these areas is to permit urbanisation to proceed. There is little doubt that this process is now vigorously under way with the repeal of influx control — hence the proliferation of urban squatter camps. The process of urbanisation makes it

cheaper to provide essential services to concentrated populations: cities are efficient economic mechanisms. The free-market thinker, therefore, rejects the idea that rural poverty should be subsidised where it is currently located. Reducing rural population densities in this way is how all industrial countries have solved the problem of rural poverty.

But the engine of the whole process is rapid industrial growth — which we need anyway to finance the pressing needs of the agricultural reform programme. To this extent, the solution to rural problems is urban, as it always has been.

The UF favours special treatment for the black rural areas, but there is a case to be made even here for a free-market solution. Let the archaic forms of land occupation, including "permission to occupy," deed of grant and quitrent, be converted to freehold.

Those families wishing to move to the cities (surely a high proportion) would then be able to realise cash to help their relocation. Other blacks could then buy the land for farming operations. Indeed, some sources say an informal process of "lease" of land in the homelands to blacks keen to farm is already under way. This natural process would benefit by becoming legal.

There are those who question whether blacks can make efficient agriculturalists. Yet it was the very success of blacks as independent farmers in the late 19th and early 20th centuries which provoked an earlier wave of measures to drive them off the land — to destroy fierce competition and to provide labour for mining and industry.

By reinstating a strong class of individual black proprietor farmers, we will deal both bigoted white supremacists and lurking collectivists a mortal ideological blow. ■



# Violence is restricting township activities

6/10/90  
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BASIL Read Homes sees itself as addressing the housing needs of a new SA.

Housing MD Bill Henderson says: "Living conditions must be uplifted for political stability in SA."

"Housing must be a growth industry," he says.

Basil Read Homes is concerned with land identification, acquisition and township design, as well as

providing in-house service.

The company is involved in projects across the country, in communities of all race groups.

Violence and intimidation have been severely restricting on constructive work in the townships.

"If SA is to solve its political problems, these inhibiting factors must go."

The political scenario — and high interest rates —

have been detrimental to the industry.

"However, Basil Read has been cautious with capital expenditure and will continue to be," Henderson says.

"We intend to continue in housing."

A mitigating factor to the future of housing in SA is the trade unions, Henderson says.

"With the advent of stronger unions, the issue of housing has been appearing on negotiation agendas," he says.

"Unions are addressing worker requirements and this is including the implementation of subsidy schemes."

A large percentage of Basil Read's work is for workers who are subsidised by their employers.

# Building firms quit black housing market as bond boycott takes its toll

PRETORIA — Eight major construction companies had withdrawn from the black housing market because of untenable conditions created by political unrest and bond repayment boycotts, Planning and Provincial Affairs Minister Hermus Kriel said yesterday.

Addressing a media conference in Pretoria, Kriel blamed the boycotts on ANC, SACP, Cosatu, UDF and MDM supporters.

He said these organisations' leaders could do the country a service by telling their supporters to "stop this nonsense because it's not to the advantage of anybody". Kriel declined to name the companies.

Spokesmen for several companies canvassed said they were either pulling out of the black housing market, had retrenched staff or had rationalised, or were shifting their emphasis to the white market.

Among these were Bester Homes, LTA Comiat Homes, Gough Cooper Homes, Time Holdings, Stocks Housing and Grinaker Construction.

Kriel said the shortage of black housing should be blamed on those political leaders who advocated sanctions and whose supporters encouraged the non-payment of bonds.

However, government would welcome

opportunities to discuss housing policies with extra-parliamentary groups.

Kriel said it was not possible for the state to be solely responsible for providing housing, and the private sector had to become involved.

He had directed the SA Housing Advisory Council to formulate a national housing policy — to be published as a White Paper — and he invited all interested parties for their input.

Industry spokesmen said yesterday the biggest problem facing the black housing

industry was financing. Financial institutions were unwilling to make finance available because of faulty bond repayments.

Most industry spokesmen said the major problems had been high interest rates, financing, government's indecision regarding the first time home-buyers' subsidy, restrictive red tape, administrative procedures and unrest.

Bester Homes' Transvaal construction director Rob Henderson said the company had decided to move out of the black housing market.

LTA Comiat Homes MD Martin Van Zyl

said Comiat, its French partner in the home building venture, had withdrawn. He said the company expected to have lost R20m over the three-year period ending this year.

While the company would stay in the market, it would be consolidating and retrenching staff, he said.

Gough Cooper Homes MD Frank Berkeley said the company would change its emphasis in home building from 80% in the black market to an even split between the black and white markets.

Time Holdings financial director Neil

## Black housing

Carter said Time Housing would stay in the black housing market as it was not "universally bad". However, it would rationalise in some areas.

Time Housing had lost R3m in the first half of this year but expected to trim these losses in the second half of the year.

A Stocks Housing spokesman said as long as the work and money was available the company would continue in the black housing market. However, there had been problems with financial institutions.

Industry spokesmen said Schachat Home Builders had temporarily pulled out

## From Page 1

of sales in the Kaitleng area because of unrest although the company did not foresee pulling out of the market at the moment.

A Grinaker Construction spokesman said the company would engage in a lower level of activity in the housing market.

PETER DELMAR reports the convenor of the ANC's local government committee Thozamile Botha said it was unfair to blame the ANC for the companies' decision to pull out of the market. It had been unable to participate in forming housing policies.

To Page 2



# Conditions could worsen in home-building industry

B/Dan 17/10/90

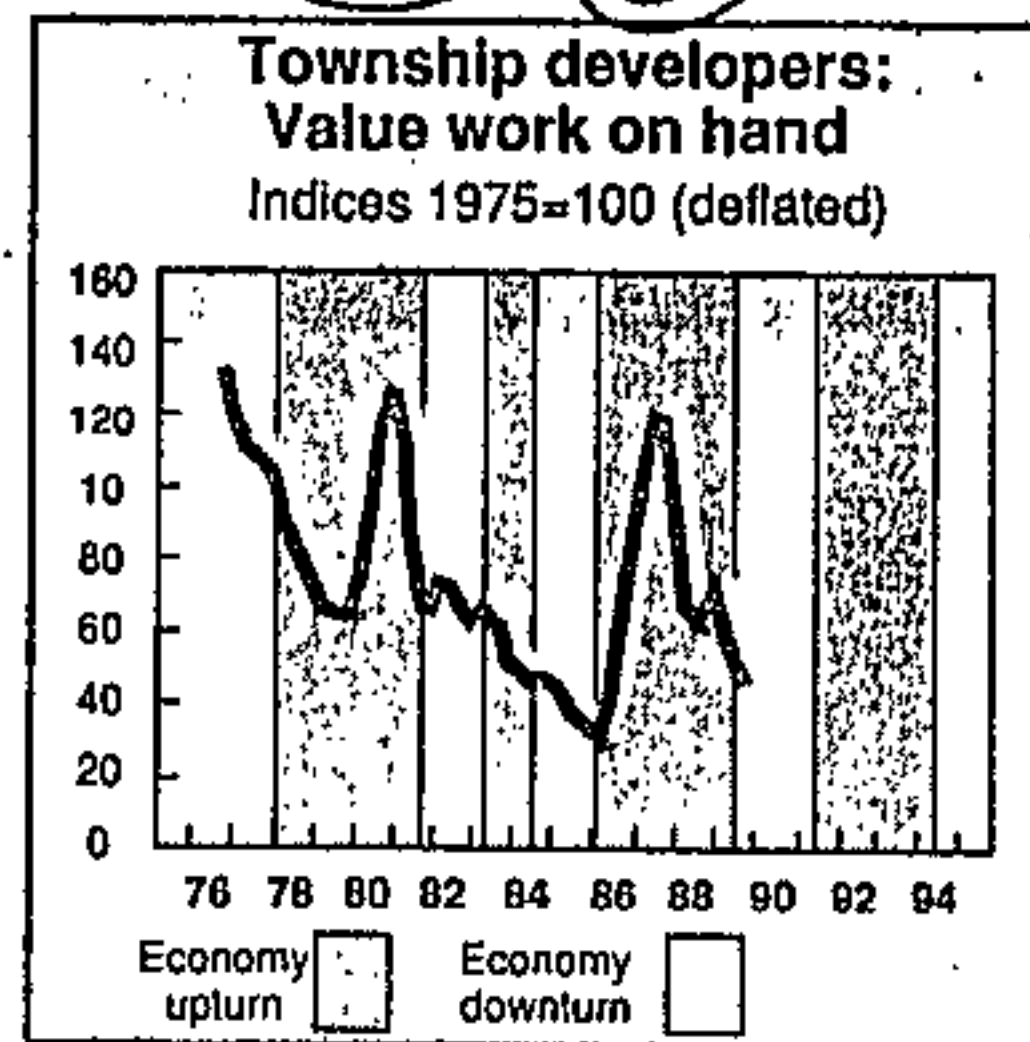
Reports by  
CHARLOTTE MATHEWS

THE home-building industry is moving towards a downturn similar to that of the 1986 recession, according to a report commissioned by the National Association of Home Builders (NAHB).

The report, by Medium-Term Forecasting Associates (MFA), concludes that conditions in the industry are likely to worsen further in the next six to 12 months.

As a result of the sharp drop in the real value of work on hand in recent months, a number of township developers and home-building companies have left the industry.

Other reports quoted by the NAHB show that of 32 firms active in the white housing market in 1981 to 1984,



only seven remained in mid-1990. Two more firms recently announced their withdrawal.

NAHB executive director Johan Grotsius said unemployment was directly linked to unrest and the home-building industry was an im-

portant source of employment for the unskilled.

He quoted a recent statement from the National Manpower Commission that for every R1m invested in the building industry, 186 new jobs were created, compared with 124 in agriculture and 67 in commerce.

According to the MFA report, the increase in the funds allocated for low-income housing was to be welcomed, but these were still inadequate to meet the demand from first-time home buyers.

MFA believes R150m a year should be budgeted for the first-time home buyers' subsidy.

"The funds to speed up the housing process are available," Grotsius said.

"It is time they were channelled where the need is greatest.

"In turn, this would alleviate the severe recessionary pressure being felt in the industry."

# Hitch for low-cost housing scheme as institutions 'blacklist'

PETER DELMAR  
and GRETA STEYN

MOST banks and building societies are effectively blacklisting townships where unrest and threats of bond repayment boycotts have occurred — a move that could hamper the implementation of the Urban Foundation's R3,5bn low-cost housing scheme.

While bankers are emphatic there have been no official decisions to cut exposure to the black housing market, they say the risk attached to some townships, such as Vosloorus and Katlehong, is too high to justify lending on solid commercial grounds. While they remain committed to the foundation's scheme to build 140 000

low-cost homes, they have informed the foundation that there are certain areas they want to avoid.

Allied home loans manager Geoff Bowker said: "We have not changed our official lending policy. But every loan is assessed for risk in the normal course of business and naturally unrest and the threat of bond repayment boycotts in many cases rule out the granting of loans in some townships."

He said the Allied remained committed to participating in the Urban Foundation housing scheme, which is based on partial insurance for financial institutions against

bond payment defaults.

First National's Pat Lamont said any manager who had to assess the risk of a loan in areas where there was a threat of boycotts and violence would have to take those factors into account.

"Sometimes it would be downright irresponsible to grant the loan," he said.

The Standard Bank's Dennis Matfield said: "We have to be sure that we are lending against security and right now we do not have this certainty in a number of

areas.

"The same risk criteria apply to lending in terms of the UF fund. But we remain committed to the black housing market and the fund."

So far, the only financial institution to have started granting finance in terms of the foundation fund is the Perm.

Its MD, Bob Tucker, said yesterday that it had not been subject to a single "bond boycott" anywhere in the country and that it was continuing to grant loans to black home owners at more or less the same pace as in the past.

"It is true that the Perm has exper-

enced a couple of threatened repayment boycotts but in every instance, the problems have been of a specific and localised nature and have been resolved as a result of intense interaction and communication with the community concerned," he said.

A housing expert said that financial institutions had responded differently to the changing situation in black townships.

While some were scaling down involvement, others were making it more difficult to obtain loans and were requiring larger deposits.

Urban Foundation MD (residential de-

## 'Blacklist' 3/10/90

development) Matthew Nell said last night he agreed with Planning and Provincial Affairs Minister Hennis Kriel that the bond boycott situation in the western Cape was causing "a very high level of anxiety."

"There can be no question that with the lack of clarity, particularly concerning the issue of mortgage boycotts, financial institutions are monitoring the situation very carefully before going into major new investments."

From Page 1

However, the situation in the western Cape related to a specific area and was not "spreading like wildfire."

Nell said, however, it would not be fair to say that any of the financial institutions involved in the fund were currently reconsidering their positions.

Nell said in a statement yesterday the foundation was concerned at the withdrawal of major private sector home builders from the black housing market.

Townships



# The crux of decentralisation is rationalisation

D10em 18/10/90

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THIS year three reports on the Regional Industrial Development Programme (RIDP) and regional policy in SA have appeared — from the panel of experts appointed by the Multilateral Development Council of Ministers, the National Productivity Institute and from the Urban Foundation/Private Sector Council.

There is a large degree of congruence in the findings and recommendations of the first and third of these reports which, broadly, are critical of the RIDP and recommend its abandonment or, at a second best, significant changes to the policy.

The findings of the NPI report, however, are different, as evidenced by Jan-Henk Boer's article (Strong case for decentralisation policy, Business Day September 25) in which he contended that the decentralisation programme had not failed.

The NPI report was concerned with productivity analysis — something which was not considered by either of the other studies. It covered 42% of all firms which had located in decentralised areas with assistance under the RIDP, and showed that 68% of this sample, representing 28,5% of all decentralised firms, were recording above average performances in terms of productivity.

How impressive this figure is, is a matter of personal judgment. The UF/PSC report does not deny that many firms in decentralised areas are profitable: its research showed that approximately 60% of firms would have been able to operate at a profit without incentives.

A sample survey undertaken for the panel of experts produced a figure of approximately 50%. According to the panel of experts' report, 43% of firms faced liquidity problems and approximately one-fifth were insolvent.

All one can make of the results of these three reports is that, while some firms in the decentralised areas are financially sound, the failure risk factor for the majority is high.

What the NPI report does not mention, but which is the economic measure of the success or failure of the RIDP, is the concept of opportunity costs. Large sums of money have been spent in assisting firms to locate at decentralised growth points.

If these funds had been used in urban areas, or in areas which had a better economic infrastructure and location than many of the growth points, what would have been the effect on job creation and profitability?

## GAVIN MAASDORP

ty? This is the crux of the issue.

The UF/PSC would argue that the effect would have been much greater, and that the opportunity costs of the RIDP consequently have been high.

Another factor ignored in the NPI report concerns the effects of the RIDP on the development of the backward regions. The reports of the UF/PSC and the panel of experts show that, in almost all cases, the linkage effects between the decentralised industries and their hinterlands have been very weak.

The industries have tended to draw their inputs from the metropolitan regions and sell their output in urban markets. Because of the weak local multiplier effects, decentralisation has led to very little regional development in the true sense of the term. Far better results would have been achieved by concentrating the effort in a small number of better located growth points.

The RIDP, therefore, has been unable to stop the flow of population

from rural to urban areas. According to forecasts, 70% of SA's population is expected to be resident in and around metropolitan regions in 2010. It is there that jobs are needed, and the RIDP is a costly relic of an unrealistic policy which sought to reverse the flow of population using measures such as influx control.

If SA is to be able to compete in the rapidly changing world economy of the 1990s and into the next century, it will have to maximise its economic efficiency, and it has been shown worldwide that urban areas are the most efficient locations for industrial development.

The removal of influx control has led to an acceleration of people moving to urban areas and it is here that employment in formal-sector activities has been unable to provide the required jobs. The country cannot afford to continue subsidising private firms to locate at remote growth points.

The NPI report deals with productivity, not regional development. The UF/PSC recommendation that no further firms be assisted under the RIDP is sound economics: it is not throwing the baby out with the bath water.

It is recommending that the regional development programme be based on all sectors, not just manufacturing, and that any assistance to manufacturing industry be confined to a small number of carefully selected growth points with a genuine potential for stimulating regional development.

More generally, it would be wise to encourage a "bottom-up" regional development process based upon the comparative advantages of various regions.

The figures contained in the NPI article are impressive in themselves, but are nothing compared to what the UF/PSC believe could have been the position with a different policy. In any event, all incentives come to an end, and the firms which have decentralised will then have to stand on their own two feet.

Surely the benefits will be maximised if a multisectoral emphasis and a more rational policy is followed in future than has been the case over the last three decades?

□ Prof Maasdorp is director of Natal University's economic research unit and a consultant to the Urban Foundation.

## LETTERS



# Black housing bubble bursts

Sowetan  
19/10/90  
339

A CATCH phrase is no more. And also gone appear to be the hopes of millions of South Africans who do not have a suitable roof over their heads.

The phrase is "black housing" - the huge industry which has come into its own since influx control was lifted six years ago and black people began to surge to key urban centres from the rural districts.

As they arrived, the majority without shelter of any sort, squatter towns began to dot the countryside - a phenomenon with which the Government grappled through soul-searching and evictions, then took a step backwards as well as a deep breath and declared the better ones to be "informal towns" which would at some time or other be upgraded to "formal towns."

## Potential

It didn't take long for entrepreneurs in the building industry to see the chance of a new potentially lucrative market, and they were soon followed by medium-sized companies - and then the giants fell over themselves to help blacks find a decent place in the South African sun.

All saw the housing market mushroom into

The euphoria which greeted huge housing projects in black townships has almost gone as a result of unrest and a refusal - usually as a result of intimidation - by houseowners to repay their loans. Sowetan correspondent Norman Chandler traces the market's history.

successfully applied for court orders against bondholders who did not meet their commitments.

Thousands of people have lost their homes as a result of such orders.

There have been denials and counter-claims on this issue for months but at some stage

the nettle had to be grasped.

It was done this week by Hernus Kriel, Minister of Planning and Provincial Affairs, when he called a Press conference to discuss the country's housing situation and the development of a new policy.

What he said is proving devastating for black people, for the industry, and for investors.

Financial institutions had, he confirmed, placed a freeze on new home bonds for black clients, top construction companies had decided to stop operations in the townships and were now merely completing existing contracts.

The reasons, Kriel spelt out, were the violence, a refusal to repay loans, and an understandable reluctance

by finance houses to invest money in what has rapidly become a risk market.

First indications that there was something drastically wrong with the market came last month when the SA Perm and Natal building societies, two of the biggest lenders, doubled their deposit requirements for black buyers.

Others said they were being "more selective" ... double-speak for "we're not giving out any

further loans until we know what the situation is going to be like".

At the same time, building contractors virtually downed tools.

## Irony

It was a cruel irony that only a day or so before, the Urban Foundation - which has been in the forefront of trying to improve the lot of black South Africans - announced a November 1 launch date for the first of thousands of new home

loans for low-income families.

This is part of a multi-billion rand loan guarantee fund, assisted by the British, German and Swiss governments, designed to protect bond lenders from the risk of default.

Even more ironic - in view of what has taken place this week - the guarantee fund is backed by some of the same financial institutions which are re-thinking their position on the black housing market.

the "miracle" the industry had been waiting for ever since the bottom fell out of the commercial market a few years ago.

Huge townships - much like the New Towns which have become a feature in the United Kingdom - have been developed, and thousands of people moved from their old houses to homes styled on "European lines" (their own preference, as house builders said) with their own gardens, services and other mod-cons.

## Unrest

The Government has gone on record as saying that at least nine million people will have become urbanised by the end of the decade - and that translates into tens of thousands of houses being required.

But the bubble burst when the latest wave of unrest began.

The violence has resulted in expensive new homes being destroyed and people being urged, usually through intimidatory methods, not to repay loans obtained from banks and building societies.

As the violence escalated, the building industry began to take a hard look and when staffs were threatened and building materials pillaged in townships across the country, decided to adopt a wait-and-see attitude.

The legal notices sections of successive "Government Gazettes" have become thicker and thicker as finance houses



## Perm refutes claims of 'bond boycotts'

By [unclear] 19/10 - 25/10/70  
Weekly Mail Reporter

IN response to Planning and Provincial Affairs Minister Hernus Kriel's recent comments on the withdrawal of eight home builders from the black housing market, SA Perm MD Bob Tucker says the Perm is not subject to a single "bond boycott" anywhere in the country and secondly, that the building society is continuing to grant loans to black home owners at more or less the same pace as it has done in the past.

Tucker says most houses built by the

private sector cost R40 000 or more; this coupled with high interest rates makes them unaffordable to most blacks.

He says uncertainty was generated by the termination of the first time home-buyers subsidy. (339)

"To lay the blame solely on bond boycotts, when, in our experience, there are none and where the demise of the market has occurred over a period of time and is attributable to the interaction of a range of different forces is, in my view, very misleading and inaccurate," he says.

# Thousands of families face housing squeeze



Minister Hernus Kriel...builders forced out because of unrest.



Joe Slovo...SACP and ANC blamed for developments.

By CHARLES MOGALE and Sapa

BLACK housing is faced with one of its major crises following the announcement that eight large housing concerns are gradually pulling out of the townships.

The announcement this week by Planning and Provincial Affairs Minister, Hernus Kriel, comes while more than 3-million people are believed to be homeless.

Although Kriel would not name the companies involved, at least seven concerns have indicated they will be shifting from the black to the white market. They are Grinaker Construction, Stocks Housing, Time Holdings, Gough Cooper, Bester Homes, LTA and Comiat.

Making the shock announcement, Kriel said the companies were forced to move out of the black areas because of losses incurred through unrest.

Kriel said financial institutions were refusing to lend money for development in the townships because of increasing bond boycotts.

He blamed the South African Communist Party, the ANC and its allied organisations for the development, and warned people to "realise they are being used for political purposes".

However, Sapa reports that the ANC attacked Kriel for attempting to blame the "dire housing crisis on the people's resistance to apartheid".

It stated the lack of housing, welfare, education and social services that existed today were a direct result of the policies of apartheid.

"Our people's resistance to apartheid has included rent and service boycotts, consumer boycotts and the total rejection of dummy institutions, particularly the community councils. We have consistently refused to pay for our

## Homebuilders pull out of the 'high risk' black market

own oppression," the statement said.

"Since the early 1970s the Nationalist Party government has virtually stopped all building programmes of rented accommodation for black people. Even the so-called low-income housing schemes built by the private sector are beyond the means of most families."

The ANC said it was the responsibility of any state to provide for all its people. Housing was a fundamental right. Other initiatives, including the important role of the private sector, should complement state housing programmes, not substitute them.

"Furthermore, Minister Kriel's statement that political parties, such as the ANC, have a lot of money at their disposal and should therefore provide housing, is preposterous. The solution to the housing crisis lies in a fundamental transformation of South Africa.

"There can be no piecemeal addressing of this issue. Legislation such as the Group Areas Act must be repealed for there to be any meaningful change in access to housing," the statement said.

A statement by the Urban Foundation said it viewed "with concern" the withdrawal of major private-sector homebuilders from the black market.

Managing director Matthew Nell said the potential to meet the

immense housing needs of low-income segments of South African society was limited.

He said: "At the same time the Urban Foundation recognises the difficulties of operating in the current environment and that, without an improvement in these conditions, the potential for private sector home builders to operate viably is severely curtailed."

The Urban Foundation's joint initiative with the Mortgage Lenders' Association of South Africa to establish the Home Loan Guarantee Fund was, he said, an effort to secure mortgage finance for low-income families "The most productive route to resolving these issues is to promote debate between the housing industry, government and community leadership over both national housing policy issues and detailed operating problems," Nell said.

To stimulating this debate the Urban Foundation will release its proposals for a national housing strategy next month.

"The announcement by Minister Kriel that he has commissioned the South African Housing Advisory Council to prepare a proposed national housing policy is welcomed. It is hoped that this will provide a basis for necessary debate and discussion between all interested parties to develop an effective, widely supported housing process," he said.



# Boya explains why he resigned

Blom 24/10/98 THEO RAWANA

THE free political activity triggered by the unbanning of organisations in February seemed to sound the death knell of government-created structures and started Tom Boya questioning whether the urban black council concept was worth defending.

Boya, former Daveyton mayor and Urban Municipalities of SA (Umsa) president, resigned from both positions in a surprise announcement to 80 000 residents who packed the local stadium on Sunday.

"For the first time I felt a free man, I had found myself again. I could not go on defending the indefensible," Boya said in an interview at his home in Daveyton yesterday.

Boya said he still saw a role for himself in local government, "but now I will be doing it on the side of the people".

Boya said the growing irrelevance of black local councils and frustrations in dealings with provincial and central government had convinced him that the time had come to leave the arena he had entered 12 years ago.

"On Saturday I attended a meeting of Umsa in Barberton and only eight councillors, out of a membership of 60, turned up."

He said they all told of frustrations they had encountered such as the water and electricity cut-offs.

The next day his council was due to address residents at a local stadium but he found residents were at a meeting called by the Daveyton Interim Committee.

Boya said he went to the meeting and listened to speaker after speaker asking councillors to join them.

"A hush fell over the stadium as I stood up to tell the crowd: 'We have heard you, gentlemen. I stand up to announce my resignation from my positions as mayor of Daveyton and president of Umsa'."

He said he and three other councillors who had stood up to announce their resignations were carried shoulder-high by toyi-toying youths and freedom songs were sung.

Asked about his plans, the former furniture marketing executive said he would make an announcement in a fortnight. In a clear reference to ANC deputy president Nelson Mandela, he said: "There is a man I have to talk to first, but he is at present overseas."

Of the "shoddy" treatment he received from government, Boya said: "When the issue of bridging finance drying up came to a head, I, in my capacity as president of Umsa, sought a meeting with President F W de Klerk. He ignored me."

"I have had talks with Planning and Provincial Affairs Minister Hernus Kriel, TPA Administrator Danie Hough and MEC John Mavuso, pleading for a suspension of the switch off of supplies."

"But even as I was reaching accord with the TPA, I learnt that electricity had been cut off in Daveyton, and the TPA went back on its promise, saying they could only give us R220 000 for our R1,2m wage bill."

Boya said he did not regret being part of a "discredited" black local government exercise.



BOYA

Picture: ROBYN RYAN

## Faircape Homes hit by instability in black market

MARIETTE DU PLESSIS

THE instability of the black housing market had an adverse effect on property developer Faircape Homes' results for the six months to end-June but it has taken remedial action by focusing on middle to upper income group housing.

Interim results published today show that Faircape Homes posted an attributable loss of R1,4m compared with a profit of R1,2m for the same period last year.

Turnover dropped to R13,3m (R18,4m) while a loss of 15,2c a share was

reported, compared with previous earnings of 13,7c. No interim dividend was declared.

Joint MD Micheal Vietri said bond repayment boycotts had caused financial institutions to curtail lending to the black market, and the temporary suspension of the first-time buyers' subsidy had compounded matters.

Vietri expected the disposal of Faircape's remaining 37,4% stake in the Health and Racquet Club Holdings Group for R2,95m earlier this month to further reduce gearing.

Net asset value a share rose to 113,0c (77,4c), while total borrowings to total shareholders' funds declined to 2,5 times (3,55 times). The current ratio eased marginally from 1,6 times to 1,5 times.



# Pull-out by big builders rocks market

*Sowetan 25/10/90* *339*

**THE withdrawal of eight major private sector home builders from the black housing market is viewed with concern by the Urban Foundation.**

Mr Matthew Nell, managing director of the Foundation's residential development division, said it was "shocking that major building companies had withdrawn from the black housing market because of unrest and bond repayment boycotts."

"Without the active and ever-growing participation of the private sector, the potential to meet the immense housing needs of low-income segments of South African Society was limited," said Nell.

His sentiments were echoed by Mr Hernus Kriel, Minister of Planning and Provincial Affairs, when he announced the withdrawals.

Kriel also expressed fears that "these private home builders might not return to the market, and warned that it would cost R5 billion to provide housing for the 1.5 million "illegal" squatters - not counting the "legal"

ones - and two million backyard dwellers in townships.

The Minister further stressed that the public sector would have to become more involved in black housing because "the Government alone would be unable to supply housing for the nine million additional people expected to become urbanised at the end of the century."

The Urban Foundation has, however, planned to release its proposals for a national housing strategy next month.

## Issues

"This will stimulate public debate between the housing industry, Government and community leadership over national housing policy issues . . .

"At the same time, the Foundation recognises the difficulties of operating in the current environment and that without improvement to these conditions, the potential for private sector home builders to operate viably is severely curtailed," said Nell.

He said the Urban Foundation's joint initiative with the Mortgage

Lenders Association of South Africa (MLASA) to set up the Home Loan Guarantee fund for mortgage finance of low-income families remained critical in overcoming one of the most essential conditions for ongoing private sector development - the availability of mortgage credit.

Nell believed that conflicts between communities and the private sector around housing issues will have to be resolved.

"Clearly, these conflicts reflect both misunderstandings and some real unresolved problems."

He however, welcomed Kriel's announcement that he had commissioned the South African Housing Advisory Council to prepare a proposed national housing policy.

"It is hoped that this will provide a basis for necessary debate and discussion between all interested parties to develop an effective, widely supported housing process which will assist the full spectrum of South African society obtain adequate accommodation," concluded Nell.

By REG RUMNEY  
PART of the African National Congress's latest economic policy discussion document, it has been noted, echoes the ideas of a top government econocrat.

The ANC's proposals on "growth through redistribution" bear an ironic resemblance to the "inward industrialisation" strategy first put forward by the Reserve Bank's Jan Lombard.

The document states: "Programmes and policies that increase output — particularly of social infrastructure and basic consumer products — will increase employment and produce new incentives to growth which will benefit all sectors of the economy."

As defined by the Old Mutual's *Economic Monitor*, inward industrialisation is "domestically generated growth based upon supplying basic consumer products (eg shoes, furniture and clothing) and facilities (eg low-cost housing) to the rapidly urbanising black population, with the increasing labour force coming from the rural areas simultaneously finding employment in these expanding industries".

The stress on social infrastructure and basic consumer products is similar to inward industrialisation's hope that black urbanisation could unlock demand for basic goods, and set up a virtuous circle of increased employment and spending.

## New ANC policy echoes inward industrialisation

Central to the process is housing, particularly low-cost housing.

Also similar is the emphasis on domestically generated growth rather than export-led growth.

Inward industrialisation pinned its hopes on the production processes that would be stimulated by being labour intensive rather than import intensive, while the import content of products and activities would be low, so sidestepping the traditional constraint on growth arising from the balance of payments.

Spinoffs would be greater stability in a well-housed population, a boost for domestic confidence and domestic investment, and the possibility of attracting a kind of Marshall Aid infusion of capital to improve black living standards.

The process, the *Economic Monitor* surmised in January 1987, should be kick-started by the government by spending on low-cost housing and other job-creation schemes.

The ANC's document does suggest that financial institutions should be forced to use some of the funds they have available for low-cost housing projects.

The similarity should not be overemphasised.

Inward industrialisation and any possible ANC policy are likely to differ as much as they resemble one another.

Moreover, grave doubts have been expressed about inward industrialisation, since it first became fashionable around two years ago.

Sankorp strategic research chief Peet Strydom picks holes in what government officials have called "orderly urbanisation" as an engine of growth.

"As long as we have urbanisation in the sense that the removal of influx control allows blacks to be dumped in ghettos, urbanisation is unlikely to fuel industrial demand."

In other words, inhabitants of ghettos will stimulate subsistence markets and industrialisation implies large markets.

But what if South Africa's urbanisation process is normalised (ie if it is not "orderly")?

"Then why talk of inward industrialisation?" asks Strydom. "Why not merely industrialisation?"

A word of caution about relying on low-

cost housing alone as a motive force for growth comes from Rand Merchant Bank group economist Rudolf Gouws.

"You don't create wealth by simply building houses. And you must be careful not to spend too much capital on housing rather than on, say, factories."

If the money put into housing does not result in greater stability and productivity it will be a waste, he suggests.

White housing is already of a far higher standard than in First World countries, he notes, because of the artificially low interest rates that held sway in the white housing market for a long time.

One key potential difference between inward industrialisation and the ANC's thoughts on growth through redistribution is the informal sector.

Another thread of inward industrialisation is the belief the informal sector will contribute significantly to creating jobs.

Strydom suggests bureaucratic stimulation of small business and informal sector activities as a source of employment is overoptimistic.

What is needed, he says, is to involve most blacks in the formal sector.

The ANC document does not mention the informal sector directly, though it does mention in passing the scope for small-scale enterprises, and the need to encourage co-operative and community ventures.



BLACK HOUSING *FIM 26/10/90*  
**AGAINST THE TIDE** *339*

Though many developers and financiers are fleeing the black housing market in the face of violence and co-ordinated bond boycotts,

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there are still organisations with the courage to venture into the market for the first time.

And, they're not small fry either. They include the likes of Standard Bank and J H Isaacs Natal (JHI).

While others are running for cover, Terry Power of Standard's home loans division confirmed that the bank will be putting a tentative toe in the low-cost housing market in the next few weeks.

Similarly, JHI's Natal chairman Trevor Warman this week announced that the company will henceforth include black housing in its residential property marketing activities. He says as JHI disapproves of the Group Areas Act and as the scrapping of the Act is on the cards anyway, his organisation will ignore it.

"We want to meet our clients' needs. If that involves a house on the Berea or Westville for a person of colour, we will handle it. In theory we would be breaking the law, but we aren't particularly worried about it. We plan to do business openly and upfront."

Brave words indeed, but whether it will be practical now remains to be seen.

He explains that any transaction in a "wrong area" will be registered in the name of the person concerned. However, pending the scrapping of group areas, a clause will be included in the agreement stating that the sale will be subject to the acquiring of a permit by the buyer.

"In cases where there are restrictive clauses, the sale will still go through. But, in such cases, the buyer will have to take steps under the Removal of Restrictive Conditions of Title Act, to have the clauses removed," he says.

For the Standard, which will be looking at providing bonds in the R12 500 to R35 000 range for the first time, it is a move into an

arena which has, with the exception of the Perm, been conspicuously ignored by the lending institutions.

Power explains: "We're responding to the Urban Foundation's low-cost housing initiative. We expect our system to be up and running in weeks rather than months."

He concedes that with violence and boycotts it is a market fraught with dangers. But he's comforted by the fact that the foundation will be holding Standard's hand in the early stages of its involvement.

However, the bank's step will initially be a small one.

The level of activity, says Power, hinges on human resources. Low-cost home lending is expected to be labour intensive. In the Standard's traditional environment a bond application can virtually be processed by pressing a few buttons. Also, most applicants are familiar with the procedures involved.

"Most of our new customers will never have owned a home before. They'll need a lot of education and training in home ownership. It's going to be pioneering for all of us."

He adds that the bank is better prepared for the low-cost arena now than it was four years ago. It has learned a lot about the market through its activities in the R35 000 plus mortgage market.

# Ucasa president quits post as township mayor

URBAN Councils Association of SA (Ucasa) president Phillip Nhlapo has followed his council in the Middelburg township of Mhluzi and resigned as mayor.

But Nhlapo, as Ucasa's president, has been appointed to the committee which will investigate interim measures to alleviate the pressure on black local authorities and coloured and Indian management committees to resign.

A meeting held to resolve Mhluzi's financial position had decided, after a local steel company had agreed to pay the council's R370 000 electricity debt, that the Mhluzi council should resign by today.

Nhlapo said in Johannesburg yesterday: "If everyone has resigned, I will also go. I can't carry on alone. I am out of local government."

"But now I have been appointed to this new committee at today's meeting of the Council for the Co-ordination of Local Government Affairs."

The committee, under the chairmanship of Deputy Provincial Affairs Minister Tertius Delpont, will include Department of

THEO RAWANA

Planning and Provincial Affairs representatives and one delegate each from the United Municipal Executive (UME), the four provinces, the three own affairs administrations, the National Ad Hoc Committee, Ucasa, United Municipalities of SA and the RSC Association.

Meanwhile, another black local government veteran, Shadrack Sinaba, has also resigned from the Daveyton Town Council.

Sinaba, 71, said yesterday he was quitting because of the way in which local government was being conducted.

"We always seem to be running things from Pretoria down to the people, not the other way round. Nothing that comes from and serves the interests of the people is ever carried," Sinaba said.

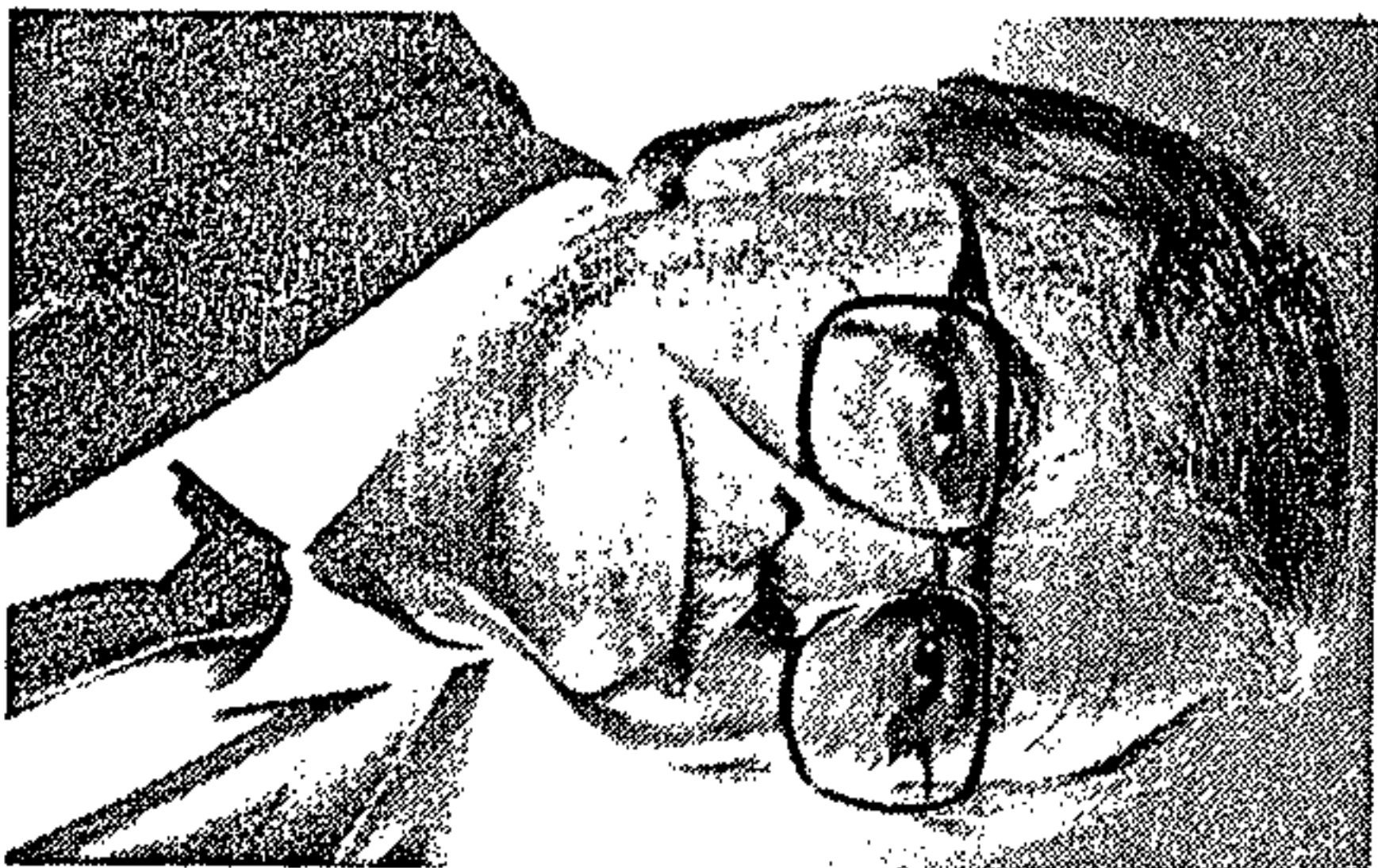
He said he was going into national politics and joining the ANC.

Sinaba's resignation follows that of former Daveyton mayor Tom Boya and three other councillors.



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WEEKEND MAIL: October 26 to November 1, 1990



Hemus Kriel - stirred up home's nest

PLANNING and provincial affairs Minister Hemus Kriel has stirred up a home's nest by dragging the serious housing shortage into the party-political arena with his claim that major building contractors are withdrawing from the townships because of political unrest and bond boycotts.

He claims the violence has caused the number of private houses being built in the Transvaal to fall from 20 090 last year to 13 541 so far this year. The black housing programme was designed to provide more than five-million new homes by the turn of the century, which now seems impossible: the Urban Foundation's estimate is that the national backlog is a million units, with about 850 000 being in the African sector.

Another reason, according to Kriel, is the "bond boycott" which he indirectly blames on liberation movements because their members are the boycotters. The African National

# Illusive 'bond boycotters' are re

Congress' heated reply is that housing is a fundamental right that should be provided by the state: private building should be a complementary option — and it's one most Africans cannot afford.

The ANC also points out that "since the early 1970s the Nationalist Party government has virtually stopped all building programmes of rented accommodation for black people". A likely reason for this policy could be that there are now, according to Kriel, 3.5-million people living illegally in urban squatter camps and township backyards: to house them would cost the government R5-billion. Kriel says a new national housing policy is being formulated by the SA Housing Advisory Council which will, in time, produce a White Paper.

That could take years during which more people join the urban flood of squatters in increasing acres of "informal housing" — and the formal housing shortage worsens while the government and political movements blame each other for the worsening crisis.

What, then, are the facts — as far as they can be made out?

According to Perm managing director Bob Tucker, there is, for a start, no organised "bond boycott" but only an inability to pay high interest rates. And home-buyers are shackled by a loan threshold that is "overwhelmingly in the R40 000-plus price range".

Standard Bank, though, says it has experienced two "isolated" cases of bond boycotts; but involving only about 40 householders in all.

The government and political movements each other for the escalating housing the matter is really quite simple... pay. **ARTHUR MAHMAN**

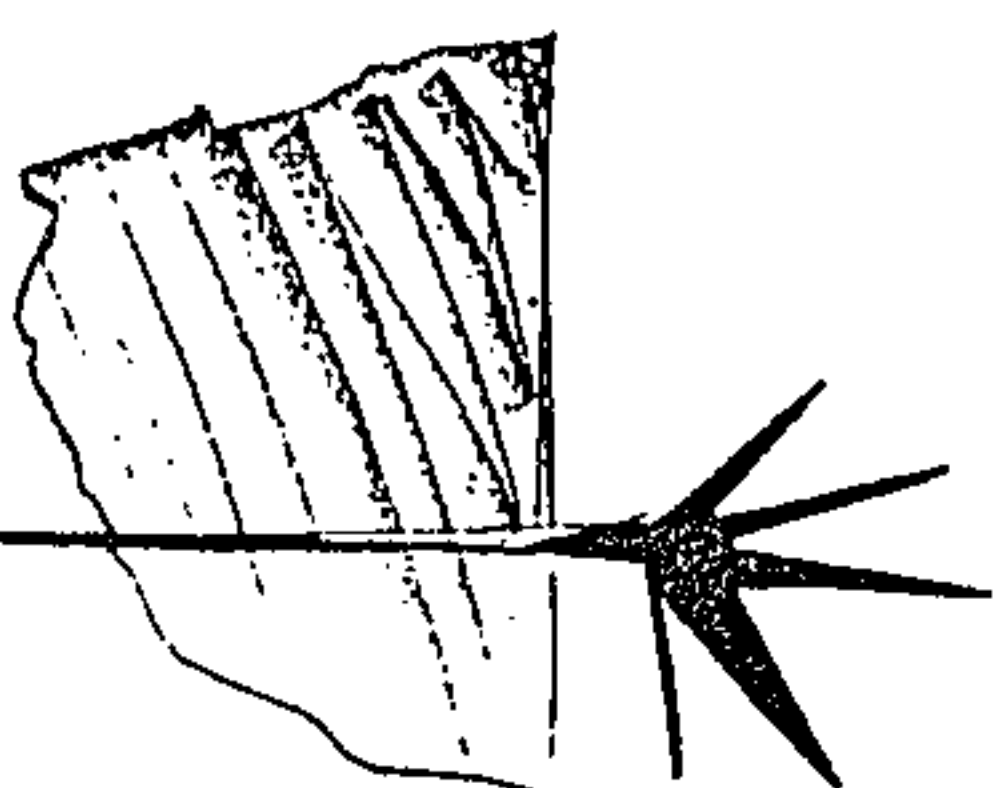
Common-sense observers hold a similar view to the Perm on the basis that no reasonable person who's bought a house is likely to join a boycott, knowing that the property could be re-possessed and they'd lose all of their investment.

Tucker adds that there's also been "considerable uncertainty" following the government's decision to end the first-time buyer's subsidy as well as "bureaucratic delays in the payment of bond subsidies" that still exist.

## environment for a changing South Africa

### FILM FESTIVAL & CONFERENCE

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#### Inside the Poison Trade

Director: Nick Davidson, Alon Hoyling  
Producer: Belbo Films/TVE/CIT  
Length: 45 minutes  
France/Netherlands 1989

In the summer of 1988 the arrival of a ship the Karin B in British coastal waters provoked widespread public protest. The Karin B's cargo of toxic waste from Italy had already caused an international scandal when it was discovered, dumped in leaking drums, on Koko Beach in Nigeria. Inside the Poison Trade traces the routes of some of these infamous cargoes, talks to new European entrepreneurs who are making fortunes exporting unwanted waste from Europe's chemical industries, and interviews concerned leaders of Third World countries who see it as new trade, not yet another example of

#### In The Dust Of Development

Director: Meera Dewan  
Length: 45 minutes  
India 1988

In the Indian state of Bihar, the Adivasis, India's original inhabitants, once collected firewood from the thick jungle on their doorsteps. Now their tribal lands have been taken over by commercial forestry, and many Adivasi women must walk up to 20km to find wood to sell in the market and to buy food. In Bihar's steel city - the industrial centre of India - 16 tribal villages were bulldozed to make way for development which, the government claimed, would bring employment opportunities for the "backward" Adivasi people. But it was the outsiders who benefited from the new city. Today many Adivasi

31 October - 3 November  
Senate House Basement  
University of the Witwatersrand  
Presented by Environmental Workshop Group

#### When the Bough Breaks...Our Children, Our Environment

Director: Lawrence Moore/Robbie Stamp  
Producer: TVE/Central/Observer Production  
Length: 53 minutes  
UK 1990

There are nearly six billion people on earth today - two billion of them children under the age of 16. Throughout the world, children are abused, malnourished, exploited and neglected - the most vulnerable victims of an increasingly degraded global environment. In a series of case studies of children - in Poland, India, Sudan, Bolivia, USA and UK - when the Bough Breaks explores how environmental problems are affecting the lives of our children, children who can

#### The Blac

Producer: R  
Director: N  
Length: 52

The border known as the Italy-Devon 2001 mines sulphurous regular smog firebrigade by side of the bo



# 10-111190 e really those who can't afford to pay

tical movements are blaming housing crisis, but the truth of simple... people can't afford to

## MAITANE reports

The Urban Foundation adds that with the high threshold for a loan, only 10 percent of Africans can consider buying a house. If the threshold was reduced to R12 500, the Foundation estimates 40 percent could afford the bond payments.

Ranks and building societies are refusing to lend money for houses valued at less than R35 000 because administration costs are the same as those for higher-priced houses on which they get a higher return. And

the lenders regard people who can only afford low-cost housing as a higher debt risk. To encourage down-market loans, the Urban Foundation has raised R20-million at home and abroad for what it terms a Loan Guarantee Initiative.

The scheme, which will take effect in November, insures the purchaser against falling into debt. For a property valued at R12 000 the purchaser will pay a premium of R159.38 which provides five years' cover against an inability to pay the bond — and so removes the risk currently feared by lenders. For a property valued at R35 000, the present minimum loan, the premium will be R446.25. So far 12 finance companies including Allied, Eastern Province Building Society and Natal Building Society have

agreed to operate the Loan Guarantee Initiative.

Aspirant home-owners forced by the present system to borrow more money than they should are the ones most in danger, according to Phil Khumalo, chief executive of Business Challenge.

"They are persuaded by estate agents to buy houses they can't really afford just so these agents get their commission," he told *The Weekly Mail* at his Johannesburg headquarters, where he works closely with the Allied Building Society.

"These agents sort of cook the books to make a sale, and they promise government subsidies which will not happen. But most serious is that they don't explain the financial load to purchasers, like warning them that in-

flation could increase their bond repayments beyond the 25 percent of income which is the standard rate."

Khumalo says the money-lenders aren't much help either: "If people who go to them for a loan qualify (because their repayments will be under 25 percent) they're just told 'sign here and sign there' without any detailed explanation of what they're committing themselves to. Most people need help and education about the building industry, but they don't get it from any of the people concerned."

Khumalo remarked that the R35 000 minimum valuation for a loan assumed "people want palaces when in fact all they want is decent shelter for their families".

According to research by advertising agency DMB&B, only a tiny per-

centage of Africans, Asians and coloureds are among the "fortunates" whose income is above R6 000. A few more are among the "successfuls" with incomes above R4 000 while the overwhelming number of the "strugglers" paid less than R1 000 are African.

Yet the average price of a small suburban house — four rooms and garage — is R119 000, requiring bond repayments of R1 500 a month and stretching the family budget even for a "successful" breadwinner.

In townships the total price of a small house, including land and legal fees, is R75 000 — far beyond the reach of "strugglers". The bond repayments are near-impossible even for "survivors" — about half the black population, who earn up to R2 000. But they are encouraged to buy houses and when they fall behind with repayments and lose their investments, they are called "bond boycotters".

## Environment Film

**The Black Triangle**  
 Producer: Ron Orders  
 Director: Nick Davidson  
 Length: 52 minutes

The border region between Czechoslovakia and East Germany known as the Black Triangle is one of the most polluted environmentally devastated areas in the world. To the south, in Czechoslovakia, 2000 mines dominate the countryside, swallowing up villages. Sulphurous smoke from the ubiquitous power stations results in regular smog clouds: the health of the people and the landscape are threatened by the soot from brown lignite coal deposits. On the other side of the border, in East Germany, lies Europe's biggest concentration of uranium mines. Uranium slag heaps emit radiation levels between four and ten times higher than normal levels. Nick Davidson exposes the extent to which unregulated industrial activity has turned this region into an environmental disaster area.

ENVIRONMENT FILM WORKSHOP GROUP

## ENVIRONMENT FOR A CHANGING SOUTH AFRICA

SATURDAY, 3 NOVEMBER, 1990, 10am — 4.30pm

University of Witwatersrand, Senate House Basement, Main Campus

### 1. CONSERVATION IN SOUTH AFRICA

VENUE: Senate House Lecture Room no 6 (SH6)

Is there popular support for game reserves and other forms of conservation in South Africa? Some local communities are apathetic or openly hostile, to game reserves and their officials. What can be done to ensure maximum public support for efforts to prevent the extinction of valuable

TIME: 10am - 12.30 pm

**Sponsored by:**  
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 Christian Aid, UK • Oxfam, UK • Rowntrees  
 Charitable Trust • Wildlife Society • Oxfam,  
 Canada • Interfund • Greenpeace



Ann Bernstein puts the case for a new development strategy to replace rural apartheid

# Scrapping Land Acts only the first step

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ONE of the many myths that apartheid has nurtured is the notion of "white" rural areas. In fact, whites comprise less than 12 percent of the total rural population living outside homelands. Blacks make up about 75 percent and "coloureds" 14 percent.

A second equally corrosive myth is the idea that race is a reliable indicator of agricultural performance. Historical evidence reveals otherwise. For example, in the 1870s Sotho farmers produced 100 000 bags of grain a year for the white market, while Pondo farmers in the Transkei sold thousands of head of cattle. The late nineteenth and early twentieth centuries witnessed deliberate State intervention to undermine relatively efficient black farmers.

Why do we know so little about South Africa's divided rural areas and how do we start to change this?

The Urban Foundation and PSC research have highlighted the inevitability of black urbanisation and in particular the growing concentration of population in and around the country's existing cities and towns. This urban emphasis should not be misunderstood. Over 12 million people live in South Africa's rural areas and although urbanisation will reduce this proportion, the absolute numbers will continue to increase.

The lowest levels of social, economic and human welfare are found in our rural areas, and the poverty and deterioration in rural conditions are major causes of migration to cities. Conversely, effective rural development re-

quires fewer people on the land and thus greater urbanisation. Rural development is therefore a critically important component of a new national development strategy. Its aim should be to build on all South Africa's resources and provide millions of people with viable alternative chances and opportunities for a decent quality of life — if they so choose — in the rural areas.

The historic effect of the 1913 and 1936 Land Acts was to prevent African ownership or occupation of land outside the homelands (or land scheduled for incorporation into homelands) in any capacity other than employee (and dependants). Many black South Africans owned land in the white plateau prior to the application of the Land Acts.

## Forced

According to one estimate, in Natal alone, between 1984 and the present, over 100 000 people were forced to move from more than a 100 black freehold areas — "black spots" — as a result of the segregation policy.

An estimated 475 000 people were removed from "black spots" nationwide between 1960 and 1983. There are still today black communities which live under threat of forced removal.

Coloured and Asian South Africans were not affected by the Land Acts but their access to rural land has been severely restricted by a range of separate legislation culminating in the Group Areas Act of 1950.

In addition to effectively de-

stroying a once successful black farming class, rural segregation deepened the overcrowding in homeland areas and thereby contributed to the erosion of natural resources and poor agriculture. In the meantime farms in the white rural areas have been growing larger, employing fewer people but more machinery, and there has been a decline in the number of white people living in these areas.

There are under-utilised facilities and infrastructure in the racially segregated smaller towns in white rural areas. In essence, enforced segregation of divided rural areas has led to an inefficient racial allocation of rural resources rather than a national (and rational) approach to rural development.

The current situation in rural South Africa can be likened inadequately to the position in the urban areas prior to the reversal of the "temporary sojourner" policy well over a decade ago. Consider for a moment the enormous changes in attitudes, policies, life-chances, knowledge about and interest in township life that followed upon the acceptance of black permanence in the hitherto "white" cities. This process of far-reaching urban change is an indication of the fundamental transformation that is long overdue and urgently required in rural areas.

What is needed now is not just the long overdue repeal of the Land Acts but an energetic commitment to a programme of rural reconstruction.

The PSC has called for a com-



Race no guide to agricultural performance... Ann Bernstein, an executive director of the Urban Foundation.

prehensive package of measures in order to start the process of rural reconstruction. The proposals are based on certain principles:

- The present system cannot continue.
- Access to land, skills and resources — and not race — are the key determinants of potential farming performance.
- Efficiency and equity are both important considerations for future policy.
- Conservation of our natural resources is very important.
- Rural development is part of a broader national development process and, as with urban and regional strategies, success will depend on the application of these critical guidelines:
- 1 Existing resources should be used to the maximum.
- 2 The strength of South Africa's

business and non-profit sector should be capitalised upon.

- 3 There should be a special focus on the poor.
- 4 Community participation is absolutely essential.
- 5 A new rural development framework must be negotiated with all affected parties, and must gain widespread "grassroots" consent.

The essence of the PSC proposals includes:

- The repeal of the Land Acts, the Group Areas Act and the Prevention of Illegal Squatting Act.
- The halt to arbitrary intervention in present black tenure patterns in the homelands. For example, now that people are crowded into homelands, it will be important not to unilaterally and undemocratically impose new land tenure systems in these areas which could have disastrous effects on the poor and drastically increase the rate of migration to the cities.
- An urgent assessment of existing agricultural legislation and policies to ensure the removal of any racially discriminatory provisions or any other unfair barriers to the development of small-scale farmers.
- The introduction of a new legal mechanism to resolve land conflicts in rural areas. This "rural land court" would ensure a fair judicial process, accessible to the poor, capable of handing down legally binding judgments in respect of conflicting claims in relation to settlement and ownership issues arising out of South Africa's history of land expropriation, black spot and other forced

removals and dispossession.

- A bold new rural development action programme designed to expand opportunities and choices to help people where they are, which would include:

- 1 The extension of farmer support programmes to all, irrespective of race.
- 2 The establishment of special agricultural areas for small-scale farming.
- 3 The expansion of State-owned communal grazing land subject to controls on overcrowding and natural resource depletion.
- 4 Provision of opportunities for non-agricultural rural development.
- 5 The opening of rural towns to all.
- 6 More finance to rural development, with a focus on the rural poor with some State funds drawn from the money currently allocated to the regional industrial development programme and further funds made available through private capital markets.

## Improve

Effective rural development in any country requires firm political and financial commitment by the central government to improve the quality of life in rural areas. This will only occur if that government has and is dependent for electoral support on a large and organised rural constituency.

Democracy — organisation, debate and party formation — must apply to both urban and rural South Africa and the new "social contract" must incorporate the poor. □



# Govt planning new housing subsidies

B (paw) 2/11/90

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GOVERNMENT was considering a new subsidy scheme for the housing of lower income groups, Planning and Provincial Affairs Minister Hernus Kriel said in Johannesburg yesterday.

Speaking at a demonstration of a new housing concept by building company CV Construction, Kriel said government efforts were directed towards a process through which every family might acquire safe shelter by 2000.

Kriel said the SA Housing Advisory Council was reviewing, at his request, government's housing policy and would advise on the formulation of a national housing policy and strategy for its implementation.

"We are investigating the implementation of a capital subsidising scheme which should greatly assist the lower income groups and at the same time attract private sector involvement," Kriel said.

CHARLOTTE MATHEWS reports the subsidy scheme being considered involves the introduction of a capital grant on serviced stands. The first time home buyers' subsidy would remain in place.

Planning and Provincial Affairs Department housing planning chief director Neville Carson said R6 000 per application had been proposed.

"It is not yet formally decided but we have reached an advanced stage in discussions," he said.

The scheme should not be confused with the first time home buyers' subsidy which had run out of money earlier in the year because the number of applications had exceeded expectations.

"One of the aspects we are looking at for this new proposal is how to finance it within the framework of the existing scheme," he said.

Urban Foundation housing policy direc-

THEO RAWANA

tor Jill Strelitz said the foundation had made proposals to government on the scheme.

The grant would probably be in the form of a capital subsidy on the selling price of a serviced site and would assist those who could not afford a house above R12 500.

"We would welcome any initiative to provide housing to the lower end of the market," she said.

Kriel said politically motivated attempts to damage construction programmes, which created uncertainty in financial institutions, did not help matters and should end.

Government was striving for a climate of economic growth which would promote peace, and if other political organisations contributed, this would be achieved much sooner, Kriel said.

Government was giving urgent attention to, and had made great strides in, making serviced land available.

Conventional housing was reaching saturation point and available funds should be applied to other areas in the building trade.

"The government cannot afford to supply conventional housing to low income groups. In this regard I believe the private sector has a crucial part to play."

He said policies recently adopted by government were guided by the principles that:

- ☐ An individual was responsible for his own housing;
- ☐ The state should only play a role where the individual was not in a position to satisfy his own housing needs; and
- ☐ The state's primary task was to create the necessary environment for the private sector and the individual to undertake the provision of housing.



# Clear policy needed to ease housing crisis

THE Urban Foundation will launch proposals for a national urban housing policy this month, says Urban Foundation residential development MD Matthew Nell.

Nell was speaking at a banquet in Johannesburg last night after being elected 1990 Housing Person of the Year by the Institute for Housing of Southern Africa. Institute vice-president Jan Viljoen said Nell had earned the award for his efforts to promote financial institutions' involvement in the first-time home-ownership market. *Byday 2/11/90*

Nell said SA was ill-prepared to meet the housing challenges of the 1990s. The housing backlog was at an all-time high and continued to grow.

Public housing policy was obscure. Any hope for clear national policy and strategy was being subordinated to the parochial interests of the own affairs departments.

"In response to higher risk levels, shrinking margins and limited affordability, the private home-building industry is withdrawing. The process of withdrawal is being hastened by sporadic levels of civil

unrest as well as uncertainty as to the policy reform in the housing field."

High interest rates and inflation were eroding affordability levels. The situation was exacerbated by violence in black areas, which resulted in work stoppages.

Non-parliamentary groupings were fuelling black communities' high housing expectations by promising the undeliverable — conventional homes for all.

Recent mortgage boycotts in the western Cape had made it "extremely difficult" to secure mortgage finance for this market segment. Local government lacked the resources, viability and credibility to facilitate and maintain housing developments.

"Black communities, for so long excluded from market-orientated housing provision, do not understand mortgage finance and are suspicious of the private sector." These suspicions had been strengthened by exploitation and poor selling practices.

The key to resolving the housing crisis was to deliver housing at scale and on an affordable basis. — Sapa.

Billions of rands could be unlocked

# Assurers in huge housing finance plan

THE life assurance industry is investigating a major new initiative which could release billions of rands for black housing projects.

The probe is considering the creation of a government housing stock which would be tradeable on the capital markets, as is Eskom and RSA stock.

Because of the political risks involved in black housing, the stock would be managed by a trust which would have access to further government or development funds, such as the R2bn "backlog" funds which were voted in this year's Budget.

These funds would serve to underwrite the trust and ensure the life industry received a market-related return on its investments. The trust would make direct loans to low-income black homebuyers.

Life Offices' Association (LOA) deputy director Jurie Wessels confirmed yesterday the LOA had set up a committee to look into "socially desirable" investments.

The committee was looking into housing and other "grassroots" economic development ventures such as small businesses and the informal sector.

He said this was done because of pressure from government, labour, the private sector and political movements for the life assurers and pension funds "to stop chasing paper on the JSE and do more to stimulate the economy and benefit the needy".

Wessels said the availability of money was not the problem, but there was a lack of a suitable vehicle in which to invest.

KEVIN DAVIE

On June 30, the life industry had R37,7bn invested in public sector stocks. The life offices had total assets of R127,7bn at mid-year.

If 10% of these funds were invested in housing stock, R12bn would be released for black housing. At a cost of R20 000 per home, 600 000 houses could be built, but it is doubtful whether land and resources can be mustered to build that many houses.

The disclosure of the life offices' housing investigation comes against the background of discussions between members of the ANC and individual assurers on an informal basis. ANC economist Vella Pillay sparked a public debate on the issue last week when he suggested the life offices invest 5% to 10% of their funds in socially desirable projects.

Life industry leaders Mike Levett of Old Mutual and Pierre Steyn of Sanlam have said they would not voluntarily invest policy holders' and pension fund members' money in development projects which did not yield a market-related return.

Government transferred its R2bn backlog money to the Independent Development Trust (IDT) in July. Several attempts by Business Day to get the IDT to release details of how it intends spending the money have proved fruitless. In August, IDT chairman Jan Steyn told the Afrikaanse Sakekamer in Johannesburg that his intention was to turn the R2bn into R10bn by

□ To Page 2

## Assurers

involving the private sector.

Wessels said investment in low-cost housing would mean a lower than market rate of return, coupled with a high political risk: "We need an investment vehicle to bridge the gap between high and low risk."

The life assurers did not believe a national problem should be placed on the shoulders of just the life industry. If the taxpayer could provide funds (such as the R2bn voted this year) to guarantee loans this would buy leverage and financial guarantees.

"The guarantees could be given by gov-

ernment or by an organisation such as the Development Bank, the Urban Foundation or a body created for this purpose.

"Such an organisation could, instead of using the funds available to it for direct development, rather use this money to 'underwrite' loans from assurers and other financial institutions, thereby obtaining much larger funds," Wessels said.

The scheme would be targeted at the lower end of the market.

The housing stock scheme would obviate the need for new prescribed assets requirements.

□ From Page 1



Star 6/11/90

# Housing 339 goal: 'State responsible'

By Esmaré van der Merwe  
Political Reporter

The Urban Foundation today released far-reaching proposals for a new national housing policy and, in a significant shift in its policy, suggested a major role for Government in the provision of houses to urban dwellers.

In a 60-page document — the culmination of five years' extensive local and international research — the foundation made some imaginative suggestions to overcome the acute housing backlog and provide accommodation for a fast-expanding population.

## Mobilise

In a move which could draw criticism from the private sector, which has always campaigned for less Government involvement in this field, the Urban Foundation said the State was solely responsible for the achievement of the national urban housing goal.

It should do this by ensuring the existence of the legal, institutional and practical conditions necessary to mobilise maximum private sector involvement and provide housing itself to achieve the housing goal.

It was also suggested that the Government support the upgrading of existing informal settlements through the provision of infrastructure and services, secure tenure and access to appropriate housing subsidies.

The Urban Foundation's re-

search on a comprehensive housing policy was undertaken with the backing of the Private Sector Council on Urbanisation, a forum of the country's major employer bodies and leaders from both urban and business communities.

Among the proposals were the establishment of a single Ministry of Housing in a united non-racial South Africa, emphasis on informal housing and the upgrading of shacks and squatter camps, and the creation of a housing tribunal to handle disputes over the desirability and feasibility of the upgrading of informal settlements.

The foundation meted out harsh criticism of the Government's current housing policy, blaming the country's housing crisis on the apartheid system, failed public policy and a lack of goals.

## Backlog

It called for the immediate scrapping of remaining discriminatory laws.

"Constraints on housing supply have resulted in the emergence of a large housing backlog of about 1.2 million units for urban black families, resulting in overcrowding, the emergence of unplanned informal housing such as backyard shacks and freestanding settlement, exploitation of the urban poor and corruption in public administration," the Urban Foundation noted.

The success of a new housing policy would depend on the co-operation and involvement of both the public and private sectors as well as communities, it said.

# LOA: housing probe is our idea

THE life assurance industry's investigation into the possibility of making billions of rands available for black housing was not in reaction to ANC demands, says Life Offices' Association (LOA) chairman Dorian Wharton-Hood.

Wharton-Hood, who was responding to reports of ANC demands that insurance companies invest some of their huge cash flow into housing and other acceptable, socially desirable projects, said the LOA's investigation was "proactive" and had started some months ago.

"The LOA committee to look into this matter had been set up on our own initiative and not in response to any organisation or person. There had been no discussions with the ANC on the subject."

Wharton-Hood said life insurers, as

custodians of policy-holders' investments, did not have the right to invest their money at anything other than market-related rates.

While it was true the LOA possessed a huge cash flow and assets, it did not have the resources and infrastructure to manage funds for housing and community projects.

"We are not equipped to operate in these areas. Nor is it our role. Another body will have to be formed to act as intermediary."

The LOA committee had not completed its investigations, and its report would not necessarily recommend investment in black housing, Wharton-Hood said. It might regard community projects such as job-creation or black education as more feasible. — Sapa.

● Comment: Page 10



By Esmaré van der Merwe  
Political Reporter

# Report says SA can solve housing crisis

A single Ministry of Housing, a housing ombudsman and a tribunal for the settlement of housing disputes are some of the proposals for a national housing policy made yesterday by the Urban Foundation.

In a document titled "Housing for all: proposals for a national urban housing policy", the foundation called for a complete Government rethink on the provision of houses, particularly for the urban poor.

It suggested the involvement of the private and public sectors as well as communities in the daunting task of solving the housing crisis.

The proposals form part of continuing research on how to deal with the urbanisation challenge, and have been developed under the aegis of the Private Sector Council on Urbanisation.

The foundation criticised the State's current housing policy and blamed apartheid for the acute housing backlog.

It again called for the speedy abolition of discriminatory laws. And it made proposals for a national housing policy to address the housing backlog and provide houses for the rapidly growing population.

The Urban Foundation said current State housing policies

contained no goals or objectives for a comprehensive strategy. While the Government wanted a partnership between the public and private sectors, there were no clearly defined roles.

The mobilisation of private initiative was further constrained by State involvement in direct housing provision in ways which undermined private-sector participation.

Apartheid had had a major negative impact on the housing crisis. The serious backlogs in houses, infrastructure and facilities were a direct result of discrimination.

## POOR

The tricameral constitution had produced administrative structures that undermined the potential for developing a coherent housing policy.

And while the State's housing policy had not been tailored to the needs of the urban poor, private initiative was excluded from the provision of low-income housing.

The foundation noted: "The current housing crisis is a consequence of failed public policy. State commitment to resolving the crisis is evident, but the present policy and approach do

Apartheid's grim impact... This was a familiar scene to the thousands who suffered under the resettlement scheme. The Urban Foundation now suggests the development of site-and-service schemes, whereby land would be set aside for settlement. People would then build informal homes on the sites, and later conventional homes could be built.

not provide the basis for translating commitment into action. Its policy proposals were based on five points of departure. These were:

- The State was solely responsible for the achievement of a national housing goal.
- To mobilise the "full institutional capacity of the nation", all housing development agents should operate under the same "rules".

● The State should establish and maintain the policy and regulatory framework for housing provision. A single Ministry of Housing within a united South Africa was an essential administrative structure.

● A national policy must address the full range of consumer affordability and aspirations. The range of sub-markets included conventional housing, starter housing, private rental

and informal housing, including site-and-service schemes and the upgrading of existing informal settlements.

● The policy should focus on the urban poor, promoting the informal housing sub-market. Land and financial policies, such as subsidies, must encourage both site-and-service and settlement upgrading schemes. Stressing the importance of the recognition and develop-







rect local authorities to accom-  
modate development more ap-  
propriate to the poor.

● The Government should per-  
mit the development of large  
tracts of land at appropriate  
standards and with appropriate  
delivery systems outside the  
boundaries of local authorities.

● Existing Regional Services  
Councils, or other appropriate  
structures, should upgrade ser-  
vices to optimal levels.

Dealing with consumer pro-  
tection, the document noted  
that extensive exploitation and  
malpractice by some private  
housing developers were occur-  
ring — mainly because the low-  
income housing market was in  
its infancy and because of a  
lack of consumer experience.

Its proposals included that in-  
dependent housing advice cen-  
tres be erected to assist those  
consumers who fell outside the  
net of the financial institutions,  
and the appointment of a hous-  
ing industry ombudsman to  
watch out for exploitation and  
malpractice, to mediate in  
some cases and ensure that ac-  
tion was taken in other cases by  
advice centres, legal aid institu-  
tions or the police.

In conclusion, the Urban  
Foundation said that, despite  
the dimension and nature of the  
housing crisis, it was convinced  
that South Africa had the ca-  
pacity and commitment to  
meet the challenge of housing  
all its people.

structures, and later replace  
these with formal houses.

The Government should draft  
a comprehensive policy on in-  
formal housing, while local  
authorities should play a direct  
role in community participation  
in site-and-service schemes.

One proposal is that a hous-  
ing tribunal be set up to resolve  
conflicts over the desirability  
and feasibility of the upgrading  
of informal settlements.

Legal provision should be  
made for the establishment, by  
provincial and local authorities,  
of informal housing agencies.

## Constraint

"These agencies will be need-  
ed to play a pioneering role in  
informal housing delivery until  
the private sector institutional ca-  
pacity (such as community-  
based housing agencies and  
non-government organisations)  
develop their full capacity.  
These agencies must, however,  
operate under the same rules as  
private-sector actors."

Noting that the conservatism  
of many local authorities with  
respect to servicing and housing  
standards was a major con-  
straint to the delivery of houses  
to the poor, it suggested that:  
● The Government should di-

recting, minimum health and  
safety standards, and site-and-  
service schemes, until the land  
was serviced ahead of settle-  
ment, should be developed. Sites  
should then be sold to people  
who might first erect informal



# New plan to beat housing crisis

Monday 7/11/90

TIM COHEN

THE Urban Foundation has proposed a solution to SA's housing crisis which would involve a leading role for the state and a dramatic revision of existing housing subsidies.

The foundation yesterday unveiled the fifth in a series of policy studies which it developed from five years' research and interaction with a coalition of business and community representatives.

In arguing for a national urban housing policy, the 64-page document proposes a single non-racial housing ministry and suggests that the state play a "prime role".

MD of the foundation's residential development

division Mathew Nell said yesterday the suggestion that the state should accept "prime responsibility" for the housing policy was a marked departure from the UF's old approach.

He said the reason for the change in the UF's attitude was that the state had a responsibility to create the legal and institutional conditions to mobilise housing development.

## Subsidy

But the UF still believed that private initiative, including community developers, utility companies, finance institutions and community organisations would provide the lion's

share of SA's housing needs.

The UF has proposed a 14-point plan for a new housing strategy which includes a one-off capital subsidy of R6 000 on serviced sites.

More than half of black urban households are unable to afford even a serviced site in terms of the current first-time home-buyers subsidy.

The UF's scheme would allow 93% of existing households access to housing, Nell said yesterday.

The document says UF research shows that an average of 174 000 housing units per annum are required to house the urban black population between now and 1995.

This translates into an additional gross land need

of some 11 600 hectares per annum (assuming a gross residential density factor of 15 units per hectare) — about one-and-a-half times the current size of Soweto.

Other UF proposals are to:

□ Formulate a programme with quantitative objectives for providing a full range of housing options in the urban areas;

□ Restructure the state's capacity for housing delivery agencies into housing development agencies for which each has accountability for finances and for achieving set objectives;

□ The establishment of metropolitan land planning agencies to identify well-located land for low-income housing development — in-

cluding site, and service schemes;

□ Reorganise financing, ownership and cost-recovery for bulk infrastructure on a national basis;

□ Install a single, simplified system throughout SA for registering land and establishing townships;

□ Reduce standards for services by local authorities and allow these to be upgraded over time by regional authorities; and

□ Encourage financial institutions, pension funds and life offices to set up innovative schemes for both formal and informal housing.

The foundation feels that the metropolitan land planning agencies should have the authority to hear evidence and resolve conflicts between the national housing goal and "more established communities".

## Requirements

Nell said a new housing policy should "level the playing fields" so that private and public initiatives operated under the same rules and focused specifically on the urban poor.

Although SA needed to build 174 000 houses a year, the actual building requirements were more likely to be in the region of 90 000 unit annually, averaged over the next five years.

In order to subsidise these units, the state would have to pay R2,570bn over the five-year period.

The average cost of implementing the UF's subsidy proposals, including a sophisticated revolving finance scheme, would be R514m a year.

The current budget for housing is R973m, which the UF believes is badly utilised and favours middle and upper income housing.



# Non-race housing ministry mooted

Sowetan 8/11/90 339

A SINGLE non-racial housing ministry and prime State responsibility for addressing the housing crisis are two of the recommendations to emerge from a housing policy document released this week by the Urban Foundation.

The document is part of a series of policy studies developed out of five years of research and interaction by the Foundation and the Private Sector Council on Urbanisation, a coalition of business and community representatives.

## Role

While the Urban Foundation places prime responsibility on the State, it believes that maximum private initiative should be mobilised.

"In discharging this responsibility we see a direct role for the state in housing provision," said Mr Matthew Mell, managing director of the Urban Foundation's residential development division.

"The reason for this is our belief that there is valuable capacity for actual housing delivery tied up in various public authorities.

"We must mobilise the full resources in the

country to meet the challenge."

At the same time the Urban Foundation questions the ability of South Africa to make any significant impact on the housing crisis without a fundamental change in housing policy.

"We have noted the Minister's commitment to bring this about with ap-

preciation and stress the urgency of completing this task.

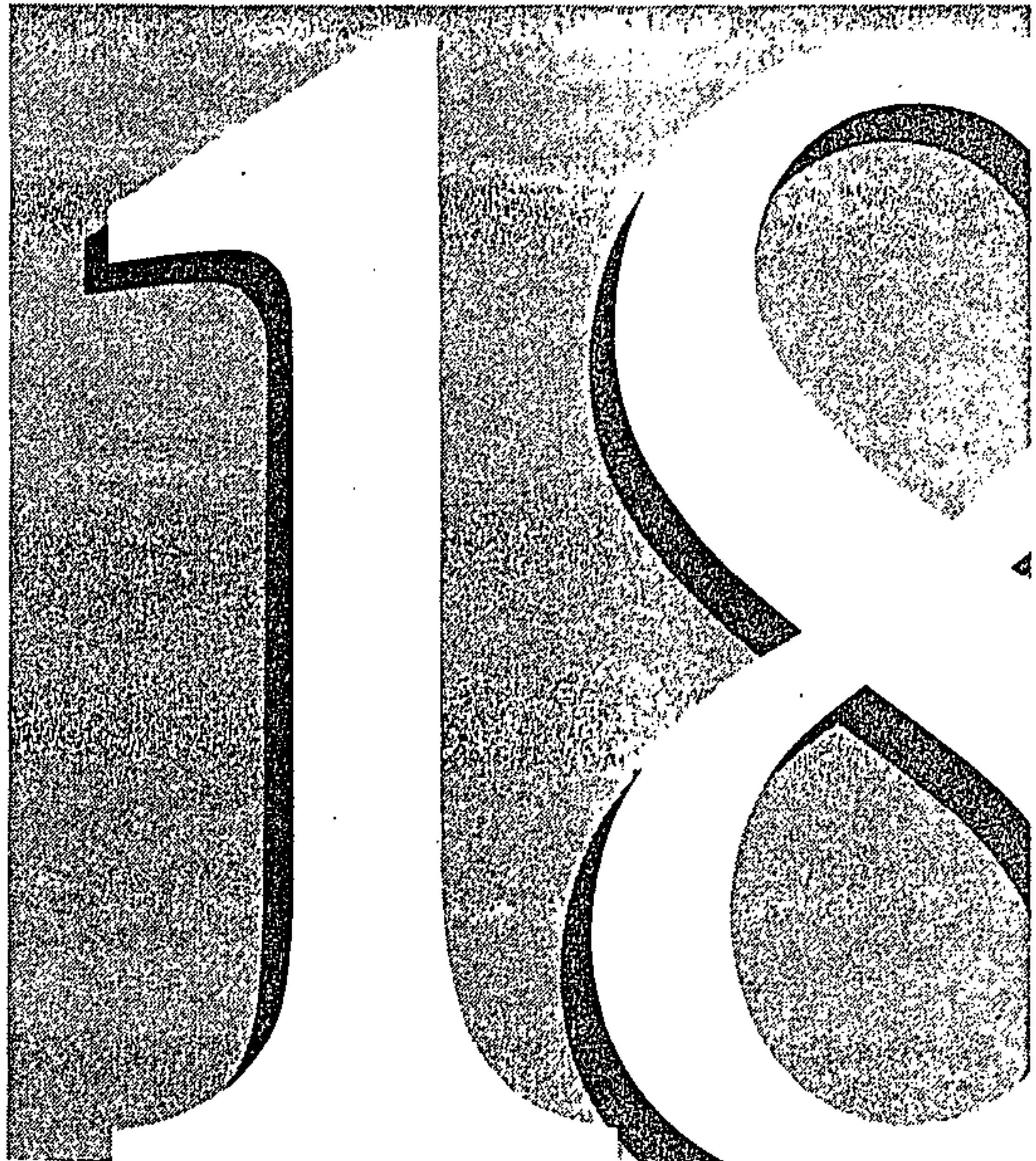
"We regard private initiative as including as wide a variety of interested parties as possible - individuals, community organisations, community-based housing agencies, non-governmental organisations, commercial developers,

utility companies, finance institutions and employees.

"In this way we believe private initiative will undertake the lion's share of actual housing delivery.

"The Government would need to provide only what private initiative does not take up," Mell said. - *Sapa*

OGILVY & MATHER, RICHMOND, SEADLE-TRIPP & MAXIN 32951





Cabinet okays Old Mutual plan

# Pension funds released for black housing

339  
BIPAY 9/11/90

CAPE TOWN — Government has approved an initiative by Old Mutual and the Urban Foundation to unlock millions of rands in pension and provident fund money for use in the provision of black housing.

The initiative proposes the use of SA's massive pool of retirement funds as leverage for widespread home ownership.

It represents one of the most significant breakthroughs in attempts to release institutional funds for development.

In essence, the plan will enable pension and provident fund members to use their investments as backing for and initial repayment of a bank or building society home loan, without compromising the value of their retirement packages.

If implemented, it will make full use of the R20m Urban Foundation Loan Guarantee Fund established to underwrite lending institutions' exposure to the lower end of the home loan market. Old Mutual chief operating officer Gerhard van Niekerk said it would allow pension and provident funds to release money for development without sacrificing market-related returns.

If the plan is taken up by other major pension and provident funds, it will make a major contribution towards solving the problem of affordable housing.

Van Niekerk confirmed yesterday the plan had been approved by a high-level Cabinet committee.

For Cabinet to approve the plan, it first had to agree to exempt the Old Mutual from legal clauses — in the Pension Fund Act of 1956 and the Usury Act — which had inhibited the use of pension funds as loan

LESLEY LAMBERT

guarantees or repayment sources.

Registrar of Financial Institutions Piet Badenhorst said the exemptions would not have to be approved by Parliament.

Key benefits of the plan are that it will give pension and provident fund members, unable to accumulate the required deposit, access to a lump sum, and ease the initial repayment burden on low-income members.

It will also provide greater security and easier administration for lending institutions as repayments will be collected in bulk through the employer's salary administration system.

The schemes were designed by the Perm and Old Mutual with the Urban Foundation.

Perm MD Bob Tucker said the Perm's "salary-linked home loan" would more than double the amount a prospective home-owner could afford to borrow.

Tucker said even if only a small percentage of pension and life assurance assets were used for the new scheme, R10bn could be made available to finance new homes immediately, with a further R2bn each year.

This is a brief outline of how the plan will work: When a pension or provident fund member's accumulated withdrawal benefit amounts to the 5% deposit required by the loan guarantee fund to buy a house valued at between R12 500 and R35 000, the member will be entitled to a loan from the fund which will be backed by his or her withdrawal benefit.

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## Pension funds

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Using that loan as a deposit, the member will have access to a bank or building society home loan. If 25% of the person's salary is not enough to cover bond repayments, the shortfall will be made up by further monthly loans from the fund. The loan granted for the deposit, together with the additional loans, will be structured in such a way that they do not exceed the member's withdrawal benefit entitlement.

Once the person's salary can support full repayments, the member will start repaying the additional loans to the fund. The sum of the bond and loan repayments will not exceed 25% of salary. The member will continue to make normal pension or provident fund contributions during this phase.

Once the bond is fully repaid, the member will continue to make additional payments to the fund until the additional loans

are also repaid. These repayments will ensure full benefits at retirement.

Members will remain eligible for the normal death and disability benefits provided by the fund during this process.

If the member resigns before retirement, the outstanding loan from the fund will be offset against the withdrawal benefit, less tax payments due.

One of the first steps in implementing the plan will be to refine specific details in consultation with pension and provident fund trustees, says Henk Beets, Old Mutual employee benefits assistant GM who was instrumental in developing the plan.

One of these details will be to determine an interest rate on additional loans from the fund which will prevent fund members who do not use the loan facility from subsidising those who do.

□ From Page 1

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 *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.

## Wage-related home loan

### Scheme gets the go-ahead

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 per cent, adjusted for inflation, the return for the investors in this scheme could be seven per cent.

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.



# 'Billions' in the pipeline for housing

HOPE is in sight for South Africa's homeless — following two unrelated announcements from the local life assurance industry this week that could make billions of rands available for housing.

## Thousands

A scheme devised by the Urban Foundation and the country's largest life assurer, Old Mutual, has been given the green light by Government and effectively opens the door for thousands of people in lower income groups to own homes.

At the same time the life assurance industry's representative body, the Life Offices Association (LOA) confirmed this week that it had set up a committee to investigate "socially desirable" investments which would include hous-

## CHRIS MOERDYK

ing and other "grassroots" economic development measures.

The Urban Foundation/Old Mutual scheme enables members of pension and provident funds to buy houses while retaining the full benefits of their retirement benefits.

According to Old Mutual, once a member of a pension or provident fund had built up sufficient money in the fund to make a 5 percent deposit on a house, he could borrow the money for this purpose.

If he did not qualify for a bond from a bank or building society the balance of the money could be borrowed from his retirement fund.

The scheme would be open to first time buyers of all races but would be limited to houses costing a maximum of R45 000.

The announcement that the LOA had established a committee to investigate low-cost housing as an avenue for investment, follows last week's suggestion by ANC economist Vella Pillay that local life assurers invest up to 10 percent of their funds in "socially desirable" projects.

## Pressure

The LOA said, however, that the decision to investigate these specific investment opportunities was not as a result of "pressure" from the ANC but as a result of the continued lack of suitable investments.

Members of the LOA had total assets of R128 billion by the middle of this year and for many years life assurers have experienced considerable problems in finding secure investments for their funds.

# The Perm opens door to low-income houses

S/Times 11/11/90

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By DAVID CARTE

IF YOU wish to buy a house, the Perm will help you — by buying a slice of your salary for the next 20 years for a large capital amount, which you use to get a home.

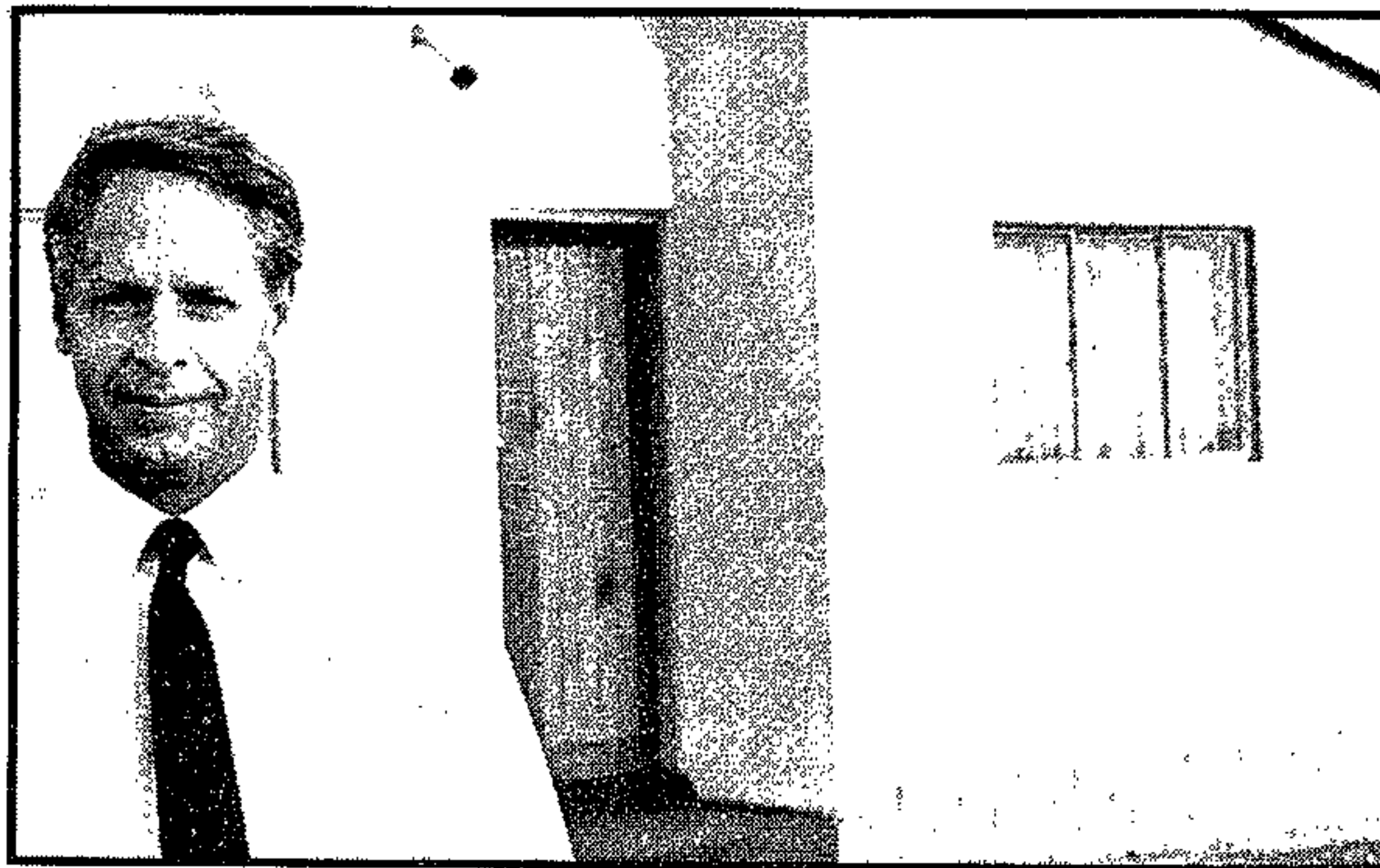
A Cabinet committee agreed this week to let the Perm launch a revolutionary scheme making home ownership easier for everyone with a job.

The mortgage replacement plan, devised over three years in collaboration with Anthony Asher of the Wits actuarial faculty, also allows pension schemes to channel money into housing without compromising their fiduciary responsibility.

## Static

Pension funds will provide the money and the Perm will administer the scheme, which is available for houses of all prices.

Perm managing director Bob Tucker says: "When you pay off a bond, assuming constant interest rates, the monthly payment remains static in nominal terms. But



HOMES FOR THE MANY: An income of R700 a month buys this R28 500 house Picture: TOM EDLEY

in real, inflation-adjusted terms, one's contributions start to fall after a few years.

"Under this system, because one's salary normally rises over time, payments actually rise in nominal terms and — depending on one's pay increases — in real terms as well. For this reason, one can afford a better home with the new plan."

Another advantage is that payments are unaffected by interest rates.

"You won't get the situation where a man buys a house when interest rates are 12,5% and discovers he cannot afford it when they rise to 21%."

Mr Tucker says present formulas allow house buyers to borrow only 17 times their monthly salary. Most blacks earn less than R1 000. They can thus borrow, at most, R17 000, which is not enough for a house.

The scheme makes it possi-

ble to "borrow" 42 times the monthly salary — in other words 2,5 times more. A person who could afford a house of R10 000 is suddenly able to get one costing R25 000.

The Perm's proposal obviates the need to save for a deposit — providing employees are established members of the pension fund.

"We stress this is not an ordinary loan. On behalf of the pension funds, we buy a proportion of a man's salary

for 20 years. For the buyer, it is actually less onerous to pay than an ordinary bond.

"At present, the home owner's bond payments must not exceed 30% of his salary at the time of grant.

"The average payment in terms of the new scheme will always be less than 20% of a person's pay. Obviously, the proportion payable depends on the cost of the house he or she wants to buy and salary. We use actuarial tables to calculate these things."

## Promotion

Mr Tucker says all contingencies have been anticipated.

"If anyone enjoys rapid promotion and large pay increases and believes he is paying too much for his house, he can convert to an ordinary bond at any time. The scheme will not be usurious.

"If a person changes jobs, no problem. We simply continue to collect the agreed proportion of income. If he is unemployed and cannot pay, his position is the same as it would be under existing arrangements."

Mr Tucker says the new bond does much to defuse politicisation of the housing issue. It makes home ownership more accessible to many. At the same time the pension funds' billions can be safely deployed.

"About 9% of urban blacks can afford a R35 000 home. Another 12,5% can afford one valued between R12 500 and R35 000. No fewer than 60% cannot afford a R12 500 house.

## First

"But huge numbers of the black employed can afford only R10 000. These people could under the new scheme afford a house of R25 000. This could be enhanced if the Government goes ahead with its R6 000 capital subsidy for first-time buyers of serviced sites."

Mr Tucker says pension funds may join the scheme individually or as part of a pool. They can either have a dedicated portfolio of finance for their own members or can take part in a pool of loans to employees of their own and other pension funds.

The Cabinet committee also approved a plan put forward by Old Mutual and the Urban Foundation to make pension and provident funds accessible to house buyers.

Fund members will be able to use their retirement investments as backing for and initial repayment of a bank or building society loan up to R45 000 without reducing the value of their retirement benefits.

This is an incremental improvement on existing mortgage schemes and is different from the Perm's scheme, which is a world first.

If the Perm and Old Mutual proposals are widely copied, black house ownership should boom. The initiatives could go a long way to heading off demands from the ANC for institutional money for black housing.



# Housing initiatives praised

CAPE TOWN — New initiatives to broaden the base of home ownership in SA would help to break the logjam that had kept investment funds from flowing into low-cost housing, Urban Foundation housing MD Matthew Nel said at the weekend.

Referring to initiatives devised by the Old Mutual and the Perm to bring home ownership within the reach of millions of low-income pension and provident fund members, Nel said there were many similar initiatives in the pipeline.

He said research conducted by the Urban Foundation and the Old Mutual had indicated that the use of retirement funds could have a significant effect on SA's

LESLEY LAMBERT

critical housing shortage.

In one pilot test, the application of the Old Mutual's scheme to a large industrial company in Johannesburg had had the effect of increasing the percentage of its employees with access to a bond on a R20 000 house from 55% to 97%.

The Perm's salary-linked bond repayment scheme, which also relies on backing from retirement funds, will also give earlier and more affordable access to low-income earners. (339)

In essence, both schemes make provi-

□ To Page 2

## Housing

sion for the earliest possible access to a low-cost house on the basis of the assumed repayment potential of future salary increases and savings.

But Nel says that, to be truly effective, these initiatives would have to be accompanied by two other developments: successful implementation of the R20m loan guarantee fund which underwrites portion of lending institutions' exposure to the lower end of the market, and the restructuring of government's housing subsidy schemes in favour of low-cost housing.

Henk Beets, Old Mutual employee bene-

(339)

□ From Page 1

fits GM who was instrumental in designing the scheme, says the limit was determined by two factors: the need to target the low end of the market, and the authorities' concern that access for wealthier people could have an inflationary effect on house prices.

(339)

"At R45 000 — a price level at which there has not been strong demand in the past — there are few existing houses with prices to inflate. Instead, it should stimulate the building of new homes at that price level," he said.

# Vision to free millions for homes realised

A high-level Cabinet Committee has approved a "unique" joint housing plan by Old Mutual and the Urban Foundation, the insurance giant announced last week.

The plan brought the dream of home ownership within reach of tens of thousands of South Africans who could not previously afford it, Old Mutual said in a statement.

The plan was approved on Wednesday, according to the company.

Refined and tested over two years by Old Mutual and the Urban Foundation, the plan provides for the following:

- \* Avoids cross-subsidisation by members of pension and provident funds not making use of the scheme;

- \* Participating members still retain the full value of their retirement benefits; and

- \* There are no low-yield investment penalties involved as in the case of the suggested prescribed assets route.

The following is a brief outline of the scheme according to Old Mutual:

- \* If the member resigns from employment before retirement, the outstanding loan from the fund is offset against the withdrawal benefit (less any tax payments due). If the mortgage bond has not been fully repaid, the member will be responsible for continuing the rest of the repayments

to the bank or building society as would normally be the case.

The key features of this new approach towards low-income earners are, according to Old Mutual:

- \* Members who would otherwise have difficulty in accumulating the required deposit towards the purchase of a home are granted access to a lump sum;

- \* Traditional mortgage loan finance is made more accessible because of the availability of a deposit from the pension or provident fund. Because the member is able to draw on additional ongoing contributions to the retirement fund for an initial period, the mortgage bond repayments are made more affordable;

- \* While the initial focus of this scheme has been on making home ownership more affordable, it could also be extended to enable members to repay mortgages faster and acquire full ownership of a home much sooner than would normally be the case;

- \* 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.

Old Mutual said the following two legal restraints prohibited its plan from becoming operative:

The first was under the Pension Fund Act of 1956, whereby any loans granted by pension or

- \* When a new member joins a pension or provident fund and commences contributions to the fund, a withdrawal benefit is accumulated. As soon as the withdrawal benefit is sufficient to provide for a five per cent deposit on a house of a specified selling price, the member can obtain a loan from the fund against the security of their withdrawal benefit;

- \* The member then commences bond repayments, which are limited to a maximum of 25 per cent to 30 per cent of salary. If this amount is insufficient to cover the bond repayment, the deficit is made up by further loans from the pension or provident fund. The loan granted for the deposit, together with the additional monthly loans to assist with bond repayments, are so structured that they never exceed the member's withdrawal benefit entitlement;

- \* When the member's salary has increased to a point where full bond repayments can continue unassisted, the member then also commences paying back the loan from the fund. The sum of the bond repayment and the pension or provident fund loan repayment won't exceed 20 per cent to 25 per cent of salary. During this phase the member also continues to make normal contributions to the pension or provident fund;

- \* Once the bond is paid in full the member continues to make additional payments to the fund until the loan from this fund is also fully paid. These repayments are by then a "very small charge" on his salary and ensures that at retirement the full benefits of the fund are available;

- \* Throughout this process the member remains eligible for the normal death and disability benefits provided by the retirement fund; provident funds to members have to start being repaid immediately.

The Economic Advice Sub-Committee has now agreed that an exemption from this requirement can be granted under the act by the Registrar after considering an application by individual pension funds.

Secondly, the restraints which were imposed on the operation of this scheme by the Usury Act, have also been removed by way of an exemption.

Old Mutual said the scheme addressed some of the most crucial problems of South Africa's housing crisis -- the twin questions of access to funds and affordability of loan repayments". - Sapa



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Old Mutual said the scheme addressed some of the most crucial problems of South Africa's housing crisis -- the twin questions of access to funds and affordability of loan repayments". - Sapa

## SOWETAN BUSINESS

# Insurers to probe black homes plan

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

*Sowetan 12/11/90*  
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 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 commensurate 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

By JOSHUA RABOROKO

SOUTH African beer drinkers continue to spend vast sums of money quenching their thirst in spite 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 helped 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.





Happy days are here again as the children of Polokong Children's Village in Evaton whoop over R220 000 donated by Samancor Foundation school for the purchase of a microbus and the building of a cottage which will provide lodging for a mother and 10 children.

## Black housing problem tackled

THE dramatic events of the past year have had major implications for South Africa and the Urban Foundation, Foundation chairman Mr AM Rosholt said in his annual review.

He said in spite of many setbacks the Foundation had managed to establish a Home Loan Guarantee Fund and launched the Group Credit company as part of a programme aimed at the lower income group housing.

The company provided loans between R500 and R5 000 to members of savings clubs who have demonstrated an ability to save.

Rosholt said an informal settlement upgrading the Foundation was aiming to achieve basic health and safety and to secure permanent tenure for residents.

"The decision by the Durban City Council, the Independent Development Trust and the Tongaat-Hulett Group to fund the upgrading of the Bester's Camp on the outskirts of Durban and the acceptance by the community that the Foundation manage this project, is seen as a major breakthrough for us."

He said an area which was causing serious concern within the Foundation was its housing utility companies. - Sapa.

## Youths deny attack claims

THE ANC Youth League yesterday denied allegations that its supporters were involved in attacks on members of other liberation movements.

It pledged to continue fighting for a realisation of the ANC's "popular aspirations" enshrined in the Freedom Charter.

Responding to what it called "seemingly fashionable offensive diatribes which evidently seem to undermine the image of our movement" in the press, the ANCYL said in a statement the ANC had no reason to

### SOWETAN Correspondent

apologise for its track record which had been informed by its non-racist and non-ethnic position for decades.

ANCYL dismissed as "a sorry statement on concerted efforts towards a free South Africa" the Azanian Students' Movement's allegations this week that ANC supporters were "always involved in attacks" against other liberation movements.

"It does not help the cause of liberation, in our opinion, to resort to political mudslinging in the quest for questionable ends. We have to repeat here that we have no interest in dissipating our energy in constituency conflicts. What we are about is a united offensive against the apartheid system in all its ramifications.

"This commitment, we have consistently explained, must cut across the entire political spectrum," the ANCYL statement said.

Watch out for



# ANC plea for sharing of South Africa

*Swelam 15/11/90*

*339*

THE ANC, in a report just released, has made an urgent plea for a major redistribution of land in South Africa as part of a State-run affirmative action programme, using nationalisation selectively.

The report is a detailed summary of last month's African National Congress Land Commission workshop, which was closed to the media.

It is the first in a line of comprehensive ANC documents which will form the basis for discussions towards a definitive ANC land policy, officials said.

Mr Derek Hanekom, administrator of the ANC Land Commission, said

what was notable about the workshop was that it highlighted the complexity of the South African land issue.

Discussions raised more questions than answers, he added.

## Report

The ANC expects its report will contribute to the growing debate on the emotive issue of land in the country - 87 percent owned by whites and the remaining 13 percent by blacks.

There was also an urgent need for a programme of affirmative action regarding the acquisition of land for black people and in support of aspirant black producers.

Importantly though,

the ANC said, the majority opinion was that nationalisation of land was not necessarily the only instrument for land redistribution.

The ANC said an example of the thoroughness of the workshop was that delegates went so far as to give detailed proposals on exactly how to compensate land owners whose land was acquired by the state. - Sapa.



# ANC and PAC should fight council elections

B12M 15/11/90

LIBERATION movements and other progressive community organisations must encourage the people to elect, through democratic processes, committees to take care of the various aspects of community life, including socio-economic development.

It is these committees which must work closely with development institutions in the planning and management of development projects.

Development institutions must endeavour as far as possible to work at the project level with committees which truly represent the affected community.

To work only with the legally created authority or a representative of a liberation movement which happens to be prominent in a particular community is not enough. A genuine attempt must be made to find the democratically elected representatives of a particular community.

It is my view that in order to tackle the serious development problems in black urban areas, to prepare these towns for integration with neighbouring cities and to stabilise the political situation, the liberation movements must support the holding of new elections which will result in town councils which truly represent the people.

This will create the right climate for solving the problems of poverty, unemployment, homelessness and violence.

Tackling these problems cannot be delayed pending the finalisation of a negotiated political settlement. The present crisis regarding the payment of rent and services is directly related to legitimacy of present councils on the one hand, and to the inability of people to pay on the other because they are poor and unemployed.

If a permanent solution is not

## WISEMAN NKUHLU

found very soon, and the withdrawal of private sector financial institutions from the financing of low income housing in black urban areas becomes a reality, a future government will face a real crisis. It will not be in a position to solve homelessness without private sector involvement.

The establishment of nonracial, integrated city councils which incorporate the present racially based city councils and black local authorities needs proper planning to ensure that predominantly black areas benefit.

If this matter is not properly handled by those who have a genuine interest, there is a great danger that once a nonracial democratic system is established, middle income blacks will leave the townships for better

suburbs in the formerly white cities, leaving the "Sowetos" to collapse.

This can be avoided by starting the planning process now, by entrusting the management of the towns to competent persons who enjoy the support of the communities.

The mandate of the new councils would have to be very specific; to promote integrated development in the townships and to prepare them for amalgamation with neighbouring cities or towns. Delays in improving the management of our cities, including the black townships, will be very costly.

The liberation movements must consider this matter very seriously.

There is no doubt that apartheid restrictions on freedom and democracy are behind the violence in the townships, and that the government has a responsibility to stop the violence.

It is equally true that, in the first

place, it is the responsibility of black leaders not to allow the anger and frustration of the people to cause destruction. This is not an easy task when people have been denied freedom, responsibility and accountability for so long.

It needs considerable insight, resourcefulness, wisdom and courage on the part of the leadership. In my humble opinion, among the first things the leadership has to do is to engage the energies of the people in meaningful nation-building activities, like tackling poverty, unemployment and homelessness.

Taking over the management of the townships would facilitate the initiation of a process of black people-directed development.

□ Prof Nkuhlu is Principal and Vice-Chancellor of Transkei University. This is an extract from his address to the Urban Foundation's AGM yesterday.

LETTERS



# Focus on 'new' divide

By Day 15/11/90

THERE were no guarantees the urban and rural poor would benefit from a new and nonracial SA, Urban Foundation chairman Mike Rosholt said yesterday.

Presenting the foundation's 1989/90 report in Johannesburg, Rosholt said the new divide in SA was between the haves and have-nots. The foundation would have to focus its work on the formulation and promotion of viable policies to address poverty, widening its view from a concentration on race.

Referring to solutions to the problems facing the new SA, Rosholt said "a society based on family values, clear identification of interests and a strong sense of self-reliance will have a much better chance of success than a society dependent on the state for its well-being".

He said housing remained a critical issue, but if government were to adopt the foundation's latest proposals, the propor-

tion of urban households able to enter the process leading to home-ownership with security of tenure would increase from the present 41% to 97%. For every R600m spent, 100 000 low income families could be settled on a serviced site with full tenure.

Rosholt said if government committed sufficient funding to a one-off capital subsidy and "levelled the playing fields between the public and private sector agencies delivering serviced sites and houses, we will see the start of a dynamic process ... to turn the housing crisis around".

Also vital was a national housing strategy which clarified the roles and responsibilities of the state and private sector actors and "mobilised the development capacity in our society".

● See Page 6



Anglovaal deputy chairman Basil Hersov and Independent Development Trust chairman Jan Steyn at the Urban Foundation AGM in Johannesburg yesterday.

Picture: ROBERT BOTHA





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# Focus on 'new' divide

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● See Page 6

# Steyn's trust seeks channels for investment

CAPE TOWN — The R2bn Independent Development Trust is identifying institutions through which to invest funds and route some of its social upliftment responsibilities, chairman Jan Steyn said yesterday.

Addressing Cape Chamber of Commerce members, Steyn said the Loan Guarantee Fund established by the Urban Foundation and the Mortgage Lenders' Association to encourage lending to the lower end of the home loan market, was one institution in which the trust would consider in-

vesting some of the funds.

Others under consideration were the two new home loan financing schemes announced by the Old Mutual, in conjunction with the Urban Foundation, and the Perm.

He urged firms to assist the trust with ideas for investment.

"We face remarkable opportunities during the next three or four years of identifying ways in which

our own organisations can make a contribution to the development needs of SA," he said.

The help of the church would be enlisted in rural areas where there were no organisational structures through which the trust could work.

But, responding to pressure for detail on how the trust planned to spend its funds, Steyn reiterated that it would not rush into projects and would resist pleas for handouts.

● See Page 8

LESLEY LAMBERT



# The Urban Foundation turns to the state

*The Urban Foundation, long a champion of the free market, has admitted that the private sector cannot be relied on to house the poor. It now advocates an interventionist role for the state.*  
**REG RUMNEY reports**

**R**ELYING wholly on the private sector to solve South Africa's housing shortage just won't work.

Implicitly acknowledging this, the Urban Foundation (UF) this week called in a policy document for greater state involvement in housing as a response to the worsening of what it calls the housing "crisis".

The document marks a shift in the UF's emphasis on the private sector as a provider of housing. Dubbed "Policies for a New Urban Future", the document puts the housing backlog at around 1.2-million units for urban black families.

The UF summarises the key features of the housing crisis as:

- The magnitude of the shortage. For the urban black population alone, 174 000 housing units need to be built each year between now and 1995.
  - The high rate at which homes need to be built. The growth rate for the black population in the major urban areas is projected at 4.3 percent a year from 1990 to 2010.
  - Most of those who need to be housed are very poor.
  - "Despite numerous government commissions and committees of inquiry into the housing crisis, progress has been negligible," says the report.
- The UF questions whether such a crisis is inevitable in a rapidly urbanising society or whether it is a consequence of a failure of public policy — and advocates a comprehensive national urban housing policy.
- "The responsibility for development of housing policy rests with the state," it says.
- The organisation has come up with a 14-point strategic plan. Some of the proposals, paraphrased for the sake of clarity, are to:
- Create a single ministry of housing operating on a national, non-racial basis.
  - Formulate a programme, based on quantitative objectives, on the full range of housing options in the urban areas.
  - Create state housing development agencies with separate financial and objective accountability.
  - Establish "level playing fields" in housing provision for public and private sectors (community organisations, community-based housing agencies, non-governmental agencies, utility companies and commercial developers).
  - Establish metropolitan land planning agencies, with public and private sector involvement, to identify well-located land for low-income housing developments, particularly for site-and-service schemes.
  - Secure state funds for land investment. This will help public and private sectors buy and service land for low-income housing developments.
  - Restructure, rationalise and simplify urban land registration, including township establishment.
  - Encourage local authorities to accept appropriate servicing standards, and upgrading of these services in time by regional authorities.
  - Support upgrading of existing informal settlements where possible, by providing services, tenure and access to housing subsidies.
  - Support the widespread development of site-and-service schemes.
  - Change housing subsidy policy to provide assistance to the urban poor on a wide scale through the introduction of capital subsidies or serviced sites and by modifying the first-time homebuyer's subsidy.
  - Encourage initiatives by home loan institutions and pension funds to provide credit.
  - Support programmes protecting consumer from exploitation and malpractice in the low income housing market.

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New financial mechanisms and opportunities for wide-spread home ownership are emerging. How effective could these be in addressing SA's critical housing shortage?

First on the market earlier this year was the Loan Guarantee Fund. Established by the Urban Foundation and banks and building societies, the fund addresses the risk and profitability constraints that have kept lending institutions out of the lower end of the home loan market. It does so by underwriting a greater degree of their exposure to this market and passing some administrative costs on to borrowers.

With problems related to the risk of providing funds in this sector theoretically defeated, the next constraint was the inability of most of the people in need of homes to afford that finance.

As if on cue, two new mechanisms were announced last week. They aim to lower the levels of entry into the home loan market and thus open up home ownership to a large percentage of the population which previously could not afford it.

The joint Old Mutual/Urban Foundation scheme proposes that this be achieved by allowing retirement fund members to borrow directly from their funds the 5% deposit required by the Loan Guarantee Fund and further monthly loans to subsidise early bond repayments. A separate scheme by the Pern provides the actual financial vehicle for the purchase of a home through a salary-linked loan.

Other potential sources of finance include securitisation, which enables financial institutions to mobilise additional funds, and government-backed marketable housing securities which would provide a secure and perhaps even profitable conduit for institutions under pressure to invest in socially desirable projects.

Overshadowing these schemes are the potential risks of widespread default in tough economic times, political unrest and bond boycotts. If all happened at once, lenders would be in trouble. To minimise risks, they have constructed a number of safety mechanisms through the Loan Guar-

# Widening access to home market may not be enough

6 Feb 16/11/90

LESLEY LAMBERT in Cape Town

ante Fund, including the insurance of part of the value of the home through insurance companies which, in turn, are covered by the fund.

The Pern argues that the risk of initial default is much lower in the case of its salary-linked scheme. But the argument is based on the assumption that members will remain employed, that their salaries will increase and that, in the case of default, house prices will at least keep pace with inflation.

Pessimism aside, how effective could these sophisticated and complex initiatives be in addressing housing needs?

Estimates of the shortage range between the Urban Foundation's 1,2-million units, which includes the homelands and counts serviced sites as homes, and the CSIR's 2,1-million units, which excludes these.

Furthermore, the Urban Foundation calculates that, based on income, 50% of blacks are unable to afford housing finance and are making their own provision for housing on an incremental basis. A further 40% can only afford a formal structure, or starter home, costing between R12 000 and R35 000, while the remaining 10% can afford conventional housing over R35 000 and are already housing themselves.

Early estimates indicate that the new financing initiatives could shift

a large percentage of the incremental category into the starter category — assuming they are working and/or belong to some form of retirement fund — and promote the majority of those in the starter to the conventional category by improving their access to finance and affordability.

But, because the existing schemes are based on income and retirement fund contributions, they immediately exclude the millions of unemployed and those who work in the informal sector where income is often erratic and provision for retirement non-existent. This sector is seen as the target of Jan Steyn's Independent Development Trust.

The National Housing Trust estimates the cost of an adequate low-cost housing programme over the next decade at more than R50bn.

The Loan Guarantee Fund has undertaken to initially use the R20m it has collected from financial institutions and foreign investors to mobilise enough funds to house 250 000 people in 40 000 homes.

Pern manager Brian Peck believes the Pern's salary-linked scheme, applied to home loans of any size, could potentially shift about 155 000 families into the conventional housing market, resulting in a

funding requirement of R8,5bn over a period of time.

"By channelling as little as 5% of their investments into this type of mechanism, the R180bn retirement and insurance industry could help to turn this 'affordable' demand into reality," Peck says.

In spite of the limitations of applying only to retirement fund members — of which there are an estimated 6-million in SA — and relying on endorsement by the trustees of individual funds, the Old Mutual scheme is potentially far-reaching. In one test conducted by the Old Mutual and the Urban Foundation, the number of employees in a large industrial company who could afford a R20 000 home increased from 45% to 95% when the retirement fund mechanism was applied.

Urban Foundation housing MD Matthew Neil believes that valuable as the initiatives are in breaking the financial logjam that has kept institutional funds out of low-cost housing, to be effective they will have to be accompanied by two other developments: successful implementation of the Loan Guarantee Fund, and the restructuring of government's housing subsidy schemes in favour of low-cost housing.

Funding and affordability are not the only obstacles to solving SA's housing crisis. There may be resistance to the new financial mechanisms, and practical problems in

meeting the demand for homes.

While the majority of retirement fund managers would have some difficulty disputing the principle of using retirement funds in more productive ways which did not compromise their fiduciary responsibilities, there may be some resistance to this mechanism from trade unions. Some believe the financial institutions are letting employers with staff housing responsibilities off the hook.

National Union of Mineworkers (NUM) general secretary Cyril Ramaphosa welcomes the Old Mutual initiative as a progressive attempt to address the housing problem and says he will be taking an active part in discussing it with the trustees of the NUM provident fund. But, he adds, "The state and employers should not use it as an excuse to abdicate their responsibilities."

Another source of potential resistance may be those pension fund members who neither need nor qualify for the loan facility and fear they may be subsidising those who do.

Henk Beets, Old Mutual employee benefits assistant GM who was instrumental in designing the scheme, says there are a number of mechanisms to protect the funds and prevent cross-subsidisation. The loans will attract a market-related interest rate and will not be allowed to exceed the borrower's existing withdrawal benefit — the accumulated value of monthly payments.

The next round of challenges will be immense. Government will have to open up land which is suitable for development and does not make people feel they are again being displaced by social engineering.

More scrupulous builders will have to be found to satisfy the anticipated surge of demand in the low-cost housing market. And financial institutions, apart from ensuring that administration processes are watertight, will have to overcome much of inherent mistrust in the new markets they are targeting.

Ultimately, though, the real test will lie in the ability of the new market of homeowners to meet their financial commitments in tough economic times.



# Why the private sector can't build low-cost homes

Mail 16/11/90 22/11/90 33.9 10/11/90

**H**AS the private sector, which has withdrawn *en masse* from black housing, failed to come up with the goods?

Urban Foundation residential development division MD Matthew Nell puts it into perspective:

"A more accurate reflection would be that the private sector has delivered well where market conditions have allowed it to. It has filled the backlog in conventional housing."

Having saturated that top-end market, private developers were expected to go into low-cost housing for the poor.

What has stopped them is the lack of availability of both mortgage finance for low-cost housing and serviced stands of a reduced quality. The insistence on high standards, such as tarred roads and underground cabling, has pushed up the prices of houses beyond the reach of the poor, who are most in need of housing.

Nell says the private sector will move into the lower end of the market if conditions are right.

The UF's loan guarantee fund, which will make it easier for financial institutions to lend money for housing at the lower end of the market, will help make the conditions right, he reckons.

For the moment, the private sector is hanging back. It has been put off by the government's handling of the first-time homebuyers' subsidy, and high levels of unrest in the townships.

The uncertainty introduced by the sudden announcement of a cut-back in the subsidy for black first-time homebuyers earlier this year has put developers off the black market. Having put money into stands, they are understandably miffed to have their plans overturned by government decree.

Nell also had some honest, if harsh, things to say about almost everyone concerned with the provision of housing.

On the private sector's role, he pointed out that higher risk levels, shrinking margins and limited affordability had caused private home builders to withdraw from the market. This was being

The market has failed to deliver low-cost black housing because it has not been allowed to, argues the Urban Foundation  
**By REG RUMNEY**

hastened along by sporadic unrest as well as uncertainty about reforms in housing, particularly on the Group Areas Act and subsidies.

"High rates of interest and ongoing inflation are significantly eroding levels of affordability," he said.

"This situation is being exacerbated by the violence in black areas, which results in work stoppages and higher prices."

Moreover, financial institutions with few exceptions have still to pursue with any enthusiasm the housing segment below R35 000 — despite committing large sums for loans to it.

"The recent mortgage boycotts in the Western Cape have sent shock waves through the financial institutions, making it extremely difficult to secure market finance for this segment."

He said non-parliamentary groupings such as civic organisations, the Mass Democratic Movement and the African National Congress, were fuelling already high housing expectations of black communities by promising what could not be delivered — conventional homes for all.

"The political changes under way further fuel these expectations," said Nell.

He added that while the public sector was to be commended for its thrust into large-scale site and service developments, it tended to develop these areas "with a significant absence of any cost recovery". This created even greater confusion in poor communities about the real costs of serviced land.

"Black communities, for so long excluded from market-orientated housing provision, do not understand mortgage finance and are suspicious of the private sector. These suspicions have been strengthened by widespread instances of exploitation, poor selling practices and inadequate quality."

# Call for new deal to defuse potent issue

By MICHAEL MORRIS  
Political Correspondent  
GOVERNMENT and ANC negotiators are being warned that unless they formulate a new and more acceptable form of local government for black townships soon, constitutional negotiations will run into trouble.

Negotiators have been called on to draw up a "Pretoria Minute" on local government — a negotiated settlement between the government and the ANC on a new system for running the townships.

As pressure continues to mount on so-called "apartheid local government structures" in black townships like Khayelitsha, Old Crossroads and scores of others across the country, the government is facing demands from various quarters to re-think its strategy for running the townships during the transition to a new political order in South Africa.

Already, township strife — and strident demands for an end to the local council system — has strained relations between the government and the ANC to the limit.

Battle lines are being drawn over mass action against township councils around the country.

Today there are ANC-backed protest marches on this issue in Cape Town and in centres in the Transvaal.

Both sides have adopted tough positions and the stage is set for a major clash. The signs are that the negotiation process is in for a bumpy spell.

Reacting to what they perceived to be a serious threat to the negotiation process, Claremont MP Mr Jan van Eck and Groote Schuur MP Ms Dene Smuts, both of the Democratic Party, called for a "Pretoria Minute" on local government.

## 'Illegal intimidation'

Mr Van Eck said last night: "This should occur at national leadership level so that the whole mess can be resolved.

"This should be the top priority now. The total stalemate now threatening at local government level could jeopardise the whole negotiation process.

"The whole system is crumbling — only yesterday the entire Atteridgeville Council resigned — and it is clear something has to be done soon."

On the eve of major demonstrations against black local authorities in Cape Town and the Transvaal, Provincial Affairs Minister Mr Hernus Kriel called on councillors to resist demands to resign, calling this "illegal intimidation".

Warning on black

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councils



# People must prepare to build the new nation

C/Press 18/11/90

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By ZB MOLEFE

THE greatest damage that apartheid did to South Africa was to destroy the creativity of blacks, University of the Transkei principal and vice-chancellor Wiseman Nkuhlu said this week.

Delivering the keynote address at the Urban Foundation annual meeting in Johannesburg, Nkuhlu urged: "Blacks should now consider taking over the responsibilities of addressing poverty and unemployment with the government and other interested parties joining in."

Calling for greater black participation in the management of black areas, he said one of the first priorities was "to engage the energies of the people in meaningful nation-building activities". These included tackling poverty, unemployment and homelessness.

Earlier, Nkuhlu pointed out that the establishment of non-racial, integrated city councils, incorporating the present racially-based city councils and black local authorities, needed proper planning to ensure that black areas benefited.

It would be dangerous if this was not properly handled by those with a genuine interest, warned Nkuhlu.

"There is a great danger that once a non-racial democratic system is established, middle-income blacks will leave townships for better suburbs in the formerly white cities, leaving the 'Sowetos' to collapse.

"The time to plan and prepare a better future for all South Africans is now, and that task is too complex and important to be left to a single organisation - be it the government, development institutions, liberation movements or labour organisations.

"The guiding principle must be to find the best solutions to the problems at hand and not to defend ideological positions or sectorial interests."

Community leader Deborah Mabiletsa received a standing ovation when it was announced she had been elected vice-president of the Foundation's board of governors.

Foundation chairman Mike Rosholt warned there were no guarantees that the urban and rural poor would benefit from a new and non-racial South Africa. It was going to be a long, hard road rebuilding South African society.



Prof. Wiseman Nkuhlu  
... fight poverty.



Deborah Mabiletsa ...  
standing ovation.

# Now SA Property Foundation launches housing programme

MATTHEW CURTIN

THE SA Property Foundation launched a new housing programme at the weekend as the company joined Old Mutual, the SA Perm and the Urban Foundation in exploiting government's recent approval of exemptions to the 1956 Pension Funds Act and Usury Act.

SAPF director Johan Cloete said the "innovative" scheme launched in association with Anrode Construction, a company specialising in low-cost housing, would release "millions of rands tied up in pension and other funds".

The SAPF scheme promised affordability for both the prospective house owner and the investor.

Cloete said the companies had devised a "carefully balanced financial instrument" which assured financial return for the investor and the provision of housing.

On November 8 a Cabinet committee approved the exemptions, presented to Financial Institutions Registrar Piet Badenhorst in May this year by the SAPF, Old Mutual, SA Perm and the Urban Foundation.

The initiative unlocked the use of SA's R170bn pool of retirement funds as leverage for widespread home ownership.

The SAPF estimated 127 000 houses needed to be built each year for the next 20 years effectively to address the housing backlog.

Cloete said its scheme would allow a single person earning R850 a month to increase his the housing bond he was able to service from the R12 200 possible under today's financial criteria to R20 000. Bond repayments were possible for as little as R200 a month, with home owners able to finance fixed-scale repayment increases on an annual wage increase of only 1,5%.

The SAPF intended to concentrate on a niche market, approaching prospective house buyers through their employers.

He said this strategy facilitated the settling of accounts as the SAPF would deal with employers rather than hundreds of individuals.



# Violence 'beyond the levels society able to tolerate'

By Al-Ameen Kafaar

The removal of racial barriers can now be used more positively to focus on the socio-economic issues of poverty and disadvantage which face our society, says the chairman of the Urban Foundation A M Rosholt.

In his annual statement Mr Rosholt said the foundation had responded to the new open environment by seeking more involvement from community leaders in its decision-making.

Far wider interaction with political groupings resulted in communities viewing the foundation as a valuable resource, not only in the project field but also in its policy fields.

The past year has also seen violence escalate within the

black urban communities. As SA struggles towards a non-racial democracy, the country had to expect conflicts between different groups of people.

"However, the viciousness of this recent violence goes way beyond what society can tolerate — and requires that all leaders commit themselves beyond rhetoric to a peaceful transition."

It was critical to develop a tolerance for other people's views and a mode of settling differences peacefully and through democratic processes.

The violence had very negative consequences for the foundation he added, in particular for their housing, utility companies in Natal, OFS, Goldfields and the East Rand.

The progress on a number of education programmes had been thwarted.

# Low cost housing

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*S. A. G. G. G.*  
THE R2-billion allocated by the Government for socio-economic development should be used where the need was greatest.

It should not be used to subsidise houses costing more than R10 000 to R12 000, said Aida Holdings chairman Ms Aida Geffen.

In a statement, she said the funds should be used for the majority of urban blacks who earned between R500 and R800 a month.

"I believe the acute

19/11/90  
housing shortage in this country and the squatter problem is a time-bomb on the verge of exploding."

Ms Geffen said it made no sense to subsidise black housing in the R20 000 to R30 000 bracket at the expense of the majority who could not even afford repayments on bonds of R10 000.

She said the belief that basic dwellings could not be built for less than R15 000 had been disproved at Orange Farm

earlier this year where 3 500 houses were built at a cost of R8 500 each.

The houses consisted of an outer brick wall with tiled or steel roof, no plastering or ceilings and a single dividing wall.

One water tap was shared by 10 houses and pit sewerage would be used until water-borne sewerage was installed.

Eskom had undertaken to bypass the various municipal authorities and enter into direct supply contracts with house-owners at Orange Farm, Ms Geffen said.



# Securitisation of home loans <sup>B 1 Day 20/11/90</sup> the latest route

ROBERT GENTLE

MORTGAGE-backed securitisation — the converting of mortgages into negotiable securities — is emerging as a way of channelling part of the life assurers' billion-rand cash flows into low income housing.

This emerges from interviews with leading figures from the life assurers, chartered accountancy firms, merchant banks and the Reserve Bank.

Mortgage-backed securitisation would work as follows: a traditional lender like a building society would offer low value housing loans to low income earners. The resulting mortgages on the building society's book would be sold off to a company known in securitisation jargon as a special purpose vehicle (SPV).

The SPV would stand good for any default on the mortgages, thus providing the building society with the incentive to make the loan in the first place. As soon as the SPV had a sufficiently big pool of such mortgages, it would securitise them — turn them into interest-yielding marketable securities for life office investment.

The SPV would of course have to make the securities attractive investments. This is done by what is known as "credit enhancement", which could take the form of more guarantees, or getting third parties like the government or say, the Urban Foundation, to top up the interest yield on the paper to make it more attractive.

There are few losers in this theoretical scenario. Firstly, the low income earner gets a loan the building society may not have been prepared to lend him (low value loans are low margin items, administratively costly and often just not worth the risk).

Contains risk

Secondly, the building society, in selling the mortgage to the SPV, gets the same amount of money back to use again and simultaneously shifts assets off its balance sheet. Key profitability parameters like the capital to asset ratio improve.

Thirdly, the SPV contains the risk in one place, and can use more effectively the billions various parties — from the government to the Urban Foundation — are pledging. The leverage effect is greater, because those billions go much further in guaranteeing a proportion of potential home owners against default, than they would in the building of houses for all potential homeowners.

Lastly, life institutions get negotiable, market-related paper their trustees are perfectly happy to invest in.

The bottom line in this chain of investment is that the money of the life offices on the one end is actually funding home owners at the other — even though neither may actually be aware of it. UBS did virtually the same thing earlier this year when it securitised R250m worth of its better class mortgages.

Deloitte Pim Goldby consultant Robin Marsden supports the securitisation option, saying the whole notion of a government-guaranteed SPV is nothing new. In the US, where more than two-thirds of citizens are home owners, it has been the practice for decades.

It is known as the Ginnie Mae (from GNMA, or Government National Mortgage Association). Ginnie Mae essentially guarantees all mortgages destined for securitisation with the "full faith and credit of the US government"

— meaning they are as safe as US Treasury bonds.

There is no shortage of observers who think SA can evolve its own securitisation programme underpinned by its own Ginnie Mae. Andersen Consulting consultant Fiona Main says SA certainly has the expertise. A senior life industry source says a Ginnie Mae structure is the "most likely" outcome for SA.

Registrar of Banks Hennie van Greuning calls securitisation a practical and workable solution to the housing crisis as it addresses the peculiar concerns of all the parties involved.

Calling for a co-ordinated approach, he says: "People should start speaking to each other rather than past each other."

Van Greuning's point finds an echo in the industry, where complaints are heard about a lack of co-ordination as various parties apparently pursue their own solutions.

The Perm's Brian Peck is enthusiastic about securitisation as a lending mechanism, but cautions against the feeling that the problem ends once the money has been dished out. He raises the wider issues of the availability and affordability of the houses themselves.

Aiken & Peat senior consultant Des Hudgson worries about the administrative difficulties of a First World concept like securitisation in a Third World housing market.

Mathew Nell, MD of the Urban Foundation's residential development division, welcomes "any effective mobilisation of life office funding into areas of development need".

A widely expressed view is that because securitisation is a market-based solution understood by Western governments, it is a good candidate for foreign aid. The IMF would rather put money into a Ginnie Mae than fund say, the Perm's mortgage book.

Senior figures in the life industry say in private that securitisation is high on the agenda. Life Offices Association (LOA) chairman Mike Levett says: "We have a committee looking at it, but until a definite conclusion is reached, it is inappropriate to talk about it."

Securitisation is relatively new to SA. Financial institutions, life office and government all believe it may end their quest for a market-based solution to this country's serious housing crisis.

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## FW's assurances on local govt structures

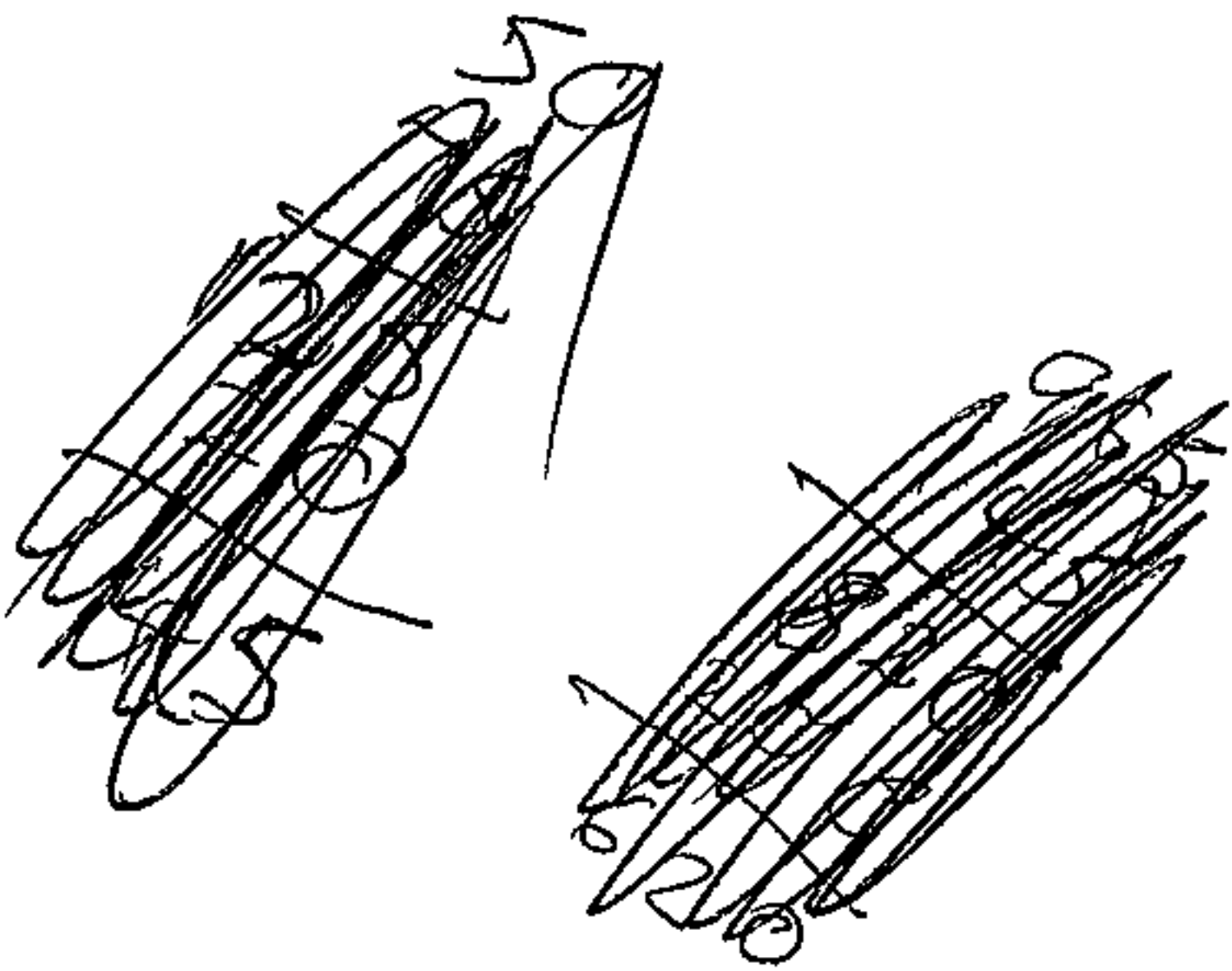
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PRETORIA — President F W de Klerk has given a delegation from the United Municipalities of SA (Umsa) an assurance that local government structures will remain in place until new structures have been developed.

The Umsa delegation led by chairman of the group's think-tank H Ngakane, met De Klerk and Planning, Provincial Affairs and National Housing Minister Hernus Kriel at the Union Buildings yesterday.

Various matters concerning local government issues were discussed, including the role of elected councillors in black local authorities and their intimidation by certain elements in urban areas.

Apart from giving the assurance that existing local government structures would remain in place he also emphasised that all recognised political movements would be involved in any process required to bring about constitutional change. This applied also to local government level. — Sapa.





# When the small people fail to pay, the big lenders turn away

As the recession bites, more black homeowners are failing to pay their bonds ... and losing their homes.

By MONDLI MAKHANYA

**T**HE rate of house repossession is steadily rising as people fail to meet bond repayments, but most major financial institutions say the trend has not yet reached crisis proportions.

None would divulge any statistics illustrating the seriousness of the situation, but the Central Statistical Services has revealed that the number of civil judgments relating to debt increased 14,7 percent in the three months up to August as opposed to the same period last year.

The failure to repay bonds has been cited as one of the reasons several major developers have pulled out of black townships.

Financial institutions have shown an increasing reluctance to lend money to prospective black homebuyers. The newly-formed Soweto Developers and Builders Forum recently slammed financial institutions for joining eight major developers in an exodus from townships.

This also comes at a time when a debate has begun between the African National Congress and financial institutions about what role the private sector should play in alleviating the housing crisis.

ANC International Affairs director Thabo Mbeki says that both the private sector and the government should address the question of affordable housing for poor people who could not carry the burden of real interest rates.

He calls for discrimination to be applied in favour of the poor "by not applying the same considerations to

everybody who needs a home".

The increase in repossessions is confirmed by the Natal Building Society's public affairs general manager Brian Short.

He says, however, that the NBS has negotiated with civic organisations about repayment patterns and a deal was recently struck with the civic association in the Cape township of Khayelitsha.

Responding to Mbeki's statement, Short says while he agrees there should be discrimination in favour of the poor, the responsibility for housing should rest on the shoulders of government and not the private sector.

"The government needs to shift the emphasis of housing subsidies from the middle class to the poor. Rather than subsidising loans, the government should apply its subsidy to the acquisition of land, which would then be utilised for low-income housing," he says.

The Standard Bank's home loans divisional manager Terry Power says in cases where repayment is difficult for people, financial institutions usually try to structure a lenient repayment deal with clients and use repossessions only as a last resort.

"If a person can't pay, he can't pay. It is not in the interest of the homeowner or the financial institution to repossess the house, so we try to work out a manageable timetable for the benefit of both parties. Rarely do

we simply repossess without having tried other means to retrieve our capital," he says.

Power adds that his institution understands that when people take out loans there is no way they can predict that interest rates will rise in the future. This is why recessions tend to result in poor bond repayments.

He says Mbeki's recommendation on interest rates is not feasible because "if you are in business you have to charge the market-related interest".

"We are committed to alleviating the housing shortage. The Standard Bank is into low-cost housing because we have realised that many houses stand vacant in the townships because people just can't afford them," Power says.

He adds that the Standard Bank cannot be expected to make any concession on interest rates because they were already 0,5 percent below the prime rate.

Refusing to disclose what percentage of the UBS' loan lenders were black, credit manager of the United Building Society, Piet Kruger, says although there has been an increase in defaulting, it is not significant. He dismisses as "unfounded" ANC banking expert Vella Pillay's argument that blacks are largely excluded from financial institution funding (See page 47).

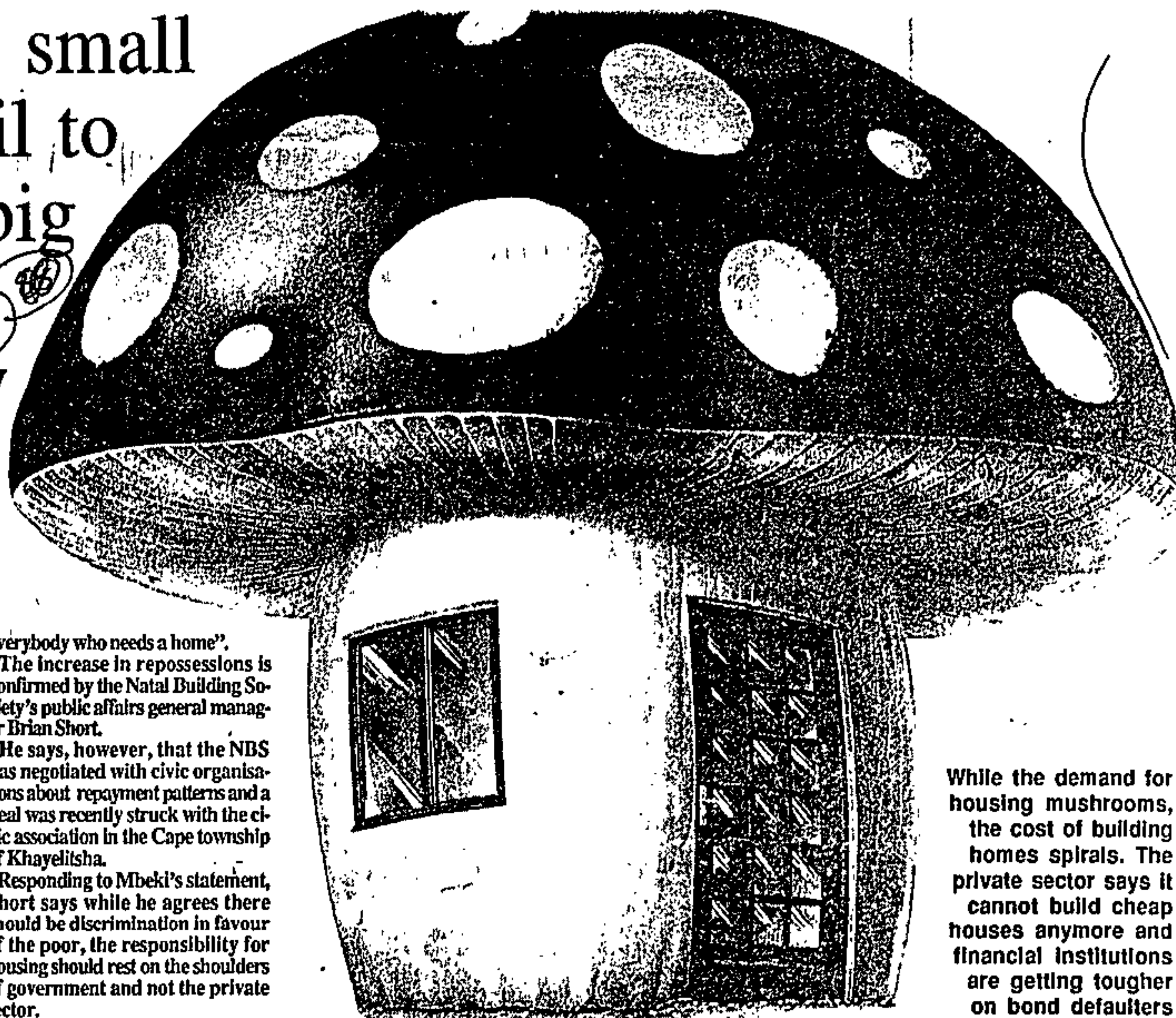
"I don't think the ANC has got its facts right. In the short space of time since 1978 that we've been lending money to black homebuyers, we've

done relatively well. At the moment our loans to them are well in excess of R1-billion.

"This has been achieved despite unrest and upheavals in the townships and I don't think one can do much better than this," Kruger says.

David Harrison, general manager of the SA Perm Building Society's greater Johannesburg region, says there are always some people who are not good at meeting bond repayments during recessions, but this trend has not been dramatic in the past few months.

"The people to whom we loan money are those employed in the formal sector and who have a stable salary. We can therefore ascertain whether a person can repay or not and therefore reduce risk," Harrison says.



While the demand for housing mushrooms, the cost of building homes spirals. The private sector says it cannot build cheap houses anymore and financial institutions are getting tougher on bond defaulters

alterations rose by 8,5%.

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

become more security conscious and would rather stay in a townhouse than a 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

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.

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.

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

LESLEY LAMBERT

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.



8/0am 29/11/90

## Lessons for SA in the way South Americans handle slum problems

339 MARIETTE DU PLESSIS

UNLESS SA succeeds in managing its housing crisis effectively and timeously, many of its residential areas will soon resemble those of the larger South American cities where slums and squalor prevail.

This is the message from Murray & Roberts Construction's housing division executive director Gavin Hardy, who recently returned from a visit to several South American countries.

Hardy said this week he had identified solutions to housing problems in those countries which could be applied to SA, and stressed that government should create adequate infrastructure and serviced sites.

He underlined the advantage of having one housing ministry with a clear policy, as well as the need to clear up the administrative "nightmare" of registration and transfer procedures.

In addition, land had to be made available close to places of employment. Provision should be made for security of tenure, as this would ensure that people built homes of the best standard they could manage.

The private sector could then "take it from there", but nevertheless, building standards and associated costs had to be re-examined.

CSIR statistics showed that about 300 000 units a year had to be built to eradicate the backlog and keep pace with the population growth.

"Except for Chile, the economies of the South American countries are in dire straits — they are experiencing hyper inflation, reduced domestic output and spiralling import expenditure," Hardy said.

Similarly, their populations were growing at an alarming rate, with Brazil's sunshine capital, Rio de Janeiro, being inhabited by 9-million people, 3-million of whom lived in slums.

However, SA could learn from Brazil in that municipalities should concentrate on sewerage and water reticulation so that water and electricity were generally available, he said.

Low income schemes should also be located close to hubs of business, and while informal building and economic activity should be allowed to flourish, squatters should not be relocated.

"Brazil has learnt to accept the inevitability of squatters, and is trying to provide these people with services, no matter how rudimentary," Hardy said.



● HARDY

# Bond boycotters seen to frighten off financiers

<sup>16/04 3/12/90</sup>  
BOND repayment boycotts were scaring financiers away from the low-cost housing market, SA Housing Trust (development) GM J. de Ridder said in Johannesburg at the weekend.

At the launch of the African Builders' Association (ABA), De Ridder said financiers were also to blame for not ensuring their clients fully understood the legal intricacies of buying, building, and financial contracts.

THEO RAWANA.

stances in the same way wage disputes were approached in industry.

De Ridder said financial institutions did not take enough care to ensure their clients fully understood their contracts.

Builders were also guilty of neglecting these responsibilities.

There was evidence that builders used "undesirable selling practices".

## Consequences 339

Political opportunism had "played an important role" in most instances involving such boycotts.

He said most boycotters did not understand the consequences of their actions.

"Typically, the situations are approached within the framework of the wage negotiation process associated with the labour union movement."

Many boycotters believed they could approach renegotiation of their loans to suit altered circum-

stances. There had been a significant breakdown in clients' confidence in financiers.

"This was especially caused by construction quality defects," said De Ridder.

"In my humble opinion, bond boycotts are therefore a symptom of badly managed risk."

ABA president Joas Mogale said his association, an affiliate of the Foundation for African Business and Consumer Services (Fabcos), had affiliates in the Transvaal, Natal, eastern Cape and Ciskei.



ment, sources said.  
Home Affairs Minister

## More councillors quit under pressure

By Esmaré van der Merwe  
Political Reporter

A staggering 40 percent of black local authorities countrywide have been paralysed by mass resignations of councillors as pressure for the abolition of the discriminatory third-tier government system mounts.

In the last month alone, 80 councillors have resigned countrywide, according to statistics provided by provincial authorities.

In addition, 40 percent of the country's 262 black local

authorities have collapsed, 13 of them in the last month. Most are being run by province-appointed administrators.

The system, the target of severe community pressure which often involves intimidation and violence, could face another test in coming weeks. The Civic Associations of Southern Transvaal (Cast) will meet again on Sunday to discuss new methods of forcing further resignations of councillors.

Cast assistant general secretary Cas Coovadia said one mooted tactic was to boycott

businesses owned by councillors.

Another was for township residents to "go to the councillors and say 'We have come to collect your resignations' and then to see what their reactions are".

Asked to respond to suggestions that the remaining councillors be called in by someone of the stature of Nelson Mandela and be asked to resign, which would cut out force and intimidation, Mr Coovadia said: "No councillor in his right mind can still believe that he was elected democratically."

# Development trust allocates R160m

THE Independent Development Trust (IDT) had approved R160m worth of funding for a range of housing, education and health projects, IDT chairman Jan Steyn said yesterday.

Steyn said in a statement approval for the projects had been secured particularly quickly without compromising the IDT's commitment to consulting the community on the issues involved.

The IDT allocated R11m in support of a credit company to provide small loans for the supply and upgrading of informal housing.

IDT finance director Jannie Kitshoff said yesterday the scheme could be the first by an institution in Africa to facilitate the mobilisation of small loans to lower-income families for housing purposes.

IDT housing director Ben van der Ross said the focus would be on "site-and-service schemes and starter housing".

Steyn said the IDT was negotiating a R70m loan with the Urban Foundation to ease its ability to provide shelter for the very poor, but stressed that the Foundation itself would be required to raise R100m from financial institutions and that funding was conditional on "maximum community participation ... on all aspects of the projects".

MATTHEW CURTIN

He said much of the funding had been allocated to educational projects.

The IDT allocated R10m to technical education and was investigating the possibility of a national loan scheme for funding tertiary education for disadvantaged students in particular.

The trust had already contributed R3m of a R39m package for the Vusisizwe Trust's programme to rebuild schools and classrooms destroyed recently in the Eastern Cape.

Steyn said almost R6m had been earmarked by the new IDT health division.

Kitshoff said the IDT began operations in August after R2bn had been transferred to it by government in mid-July "to meet the development needs of the poorest of the poor in SA".

Steyn said the IDT was "a funding and catalytic agency and not in the business of making handouts or giving taxpayers' money back to supplement state budget deficits."

"The temptation to pour money into a problem has not worked anywhere in the world, and certainly not in Africa. We have had to resist some very vocal pressure to take this easy route."



# Boost for housing, health, education

Sowetan 10/12/90

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THE Independent Development Trust (IDT) yesterday announced it had approved a number of new projects in education, health and housing in excess of R160 million, including the support of a credit company to provide informal housing.

In a statement released in Cape Town, the IDT said R11 million had been allocated in support of a credit company aimed at stimulating the supply and upgrading of informal and low-income housing.

According to the IDT director of finance, Mr Jannie Kitshoff, this could be the first institution created in Africa which can facilitate the mobilisation of small loans to lower income families for housing purposes.

The IDT became operative in August this year

after R2 000-million had been transferred to it in mid-July to meet the development needs of the disadvantaged in South Africa, the statement said.

A substantial loan of R70 million was also being negotiated with the Urban Foundation to facilitate its ability to provide shelter for the disadvantaged.

## Housing

"This is intended to put the Foundation in a position where it can provide much-needed housing in lower market segments than is generally the case at present," IDT housing director Ben van der Ross said, adding the focus would primarily be on ace schemes and "starter" housing.

IDT chairman Jan

Steyn stressed the funding was conditional on maximum community participation being secured on all aspects of the projects.

The Foundation would also be required to raise R100-million from financial institutions for this purpose.

In addition, the Foundation had undertaken to run educational/informal programmes to inform would-be home owners on its projects on matters such as security of tenure, ownership and affordability, he said.

The Foundation would also be obliged to establish non-profit initiatives to provide communities and individuals with effective consumer protection against bad products and services in this market, Van der Ross said. - Sapa

# High noon for councillors looms

8/11/14/90  
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By Helen Grange

As pressure mounts on black town councillors countrywide to resign, it is only the bravest who are "sticking it out" in administrations which are slowly being stripped of their power.

Violence and death threats against black councillors in recent months have escalated, and have resulted in scores of councillors giving up their posts in spite of high unemployment.

In Atteridgeville, Pretoria, where violence against black councillors has been particularly intense, only three councillors remain — unable any longer to make decisions without a quorum.

"There has been a lot of vio-

lent activity here, and the majority of the councillors have resigned. Houses have been firebombed and threats have been made," said Harry Motolong, spokesman for the Atteridgeville council.

The council could now only do the administrative work and could not make decisions.

## Attack

In a report on political violence, the South African Institute of Race Relations said black town councillors and policemen had been a major focus of violent attacks this year.

At least 22 policemen and six councillors had died in "first strike" violent attacks in the first seven months of the year.

The institute had counted at least 409 attacks on the persons

or property of black councillors between the beginning of the year and the end of July. These included 87 attacks on homes of black councillors.

At least 402 councillors had resigned to date, in most cases giving intimidation as the reason, and black local authorities outside the homelands were operating with only two-thirds of their seats filled.

With civic associations stepping up the campaign against black councils, the few remaining councillors face possible further danger.

However, the acting president of the United Municipalities of South Africa (Umsa), Henock Ngakane, has said the organisation's members would not bow to pressure. "It is better to die in the battle than to die running away," he said.



# Bid to protect home buyers

PETER GALLI

Blau 12/12/90 339  
THE drastic shortage of low-cost housing had resulted in "desperate" black consumers who were often exploited by unscrupulous developers, the Urban Foundation's housing policy director Jill Strelitz said yesterday.

"The foundation is currently working together with other organisations in thinking through possible initiatives and positive proposals that could be undertaken to help protect the consumer," she said.

Possibilities such as face-to-face talks with the buyer needed to be facilitated by financial institutions, and contracts needed to be checked so that they were not exclusively geared to the developer, she said.

An alternative was to draw up a standard contract, which would protect the developer and the consumer and would be enforced by the financial institutions. However, this was a difficult task and a way still had to be found to make it feasible.

Financial institutions set their own standards and requirements for housing structures but problems arose because of shoddy workmanship by the contractor.

The Urban Foundation residential dwellings division MD Matthew Nell said yesterday the foundation did not see any contradiction between affordability and quality. "We believe that with the reduction in specifications both as regards services and finishes, an adequate house can be provided ... which can be upgraded later to include ceilings, plastering, electricity and bathroom fittings when these can be afforded."

The SA Perm manager: housing division Ian-Jones said when a loan was applied for, the Perm did a valuation and held face-to-face interview to try to explain what home ownership would entail.

However, often before the Perm was approached for advice, the contract had been signed, binding the person legally, he said.

The Perm also had minimum requirements as to the structural stability and habitability of the proposed dwelling, which were enforced, he said.

# Red tape snags low-cost housing

S/Times 16/12/90

**PROBLEMS** facing low-cost housing are being ignored, says Roy Marcus, managing director of Abacus Technologies and former Wits University dean of engineering.

Abacus, marketer of Symodule, is consultant to Symo Corporation which has developed a cheap modular building system which can be put up in a day.

Professor Marcus says the Symodule system is easily transportable, upgradeable, expandable, robust and aesthetically acceptable.

The steel frame, gypsum panel system enables a 50m<sup>2</sup> house to be built for R10 000.

Professor Marcus says: "SA needs about 800 000 houses. At least 60% of the homeless cannot afford a house. The problem is serious. But there is no single government department to deal with the problem.

"Various departments have their fingers in the pie, causing confusion, red tape and delays."

Professor Marcus believes there is too great a divide between the shack dweller who needs a roof over his head and the certification process, the Mantag certificate.

The Mantag certificate, administered by the Agreement Board of SA, sets stringent quality requirements for non-conventional dwellings —

By **CHARMAIN NAIDOO**

anything that excludes the use of bricks and mortar.

"The product that comes out of the Mantag process ensures that people have a medium- to high-quality home. But Mantag requirements are so high that they inflate the price of housing."

Professor Marcus says there are no adequate procedures to monitor the construction of conventional houses.

"Anyone can build a brick and mortar house without any checks. Often, sub-standard materials are used, resulting in large cracks or sinking foundations.

## Inadequate

"Unconventional houses on the other hand have to meet Mantag specifications. The solution to SA's housing problems lies in unconventional means.

"We have to find a way to bridge the gulf between the family in the shack and the Mantag requirements."

Professor Marcus suggests that the Government and the private sector get together to identify criteria for low-cost housing.

"Affordability and structural requirements will have to be considered.

"Conventional housing needs a large investment in inspectors to monitor on-site construction as well as the quality of materials used."

Professor Marcus says



ROY MARCUS: Roof for the homeless. Picture: KOBUS BODENSTEIN

speedy construction of houses is required.

"The Symodule system can be upgraded to full Mantag specification, but it can also start out at a relatively basic level.

"It is pre-fabricated, so all quality control procedures are carried out in the factory. Symodule dwellings can be extended as the affluence of a family increases. The family can then buy more panels and make additions to the house.

"The system can be used for schools and clinics.

Double-storey accommodation can be built."

Professor Marcus believes that the European concept of people living above their business could become popular in SA.

Symodule is being used at Orange Farm — the Transvaal Provincial Administration's official squatter camp.

Abacus Technologies won a contract this week to provide accommodation modules for 1 200 construction workers at Sun City.



**T**HE solution to SA's pressing housing crisis lies in approaching the problem on the basis of what the economy can afford. The Development Bank estimates SA's total housing expenditure at about 3% of gross domestic product (GDP). World Bank guidelines suggest that upper/middle-income countries such as SA can spend up to 4.8% of GDP on housing.

This means last year SA could have spent about R11.2bn on housing out of GDP of R232bn.

The Development Bank believes actual total housing spending by the state and private sector is about R7bn a year.

Too little is spent because of too much government red tape and inadequate private sector participation, because of high perceived risks. Urban land lies idle because of racial zoning, because separate government departments do not co-ordinate policy, and because too many laws frustrate the housing process.

**A**nother R4bn could have been spent last year on housing according to the World Bank guidelines.

Translate this into low-cost homes at R30 000 a home, and 130 000 more homes could have been built. Or 670 000 serviced sites could have been made available at R6 000 each.

Current estimates of the housing shortfall range from 800 000 to 1.7-million units, just to get rid of backlogs. But, says the Development Bank, available funds could be made to go further by throwing out policies and procedures that do not give value for money. Government's role should be reduced to creating the correct climate for private sector initiative.

"We've got to devise ways to increase the proportion of GDP spent on housing," says Development Bank urban group general manager Johan Kruger, "and we must find mechanisms to ensure that the increased expenditure is allocated to the real target market."

# Economy's ability to deliver must guide homes policy

KEVIN DAVIE

Housing needs at present are catered for by the state through a number of racially segregated government and homeland departments. In the case of black housing, government acquires land at considerable capital cost and often through involved and time-wasting legal processes, puts in the infrastructure, tenders for builders, and even gets involved in the sale of the home.

In the meantime, squatter camps spring up overnight on vacant lots, causing major headaches for land owners and developers. The Development Bank estimates there are 5-million to 7-million squatters — perhaps one-eighth of the population.

The bank's approach would scrap just about all of present policy.

Key elements of its proposals are that there should be a single housing ministry, that all first-time homebuyers should get a one-off government subsidy of R6 000, and that the provision of this subsidy should be just about the only financing activity by government.

Government, however, has an important role in creating a favourable

climate for housing development.

Housing policy should be set at national level, but allocation of land decided at regional level by the local authorities involved. Allocations would have to provide for the full range, from upmarket suburban homes to sites and services for simple shelters.

Land development would be the responsibility of the land owner, with minimum statutory interference. Land speculation, which today results in urban land lying idle, would be discouraged through higher tax rates to fund roads and other infrastructure in the area.

While the idea is that this R6 000 subsidy would be available to all first-time homebuyers, the bank believes this amount would be sufficient to enable even the unemployed to secure a serviced piece of land on which to erect a shelter.

"Given the unemployed have a basic right to shelter. This will ensure they're not disruptive to society as a whole," says Kruger. He says the one-off subsidy would give a person immediate access to a site, even if it is of a rudimentary standard.

The R6 000 figure is derived from an estimate of the cost of providing a serviced site. It would be used to buy the site, and the owner would have legal tender. The land could thus also be used as surety to raise a loan.

The once-off nature of the payment would also reduce the present administration of government's subsidy scheme, says Kruger.

Those who benefit at the moment from government housing subsidies would get a slightly lower grant. Government subsidises two-thirds of a bond up to R40 000 for a period of seven years. This works out at a

maximum of R7 240 over the seven-year period.

The Development Bank proposals reflect contemporary international thinking on housing, in particular the policies adopted by about 120 countries at the International Shelter Conference in Vienna in September 1986.

A meeting in April confirmed support for these policies.

The Vienna conference decided that the public sector had a limited capacity in meeting developmental needs. It emphasised that the state should participate only where neither the private sector nor the individual could do the job.

Other key principles are that there is a positive correlation between urbanisation and per capita GDP, that housing policy must be aimed at co-operation between private and public sectors, that urbanisation and the provision of informal housing should be part of broad national development, and that local authority participation should get priority.

**G**overnment activities should be as streamlined and as cheap as possible, the conference decided. Where infrastructural development takes place, there should be a pro rata charge to push up the price of land, being a kind of a land tax to prevent speculators from holding undeveloped land, and pushing the poor to the periphery.

"Studies have shown that the application of these principles has led to a decrease in people density per room, in contrast to public housing programmes which are characterised by increasing densities per room," says Kruger.

"Even the poor who provide their own shelter manage to reduce room densities," he says.

The bank's proposals have been submitted to a government committee which is re-evaluating housing policy.

Officials on the committee are not prepared to discuss the inquiry, but indicate that it is at an advanced stage.

LETTERS

# Protection for low-cost home buyers sought

TALKS aimed at entrenching consumer protection for low-cost home buyers, co-ordinated by the Legal Resources Centre (LRC) and the Urban Foundation (UF), are under way, the parties involved said yesterday.

LRC director Geoff Budlender said the centre, community support groups and other institutions were investigating effective consumer protection for the housing market.

While the parties were some way from agreeing on definitive proposals, there was progress towards addressing "the vast problem".

All six NRC offices in SA dealt with people "exploited and over-reached" by unscrupulous developers.

He said the major cause of the problem was the housing shortage

MATTHEW CURTIN

itself, which produced "desperation buyers" particularly susceptible to exploitation.

The Foundation said yesterday it and the LRC were co-ordinating a forum of interested parties including support groups like the Legal Aid Bureau (LAB) which would devise a consumer protection strategy for implementation in 1991.

The foundation warned in its housing policy document released earlier this year that a serious constraint to "housing delivery" was "the negative perceptions that many low-income families have of the role of the private sector - specifically the extensive occurrence of exploitation and

malpractice" by some developers.

LAB housing advice project director Brian Leveson said yesterday it was gratifying to know the foundation and other interested groups were collaborating to stamp out malpractice in the housing market.

Since the LAB began a pilot advice project this year, it had interviewed 1 200 clients who gave details of exploitation at the hands of developers.

The most common grievance was would-be home owners losing deposits, in one case R27 000, which they had given to developers who did not have fidelity certificates.

Leveson said the problem required a multi-disciplinary approach: legal support, consumer education and legislative amendments.

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## **HOUSING**

**H**ARDLY a dent was made in South Africa's homelessness problem in 1990. The numbers remain intimidating, with an estimated two million South Africans in need of some form of shelter.

Beneath the continuing flood of words and numbers the housing crisis generated during 1990 lurked the spectre of thousands of homeless people forced into a nomadic existence and "squinting" — illegally occupying land — because they have nowhere to go.

Depressingly, formal housing remained in the limelight rather than some form of sic-and-service as advocated by various opposition groups.

Indeed, the crunch did come for private developers providing formal housing to the top 10 percent of home-seekers — those who could afford housing of R35 000 and up.

Several developers withdrew from the market altogether citing, *et al.*, high levels of unrest in the townships, excessive red tape, a lack of building society and bank finance, uncertainty about government housing policy and high interest rates as reasons for their withdrawal.

**T**he government's sudden announcement in July that money for the first-time homebuyers' subsidy had run out — a decision which was later reversed — added to developers' uncertainty and laid bare the problem of an open-ended subsidy.

Jill Sreelitz of the Urban Foundation (UF) suggested a lump-sum subsidy which might be easier to sustain and to quantify.

The withdrawal of big private sector developers showed the private sector could not entirely be relied on to deliver enough housing to mop up the shortage. What it could and has done is provide formal housing for those who can afford it. That top 10 percent is now almost saturated.

This was acknowledged by the UF in a seminal document entitled "Policies for a New Urban Future". It concluded that the government had a role to play in providing housing and that South Africa needs a single ministry of housing and a comprehensive housing policy.

The private sector had been expected to go into low-cost housing, but high standards, such as tarred roads and underground cabling, pushed up costs beyond the reach of the poor.

Also, banks and buildings societies are reluctant to move into that area. The UF's own "loan guarantee fund", which will make it easier for financial institutions to lend at the lower end of the market, has still to come into play.

Little progress made  
to end housing crisis

2012/90 - 10/1/91



**Photo: JUSTIN SHOLK**

**Better than nothing  
nowhere else to go**

The UF has also suggested the introduction of capital subsidies on serviced sites.

The state's role so far has compounded the problems of private developers without solving the problem of housing the very poor, who comprise the majority of those in need of shelter.

It is because it — through the provisions of the various houses of the unicameral parliament — has operated selective subsidies. Never mind that the market distortions of subsidies make them anathema to free marketers.

**C**ollective subsidies also encourage patronage and corruption.

Corruption, because of the necessity of bribing "middlemen" to sell land to private developers, has already been a feature of the black housing market.

The second boycott in Khayelitsha in the Cape came about at least in part, it has been suggested, because of a disparity between what homeowners on subsidised properties were paying for their homes and what those on unsub-

sidised land were paying

The problems of subsidisation make targeting the poor, who need shelter most, difficult. Orange Farm near Johannesburg, where cheap sites make it possible for people to build shacks, is an example.

A capital subsidy that applied across the board would, it is hoped, sidestep that problem by making it possible for people to acquire sites.

Here might well be a perception that this is once again a white man's plot to give blacks less than whites. When most whites have formal housing, why should blacks settle for less?

**It's well to remember how the dearth of black housing of all sorts came about in the first place.**

**B**efore the abolition of influx control in 1986 little urban housing was provided for the burgeoning black population who were regarded as "temporary" sojourners in white urban areas. None of the housing was intended to be permanently owned by blacks.

Crucially, public housing policy has not catered for the urban poor. While attempts were made in the Eighties to upgrade townships to create a new black urban middle class, little land has been set aside for "squatters", even for resettlement.

There are only four "squattling" areas of note: Orange Farm, Ricksonlein, Ivory Park and Khayelitsha.

The main thrust has been on expanding informal settlements such as Orange Farm rather than identifying new land in other areas for informal settlement.

The Transvaal Provincial Association, for instance, has been given R20-million to negotiate to buy land near Orange Farm. How much land it will be able to buy for that, and at what price, will determine to what extent, if at all, the province can duplicate Orange Farm.

Clearly, to allow homeless people to house themselves, squatters have to become "informal settlers". For this they need land — much more land.

**T**he UF appears to believe the state is committed to resolving the housing crisis. It is true that Provincial and Planning Affairs Minister Hermans Kriel has directed the SA Housing Advisory Council to formulate a national housing policy.

But clearly, the provincial authorities do not have the resources to replicate Orange Farm. The black local authorities, crumbling under enormous political pressure, have shown an inability to administer effectively even the conventionally housed.

The government should take note of the words of Murray and Roberts Construction's housing division executive director Gavin Hardy, who had a look at the experience of South American countries on a visit this year.

**H**ardy said unless South Africa succeeded in managing its housing crisis effectively and timely its residential areas would soon resemble those of the large South American cities with their predominant slums and squatter.

- Hardly points out that there are lessons South Africa could learn from, for example, Brazil. These are that:
  - Municipalities should concentrate on sewerage and water reticulation;
  - Informal building and economic activity should be allowed to flourish;
  - Low-income schemes should be located close to business hubs; and
  - Squatters should not be relocated.
- In South Africa, even where the state

has made land available for the homeless poor to metamorphose from squatters to informal settlers, its actions have been the opposite of these last two points.



# The poor can solve SA's housing problem

WE'RE looking in all the wrong places for a solution to the housing crisis. We're looking to think tanks, government departments and big business for a model housing programme for the poor.

But poor people themselves know how to solve their problems, far better than any elite group of politicians, business people or intellectuals. It's just that the elite hardly ever ask them.

One who did was Hernando de Soto, the now famous Peruvian academic and author of *The Other Path*. He found that the Peruvian poor aren't helpless or resourceless - as poor people everywhere are often made out to be, particularly when it comes to housing. In Peru, the poor are acquiring land and building houses for themselves. But they're doing it all illegally. Expensive regulations and kilometres of red tape have shut them out of the legal land and housing market.

## Warning

The same thing has happened to the poor of South Africa: they could solve the housing crisis themselves, if only the law allowed them to. We should take a warning from the Peruvian story: poor people there have resorted to what De Soto calls: "invasions" of state and private land - a dangerous and conflict provoking practice. And now, after the poor have "invaded" the land, they are pushing the government to give them full freehold rights and to liberalise urban development and land use laws.

To solve our own housing crisis but avoid the invasions, we in South Africa should restore full freehold rights to the people, release government land for urban homesteading and liberalise development laws right now. Free of all our expensive regulations and controls, poor people here would end the housing shortage peacefully and quickly. For evidence, here's a brief history of what the Peruvian poor have done, fol-

Sowetan 20/12/90

## FOCUS

By NANCY SEIJAS

lowed by a plan that would let South Africans do it better.

About a hundred years ago, de Soto writes, homeless Peruvians started breaking the urban development laws - bribing officials to relax regulations, building homes without permits and doing shady deals, and so on. In short, they built houses, despite bureaucracy, red tape and high costs that stood in their way.

Pretty soon the "formal sector" caught on. That is, legal, established urban developers started ignoring regulations as well, not only bribing public officials but leaving public works unfinished and not providing the services required by regulations. This wasn't for low-income housing - it was for the rich.

By the 1920s these urban developers branched out into the low-income market. The poor cared even less about services, public works and regulations. They bought homes, and started slowly to provide services themselves. The government tried to stop them, and failed.

What followed from these developments (and from the concurrent explosion in informal sector trade and informal job creation in the cities) was a rural migration that would transform Peru. Over the next 30 years, waves of rural migrants flooded the Peruvian cities, all looking for jobs, homes and shelter.

This began an era of what De Soto calls "invasions", both "gradual" and "violent".

The lesson for South Africa? Get out of poor people's way. The first step is to scrap the Land Acts and the Group Areas Act, which the government has already promised to do. The next steps:

- \* Give all South Africans living on government owned land, including homeland and Trust land, formal freehold title to that land. For example, give Sowetans the houses they live in, in a formal transfer of title. Then repeal, or drastically reduce, building regulations and town planning schemes, to allow people to build whatever they want on their land, from businesses to houses to flat blocks. Where there is no proper survey or record of subdivisions of government land, offer to recognise any "stand" boundaries the people themselves may designate.

## Freehold

- \* Where squatters are living on government land, give them freehold title to it. Encourage homeless people to homestead on designated state land, and offer to recognise any record of subdivisions and individual title deeds they may keep themselves, as the Peruvian informals did.

- \* Allow people to buy land in syndicates, as blacks often did after the Anglo Boer War. Groups of blacks, sometimes 50 strong, pooled their resources and bought land together. They must have succeeded in buying a significant amount of land, because black syndicates were outlawed shortly after the first Land Act was passed.

- \* Stop giving white farmers cheap and easy credit for loans, subsidised by the state. The larger the loan they can get, and the cheaper then can get it, the more they are willing to pay for agricultural land. That drives up the land price. But don't compound the problem by offering the same treatment for blacks, and allowing black elites to drive up the land price.

- \* Simplify our complex and

expensive deeds registry system; allow competing private companies to offer title deed insurance, as they do in the United States; repeal mandatory conveyancing tariffs; repeal stamp and transfer duties; liberalise land survey and let private surveyors compete freely; in short, get rid of all the artificial costs the government imposes on the process of buying land. They only put land further out of poor people's reach.

- \* Repeal town planning schemes and building regulations, especially around the cities, and let people develop whatever they want on their property.

In short, let's not wait for building regulations, town planning rules, agricultural land use regulations and urban development laws to become de facto obsolete, as they have in Peru. Don't stop at apartheid land laws: repeal all land laws that discriminate against the poor, and make land and housing too expensive. We could transform urban development from the high-cost, bureaucratic nightmare it is today into a booming, competitive industry for small and big businesses.

Instead of "invasion", we'd see urban homesteading on state land. We'd see land changing hands between blacks and whites, as selling land to developers for low-cost housing became lucrative. Squatter camps would grow into villages, with houses, cafes and businesses. Townships would grow into cities, with high rise buildings, banks, shopping centers and flat blocks. And loss making white farms would become efficient, either owned by other whites, blacks or some combination of the two syndicates.

When looking for a solution to any poverty crisis, the best place to look is to the poor themselves. Don't try to "lead" the poor to a better life, with all sorts of new programmers, laws and regulations to give them what someone else had decided they need. Follow them, to the solutions that really work.



# SQUATTERS MAY GET CASH HANDOUTS TO BUY LAND

By LESTER VENTER 5/12/90  
Political Correspondent 21/2/90

THE government is studying proposals for a one-off subsidy for squatters and shack-dwellers to help them buy their own plots.

It is also considering the establishment of a single ministry of housing to replace the present 14 departments.

The levying of some form of land tax to encourage development of under-utilised urban areas is also raised as a "theoretical possibility" by officials.

All these aspects are being investigated by the SA Housing Advisory Committee in a bid to forge the country's first comprehensive national housing policy.

The government this week appointed Dr Joop de Loor, former auditor-general and director-general of finance, as chairman of the SA Housing Advisory Council.

One of the most important recommendations being investigated is that govern-

ment subsidies on rents and services be replaced by a single, one-off cash payout to help squatters and other homeless people to establish home sites and start erecting houses.

The Urban Foundation has proposed a R6 000 payout, but government officials believe the state can only afford about half that amount.

The plan would allow buyers of sites in an approved scheme to receive the one-off subsidy. They could then buy materials or use the subsidy as a deposit on a bond offered through the Urban Foundation's recently established Home Loan Guarantee Company.

Linked to the subsidy is an investigation of how to stimulate development of fallow land.

Government officials say large expanses of land earmarked for black hous-

ing by the Black Communities Development Act in 1984 are lying undeveloped.

The reason is that in the year of proclamation many big construction and investment companies either bought up this land or took options on it.

The land was specially selected for its proximity to industrial and business areas.

Officials say a combination of factors led to the postponement of building on this land. One was that the top 10 percent of the black housing market became saturated and there was little demand for the middle-class housing the construction companies would have erected.

Some officials believe one solution that may emerge would involve turning this land into site-and-service schemes.

The cash subsidy and the bonds that may be acquired through it could re-stimulate the private sector's involvement in developing land.

An official said a suggestion that the government might introduce a punitive tax on companies not developing so-called Article 33 (Black Communities Development Act) land was only "a theoretical possibility".

The terms of reference of the Housing Advisory Board's investigation make it clear that the government is prepared to consider a single housing ministry

The terms also make it clear that housing is to be understood in SA as "conventional and unconventional housing".

Managing director of the Urban Foundation housing division, Mathew Nell, said the primary focus of a new national housing policy should be on the poor.

The crux of the new policy would be its affordability — both the state's capacity to afford large housing schemes and the individual's capacity to afford the dwelling.

# Levy shock

8 Times 23/11/90

by BRIAN POTTINGER

THE government is considering a proposal by the Development Bank for the imposition of a special levy on vacant land which is suitable for residential development.

Owners of such land would be expected to pay an "availability charge" for bulk services like electricity, water, roads and sewerage disposal — even if they do not intend developing their land for residential purposes.

The aim would be to put pressure on owners of suitable land in urban and peri-urban areas to make way for residential development — particularly for the urban poor.

If accepted by the gov-

## Bid to pressure owners to release land for housing

ernment, the proposal is likely to hit the mining companies the hardest as they own tens of thousands of hectares of vacant and undermined areas in peri-urban areas.

Major property and construction companies also have considerable land holdings in the urban areas.

The levy is part of a much wider package which the Development Bank has submitted to the govern-

ment aimed at dealing with the country's housing crisis — which now includes five to seven million squatters.

A new government housing strategy is expected to be announced next year.

The Development Bank package comprises "sticks", such as the availability charge, and some "carrots" such as a capital subsidy for site and service schemes.

Proposals have also

been made for consultations with the private sector in identifying suitable land and changing zoning regulations.

Other suggestions — already reported — include "one-off" subsidies for serviced sites. The bank is also suggesting that a percentage of GDP be devoted to housing every year — ideally 4.5 percent.

Johan Kruger, general manager (urban development) at the bank, said this week that the finer details and costs of the availability charge scheme had not yet been worked out — but conceded it was likely to be "contentious".

### Suited

The proposals had been drawn with international experience in mind. He said the proposals for an availability charge for residential bulk services was not new in South Africa — it was used by 50 percent of municipalities on vacant erven. The Development Bank plan, however, went further in that it did not apply merely to individual plots but to extended areas of land.

"There are a lot of distortions in our land system. There is a lot of land that is ideally suited for residential development near places of work but which, for a variety of reasons, does not come onto the market.

"We need a carrot and stick approach. The stick which we recommend is the availability charge on land which is capable of being developed. It is not in anybody's interest that it be held as low-cost agricultural land. Pressure must be put on an owner to develop."

### Rational

Mr Kruger said he believed the bank's proposals were more rational than the land tax proposals of, for example, the ANC.

"We do not want to tax land for the sake of taxing land. Our proposal says that where there is government expenditure to increase the value of the land, the owner should be expected to make a contribution to cover that."

Comment from mining houses was unavailable.

John Hitge, director in the Department of Planning and Provincial Affairs, confirmed various proposals were under consideration.



## Construction industry faces tough times

By 24/12/90

CHARLOTTE MATHEWS

UPMARKET housing, informal building activity and large organisations are the only sectors of the building and construction industry that will show some resilience in 1991, industry spokesmen say.

Generally, the outlook is bleak.

Ovbel financial director Justin Millar said: "The economic and socio-political conditions, together with high interest rates and inflation, will make it a fairly difficult year."

"The expectation is that interest rates will come off in the first quarter but it will be only a small drop and that will not have a significant effect on the housing market."

He said the lower and middle end of the housing market were hard hit, although the upper end was still buoyant, especially in Cape Town.

Murray & Roberts CE Dave Brink said most big operators should do reasonably well in 1991 because their order books stretched a year ahead.

"Infrastructure and roadworks are really flat as government spending has dropped right off. A lot of people have withdrawn from the low-cost housing market because it is difficult to achieve profitability with the violence and disruption, high interest rates and red tape."

"In the current economic climate there are still a lot of institutions looking for high quality commercial properties to invest in."

Italtile financial director Peter Swatton said trading had been flat in the past few months.

PPC group MD Ted Hodgkiss said the group was budgeting a further decline of 3% to 4% in cement sales.

"We see our business being kept up largely by residential building and the informal sector."

He said there was a lot of work for non-residential buildings but these contracts would end in mid-1991.

# Interest rate drop could boost housing

THE decline in interest rates forecast for early 1991 will assist the housing sector of the building industry from mid-1991 onwards, but non-residential building activity is expected to drop sharply, the latest report from Medium Term Forecasting Associates (MFA) says.

At the same time estate agents are forecasting that residential property prices will hold throughout 1991 but increases will be restrained by political factors.

The MFA believes SA will see slower growth in exports in 1991, but the relaxation of sanctions will encourage an inflow of new investment capital.

This, with a milder foreign debt burden, will build up reserves, causing greater domestic liquidity and eventually lower interest rates.

The trough of the current business cycle will be reached in the second half of 1991, the MFA believes.

## Abolition <sup>3/10/90</sup> 2/12/90

After that the years leading up to 1995 will experience more favourable economic growth rates.

Most estate agents say the abolition of the Group Areas Act in the first half of the year will increase demand for houses in all areas. But Basil Elk director David Miller believes prices will not rise until the second half of the year.

Durban's Brink Estates branch manager Bobbie Fraser says there has already been a lot of movement into white areas in the vicinity of Durban and as soon as the GAA is lifted, hundreds of people will move. Affordability is not a problem.

"I think it will affect houses at the lower end of the market in areas such as Bez Valley, Westdene, Newlands and Mackenzie Park in Benoni," De Huizemark direc-

CHARLOTTE MATHEWS

tor Bruce Andrews says.

The MFA says, however, that a sharp drop, from a high base, is forecast for investment in non-residential building projects in 1991.

Many projects are reaching completion and new work will be scarce.

Commercial property began 1990 on a fairly buoyant note with rentals and prices still rising. From around July the trend line began to flatten.

According to the latest quarterly figures available from the SA Property Owners' Association, vacancy levels in A- and B-grade commercial properties are rising and landlords are offering incentives to attract tenants.

As retail companies have so far turned in good operating results, retail property has been less affected by the downturn than other property markets.

But in August, RMS Syfrets MD retail division Pat Flanagan said retail rentals had reached a plateau and were unlikely to rise over the next two to three years.

Although there is little major office development in the pipeline, projects due for completion in the next year or two include Liberty Life's new office block in Braamfontein and the Stocks & Stocks Braampark development.

Work has also begun in Parktown around the area of the Sunnyside Hotel by Sage. New Reserve Bank buildings are planned for Johannesburg and Durban.

The trend in office development all year has been very much away from speculative projects.

Large developments are taking place in phases so that the capital risk is low and one phase has to be fully or mostly let before the next is begun.



# Umsa warns of civil war

THE United Municipalities of South Africa has urged councillors, who have been the victims of a mass campaign calling for their resignation, to physically resist and defend themselves against "the enemy".

In a New Year's message to councillors, Umsa's acting president, Henock Ngakane, said yesterday: "We are aware that the strategy of our enemy is a method of petrol and fire to bring others to a blood-curdling fear."

He also announced that Umsa and its rival, the United Councils Association of South Africa, would either amalgamate or form an alliance in January.

Ngakane said the leaders of the campaign would regret the end result of their "foolish" action, which would be the creation of a "second Mozambique and Angola revolutionary war".

## Fear

He said: "Councillors, the feared war of necklace is still on against you. The call on all councillors is to resist, and gain courage in durable and loyal stand."

Ngakane accused the National Party government and the ANC of having founded negotiations on "the brittle soil of exclusiveness", adding that the experience and skills of councillors were needed for negotiations on a new municipal system.

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