

## CO - OPERATIVES

1988 — 1990

1991 — 1992

339

22/1/88 B/day

## Bill will safeguard co-ops

GERALD REILLY

PRETORIA — A Bill to "safeguard" co-operatives, limit the state's financial risk and protect the public interest and the interests of members and creditors has been submitted to Parliament by Agriculture and Water Supply Minister Greyling Wentzel.

Wentzel said the underlying objective was to ensure co-operatives were soundly financed.

Co-operatives had increasingly made use of loan capital without a corresponding growth in their own capital.

That increased their financial risk and the state was exposed to the danger of unnecessary expenditure of public funds.

Wentzel said the state had guaranteed R800m to the Land Bank as security for loans to co-operatives.

The continued existence of co-operatives was of vital importance to agriculture, especially to the restructuring of the industry.

The state's restructuring programme was frustrated where co-operative services were interrupted or inefficient.

33A B16ay 19/10/87

# First black co-operative has many activities

THEO RAWANA

THE founding of Sechaba/Sizwe Co-operative — the first registered black co-operative — gives black consumers a chance to become directly involved in the manufacture and marketing of goods, says co-ordinating director Simon Sehlakgwe.

The co-operative, brain-child of the National Black Consumer Union, was registered under the Co-operatives Act last month. Membership will comprise a wide spectrum — mostly at low-income level.

Sehlakgwe says the certificate puts no limit on the range of activities the venture can engage in, giving blacks an opportunity to use all their skills.

The co-op plans a centre on a 15 000m<sup>2</sup> site at Midway station near Soweto, and has received a R200 000 quotation to put up the complex.

## Many activities

With an initial paid-up membership of 100, the venture projects 10 000 members eventually and has had funding pledges amounting to about R20 000 from the private sector.

Manufacture of furniture and fittings, clothing, service industries, a supermarket, handicrafts, motor accessories and electronic equipment, hardware and grocery stores are among activities planned.

There will also be fuel, coal, oil and gas outlets, and a data-processing centre where services and goods will be tested to high standards.

Sehlakgwe says the member-participation moves away from the black being simply a consumer without direct involvement in the economy. The venture has been well-received by the private sector.

Mathebula is director of the co-operative with the Small Business Development Corporation's (SBDC) Siza Khampepe as chairman.

Among the other board members are civic leader Ellen Khuzwayo, SA Breweries marketing manager Phil Khumalo and Charlene Forster (financial director of the co-op).



## Garden of Eden Star 4/2/88 feeds many in the northern Tvl

32A

By Winnie Graham

There is an extraordinary garden at drought-stricken Tladi, in the remote northern Transvaal.

In a world of red clay and yellow veld, it is one of the few green patches, an oasis providing vegetables for much of the local community.

The garden has become a source of inspiration for the people of the village.

The story of the garden starts with Mrs Mary Hanna, chairman of the Save the Children Fund (SCF), a relief organisation supplying high-protein food to malnourished children in rural areas.

When Mrs Hanna first visited Tladi Higher Primary School a few years ago, she was touched at the plight of the people who had obviously taken a big knock by the drought.

The veld was brown, water was scarce, crops were non-existent and the population — predominantly women and children — were too poor to do much about their lot.

"Why don't you start a vegetable garden at the school?" Mrs Hanna asked the principal of the Tladi higher primary, Mr Willie Pheeha.

He told her there was no water and, anyway, nothing was safe from the goats. "But if we could fence a piece of ground and had borehole water, we could do something."

Mrs Hanna recognised the challenge — and the tremendous need local children had for fresh vegetables. She asked the SCF if it would pay for the fencing and the drilling of boreholes. The project was approved.

### EVEN RUBBISH WAS SCARCE

"We had the full support of the Tladi community," she says. "The people were very willing to help get the garden under way."

Finding water was the next problem. Drillers identified two sites, but the yield was minimal.

Then the Foundation for Training and Development on the East Rand became involved. A course on deep-trench vegetable gardening was arranged to show how the system saved water.

Mrs Hanna explains: "It involves the digging of trenches that have to be filled with decomposable household rubbish. At that stage, however, we didn't realise that even rubbish was scarce at Tladi. There's no purpose telling people they can dump eggshells or newspapers at the bottom of a hole if they don't have either at home!"

The 500-plus children at the Tladi higher primary dug up the bare veld. They prepared the trenches, watered the seeds and were rewarded when their garden started producing.

They take some of their produce home, while some they sell to buy more seed. Locusts have invaded the garden and army worms have threatened, but the youngsters remain undeterred.

Schoolchildren have started vegetable gardens in their own backyards, carrying water long distances to keep their vegetables wet.

No crops in the Garden of Eden were ever more carefully cherished.

● *Starbridge was launched to show how co-operation between the races can build bridges. If you have ideas on how to improve communication, write to Starbridge, Box 1014, Johannesburg 2000.*

# Disabled gardeners for hire



MAUREEN PITHEY

TWENTY-FIVE-YEAR-OLD Kevin was run over by a hit-and-run driver in Guguletu last year who sped off into the night, leaving Kevin unconscious and badly injured in the dusty street.

After recovering in Conradie Hospital, Kevin — a bright young man with a Standard 8 education who worked as a packer in a factory, found he'd lost his job — and his leg had been amputated above the knee.

The accident and its aftermath was devastating. Job prospects were had enough before — now, as a disabled black man, they were non-existent.

## "In need of work"

"There are hundreds of men like Kevin," says Alison Allen, a social worker with the Association for the Physically Disabled (Western Cape), "with disabilities resulting from diseases such as TB spin and polio, congenital deformities and amputations caused by accidents."

"Some get disability grants — others do not. But they are all in need of work, to help provide for their families and to give them some purpose in life."

Part of her job as a social worker, says Alison, is to recognise a need — and then fill it. So three years ago, recognising the needs of the many disabled men in the black communi-

ty, Alison devised the gardeners' training course for the association.

The scheme is currently very small, since it relies on voluntary workers to run and administer it, but so far over 30 disabled men have been trained and placed in part- or full time employment, some earning up to R400 a month for their services.

## Training

The course is run twice a year for men referred to them by hospitals or welfare organisations in the Western Cape. Trainees spend two weeks at the Western Cape Training Centre, and then have a week "in the field" with Alison and Vicky Gillman, a landscape gardener who gives her fulltime services free for the two training sessions per year.

"We teach them basic gardening," says Mrs Gillman, "weeding, lawnmowing, hedge and shrub-trimming and basic garden cleaning. We also show them how to plant shrubs, fertilize and compost the soil and, depending on the time of year and the location, how to deal with bedding plants and seeds."

The "field week" for the latest course has been held in the Milnerton Canoe Club, where the trainees have been undertaking an ambitious project — the landscaping and establishment of the gardens for the club's new grounds.

"It's ideal experience for the men," says Alison, "and perfect for us — to work in one place for a week instead of transporting the men from one garden to another."

Next week, the men will be ready to start working independently as gardeners. In spite of their disabilities, they can handle general gardening and most of them find their own method for dealing with tricky bits.

Jeffrey Xhalabke, who lost an arm in a train accident, wields a spade while Annette van Rensburg, Alison Allen, Daan van der Westhuizen and other participants on the course watch his progress.

Pictures: DOUG PITHEY, The Argus

who lost an arm when he fell from a moving train, can wield a spade or handle a lawnmower with a deft and confident touch.

With guidance from employers, the trainees soon develop total "green fingers" — the independence and sense of purpose their jobs give them makes them even more eager to gain experience.

## Employers

Now all they need are the employers. One of Alison's volunteers — Annette van Rensburg of Milnerton — runs an "informal" agency for the scheme, placing men in casual employment with householders who need regular help with garden maintenance.

"There are lots of people who need gardeners, but don't want to take someone on without references," she says.

"Elderly people especially tend to be cautious — quite rightly — and our service is a great help to them, offering them men trained in the basics, with references and a certificate to show they have qualified."

## Learn quickly

"After that, it's up to the employer to show him exactly what is required in his garden. Everyone gardens differently, of course, but after some initial supervision, the men quickly learn what is required by individual employers."

If you'd like to hire a gardener (through this imaginative scheme and help someone regain his independence, you can phone Alison Allen (685-4153), Annette van Rensburg (52-4580) or Marion Krige (58-5011) for more information.

If you can help in any other way, they'd also be glad to hear from you.

ARGUS 25/2/88  
TODAY'S WOMAN 290

MOSCOW -- Within days of the publication of a draft law aimed at encouraging co-operative ventures, Soviet leader Mikhail Gorbachev has announced tax reforms to cut back their excessive profits.

Pravda yesterday quoted the Soviet leader as referring to certain co-operatives as money-grabbing.

"It is understandable that we need honest work initiative, but not the kind that is in evidence at some co-operatives, which, taking advantage of shortages, indulge in open money-grabbing."

"I can inform you that with this in mind, there will be introduced a progressive

# Moscow cuts co-ops' profits

Monday 9/3/88 (33A)

system of income-tax levying. I think it will be just," Gorbachev said.

More than 9 000 co-operatives, employing some 90 000 people, began operating in the Soviet Union under a law on enterprises introduced last year.

They are subject to 3% tax on profits and many have been criticised in the media for making too much money.

Gorbachev's remarks appeared to be aimed at allaying fears among workers in the state sector that members of co-operatives were given preferential treatment, with some able to amass fortunes virtually tax-free. Sapa-Reuter.

## East Cape co-op to share stall at Rand Easter Show

D/O 7/2/88  
Daily Dispatch Reporter

GRAHAMSTOWN — The East Cape Co-operative of Trainers is to share a stand on the Rand Easter Show with seven other regions.

The co-operative comprises home industries in East London and others, including Burgersdorp, Cradock and Port Elizabeth.

The stand, sponsored by the Department of Manpower, will be devoted to the work in which the unemployed are trained — skills such as building, auto-engineering and jewelry and basket-making.

The stand was initiated by a member of the National Committee (NC), Mr Bill Hayward. The NC is concerned with the training and rehabilitation into the workforce of the unemployed.

Mr Hayward organised an exhibition of work by East Cape trainers at the Emthonjeni Training Centre in Port Elizabeth last year for the director of manpower, Dr P. J. van der Merwe.

"He was so impressed that he suggested the Rand Easter Show exhibit," Mr Hayward said.

The stand is 1 546 square metres in which all eight regions are participating. The Eastern Cape will have the largest number of individual home industrial exhibitors represented.

The trainers, who train 34 000 people at present, come from 40 home industries of which 23 will be represented at the show.

resented at the show.

Mr Hayward said the idea of a co-op was two-fold.

Co-op members can get equipment and material at cut cost through bulk buying, and can augment the variety of materials they buy, he said.

"It's a challenging thing. We can explore and create markets. We are even looking at markets abroad and we are getting a certain penetration."

A spin-off was that many trained black women were now making garments and selling them at a faster rate than they could produce them.

"I believe we can establish a lively viable home industry movement in South Africa."

To get the scheme off the ground, Mr Hayward approached a trainer, Mrs Jenny Nell.

After spinning and weaving for her own industry, Mrs Nell went "public" last year when she opened 'Afrique Mon Amour' in Grahamstown's Central Business District.

The company employs 35 people, making rugs, felting, tie-dyeing, spinning, weaving and knitting.

A fifth year University of Cape Town architectural student, Miss Patty Fourie, designed the stand.

Mrs Nell said that, with 80 000 people a day attending the Rand Show and Easter Saturday drawing 120 000, the co-op would approach the show with apprehension.

**KENNISGEWING 175 VAN 1988****DEPARTEMENT VAN POS- EN  
TELEKOMMUNIKASIEWESE****WYSIGING VAN DIE TARIEFLYS VIR  
TELEKOMMUNIKASIEDIENSTE**

Hiermee word ingevolge artikel 2B (3A) van die Poswet, 1958 (Wet 44 van 1958), bekendgemaak dat die Posmeester-generaal, handelende kragtens artikel 2B (1) (c) van genoemde Wet en met die goedkeuring van die Minister van Binnelandse Sake en van Kommunikasie, die Tarieflys vir Telekommunikasiedienste gewysig het soos in die onderstaande Bylae uiteengesit is:

**BYLAE**

1.0 In hierdie Bylae beteken die uitdrukking "die Tarieflys" die Tarieflys vir Telekommunikasiedienste afgekondig by Goewernementskennisgewing 1192 van 1 Julie 1977, soos gewysig.

2.0 Paragraaf 3.0 van Kennisgewing 132 van 1988 gepubliseer in die *Staatskoerant* van 4 Maart 1988 tot wysiging van die Tarieflys word hierby gewysig deur die datum 1 April 1988 deur die datum 1 Oktober 1988 te vervang.  
(25 Maart 1988)

**KENNISGEWING 176 VAN 1988****KOÖPERASIES WAT VAN DIE REGISTER GESKRAP IS**

Hiermee word bekendgemaak dat die name van die onderstaande koöperasies ingevolge die bepalings van artikel 44 (b) van die Koöperasiewet, 1981, op die volgende datums van die register geskrap is:

1. Snoepie Loepi Tuis Koöperasie Beperk: 26 Januarie 1988.

2. SWAKOBO (Koöperatief) Beperk: 11 Februarie 1988.

Registrateur van Koöperasies.

(25 Maart 1988)

**KENNISGEWING 177 VAN 1988****KOÖPERASIES VAN DIE REGISTER GESKRAP TE  
WORD**

SUGAR 'N SPICE TUISNYWERHEID (KOÖPERATIEF)  
BEPERK

VOLSTRUIS PRODUKTE (SENTRAAL KOÖPERA-  
TIEWE) BEPERK

**UITKOMS KOÖPERATIEF BEPERK**

Hiermee word bekendgemaak dat die name van bogenoemde koöperasies na verloop van 60 dae met ingang vanaf die datum van hierdie kennisgewing van die register geskrap sal word ooreenkomstig die bepalings van artikel 45 (2) van die Koöperasiewet, 1981, en die koöperasies sal ontbind word tensy bewys gelever word dat die koöperasies handel drywe of in werking is.

Enige besware wat belanghebbende persone teen hierdie prosedure wil inbring, moet met vermelding van redes voor verstryking van die tydperk van 60 dae by hierdie Kantoor ingedien word.

Registrateur van Koöperasies.

Kantoor van die Registrateur van Koöperasies  
MHVS-gebou  
Beatrixstraat 84  
Privaatsak X237  
Pretoria  
0001.

(25 Maart 1988)

**NOTICE 175 OF 1988****DEPARTMENT OF POSTS AND  
TELECOMMUNICATIONS****AMENDMENT OF THE TARIFF FOR  
TELECOMMUNICATION SERVICES**

It is hereby made known, in terms of section 2B (3A) of the Post Office Act, 1958 (Act 44 of 1958), that the Postmaster General, acting under section 2B (1) (c) of the said Act and with the approval of the Minister of Home Affairs and of Communications, has amended the Tariff for Telecommunication Services as set out in the undermentioned Schedule:

**SCHEDULE**

1.0 In this Schedule the expression "the Tariff" means the Tariff for Telecommunication Services promulgated under Government Notice 1192 of 1 July 1977, as amended.

2.0 Paragraph 3.0 of Notice 132 of 1988 published in the *Government Gazette* of 4 March 1988 to amend the Tariff is hereby amended by the substitution of the date 1 October 1988 for the date 1 April 1988.  
(25 March 1988)

**NOTICE 176 OF 1988****CO-OPERATIVES REMOVED FROM REGISTER**

Notice is hereby given that the names of the undermentioned co-operatives were removed from the register on the following dates in terms of section 44 (b) of the Co-operatives Act, 1981:

1. Snoepie Loepi Tuis Koöperasie Beperk: 26 January 1988.

2. SWAKOBO (Koöperatief) Beperk: 11 February 1988.

Registrar of Co-operatives.

(25 March 1988)

**NOTICE 177 OF 1988****CO-OPERATIVES TO BE STRUCK OFF THE  
REGISTER**

SUGAR 'N SPICE TUISNYWERHEID (KOÖPERATIEF)  
BEPERK

VOLSTRUIS PRODUKTE (SENTRAAL KOÖPERA-  
TIEWE) BEPERK

**UITKOMS KOÖPERATIEF BEPERK**

Notice is hereby given that the names of the above-mentioned co-operatives will, at the expiration of 60 days from the date of this notice, be struck off the register in terms of the provisions of section 45 (2) of the Co-operatives Act, 1981, and the co-operatives will be dissolved unless proof is furnished to the effect that the co-operatives is carrying on business or is in operation.

Any objections to this procedure which interested persons may wish to raise, must together with the reasons therefor, be lodged with this office before the expiration of the period of 60 days.

Registrar of Co-operatives.

Office of the Registrar of Co-operatives  
PSMAA Building  
84 Beatrix Street  
Private Bag X237  
Pretoria  
0001.

(25 March 1988)

33A



D10 25/11/88

# Tiger Oats to invest R80m in alliance with Langeberg

33A

CAPE TOWN — Tiger Oats is to invest R80 million in an alliance with one of South Africa's largest co-operatives, Langeberg, in a move to form a public company which will hold the industrial interests of the co-operative.

Tiger, a subsidiary of Barlow, will have a 50 per cent stake in the company to be called Langeberg Foods which will have a capitalisation of R160 m and is to be listed on the Johannesburg Stock Exchange within the next four years.

Langeberg Co-op and its members will put in assets worth R70 m plus R10 m cash for their half share in the company, which will continue to function as a primary co-operative co-ordinating sales of the members' produce to the canning company.

The deal, seen by the merchant bankers, Fiansbank, as a milestone in the agricultural arena transfers the industrial activities of a co-operative to a public company in a move which ultimately relieves the state of finan-

cial obligations to the co-operatives' industrial interests.

Langeberg which markets its products under the Koo and All Gold labels was in need of capital as it had increasingly become an industrial concern.

The deal, effective from July 1, will have no material impact on Tiger's earnings or net asset value in this financial year, although longer term benefits are expected from the partnership.

The chairman of Tiger

Oats, Mr Robbie Williams, said the transaction was in line with group strategy to use cash resources to build or buy assets which fitted into the long term development of Tiger's portfolio of food and other businesses.

The chairman of the Langeberg Co-operative, Mr Boet van Wyk, who will become chairman of the new company said Tiger Oats' strong position in food processing and distribution assured the future of the local canning industry.

# R80m move for Tiger

TIGER OATS is to invest R80m cash in an alliance with one of SA's largest co-operatives; Langeberg, in a move to form a public company which will hold the industrial interests of the co-op.

Barlow subsidiary Tiger will have a 50% stake in the company, to be called Langeberg Foods, which will have a capitalisation of R160m and is to be listed on the JSE within the next four years.

Langeberg Co-op and its members will put in assets worth R70m, plus R10m cash for their half share in the company, which will continue to function as a primary co-operative co-ordinating sales of the members' produce to the canning company.

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33A KAY TURVEY

trial activities of a co-op to a public company in a move which ultimately relieves the State of financial obligations to the co-op's industrial interests.

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Tiger Oats chairman Robbie Williams says the transaction was in line with group strategy to use cash resources to

● To Page 2 ➡

## Strategy part of long-term future planning

build or buy assets which fitted into the long term development of Tiger's portfolio of food and other businesses. Langeberg Co-op chairman Boet van Wyk, who will become chairman of the new company, says Tiger Oats' strong position in food processing and distribution assured the future of the local canning industry.

He says Langeberg is to remain a focused co-op, yet supply produce to a soundly capitalised, public company, which will control and manage their industrial interests and in whose profits the co-op will participate.

The co-op's MD Carel Stassen, who

remains the MD of Langeberg Foods, says the co-op had become more of an industrial concern as less than 20% of Langeberg's turnover was made up of fruit and vegetable sales.

However, he says Langeberg was not financed as an industrial concern and required a capital injection for which it was unreasonable to look to the Land Bank for funds of such magnitude.

Effective from the 1989 financial year, Langeberg Foods will declare an annual cash dividend of at least 25% of distributable profits.

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REPUBLIEK  
VAN  
SUID-AFRIKA



REPUBLIC  
OF  
SOUTH AFRICA

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Vol. 275

PRETORIA, 17 MEI  
MAY 1988

No. 11312

## GOEWERMENSKENNISGEWING

### DEPARTEMENT VAN LANDBOU- EKONOMIE EN -BEMARKING

No. R. 981

17 Mei 1988

KOÖPERASIEWET, 1981 (WET 91 VAN 1981)

VERPLIGTE VERKOPING VAN VOLSTRUISE EN  
VOLSTRUISPRODUKTE DEUR TUSSENKOMS VAN  
KLEIN KAROO LANDBOUKOÖPERASIE BEPERK

Ek, Jacob Johannes Greyling Wentzel, Minister van  
Landbou, handelende kragtens artikel 241 van die Koöpera-  
siewet, 1981 (Wet 91 van 1981)—

(a) vaardig hierby, op versoek van Klein Karoo Land-  
boukoöperasie Beperk, die bepalings in die Bylae uit-  
eengesit, uit; en

(b) bepaal hierby dat die genoemde bepalings op die  
datum van publikasie hiervan in werking tree; en

(c) herroep hierby Goewermenskenningsgewings 640  
van 9 Mei 1958, 1166 van 31 Julie 1959 en 875 van 5  
Junie 1970.

J. J. G. WENTZEL,  
Minister van Landbou.

#### BYLAE

#### Woordskrywing

1. In hierdie Bylae het 'n woord of uitdrukking waaraan  
'n betekenis in die Wet geheg is, daardie betekenis en, tensy  
uit die samehang anders blyk, beteken—

“die Koöperasie” Klein Karoo Landboukoöperasie  
Beperk;

“die Wet” die Koöperasiewet, 1981 (Wet 91 van  
1981), soos gewysig;

“producent” ook—

(a) iemand wat betrokke is by die produksie van  
volstruise of volstruisprodukte; en

874—A

## GOVERNMENT NOTICE

33A

### DEPARTMENT OF AGRICULTURAL ECONOMICS AND MARKETING

No. R. 981

17 May 1988

CO-OPERATIVES ACT, 1981 (ACT 91 OF 1981)

COMPULSORY SALE OF OSTRICHES AND OSTRICH  
PRODUCTS THROUGH KLEIN KAROO AGRICUL-  
TURAL CO-OPERATIVE LIMITED

I, Jacob Johannes Greyling Wentzel, Minister of Agricul-  
ture, acting under section 241 of the Co-operatives Act,  
1981 (Act 91 of 1981), hereby—

(a) at the request of Klein Karoo Agricultural Co-  
operative Limited, make the provisions set out in the  
Schedule; and

(b) determine that the said provisions shall come into  
operation on the date of publication hereof; and

(c) repeal Government Notices 640 of 9 May 1958,  
1166 of 31 July 1959 and 875 of 5 June 1970.

J. J. G. WENTZEL,  
Minister of Agriculture.

#### SCHEDULE

#### Definitions

1. Any word or expression in this Schedule to which a  
meaning has been assigned in the Act shall have that mean-  
ing and, unless the context otherwise indicates—

“exempted area” means the Magisterial Districts of  
Calitzdorp, Ladismith, Oudtshoorn, Prince Albert,  
Uniondale and Willowmore, and that portion of the  
Magisterial District of George situate north of the Outeni-  
qua Mountains;

“producer” includes—

(a) any person concerned in the production of  
ostriches or ostrich products; and

11312—1

Chap 33K 26/8



# Consumer co-op looks at rising Col

By HAPPY ZONDI

THE escalating cost of living, affecting such everyday issues as clothing, food, housing and education, was the theme of a meeting organised by the United Consumer Co-operative Society at Chiawelo Community Centre at the weekend.

"We have about 400 members already and we are still trying to grow. We want to help low-income people to a find means of survival. We also want to get people to come together with common goals in mind and work on them."

said the movement's public relations officer, Lemi Kupi.

The co-operative, which began its operation in May last year, is aimed at getting people together and teaching them business practices.

Said founder Titus Kgalladi: "Everybody is now looking for alternative ways of buying good food at reasonable prices. New methods which have been quietly explored over the

years are now going to have a chance to come into their own. The co-operative is therefore trying to find alternative ways to deal with these problems."

So far, the co-operative has spread its wings throughout the Reef — it has a number of tuck shops in Vosloorus, Alexandria, Mapeta, Chiawelo and Phiri.

Said Kupi: "These tuck shops are run by the members. They are not profit-oriented. The intention is to make money available to

them. While the co-operative movement cannot tear up the 400,000 items of consumer goods in the market, it can give the warmth and friendliness that comes from working together for a common goal and without a profit motive.

"We are not trying to bring up a group of millionaires. Those who come out prosperously will help the others. That's why we've got membership. We are trying to build a spirit of helping one another."



South

Mama Lydia (right) and friends. Their cooperative is approved by the government

# No time for magic talk

IT was eleven in the morning when Antonio's pick-up truck arrived at the Laolane cooperative, a few miles outside the Mozambique capital, Maputo.

Mama Lydia and the other women in the cooperative were planting beans and peas on two small plots of reddish earth.

Antonio had brought two sprayers with him for the infested manioc crop. In the field, he showed them how to mix the pesticide.

The manioc was badly damaged. The tops of the tall leafy stalks were caked with a strange white parasite no-one had seen before. Another aid worker with a magnifying glass plucked the head from one of the stalks and called the women to inspect a colony of bugs under the leaves.

The manioc leaves were important to the women of Laolane cooperative. They made a good nutritious broth. But there was a problem with the field and many local residents were saying it was nothing new to find another ravaged crop.

A long time back, they argued, someone had put a bad magic into the ground, there was no hope for it. Mama Lydia and the aid workers did not like that kind of talk.

They did not like the local name for the infestation either. It was being referred to now as the AIDS of manioc. The rumour was that you would die if you ate a single leaf, let alone the root.

Mama Lydia and the other women said the crop could be saved. They also said the problem lay with local attitudes, not with the field itself.

**WHILE many in Mozambique starve because of destabilisation, a system of farming cooperatives is making progress around the capital, Maputo. JEREMY HARDING reports**

Mama Lydia and the others walked up and down the field stripping the infested heads from the manioc stalks, while Antonio and another man followed behind spraying each plant until most of the crop had been treated. Then the women went back to plant the rest of the beans and peas.

Whatever becomes of the manioc this season, the Laolane co-op itself is going from strength to strength. It has been running for several years and now has a small bio-gas plant and a kindergarten. All this has been largely self-financed.

Laolane is part of the Zonas Verdes or Green Zones, a network of more than 200 agricultural cooperatives on the fringes of Maputo.

The Green Zones have become a model of the growth of the small farming sector in Mozambique after years of costly agricultural policies which the Frelimo government modified at the party's fourth congress in 1983.

However, the Green Zones system,

which has roughly 12 000 members, most of them women — was a non-governmental scheme begun before Frelimo decided to encourage family sector agriculture. Relations between the cooperatives' general union and the ministry of agriculture were not always easy.

Today the political picture is different. In February president Joaquim Chissano gave his blessing to the Green Zones, describing them as an example of socialism in practice. The cooperatives, which survived the lean years of low-level price fixing, are now set to lead the sector in what looks like a much healthier market.

The cooperatives are geared primarily to self-sufficiency in food for participating communities. Marketable surplus is a welcome bonus. Under the current stage of Mozambique's economic recovery programme this emphasis is vital.

Producer incentives in the form of relaxed price controls have made the vegetable stalls in Maputo fuller. But, coupled with devaluation, they pose long-term problems at the consumer end unless wages in the capital can reflect the increase in living costs.

Mama Lydia and her fellow workers have always hoped that the Green Zones scheme would enable them to survive and keep much of Maputo supplied in addition. That is the key to the rapprochement between Frelimo and the cooperative movement. - GEMINI NEWS

# Oil giants pour funds into township co-ops

## Weekly Mail Reporter

ONE of the giant oil multinationals operating in South Africa are giving financial support for the establishment of co-operatives in black communities.

The Mobil Foundation has assisted in establishing a number of income-generating co-operatives in disadvantaged communities, with the emphasis on "structural change rather than charitable work", says community action manager George Gibbs.

He was writing in the Foundation's first report since it was established 18 months ago with a grant of R40-million from the US Mobil Oil Corporation.

The foundation's venture parallels that of Shell South Africa, which announced its support for co-operatives in its annual report released earlier this year.

Gibbs said income-generating projects such as co-ops — as well as the rural and agricultural development projects and urban



A child plays at a day care centre in Bellville  
23-24/9/88  
rounding areas and the income is more than half used to develop the association's million, was spent on education projects pre-schools.

Another project is in Paarl, where the South Cape Learning Resource Unit is teaching unemployed local people agricultural skills and is developing an experimental farm on land leased from the municipality. In Port Shepstone a community development project is being run by the foundation.

# TO SURVIVE

"This forum of active co-op representatives serves as a platform for these participants to discuss their problems, suc-

cesses and constructive chapter alongside other progressive community organisations.

The co-ops are operating in different

ways. Some co-ops have secured a deal to make sports goods for the Sibus sports team. Others have secured a deal to make sports goods for the Sibus sports team. Others have secured a deal to make sports goods for the Sibus sports team.

CO-OPERATIVES have re-emerged as a constructive and positive community initiative setting or addressing the basic needs of employment, income, dignity and unity among the otherwise destitute, desperate and disadvantaged communities.

The collective assembly of skills and limited resources in the community is now being co-ordinated into work groups, productive and sharing groups of people providing jobs, food and hope for one another.

From small beginnings less structured and different from the conventional form of small business — co-ops are business entities.

In the Western Cape co-operatives have had a very short history and the whole co-operative movement is an ill defined and isolated activity, but has the potential to make an enormous contribution to community development and prospectability.

"Co-operatives are a powerful and resourceful entity that has much to contribute to the development and empowerment of the community," Mr Neville Alexander of Co-operative Forum said.

"But Co-operatives are not merely financial enterprises but economic units that have to be responsible, productive and economically viable.

"Although Co-op's help solve unemployment this is not the only purpose of these enterprises, but it has to be profitable to continue to provide income and work for its members.

"Co-ops are business entities — not in the Capitalist sense, but business non the less, and have to operate along sound, accountable, business lines," Mr Peter Jones chairman of the Black Initiative Resource Centre (BIRC) co-ops division said.

● Co-op's are democratically controlled by all members as opposed to the hierarchical management structure many are used to.

● Membership is open to all on an equal basis without discrimination to race, sex, creed, education or status.

● Being a business entity it must create fair and limited profit without exploitation of any form, and the profits are fairly distributed among members.

● Besides providing work and income co-ops promote continued education, development and growth of its members.

● Members must all be involved in every process of the co-operative.

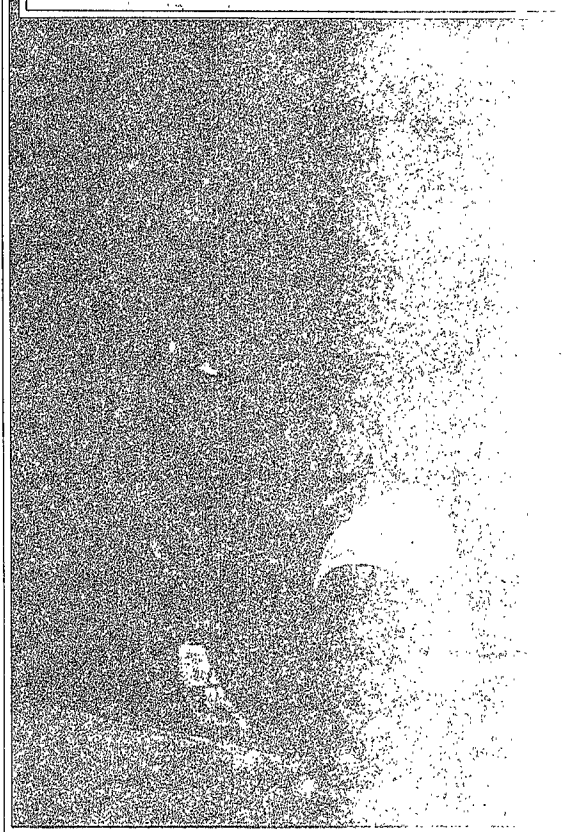
● Must co-operate with and serve its community.

"But it is not that simple," Peter Jones of BIRC notes. "Co-operatives have grown out of state deprivation and a hostile environment. People have to be educated and assisted in the establishment and running of co-operatives as well as coming to terms with the status quo.

"People have to understand the principles of collective proprietorship, the importance of collective decision making and accountability.

"Virtually all Co-op's start from desperate situations, limited skills, virtually no capital and is isolated," Mr Isaac Soules of SALLDRE — coordinator of the Freimersheim Co-op in Mossel Bay said.

## WE'RE NOT ONLY HERE



**Y**ou know us for our beer. We're proud of that. Proud that for nearly 100 years we've been the brewers of South Africa's finest beers.

Yet others know us as an enlightened, concerned company with a commitment towards a healthy, stable society.

Yet others know us for our substantial annual investment in various community programmes.

For instance our policy of investing in and developing special pre-schools in black communities

of South Africa.

The first seven years of a child's life are the most impressionable. Our pre-school objective is to create tomorrow's self-reliant, self-confident people who will be in a position to get the most out of their education and their future.

Sure we're acting as any South African company with its eye on South Africa's future, and especially its own business interest, should.

We believe that everything we can do to build towards a healthy,

# Pretoria co-op makes black pop star dolls

33A

By HAPPY ZONDI

THE lack of black dolls on the market has inspired a group of domestic workers and a housewife to create a range of cloth dolls in the image of local black stars. 26/6/88 C Pres

The women, Elizabeth Mhlango, Makwena Malata, Mamalindi Thibane and Vywic Buys, all from Pretoria, came together after realising their common interest. With the help of radio personality Grant Shakoane, a women's co-operative, the Black Ethnic Reflections, was formed to undertake the project.

The women are at present making lovable Brenda Fassie cloth dolls that have a wide appeal with their traditional blends of rich African colours.

Said Shakoane: "What I had in mind were urban children. I wanted something they (the children) could idolise.

"I immediately thought of Brenda Fassie and her love for children."

The women meet once a week in a backyard garage, bringing with them whatever they have done. The goods are then sold at a flea market on Saturdays.

"I have already approached big business and some companies are prepared to sell the dolls for us," said Shakoane.



Pretoria's Black Ethnic Reflections make black dolls for local children.



## Eldorado Park Extension 9: rentals

39. Mr. T R GEORGE asked the Minister of Local Government, Housing and Agriculture:

- (1) Whether any assistance in regard to rentals is available to residents of Eldorado Park Extension 9, if so, what assistance;
- (2) whether new rental formulae will be implemented in this residential area, if not, why not; if so, what are the relevant details;
- (3) whether he will make a statement on the matter?

## THE MINISTER OF LOCAL GOVERNMENT, HOUSING AND AGRICULTURE:

- (1) No.
- (2) No.
- (3) No. The new rental/investment formula cannot be applied as the dwellings were financed with the local authority's own funds.

## Central Johannesburg: resettlement of Coloureds

49. Mr. T R GEORGE asked the Minister of Local Government, Housing and Agriculture:

- (1) Whether his Department has any official responsibility in regard to the resettlement of the Coloured population residing in the central areas of Johannesburg, if not, (a) why not and (b) what body is responsible for this matter; if so, to what extent;
- (2) whether any housing development is taking place in the Ennerdale area, if so,
- (3) whether it is the intention to resettle Coloured persons residing in the central areas of Johannesburg in Ennerdale; if so, (a) why and (b) when; if not, for what purpose is the Ennerdale area being developed;
- (4) whether the areas of (a) Westbury, (b) Newclare, (c) Bosmont, (d) Riverlea, (e) Coronationville and (f) Noordridge are to be extended to accommodate Coloured persons; if not, why not; if so, (i) which of these areas and (ii) (aa) to what extent and (bb) when, in each case?

## THE MINISTER OF LOCAL GOVERNMENT, HOUSING AND AGRICULTURE:

- (1) Yes.
  - (a) Falls away.
  - (b) The Johannesburg City Council administers a project of 500 flats, which is financed by the Department and built for the relocation of the Coloured Community who resided in the central areas of Johannesburg. Relocation has been carried out in co-operation with the Administration House of Assembly and the Johannesburg City Council.
- (2) Yes.
  - (a) Falls away.
  - (b) For housing.
- (3) No.
  - (a) Falls away.
  - (b) Westbury: No, vacant land unavailable.
  - (c) Newclare: Yes.
  - (d) Bosmont: No, vacant land unavailable.
  - (e) Riverlea: K1 and K2 areas were investigated but due to the physical limitations of the areas, investigations ceased.
  - (f) Coronationville: No, vacant land unavailable.
  - (g) Noordridge: No, vacant land unavailable.
  - (h) Newclare: The buffer zone is presently being investigated by the Group Areas Board.
  - (i) (aa) Falls away.
  - (bb) Falls away.

## HOUSE OF ASSEMBLY

† Indicates translated version.

For written reply:

General Affairs:

Black education: funds from non-Government sources

1960. Mr. A GERBER asked the Minister of Education and Development Aid:†

Whether any amounts were received from (a) foreign governments, (b) foreign corporations and (c) South African companies in 1987 for Black education in South Africa; if so, (i) what total amount in each case and (ii) (aa) from which South African companies were such amounts received and (bb) what amount was received from each of these companies?

THE MINISTER OF EDUCATION AND DEVELOPMENT AID:

- (a) No.
- (b) No.
- (c) Yes.
  - (i) R61 082,00.

(ii) (aa) R 3 500,00  
Dresser SA  
Anglo American of SA R57 582,00

Co-operative society: information on directors  
1428. Mr. C J DERBY-LEWIS asked the Minister of Agriculture:

(1) Whether he will furnish information on the directors of a certain co-operative society, the name of which has been furnished to the Minister's Department for the purpose of his reply; if not, why not; if so, (a) what are their names and (b) in respect of what date is this information furnished;

(2) whether any of these directors are ostrich farmers; if so, who?

THE MINISTER OF AGRICULTURE:

- (1) Yes:
  - (a) Messrs A J de Jager, J J Schoeman, C M Coetzee, P R Foutie, S D Jonker, G Cle Roux, M C Looek, P L Kleyn, G A Olivier, J C Esterhuizen, J H Potgieter and J J Schoeman;
  - (b) 23 August 1988;
- (2) all the directors, with the exception of Messrs M C Looek and J C Esterhuizen, are ostrich farmers.

# Laid-off miners get work prospect

CP Correspondent

A SELF-HELP project has been launched in Transkei by the National Union of Mineworkers.

The project - known as the Mineworkers' Co-operative Project - is aimed at creating jobs for gold miners who have been retrenched over the past few years.

Present at the launch were Num executive members - general secretary Cyril Ramaphosa, president James Mahlatsi and vice-president Elijah Barayi.

Num has set aside R15-million to provide for such self-help projects. Other similar projects are already operating at Phalaborwa and in Lesotho.

The projects involve setting up small farms, brick yards, fowl runs, and tile manufacturing and fence-making works.

It is expected that such projects will help 6 400 retrenched miners.

They will run the projects themselves under expert co-ordination.

Office bearers for the Transkei branch were elected at the close of the three-day conference, held in Umtata.

They are: chairman, Elliot Bala, vice-chairman Nodiphela Kiviel, secretary, Sonwabo Msezeli, assistant secretary Zwelinzima Mamkeli and treasurer Binisile Rhala.

Bala told City Press the Transkei authorities had welcomed the idea of self-help projects and the Transkei Development Corporation had already donated land in Umtata and Flagstaff.

# Co-operative link-up

WHAT IS certainly one of the most comprehensive agricultural information networks in SA is currently the Noord Transvaal Koöperasie (NTK).

This Nylstroom-based agricultural co-operative services more than 6 000 members — from Pretoria to Messina in the north and from the Botswana border in the west to the Springbok flats and the Lowveld in the east — has commissioned a networking project to link its 50 branches to head office.

The co-op's branches operate as outlets for all farming needs, including retail and maintenance services for farming implements, transport vehicles and tractors, hardware, fertilisers and agricultural chemicals and the management of crops such as maize, wheat, sunflower and groundnuts.

NTK data processing manager Johan Bekker said the branches, which all operate Novell Netware local area networks (LANs), have been computerised to handle

a range of administrative and management information tasks.

"The software has been developed in-house by NTK and is based on Microfocus Cobol. Installation of the LANs at branch level has also been the responsibility of NTK DP staff.

"At head-office a LAN links more than 25 PCs, and this network communicates with the Persetel mainframe so that data can be exchanged between the mainframe and the PC LAN. Terminal emulation from PCs provides direct access to the mainframe for all PC users," Bekker said.

Lasernet has been commissioned by Networx, a member of the Unitech group, to consult on the project and provide technical back-up. Eventually, all 50 NTK branches will be networked through dial-in modems.

"This will promote the rapid transfer of information between branches and head office, as well as the sharing of information among branches," Bekker said.

AGRICULTURE

# A freer future

PMML  
25/11/88

■ Grain sales could become more market-related — if the Brand report is accepted

It's too soon to cry "hoorah!" for a free market in agriculture. But the essential restructuring of the sector is about to be taken a step further. This is plainly foreshadowed by the release of the long-awaited report of the committee of inquiry into alternative marketing arrangements for maize under the chairmanship of Development Bank CE Simon Brand. The report is ingenious, and if its recommendations are carried through, the convoluted problems facing the maize, wheat and grain sorghum industries should become tractable.

Central to the report is a proposal to create a single marketing body that will sell all

surplus maize, wheat and sorghum (after "human" and industrial needs have been met) into the local stockfeed and export markets. A new "market floor" will be created for all three surplus grains and prices will be based on quality, supplies and location of the stock. "Eventually it could lead to a grain futures market in SA," says Maize Board economist Johan Willemsse.

While the new system will not necessarily lead to better prices, it should create an essential price-setting element for the surplus stock of each of the three grains. Buyers will bid according to the acceptability and location of each grain commodity.



Chairman Brand ... breaking down the marketing taboos

# Frame in co-op move to aid unemployed

IN a novel move to alleviate the effects of retrenchment, the Frame Group will help finance the establishment of a union-run co-operative manufacturing endeavour for workers laid off in the next few months.

According to the latest Amalgamated Clothing, Textile and Allied Workers' Union (Actwusa) newsletter, Frame would contribute about R2.5m to help set up co-op clothing factories in Durban, Ladysmith and East London.

Also, the group would supply fabric at cost price to the co-op.

An editorial in the newsletter said Actwusa was not trying to become an

33A 8/10/88 ALAN FINE

employer itself, but was trying to help the unemployed and create wealth through jobs.

The project would initially train and employ up to 1 000 workers to be laid off from Frame's Consolidated Cotton Corp.

Actwusa said planning for the project should be completed by the end of the year and the co-op could be operational by next March.

In the last round of lay-offs at Frame it had negotiated for R4.2m to be paid out to the 1 500 retrenchees.

"However, when workers are retrenched the key need is for jobs rather than lump-sum payouts. The union decided to tackle the problem head-on and won some co-operation from the group.

"Put simply, if employers can't employ Actwusa members, the union will try itself to do so, but employers must assist with this job creation."

Factories would be run democratically, under the control of the workers, who would determine policy on matters such as production targets and profits would be used to start new projects.

A company spokesman declined to comment at this stage.

## Bokomo's Koen to challenge Rainbow

CAPE TOWN — Bokomo, the Western Cape farming co-operative, is on the move and the 600 farmers who own this R100 million plus operation can look forward to an ever increasing involvement in the country's food industry.

In a major deal signed last week, Bokomo bought out one of South Africa's largest food company's egg production facilities and taken over the management of its broiler business.

Premier Milling has put its faith in Mr Rudolph Koen, MD of Bokomo's poultry division and in a straight merger of assets has handed over the management of Premier's poultry business to him.

It is obviously a feather in the cap of the Cape poultry man and coupled with the two companies' agricultural feed business, the synergy of production facilities clearly makes for a very good deal.

Mr Koen declined to say how much Bokomo paid

By Trevor Walker

for Premier's egg business, but said the broiler business was much the bigger of the two. The combined broiler operation will have an annual turnover of about R450 million and the egg side about R200 million.

Bokomo's now expanded broiler output would produce about 1.6 million birds a week and given the continued swing to white meat in this country, further investment in production facilities would be essential.

The takeover of Premier's egg division has pushed Bokomo into the leading spot as far as egg sales are concerned.

Nevertheless, the modest Mr Koen has committed himself to take on the broiler industry dominated by Rainbow Chickens and it was perhaps, no coincidence that he is talking to Pick 'n Pay chairman Raymond Ackerman.



A group of women painting Umzwethemba beads in Grahamstown. Left to right are Ms Tanasi Ndinisa, Ms Lindiwe Adam and Ms Daniswa Heahu.

## Women's 'place of growing hope'

By Winnie Graham

A small group of black and white Grahamstown women have formed a co-op which today produces a variety of attractive products ranging from hand-painted mugs and beads to stylised pottery birds and little pumpkin-on-the-roof township shacks.

The 25 women from the Umzwethemba ("place of growing hope") group work from the old Grahams-town power station which, in the pre-Eskom days, produced power for the eastern Cape town.

Many of the women were unskilled and jobless before the co-op started but in the two years of its existence they have learned fast — despite the fact they have had little time for intensive training.

The wares made by co-op members are sold by a resource, training and marketing organisation known as Co-op Development and Marketing (CDM) which they share with four other of the so-called "Power Station co-ops". These produce wooden toys and furniture, brass beads, clothing, silk-screens and jewellery.

Sales for the groups are between R10 000 and R15 000 a month: enough to support 25 full-time and 25 part-time people.

Miss Irene Walker, potter and co-op founder-

member of Umzwethemba who once headed technikon departments and taught in Switzerland and Canada, sees the co-op as a pilot project for working in a future South Africa.

The factory, she has found, is more than a potter's production line. For a multiracial co-op to survive, the women have to spend time understanding their roles.

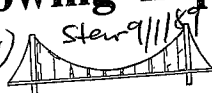
She points out that under the co-operative system there is joint responsibility for running Umzwethemba.

Originally the group made ceramic beads which were sold in craft shops round the country. Last year, however, Miss Walker taught 20 women to model with clay and a new range of township models has now become very popular.

"We've discovered that success in the craft market depends on regular production of new products," Miss Walker said. "Just as one product attains the standard of quality demanded by the market, we need to be developing the next."

The co-op hopes, ultimately, to expand.

(33A)



# Co-op schemes are hammered

B/DW 7/2/89 33A 286

A LEADING broker has slammed the recent emergence of co-operatives in short-term "insurance" because of the high risk these co-ops pose to clients.

"Insurance Brokers Council" (IBC) chairman Dave Burgess says co-ops are a development by certain small brokers in the short-term insurance industry against which there is insufficient control.

Speaking as Trident Insurance Brokers MD, he says these co-ops are highly dangerous and could well develop into a rip-off.

"They should be investigated by the Registrar of Financial Institutions," he adds.

In his capacity as IBC chairman, Burgess cautions any client against doing business with a co-op on the grounds of receiving a discount on premiums, particularly as cheap rates can also be negotiated by brokers in the present com-

petitive short-term insurance market.

Theory behind the formation of these co-ops, he says, is that some smaller brokers would be far more selective in choosing their clients than a conventional insurance company would be, thus enabling the co-op to charge a lower premium to these selected clients.

The premiums paid to co-ops would then go into a pool from which claims would be paid.

And in the event of claims not exceeding the amount in the pool the

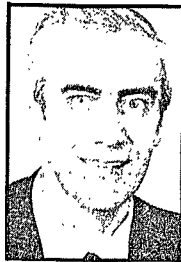
clients would receive a profit distribution in proportion to the premiums paid at the end of each year.

However, Burgess says if the claims were to exceed the amount in the pool then either no further claims would be paid during the remainder of that year or all the members of the co-op would have to pay in more premium.

Additionally, if the claims experience were to be "bad" and a client wished to cancel his insurance for any reason, or withdraw from the co-op, then there would be no guarantee of funds being available for a refund.

His reasons for believing co-ops to be an exceptionally risky option for a client to consider "insuring" are:

- These smaller brokers are not subject to the restraints of the Insurance Act and do not have to build up the large reserves mandatory for the conventional insurance companies;
- There are no constraints against an unscrupulous broker, or anyone, from forming an "insurance" co-op, collecting premiums from clients and then absconding with the premiums, or just repudiating the claims, leaving clients without any form of cover;
- Only a percentage of the premium paid by the clients to the co-op is available to pay claims — the balance is retained by the broker in the form of commission and administrative charges;
- Unforeseen catastrophe-type claims could not be eliminated and one or two claims could easily completely deplete all of the premiums paid by all the



□ BURGESS ... smaller brokers more selective

co-op members as the number of members would not be sufficient to spread the risk as is the position with conventional insurers.

"It appears that the only person who is guaranteed to benefit from the formation of these co-ops is the

insurance broker — he still gets his commission and an admin fee no matter what happens," notes Burgess.

"This commission and admin fee not only applies to the initial premium, but will also of course apply to any additional premium which may have to be paid in by the co-op members."

Burgess feels that in today's soft market most conventional insurers are "more than willing" to negotiate reduced premiums and these could quite possibly be in excess of any potential saving that may be available via one of the more risky insurance co-ops.

"In view of such opportunities it would not be in any client's interest to take on the risk associated with becoming a member of one of these co-ops," he adds.



14/12/89

# Frame finances R2,5m co-op venture

By ALAN FINE

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JOHANNESBURG. — A unique co-operative production venture, initiated by the Amalgamated Clothing and Textile Workers' Union (Actwusa) and financed by the Frame Group to the tune of R2,5m is set to begin the employment of 300 workers this month.

The venture, announced in October, is designed to provide employment for hundreds of employees laid off by the Frame Group as part of a rationalisation exercise.

GM Glen Cormack, appointed by Actwusa to run the first of three planned clothing factories, said yesterday the co-op Zenzeleni (which means "Do it yourself") was in the process of being registered as a private company.

Zenzeleni, he said, had leased 3 000 sq m premises at Jacobs near Durban. Renovations would cost R300 000, while an order for more than R1m in capital equipment was in the pipeline.

Cormack, who resigned his post as personnel director of Tiger Oats' baking division to manage Zenzeleni, said profits from the project would be used to start similar ones at Lady-smith and East London. Wages rates would be based on industrial council minima in the Durban area negotiated by Actwusa.

ed general manager of financial services. — Sapa

10/3/89  
**Retrenched workers**

**own factory**

DURBAN. — A clothing factory employing retrenched workers has been established at Jacobs here by the Amalgamated Clothing and Textile Workers' Union.

Regional secretary Mr John Eagles said the union decided to open the factory after 2000 people were retrenched by the Frame Group last year.

The factory is one of the union's social responsibility programmes — to provide job security for its members. Mr Eagles said that as part of the retrenchment agreement, the Frame Group gave the union R2,5 million to finance the factory where workers will have a say in its running.

Mr Eagles said that profits from the factory, which will be run as a co-operative by a trustee, are to be used to set up similar projects at Ladysmith and Port Elizabeth. — Sapa

33A 19/3/89.

# SELF-HELP

CP Correspondent

**RESIDENTS** of South Africa's sprawling black townships, plagued by a continuous decline in general living standards, are initiating more and more self-help projects and co-operatives to improve the quality of their lives.

A team of ambitious and progressive young men from Grahamstown have formed the Self-help and Co-ops Co-ordinating Council to group together skilled, semi-skilled and generally talented men and women for the manufacture and sale of arts, handicrafts, knitwear, herbal remedies, radio and TV repairs, and shoe-making and repairs.

This follows an attempt a few years ago to bring together under one roof people skilled in various crafts to operate in Grahamstown's central business district, thereby

## Grahamstown men take the initiative . . .

stimulating interest and support by the general public.

The SCCC was founded in December 1987 by Ntsokolo Sandi and Witsizwi Meintjies.

Said Sandi: "We were concerned about our people living in appalling conditions of poverty, lacking the wherewithal to attain even the minimum level of health and decency.

"The spectre of hunger and disease is increasingly being evidenced by crowds of sick and malnourished patients of all ages treated at clinics and hospitals.

"This resulted in unemployment, as there were no labour-intensive industries in the area to absorb the hundreds of workless able-bodied men and women in our townships," he said.

Sandi said his organisation operated from 75 Bathurst Street in Grahamstown's CBD, where its products would be easily available for sale.

Trained staff with diplomas of international standard - received from the Wilgespruit Fellowship Centre in Roodeport - run the organisation.

Sandi said he recommended four SCCC staff

members to the Centre.

They have received bursaries to study for six months.

The fees, including registration, amount to about R40 000.

Subjects include human resources and developments, projects planning and evaluation, adult education, social action, development economics, and labour and community relations.

After making representations to Cape Town company Warner Lambert, a donation was received to cover the SCCC Centre's R800 monthly

rental for a year.

Sandi stressed that the SCCC was not a business undertaking.

The executive officials receive no salaries.

Only the staff were remunerated, Sandi said.

The management consists of chairman L Poni, vice-chairman S Ndlovana, secretary N Sebe and treasurer L Zake.

The staff members are co-ordinator Meintjies, field workers Sandi and V Ncapayi, and clerical assistant Nobengazi Kamana.

Kamana is also a qualified bookkeeper.

Another SCCC member who trained at Wilgespruit has been employed by the the Albany Council of Churches' Inter-Church Aid Organisation.

AS Nicaragua approaches the tenth anniversary of the Sandinista revolution, the land reform movement that is one of its mainstays has been shaken by a conflict between a peasant co-operative and the government.

For the last two years, 10 families in the rural department of Managua have raised cattle and grown grain on the Juan Urbina co-operative, named after a local man who died in the struggle to overthrow the Somoza dictatorship.

Now the Agriculture Ministry, overruling a five-year agreement with the co-operative, has withdrawn 450 hectares of their best grazing land and returned it to the original owner, Mario Hannon, a large private farmer.

Members of the co-operative, all former landless labourers, are upset by the move. The co-operative's president, Roberto Ramirez, insists that they have worked hard and productively.

### Agrarian reform

"As a group of poor, working people we have always paid our debts and complied with the law. We wanted to support the government."

Now, with more than half their land taken away, they do not have enough pasture for their 300 head of cattle.

The co-operative has been offered an alternative parcel of land as compensation, but Ramirez complains it is too far away to be of use.

Ministry officials claim the land being taken from the co-operative was not being used efficiently.

Under the agrarian reform laws, all agricultural land not being used for

# Co-opting capital in Nicaragua

33A  
South  
25-31/5/87

**Margaret Thatcher told Nicaraguan president Daniel Ortega during his recent European tour his economic policies were largely to blame for the country's economic woes. One headache for Nicaragua is the growing conflict between the country's commitment to co-operatives and its efforts to woo capital. NICHOLAS YOUNG reports:**

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Until now, however, this has only been applied to large private producers, many of whom left lands idle while waiting to see the outcome of the revolution or, as some argued, to deliberately undermine it.

This new application of the law in favour of a private producer appears to reflect present government policy of "concentration" with private capital.

Increasingly anxious to regenerate production in the wake of the anti-government war waged by US-backed Contra rebels, the Sandinista leadership has been urging a rapprochement with private business interests and landowners.

It is not clear where this leaves the co-operative movement, often hailed as one of the most important

achievements of the Sandinistas.

Government figures show that more than 100 000 peasant families have benefited from agrarian reform in the last decade.

Many chose to form co-operatives, although this made them liable to attack by the Contras, who considered co-operatives to be communist.

Santa Elisa is one of a string of recently established co-operatives about 130km north-east of Managua. The area is sparsely populated and still subject to sporadic Contra activity.

In choosing to build new settlements there, with the help from the World Food Programme and a Finnish non-governmental organisation, the authorities demonstrated their determination to expand co-operative agriculture despite Contra

harassment.

Tomas Rodriguez, Sandinista Front organiser for the zone, explains that a further objective was to provide unemployed city workers with the opportunity to work the land productively. This aim has become more pressing following widespread redundancies in the public sector as austerity measures continue.

Rodriguez cites the response to the 1988 Contra attack on Santa Elisa as evidence of the project's success.

"The people are still here. And not a single house burnt down, because the people fought back fiercely, knowing they were defending a worthwhile project."

Santa Elisa has since seen successive influxes of city dwellers, but it still has empty houses.

Tomas Rodriguez acknowledges there are problems, not only of adaption but of resources. Removal of government subsidies on agrochemicals, severe restrictions on bank loans and substantial increases in transport costs are placing great strains on large and small-scale producers alike.

### Dry season

In addition, new co-operatives have to contend with difficulties of changing agricultural techniques.

For example, cattle ranching in Nicaragua has traditionally been carried out on a very large scale by landowners who can drive herds long distances to wetter zones during the dry season.

There is therefore no tradition of growing forage crops, which are necessary for efficient production on a smaller, co-operative scale.

Nevertheless, the case of the Juan Urbina co-operative seems to suggest that the Agriculture Ministry's political commitment to the co-operative movement will, from now on, be tempered by an insistence on productivity. — GEMINI NEWS

# Co-opting capital in Nicaragua

AS Nicaragua approaches the tenth anniversary of the Sandinista revolution, the land reform movement that is one of its mainstays has been shaken by a conflict between a peasant co-operative and the government.

For the last two years, 10 families in the rural department of Managua have raised cattle and grown grain on the Juan Urbina co-operative, named after a local man who died in the struggle to overthrow the Somoza dictatorship.

Now the Agriculture Ministry, overruling a five-year agreement with the co-operative, has withdrawn 450 hectares of their best grazing land and returned it to the original owner, Mario Hamon, a large private farmer.

Members of the co-operative, all former landless labourers, are upset by the move. The co-operative's president, Roberto Ramirez, insists that they have worked hard and productively.

## Agrarian reform

"As a group of poor, working people we have always paid our debts and complied with the law. We wanted to support the government."

Now, with more than half their land taken away, they do not have enough pasture for their 300 head of cattle.

The co-operative has been offered an alternative parcel of land as compensation, but Ramirez complains it is too far away to be of use.

Ministry officials claim the land being taken from the co-operative was not being used efficiently.

Under the agrarian reform laws, all agricultural land not being used for

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(33A)



# Builders' co-op for Soweto

By Dawn Barthuzen

Backyard shacks in Soweto could take on a new look with the emergence of a co-operative of builders — believed to be the township's first.

Building structures at cost price with a competitive price for labour will, according to the Songqoba Co-operative, allow Soweto residents to bridge the gap between backyard tin shacks and basic low cost housing. Clients will also be given terms for repayment.

The co-operative, formed two months ago by dismissed Post Office workers, is one of the townships' first self-help schemes for men and is seen as a breakthrough for the urban community in which such schemes are largely limited through lack of space.

Last week members of the Songqoba Co-operative were hard at work on their first project — two large rooms in the tiny backyard of Mrs Royal Xhaseka's three-roomed Soweto house.

Next week they hope to move on to project No 2: a backyard room and garage.

From there they hope to be contracted to build the backrooms and houses that are in desperate need in the area.

Once they become established and build up capital, they aim to tackle larger projects, according to Operation Hunger national co-ordinator Mr Mpho

Mashini.

Plans are also in the pipeline to start a backyard brickmaking self-help scheme to supply the co-op.

Operation Hunger provided the tools for the co-op after 20 men, who were receiving relief feeding, approached the organisation with the idea of starting the co-operative.

"Some of the chaps had been out of a job for some time. They wanted to work but could find no jobs," Mr Mashini says.

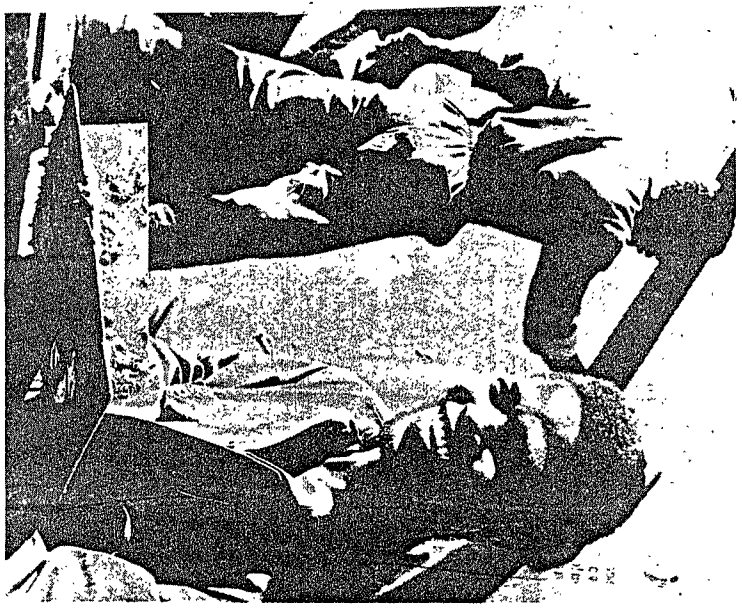
The Songqoba Co-op has 20 members — some with experience in the building trade, others with the will to learn. Many have skills learnt during their time of employment at the Post Office.

The greatest problem facing the co-operative is lack of capital. Mr Mashini says banks are reluctant to give loans without a trade record.

In order to embark on their first project, the client was required to buy all the materials needed.

Mrs Xhaseka's only payment to the co-operative will be for labour — a payment made over a period of time. Of this money, a portion will go to the builders and a percentage will be set aside for use in the next project.

"This is one of the cheapest options open to a home-owner — and he will be getting a professional structure for which the plans have been approved," Mr Mashini says.



Songqoba Co-operative member Mr Bheli Phokathi, a dismissed cable joiner from the Post Office and one-time builder, is now constructing dwellings in the backyards of Soweto.

● Picture by Stephen Davimias.

# Share bonanza for fruit farmers

33A  
CMT TIPS 2/3/90

By AUDREY D'ANGELO  
Financial Editor

UNIVERSAL FRUTRADE (Unifruco) — the farmers' co-operative marketing millions of rands worth of Western Cape fruit overseas every year — has become a private limited company with assets of R46,7m, and 10m shares in issue.

Although ownership of shares is restricted to registered fruit exporters at present, chairman Leo Fine said yesterday that the directors intended to make them freely negotiable "in the near future". It was possible that the company might seek a listing on the Johannesburg Stock Exchange, said Fine.

The new company came into existence yesterday when 10m shares out of an authorised 20m were allocated to more than 1 000 fruit farmers. The basis of the allocation was the relative contribution of each farmer to the funding of the Deciduous Fruit Board and of Unifruco, which took over export marketing from the board in September 1987.

A statement issued yesterday said the assets of the new company, including land and buildings, cash and investments, totalled R46,7m.

The deciduous fruit industry is one of the biggest employers and export earners in the Western Cape. Last year fruit farmers shared a record pay-out of R481m. But they complained that because of the rising cost of inputs their net earnings were below those of the previous year.

A spokesman for Unifruco said export turnover was expected to top R1bn this year and that the new company was one of the five largest fruit marketing concerns in the world.

Turning the co-operative into a company puts wealth into the pockets of individual farmers by giving them access to shares to which the individual producer previously had no right or ownership.

The company has all rights, worldwide, to the trade marks Cape, Jardin du Cap and Sunglo. It also has an interest in Fruit Importers and Distributors International (Fidi) which markets fruit from various parts of the world under the Bella Nova trade mark.

Staff who were in the service of the co-op have retained their jobs with the new company. Louis Kriel remains CE and MD.

Fine, who was chairman of the co-op, was elected chairman of the company. The vice-chairman is Stephanus Rossouw.

# Soweto women set new trend

By PEARL MAJOLA

A group of innovative Soweto women calling themselves Sweet Dreams have taken a brave step to combat unemployment by launching a unique project offering work opportunities for unemployed women who can sew and have their own machines.

These women go around the townships teaching others to make hand-printed duvet sets, designed to create a new ethnic cottage-type look duvets under the Roots of Africa Collection label.

Tomorrow they will be joining artists like Hargreaves Ntswana, Godfrey Ndaba and David Mbele at an exciting exhibition of African art at the Rural Craft Centre, 18 Admirals Court, Tywhitt Avenue, Rosebank, from 9am until 3pm.

They will be exhibiting the duvets and pillows they make.

So if you are not doing anything around that time tomorrow or you happen to be around that area, drop by you might find something you like or even an ideal Christmas gift for somebody special.

Sowetan 21/12/90

32A

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Mrs Jemina Tladi is involved in one of the Sechaba projects. She makes African dolls to promote Black consciousness

# Sechaba - a story of success in aid

FROM a backyard room to a modern training centre, that is how the Sechaba training programme has grown.

The self-help scheme, which operates under the auspices of the Inter-denominational Prayer Women's League, moved into its new premises in July.

The spacious and airy centre, which can house 100 workers at a time and has two industrial sewing machines - one overlock and 12 domestic machines - is a far cry from the township backyard rooms where only one machine could be fitted and in which only one member could work.

Unemployed women from different denominations do handcrafts,

By SIZA KOOMA

sewing and fabric printing.

The products, school uniforms, ethnic attire and traditional handcrafted wares, are sold to curio shops and to the public on order.

Sechaba has also trained 17 women on both printing and basic sewing skills since its launch.

Director Mary Mabaso said the self-help scheme, initiated in 1983, was part of the IDPWL's attempt to teach people to do things for themselves even though they still had projects that offered assistance to the needy in the form of clothing and food.

"Our policy is to teach people how to catch fish so that they can be self-reliant. We show them

options on what they could do to alleviate their problems by giving them skills that would help them earn a living," Mabaso said.

She said the women were screened before training to check if they were "deserving and would be dedicated to improving themselves and others when they had been given the skills".

The screening discouraged people who would only go back to sit at home with the skills they had acquired from training.

Women at Sechaba, which relies solely on sponsors, are paid from profits made on sales. The profits are also used to buy material to run the different projects. The women get from R80 to R120 a week.

# Trek backs petrol co-op venture

By JOSHUA RABOROKO

A COOPERATIVE venture which could have far-reaching implications for the small business development in South Africa, has been announced by Trek Petroleum and a private company, Natabo.

The venture, which centres around forming fully-fledged cooperative societies involving taxi owners, will not only result in financial advantages to taxi owners, but will also open doors to greater wealth creation at grassroots level. *Sanitiser 9/11/90*

Two service stations, one in Tzaneen and the other in Gomo, East London, are already functioning on the cooperative basis and more will follow, as the long term plan is to build up a network of mutually beneficial operations.

The general manager of Trek Petroleum, Mr Andy Kamfer, said: "We have decided to support this venture because we sincerely believe that the cooperative route is the best system through which economic opportunities can be created in certain sector of our economy."

## Discounts allowed

"By becoming members of the cooperative, different types of benefits accrue to taxi owners and operators. Discounts on petrol are allowed but, through the cooperative bargaining power of the members, discounts on many other related products such as oil, tyres, batteries and spares can be negotiated and, at the end of the day, the member's shares in all the profits of the business."

The managing director of Natabo, Mr Roly Burke, was of the opinion that "cooperatives are easily the most sensible way to create business and economic opportunities."

Firstly, he said, the cooperative was traditional to many cultures, and seemingly it was easily understood in all sectors of the community. One of the most important aspects of a cooperative was that ownership rested in the hands of the members and no single person could enrich himself at the expense of others.

"It also means, Burke said, "that no single person can dominate the cooperative since all the members have an equal say in matters. Board members are elected on a democratic, electoral basis and if they do not produce satisfactory results, they are simply voted out of office."

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The group, Comrades for Christ, signed an offer

Plans to turn it into a workers' co-operative have been jointly initiated by the ANC and other

A statement released by CFC's Cape Town publishers, Cross Times Trust, said the proposed R50 million three-star hotel and conference centre would be run completely by workers as a co-operative, and would be the largest co-operative in the country.

## Developer

The old Kings Hotel was demolished in February 1988, when Baumker announced plans to replace it with a new multi-million rand hotel and leisure complex.

In March this year, the Trustbank in Johannesburg confirmed that funds obtained from an overseas source to complete the project were in place and in May Baumker announced that the funding, which had been approved by the Reserve Bank,

Nevertheless, the project remained stalled. The CFC said in its statement on Monday the joint initiators of the plans to turn the project into a workers' co-operative hoped it would set a precedent for similar projects in a post-apartheid economy.

"Co-operatives have really only been seen as a sort of hand-aid economy and a poor cousin of market enterprise," Schuitema said.

For the ANC, co-operatives are one of four economic sectors proposed in its vision of a mixed economy.

### Solution

A spokesman for the ANC's education and development desk in the Border, Dr Chippie Oliver, said: "Workers' co-operatives are definitely a major solution to problems in a post-apartheid economy."

The statement said the ambitious venture had been facilitated by the involvement of Baumker in the shared "vision" of a Christian initiative to start workers' co-operatives in the Border area.

Construction was expected to begin as soon as building and other contracts had been confirmed.

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# Co-operatives: Facing the challenges of the future

● From PAGE 3

co-operatives are most often mere survival strategies for the poor, paying low wages with no job security, benefits, or possibility of economic viability. At best they remain transient learning experiences which do not substitute for work in the formal sector.

Some local initiatives have often managed to survive through sacrifice and commitment, which is often not recognised when evaluating these enterprises (eg Num T Shirt). There is evidence to show that worker co-operatives are more resilient to economic hardship than conventional businesses, and because workers are also owners, co-operatives can improve productivity, as well as improve the quality of working life.

Inspirational models of successful co-operatives do exist. The Italian Co-operative Movement (Lega) owns and controls leading sectors of the Italian economy, with 15 000 enterprises which include agriculture, engineering, insurance and construction. Almost 100 years old, the formation and development of these co-operatives were dependent on their links to the communist, socialist and republican parties.

The Mondragon co-op in Spain is another example of another sophisticated network of co-operatives which lead in production sectors of the Basque economy. What these examples have in common is that they were supported by social movements, and built up an integrated network, which supported one another in the regional economy.

Support from political organisations is not always advantageous. Many African governments have promoted co-operatives as part of national development programmes and then seek to control them. This results in co-operatives which are part of state bureaucracies, supported by development aid and providing jobs and services to elites.

The major issue which faces a number of co-operative movements, including the current co-operative initiatives in South Africa, is how to move beyond the worker co-operative model as an isolated and marginal production unit.

Support by political parties and trade unions may be a necessary condition for their growth, but not a sufficient condition for economic success. Cosatu's resolution on co-operatives in 1989 states: "Co-ops cannot create jobs for all. To do this we need political power to restructure the economy and to use the wealth of the nation to serve the needs of the people as a whole."

ing the potential role of housing co-operatives in terms of both production of materials and ownership of housing.

In Scotland, Poldrait Service, a community owned and controlled enterprise set up to combat poverty in the east end of Glasgow also created jobs in contract cleaning, house improvements and small manufacturing.

Community businesses are usually non-profit. A board of directors representing the local community play a role in soliciting support from government assisting with new enterprises financing.

In Alberta, Canada, for example, Local Enterprise Trust has developed in order to create enterprises initiated and controlled by the community. This has also resulted in the formation of small to medium-size service or production companies structured as co-operatives. The trust organise pools of capital to assist local enterprises until viability. Benefits include improved infrastructure, attraction of money to the community, generation of local prosperity, heightened empowerment and improved local services and skills development.

Combining worker co-operatives with community development initiatives could include the formation of credit union and consumer co-operatives. Consumer co-operatives may viably service people in squatter settlements in the purchase of low cost bulk consumer goods and building materials.

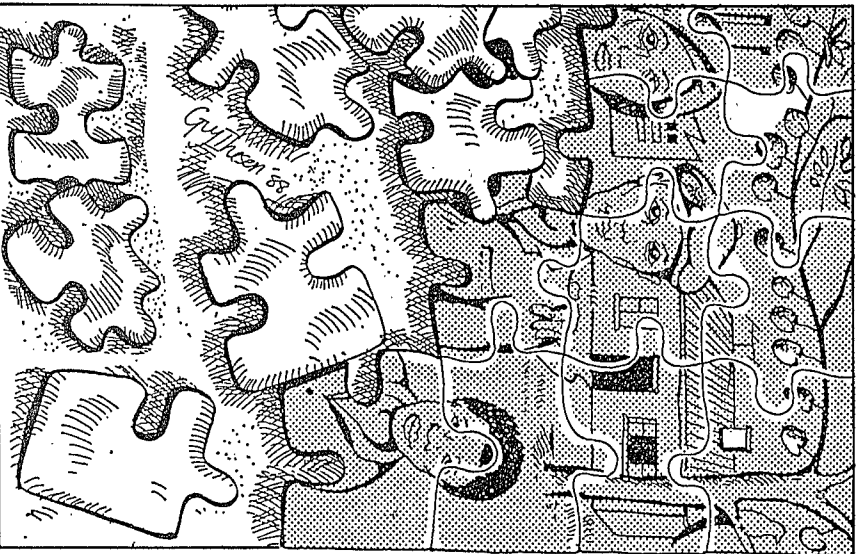
This strategy would enable the development of worker co-operative enterprises while meeting basic needs. Clusters of economically viable workers co-operatives could be promoted alongside other co-operative enterprises, which may be given local government support. Essential services could be community controlled with subcontracting agreements to worker co-operatives.

Co-operative movements need local organisation (supported by public funds) to promote, service and secure financing for co-operatives. In South Africa, these could take the form of regional enterprise centres which work closely with democratic community organisations, planners and developers.

Legal reform and tax reform, as well as other incentives, will also be necessary to promote a co-operative sector. In France and Quebec, the state has organised to give members of co-operatives unemployment benefits.

continued

## CO-OPERATIVES



Co-operatives have merged in urban and rural areas, encouraged by the growth of the trade union movement, community and service organisations

# Co-operatives: Facing the challenges of the future

W/Mag Suppl 1748-1748/70

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**E**CONOMIC and social development, which integrates a community development approach with co-operatives, may be one way to meet the challenges faced by emerging worker co-operatives. Local and international experiences reveal the limitations of small and isolated co-operatives.

Recently, co-operatives have merged in urban and rural areas in South Africa, encouraged by the growth of the trade union movement, community organisations and service organisations. Another factor is the increase in mass structural unemployment and social dislocation.

In the late 1980s a number of Congress of South African Trade Unions (Cosatu) affiliates supported the formation of co-operatives for retrained and dismissed workers.

In many industrialised countries the number of co-operative enterprises is increasing due to unemployment, concentration of the economic power, foreign ownership, unstable branch economics and productivity and trade competition. Newer co-operatives in the United States and the United Kingdom have enterprises (conversions) and new start-ups.

Co-operatives are business enterprises owned and controlled by their members who work in the business. They are organised on the basis of internationally accepted principles, the most notable of which is democratic control (one member one vote) and equitable distribution of profits to the worker/members. These principles

*Local reform and tax reform, as well as other incentives, will be necessary to promote a co-operative system*  
By **GEORGINA JAFFEE**  
Co-operative Planning and Education (Cope)

distinction co-operatives from the many profit-sharing schemes and employee share-ownership schemes. Unlike these schemes, the ownership and control of the co-operative remains with the workers and the profits are allocated equitably and not on the basis of shares held.

Worker co-operatives in South Africa, and in many other countries such as Britain and Canada have generally been small independent co-operatives with adequate support systems, which results in a range of problems such as lack of sufficient start-up finance, minimum management skills, bad product choice, and lack of marketing skills. Co-operative have needed to survive within existing economic relations characterised by competitive and sophisticated markets. These relatively small co-operatives, unable to really effect structural change are being seriously re-evaluated.

In South Africa and The Third World, co-operatives have incorporated economically marginal people which means that there is not only an absence of basic skills such as ma-

teracy and literacy, but also problems of ageability and low morale due to unemployment, underemployment and poverty.

Since the first co-operatives formed the industrial revolution to resist poverty, co-ops have been promoted worldwide by a range of organisations. Considered more empowering for the membership than other forms of economic activity, viable co-operatives are also able to develop stronger and more democratic communities. Co-operative-run enterprises, which are the exception rather than the rule, are able to practise all the forms of management, production and distribution.

As a result, worker co-operatives have appealed to a range of organisations struggling for democratic economic control.

The power and force of economically viable co-operatives cannot be underestimated. Even the most scale activities, which only provide minimum income to individuals, the worker/members to experience something of their potential. "We are learning to be our bosses with nobody standing behind us," remarked one of the members of a small sewing co-operative in El Prado Park. Similarly a member of five-member fencing co-operative made up of retrained worker Brits commented "We share it and there is nobody to boss around. There is no labour dispute. We prefer this work to the factory. Despite these positive reasons.

How can co-operatives become part of the restructuring of the economy and broad environment?

Community businesses offer a variation on the pure worker-controlled model — the business is owned and controlled by the community at large.

Success is gauged by criteria such as job creation and improvements in the working environment. Community businesses have been successful in Scotland and parts of Canada in depressed localities with high unemployment. They merge social and community development objectives with local economic regeneration in a new way. Many Western governments have given public funding to the establishment of local support organisations for both worker co-operatives and community businesses.

The development of highly political and democratic civic structures in South Africa and the current opportunities available for participation in the restructuring of the urban environment, could provide an opportunity to integrate co-operatives with democratic community development initiatives, which may also take the form of community businesses. Mass-based organisations are already investigat-

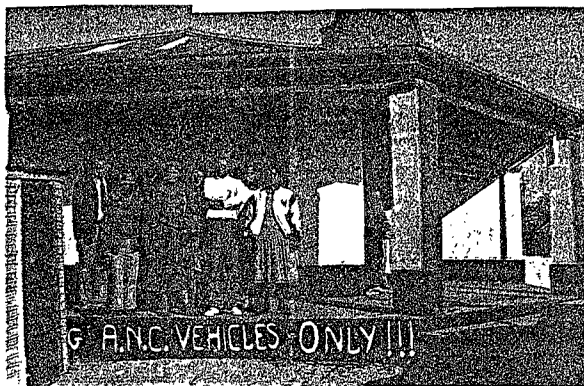
Co-operatives will have to build up the entrepreneurial and production skills to provide goods and services of equal quality to the private sector. They will have to consider whether to liaise with the private sector in connection with training, financing and marketing.

A strategic alliance could be fostered between the private sector, the state and the worker co-operatives in order to ensure their economic viability and longevity.

In some countries conventional businesses are franchising co-operatives, and entering subcontracting arrangements. If this builds a symbiotic relationship between development programmes and co-operatives, co-operatives will have a chance of being a serious economic sector as suggested in the African National Congress' economic guidelines.

Alliances and the building of integrated economic networks with community development projects may be resisted by current co-operators on the basis that workers' control may be threatened, since the community is made up of a range of different interests.

There would be a need to balance workplace democracy with accountability to a larger community.



**WE'RE YOUR (B)ANC . . .** African National Co-operation director Mr Victor Nika, front row, second from the right, with members of his staff outside the co-op's offices in Athlone yesterday.

Picture: ORED ZILWA

## Black, yellow and green for ANC bank

Staff Reporter

THE ANC has started operating as a financial institution in Athlone, from a building sporting the liberation movement's colours.

But the "African National Co-operation" is not part of the African National Congress nor is it trying to pass itself off as an "ANC bank", the co-op's director, Mr Victor Nika, said yesterday.

The ANC colour scheme seems to have gone down well with the community, with 30 agents busily signing up African National Co-operation members who pay a R5 membership and R50 security fee to qualify for co-op aid. Mr Nika said he had had no opposition from the ANC.

Mr Nika said the co-op had repeatedly applied to be registered by the registrar of financial institutions, but was advised to register as a welfare organisation, which it was now in the process of doing.

The African National Co-operation did not have much capital at present but was hoping the state would make good its promise of state aid to the underdeveloped sector, Mr Nika said.

A MASS-TRAINING method to teach sophisticated analysis to people with low literacy levels is being put to the test by cooperatives from Zimbabwe, Botswana and South Africa.

The method of training professional and managerial skills to large numbers of individuals working within self-managed enterprises was developed by Brazilian social scientist, Clodomir Santos de Morais. It has been used successfully since 1973 in Latin America and the Caribbean.

### Full control

The workshop is set up with a minimum of 40 people, who have full control of the means of production (tools, machinery and installations), and freedom to organise themselves.

# DIY co-ops for worker power

Sante 105-161990

The aim is to achieve self-reliance as a group. Technical advice is given only if the trainees ask for it.

During the workshop, trainees are expected to work eight hours a day. They may not drink alcohol and may not leave the site until the newly-created organisation has set relevant rules. Everything that occurs during the workshop has to be recorded by the trainees in a final document.

When the workshop is completed, all the tools, machinery and installations are checked against a

**People with low literacy levels working in cooperatives are being trained to organise themselves into self-managed enterprises. The training method was devised by a Brazilian social scientist, using a new approach to social psychology:**

detailed inventory. All losses and damages are paid for by the group.

After some teething problems, the trainees begin to create a horizontal structure and democratically elect various committees to carry out different tasks.

Ivan Labra, a Chilean exile who has been teaching the De Morais method in Zimbabwe and Botswana, explains that the De Morais theory of organisation is a new approach to social psychology, based on the idea that people develop certain psychological characteristics depending on the complexity of the productive process they are involved in.

During the workshop, the director gives a talk on the problems created by the self-sufficient, individualistic artisanal "know-it-all" form of labour.

Once people in the workshop become aware that the problems they are

facing are caused because they have not overcome the "bad habits" of the artisan, they are able to organise themselves better.

By the end of the workshop, the group will create an efficient, self-managed enterprise with a sound level of division of labour. It will achieve self-reliance and even some profits.

### 'Pastoralism'

The workshops held in Africa and Latin America have to take into account different historical backgrounds. In Africa, "pastoralism" becomes a bigger issue than the "artisan problem" of Latin America.

The pastoralist will sit down and wait until something happens to overcome a bad situation. If there is no rain, for instance, he or she will wait for God to do something about the lack of rain; at the beginning of a workshop, he or she will wait for someone else to start the ball rolling. — AIA

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## THE CO-OPERATIVE SYSTEM



The National Union of Mineworkers (Num) became involved in co-op development after the 1987 mineworkers' strike. Num has assisted ex-miners to start co-ops in the Northern Transvaal, the Transkei, Lesotho and Swaziland

Picture: AFP

## Num explores models for job creation in rural areas

**T**HE National Union of Mineworkers (Num) became involved in co-op development in the aftermath of the 1987 mineworkers strike, when more than 10 000 of the dismissed workers were reinstated.

These workers organised themselves into district committees in the rural areas, and approached Num for assistance in starting production co-operatives.

Num has assisted ex-miners to start co-ops in the Northern Transvaal, the Transkei, Lesotho and Swaziland.

By getting involved in co-op development, Num is exploring models of development and job creation in the rural areas. While the process began in response to the 1987 dismissals, it is now part of a broader strategic vision.

At one level, it is part of laying the groundwork for an end to the migrant labour system. Many of our members do not want to give up their rural base for the stresses of urban townships; so until there are economic alternatives in their home areas, they will continue to migrate for jobs. A rural development strategy is needed to create such alternatives.

Secondly, mass retrainments are likely to be a feature of the mining industry for the coming decade. Num does not have the resources to solve the vast social problems of unemployment that this will create, and our policy makes it clear that we place this responsibility squarely at the feet of capital and the state.

However, through our involvement in co-op development we are attempting to build workable models of development that can empower workers and their communities, and provide a sound basis for policy formulation. At the same time, we are learning practical lessons about the potential and pitfalls of building democracy into production.

Num policy on co-ops emphasises the necessity for co-ops to develop into economically viable enterprises, able to survive in a market economy and give their members job security, and regular wages.

Num co-ops have already had some success reaching this goal. The Phalaborwa Workers T-shirt Printing Co-op (Pawco), which has 50 members, has been able to pay better wages than the minimum in the mining industry for over a year.

*National Union of Mineworkers' co-operatives have had some success in developing into economically viable enterprises*

By KATE PHILIP

Num projects co-ordinator

However, in the initial stages, many co-ops rely on "sweat equity" to get off the ground, because of their limited access to capital. But substance-level survival can only be a temporary and undesirable situation for workers. If the co-op cannot move beyond this stage, it is likely to lose its more skilled members, who will most easily get other jobs.

This locks the co-op into a vicious cycle in which it is unable to develop the skill base needed to grow and develop economically, and is doomed to limping along on the margins of the economy, fulfilling all the prophecies of co-op failure.

From Num's experience, these issues have to be anticipated before the project starts. A critical factor here is not only the skills complement in the co-op, but also the number of workers that are included.

In a context where there is enormous pressure to create as many jobs as possible, the tendency is to include more members than the production unit can sustain economically.

Where Num has fallen into this trap, the co-ops have shrunk before they were able to stabilise. However, the Leribe Block Co-op in Lesotho started with 40 members rather than more, and within its first year of operation, it has been able to finance expansion, with the development of a smaller-scale block co-op in a nearby village, and an agricultural project.

Pawco has also financed its own expansion, purchasing new equipment earlier this year. "Our aim of working in the co-op is to create jobs," explains Stanley Matebula, secretary of Pawco. "We are trying to get enough money to expand our co-op, so that even if we cannot give employment to all the people, we will be able to help some with jobs. It is for this reason that we have recently

started to sell cooked chickens."

The chickens are sold outside the beerhall in Namagkale township, under a big sign that says "Comrades Come Buy!"

At a recent congress of the Lesotho Mineworkers Labour Co-operative Union (the umbrella body in Lesotho), the Liphakoe Co-op from Quthing proposed a motion that a third of their surplus should go into a social fund to create co-ops for other ex-miners. The congress amended their constitution to include this as a requirement for all member co-ops.

In building economically viable co-ops, an effective feasibility study is essential; but even if the co-ops are technically viable, it is the internal organisation and the skills of democratic management that will make or break the project.

In the Num co-ops, the structures of management are decided by the members, and the positions are elected from within the co-op.

The possibility of "buying in" skills from outside is not rejected in principle, but in outlying rural areas, it is often not a realistic option.

Skills training in the co-op has to cover the full spectrum from literacy training to financial management and production planning; all members must understand the basic relationship between productivity, sales, income and expenditure if they are to participate meaningfully in decision-making.

In the Qwe Qwe Brick Co-op in the Transkei, these links were not initially clear. For months, the co-op failed to meet its production targets, and at the same time, basic issues of the day-to-day management were being taken to lengthy meetings.

Finally, a crisis was reached and Num facilitated restructuring. A clear division of labour was agreed to, in which the members approve monthly production plans. These provide the framework within which the management structure has the mandate to make day-to-day management decisions in the co-op.

In addition, the wage system was changed. Instead of the members simply dividing the net wage bill equally, the co-op members decided to divide themselves into production teams, each with its own target. Wages are now paid in proportion to the team's output.

● To PAGE 11

# Num explores models for job creation

● From PAGE 2

Within a week, the co-op was reaching the daily production targets, and hasn't looked back. "Now those of us who are serious don't have to suffer because of the loafers," a member explained.

In this way, practical experience is providing the best teacher in building viable co-ops and workable methods of democratic control. In the process, the members are able to start meeting their full human potential in ways that work on the mines denied them.

At the same time, the co-ops are impacting on the rural community, which they relied on for support and sometimes they have needed more than just a solidarity market.

At the Flagstaff Co-op in the Trans-

kei, the road to the river sand was washed away by rain, and production came to a standstill. The headman in the area agreed to call an "alima", which is a traditional workparty called together when collective labour is needed. The community took a week to rebuild the road, and the co-op provided the *gqombothi* (home-brewed beer) and other refreshments.

The co-ops also have the potential to introduce new forms of collective activity into their rural context. At a training workshop held in Zimbabwe, Num co-op members were helping to build a dam as part of a local village effort. They found that the participation of the women was limited by their responsibilities for child care. This initiated the establishment of a creche, which has continued

since the dam wall was completed.

In these ways, the experience of democracy, organisation and struggle on the mines is being fed back into the miners' home areas.

Against this backdrop, Num co-op members dispute the conventional wisdom that co-ops necessarily fail. It is a tough battle, but in three years, Num has learned a wealth of lessons.

"It would be a drawback for the struggle for us to go back to the old, narrow work known as being employed," explains Charles Ramahla-lerwa, Pawco chair. "There is something beyond money that we get here. We work democratically, with every member having the right to speak freely and to be heard equally. There is surely no better way to work than that."

W/Mail suppl 17/8-19/8/90 33A

## CO-OPERATIVES

## Taking control of industry

**T**HE Zenzeleni Co-op project is a concerted effort by the South African Clothing and Textile Workers Union (Sactwu) to start the process of meaningfully addressing the question of economic empowerment of a large sector of black citizens, as opposed to individual black entrepreneurs. Sactwu has a membership of 190 000, and is affiliated to The Congress of South African Trade Unions (Cosatu).

The project, with Sactwu members' shareholding structured through a board of trustees comprising elected members of Sactwu's National Executive Committee, has the objective of creating jobs, whilst simultaneously striving to take control of an increasing portion of the industry in which it operates.

The initial project, a clothing manufacturing and distribution operation, based in Durban, has now created 300 jobs, of which 95 percent have been filled by Sactwu members who had previously been retrenched from the Frame Textile Group. Profits to be generated will revert back to the Trust Fund for the sole purposes of creating additional jobs for members.

Through the Trust, and the projects managed by the Trust, the union membership will start taking control of elements of their industry. This process, which is not deemed to be an overnight exercise, should benefit from well-intentioned support from a more democratic government and other development agencies — both local and international.

Over a period of time, it is feasible to believe that the co-operative economic interests of hundreds of thousands of workers will be addressed through this process, instead of large segments of the economy being solely in the hands of an effectively small number of people — mostly from the current advantaged sector of our pop-



To change the realities of the current racial imbalances amongst skilled and management staff in industry and commerce, it is necessary to undertake a major formal skills development drive

Picture: AFP

ulation. To change the realities of the current racial imbalances amongst skilled and management staff in industry and commerce, it is necessary that a major, formal, skills development drive be undertaken simultaneously with the abovementioned process.

It is vital that co-operative organisations ensure that they have developed the skills required, by the time they have acquired effective control of segments of the economy. In the short term, skilled people can be employed from outside of the union structures, but for real control, co-operative, democratic structures must develop these skills from within their own structures — otherwise there is

no real empowerment.

It is through the democratic nature of the union itself, that control over this empowerment is exercised. While day-to-day decision-making power is vested in management, the latter are answerable to the workers through the structures mentioned. The longer term, strategic planning or decision-making is vested in the elected members to the board of trustees. They, in turn, are also answerable to the mass membership.

Through these controls, there are safeguards to ensure that no individual, or select group of individuals, can enrich himself/herself/themselves, at the expense of the collective membership.

# FW losing support of Afrikaans women

CNA Times 9/3/80

Political Staff

33A

PRESIDENT F W de Klerk's support among Afrikaans-speaking white women has dropped significantly over the past four months, particularly since his February 2 speech, a survey has found. But, at the same time, two-thirds of English-speaking women now believe he is doing a good job, compared to the 52% support he had in November last year.

The results of the latest survey, which was conducted door-to-door in the major urban areas of South Africa from February 8, were released yesterday by Research Surveys.

The number of Afrikaans-speaking women who thought Mr De Klerk was doing a good job dropped from 46% in November last year to 37% in December, 39% in January and 32% in February after his speech when he opened Parliament.



Hard at work... Olga Lulu (centre) with sewing students at her Rietfontein farm home. Her community centre offers training to those desperate to learn valuable skills.  
Picture: George Mashinini

# Big-hearted Sis Olga – SA's very own Mother Teresa

By Brian Sokutu  
24/11/92

"Mother Orange Farming" work: to educate the children of the poor rural community of Rietfontein, near Grahamere, has gained her a reputation akin to that of India's Nobel Peace Prize winner Mother Teresa.

Olga Lulu (40) is physically huge and has a heart to match. In Orange and Wheelers farms, near Rietfontein, she is popularly known as "Sis Olga" or "Mother of Orange Farm".

Ms Lulu has leased a 325 ha Transvaal Provincial Administration (TPA) farm on which she has established a residence and community training centre, for those desperate to acquire skills in sewing, farming, brick-laying and woodwork.

At yesterday's meeting held

at her home with businessmen and diplomats, Ms Lulu's description of the plight of her people so impressed British vice-consul Clive Wright that he promised to look into possible British funding of her training centre.

"For too long we've been deprived of development, especially in rural areas. For too long some people spoke for us. But now it is time to speak for ourselves. So we appeal to you for funding to reach our goals."

Ms Lulu said.

Mr Wright cautioned that because of Britain's policy on foreign funding, it would be unable to offer sizable funds to her community projects before an interim government had been installed in South Africa.

Sewing students who work

from the Lulu home are remunerated with profits made from the sale of garments.

The Olga Lulu Training Centre is not the only contribution the mother of four has made to the rural community.

She is also the brains behind mushrooming rural community schools near Grahamere, having pioneered the first school in the area while staying at the Wheelers Farm in 1982.

## Arrested

"As chairman of the civic organisation at the time, I invited parents to a meeting and told them to convert homes into places of education for our children," she said.

Newspapers and books were used to teach children English.

After establishing the first community school at her home, Ms Lulu said she was arrested on several occasions for establishing "an illegal school". She was, however, not charged.

Her former home – Driezak Plot No 10 – is now a secondary school to more than 300 pupils, and is recognised by the Department of Education.

With the 15 percent subsidy she gets from DET Ms Lulu is able to pay a teacher a R475 monthly salary.

Despite having been burgled last Thursday, the eight-roomed Driezak Plot No 10 continues to be a living hope to many parents and children.

In the burglary, windows and doors were broken and expensive fax and photocopying ma-

chines stolen. Ms Lulu has laid a complaint with Orange Farm police, but no one has yet been charged, she said.

"We caught the thieves red-handed at 10 pm on Thursday inside the house and took them to the police station, with the keys of the vehicle they drove, but today they've been released. The person who guarded the house was arrested and is now out on a R60 fine for assaulting the culprits."

Whitwatersrand police spokesman Captain Piet van Deventer said last night that he could confirm that a man had been arrested in connection with the burglary. The man had appeared in the Deur Magsistrate's Court yesterday and had been released on bail.

# Platteland trade grinds to a halt

By Helen Grange  
Pretoria Bureau **STAR** 13/2/92

Trade in platteland towns has almost reached a standstill as a result of farmers' financial crises — and some businesses, no longer able to carry their debt, have closed shop.

In the western Transvaal town of Delareyville, two shops closed during the past month and other traders are considering their options as sales plummet.

Struggling farmers are not even able to repair farming equipment and are cutting down sharply on purchases of feed and essential agricultural goods.

Delareyville furniture maker Christie Pool said yesterday that traders in the small town were extremely worried.

"Everyone is just hanging on, but already two shops — a boutique and a stationery shop — have closed," he said.

"The farmers are dead scared to spend money, and we depend on them. We don't have the option of working in factories to make ends meet," he said.

General dealer Michel Chidrawi said businessmen were now "on the edge".

"We are trying to hang in, but business is terrible and the heat is killing us. My trade is 60 percent down. Even if it does rain now, the crops are ruined and the farmers

won't recover," he said.

Wholesalers in the area are also suffering, as retailers are keeping purchases to a minimum. A worker at Metro Cash 'n Carry wholesalers said the shop was "absolutely dead" this week.

In Thabazimbi, farmers are expected to begin retrenchment of their farmworkers in the next few days, leaving hundreds in the area out of work.

Rural unemployment is expected to rise dramatically in both the Free State and Transvaal in the next few weeks as a result of farmers being unable to support their labourers.

The branch manager of the Thabazimbi co-operative, Andre Botha, said farmers would probably cut their staff by more than half in some cases.

## Fight on

The co-operative, which sold "everything needed by the farmer", had been empty yesterday "for the first time ever".

"It is the same in all the towns, right up to Ellisras," he said.

However, several traders said they would fight on and assess the situation in April.

In the Free State — where it is understood almost half of commercial farmers have mortgaged their farms — 326 farms have been sequestrated recently, according to Frik Dreyer of the Free State Agricultural Union.

A spokesman for Farmer Crisis Action said hundreds of Transvaal farms were being sequestrated every month. "It's a case of standing there one day and being gone the next," he said.

The Land Bank has not yet commented on the number of farm sequestrations in the two regions.

● Crop losses of 80 percent and more had been reported in 13 of the 49 farming areas falling under the Eastern Transvaal Agricultural Co-op, the organisation said in a report.

The areas that had suffered crop damage of 80 percent and more were Amersfoort, Bloekomspruit, Davel, Devon, Glenroy, Greylingstad, Holmdene, Leespruit, Maizefield, Morgenzon, Platrand, Standerton and Trichardt.

● Farmers in the Koedoesrand district of the north-western Transvaal yesterday formed a disaster committee to help farmers in trouble because of the drought.

The committee will supply drinking water and other essentials to needy families and will also try to keep farmers who lose their farms because of insolvency in the district, by providing them with work on neighbouring farms.

● The drought has hit South Africa's cotton crops badly, reports the Cotton Board. The 1991/92 forecast has again been reduced, from 174 172 to 169 835 bales.

If present weather conditions persist, further reductions were likely, the board said.

**For the record**

<sup>Star</sup>  
3/2/92  
A report in The Star, Friday, stating that a merger between Sentraal Wes Co-op and Kroonstad Wes Co-op was on the cards because of financial difficulties being experienced by Sentraal Wes, was incorrect. In fact, the proposed merger arises out of Kroonstad Wes's financial difficulties. Sentraal Wes is one of South Africa's most financially healthy co-ops.

(33A)

# Towns pool resources to lift living standards

By **THEO RAWANA**

A NOVEL concept designed to uplift quality of life by harnessing co-operation between various communities has been born in Secunda and neighbouring areas in the south-eastern Transvaal.

Sasol Coal GM Chris Cloete says the community of Secunda — where the Sasol Coal and the Sasol 2 and 3 plants are based — has joined with the people of Trichardt, eMbalenhle, Kinross, Evander and Thistle Grove to form Tekset, a co-operative community development organisation which has set up projects to uplift residents' standards of living.

Cloete, a founder member of Tekset — an acronym of the first letters of the names of the six communities involved — says in a statement the success of the new SA will depend on trust being built up now between communities.

The total population of the Tekset area is estimated at 175 000.

Cloete says: "It's no use standing around and waiting for constitutional negotiations to get under way

out there before taking action. A lot can be done right now at local community level to change attitudes and to uplift the quality of life for all."

Tekset Community Development (TCD), a Section 21 company whose board comprises members of various political parties, the local chamber of commerce, the Secunda municipality, civic associations, local business and Gemmin was formed recently.

"As a forum, we are working towards a community of peace, where education and other opportunities can be utilised to satisfy the needs of the community. Our achievement shows the rest of the country that it can be done," says Cloete.

About 450 youths are currently involved in various projects, including think-tanks, environmental protection, an anti-drugs organisation and a "Youth Week" this month.

"We are working towards solving educational problems so that the future can be filled by informed young people capable of building a better SA than the one they have inherited," Cloete says.

An education programme for jobless and illiterate adults has been launched and a brickmaking project is running well. Tekset women have initiated several health, multi-racial interaction, financial planning and educational projects, says Cloete.

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# Co-ops hit back at unemployment

South 12/12-18 12/91  
By Thoraya Pandey

UNEMPLOYMENT in South Africa has reached unprecedented heights and statistics show only 125 out of 1 000 job seekers find formal employment.

The South African Reserve Bank's annual report, presented in August, indicates up to six million people are unemployed.

Various religious, social and political organisations operating mainly in working class areas have found creative ways to address the problem through co-operatives.

Commonly known as co-ops, these are usually set up by a small group of people in the community, and are provided with capital by donors with the aim of becoming self-sufficient. Most co-ops struggle initially but those with good organisation and management structures usually survive.

Ten years ago the owner of a small business in Montagu decided to sell his carpentry business to the employees who formed a co-op.

The co-op had its ups and downs but has managed to survive and formed the foundation for the establishment of other co-ops in the Overberg area.

The four co-ops are interconnected and are operating smoothly and efficiently.

"A three co-ops we produce handmade furniture, mattresses and sleepwear and bed bases."

"The fourth co-op provides a service by means of production, managing, purchasing, marketing and sales agent, Mr Steven Law."

"The capital to set up these projects was provided by the Montagu, Ashton Community Service but they make no input in the management of the co-ops."

"All co-ops are independent of each other and all decisions are made by the workers and everyone benefits from profits."

Three co-ops established in Laverder Hill over the past six years are running smoothly and effectively.

The co-ops are run entirely by the workers and all profits and perks are distributed evenly.

"The co-ops were set up by the New World Foundation, a church body in the area."

"We established the sewing co-op in 1985 and are near to self-sufficiency," said Mr Peter Bruwer, co-ordinator of the economic development section of the foundation.

"A lot of hard work and commitment

on the part of the workers have ensured the survival of the co-op.

"Their success encouraged us to set up the printing and silk painting co-ops and since this is also successful, we are setting up two others early next year," he said.

The co-ops are provided with a capital outlay and run the "business" on their own from the beginning.

NEW WORLD FOUNDATION assists the co-ops from time to time but all decisions are made independently. "They pay rent, telephone, transport, and all the equipment we provided they maintain."

"The assistance we provide is more managerial and marketing," Bruwer said.

"The way things are going, we are hopeful the projects will be self-sufficient within the next five years."

The National Institute for the Prevention of Crime and Rehabilitation of Offenders (Nicro) in Cape Town assists with a heading co-op.

Nicro provides a workplace for six women to produce beads which are sold on flea markets.

"They only come in once a week and usually go home with money in their pockets. They're not making a great deal but enough to supplement incomes," said a co-ordinator.



EMPTY HANDED: Cape Town's unemployed have little prospect of finding work

## Cape Consumers pays out R12,2m

LINDA ENSON

CAPE TOWN — Cape Consumers, one of the largest buy-aid organisations in the country, is to pay R12,2m in bonuses to its 23 000 members in the western Cape, an increase of 18,6% over last year.

Cape Consumers is a private non-profit company which functions much like a co-operative society, mobilising the power of consumers to secure discounts with selected businesses. B1229

Members pay Cape Consumers monthly for their accumulated purchases and Cape Consumers pays the contractors.

In the year to July, Cape Consumers's members generated sales of R242m, an increase of 19% over the 1990 year, with a turnover of about R300m expected for the current year. The total average discount achieved on all purchases was 6,35% though discounts varied between 3% and 15% depending on the sector.

GM Piet Hugo said the results were very pleasing when viewed against the tough economic climate and the real decline in consumer spending. Bad debts of about R838 673 had been written off but this represented an increase of less than 6% compared with the previous year and about R500 000 was expected to be recovered.

Hugo said Cape Consumers had over 2 000 contractors on its books offering products and services ranging from groceries, clothing and toiletries to local and international travel, short-term insurance and motor vehicle hire purchase.

# Centre founded on human kindness

By PEARL MAJOLA

USINDISO Home Craft Training Centre could be thought of only as one of many self-help projects for women, but behind it is a rare tale of compassion for those who cannot help themselves.

It all began in 1986 with three churchwomen who came to the rescue of homeless woman suffering from a mysterious disease that produced sores all over her legs.

Ms Doris Lugabasi, a domestic worker, was going home from a Manyano church meeting one Thursday afternoon when she came across the ill woman, who was living with other homeless people on a Cleveland mine dump.

**Rushed** Lugabasi rushed to friends Ms Nan Phiffer and Ms Sophie Christo and asked for help.

Together the trio looked after the woman, visiting her at the dump and wrapping her sores with bandages when she refused to go to hospital.

The trio soon gained the trust of the community of homeless people at the dump. The three started a simple self-help centre teaching basic crocheting to a few homeless women.

Today their centre is one of the most successful self-help projects.

Their work resulted in the formation of the Christian Services Foundation, which also runs the City Shelter in Hillbrow, a children's ministry and chronic care projects.



The Usindiso centre is not just another self-help group.



The Usindiso centre received a sponsorship from the Department of Manpower to oversee the general running of the centre, including a supply of materials and pocket money given to students.

The CSF has bought further equipment including sewing machines.

"As time went on and the demand increased, the project expanded," said the centre's manager Ms Els Cleet.

"The centre now caters for women from different townships on the Reef. In 1988, the dressmaking course was introduced as well as patchwork and crocheting," she said.

"There are seven

qualified training officers for the different courses and about 60 women qualify every month. There is a further course in self-improvement which be-

gan last year and is aimed at helping them when they start their own businesses. Last week, the centre presented its first achiever award, according to trainer Ms Thembeke Myathaza. The recipient was a woman who went through the self-improvement course

and now runs a successful business.

"The women here are being trained in home craft to treat an immediate need which is unemployment," she said.

"They are not being trained for industry because even in that field jobs are scarce."

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## Workers' co-op to retrench 300

By DREW FORREST

ZENZELENI Clothing, a major worker co-operative of the SA Clothing and Textile Workers' Union (Sactwu), is to retrench half its 300-strong workforce. This was confirmed this week by managing director Glen Cormack. Sactwu could not be reached for comment.

The Durban firm, which makes T-shirts and workwear, is the largest and most ambitious co-operative venture by labour. Unions are keen to develop the co-operative sector, as a means of job creation and worker empowerment.

Set up in January 1989 for retrenched Frame workers — Frame pledged R2,5-million to the project — Zenzele-

ni is controlled by a board of trustees chosen by the Sactwu national executive committee.

Newspaper reports have claimed Zenzele lost R2-million in its last financial year.

Cormack said workers had been asked to decide whether to maintain the workforce, with the prospect of insolvency within months, or retrench. The plan was now to cut staff and rebuild the business by cultivating lines of credit from the textile mills.

Commenting that cash-flow problems had "impacted on our ability to service orders", Cormack said difficulties in securing credit from financial institutions and fabric suppliers had been a key obstacle.

# Co-op will help women to be self-sufficient

Sowetan 4/3/91

33A

UNEMPLOYED women in Soweto will soon be able to earn a living through a co-operative nursery venture that involves growing and selling fresh vegetables.

The nursery is a project of Ithuba Lethu Co-operative, initiated by Grail, an international Christian women's movement.

Grail's local resource officer, Mrs Sheila Masote, said the organisation looked at the high rate of unemployment in the township and decided that a nursery would provide women with an alternative - and would render a service to the community.

"Many people from Soweto have to go into town to get seedlings, so we hope that as soon as the project starts functioning those people will not have to struggle anymore," she said.

## Vegetable project

Ithuba Lethu was started as a vegetable production project which emphasised helping women produce their own vegetables at home and finding available land for them to use for gardening.

Presently there are about 20 women involved in the project.

On joining the co-operative they are required to pay a R2 joining fee and a monthly subscription of R2.

"We started the co-op by recruiting unemployed women, who were mainly elderly women left at home

By PEARL MAJOLA

to take care of the children.

"They met and made all their own decisions about what they were going to grow and how they were going to get seeds," Masote explained.

"Each woman has her own plot where she grows whatever vegetables she chooses," she said.

But emphasis is not only on teaching the women to grow vegetables but also on teaching them to share and feed themselves.

## Important

"Whatever is harvested is shared among them to take home.

"This also makes them feel important contributors to the family.

"Only when there are surplus vegetables do they then sell to the public.

"And the money that comes from those sales goes into a fund they have started for buying seeds and general maintenance of their gardens.

"Profit at this stage is not a priority," she said.

A recruitment workshop will be held on Thursday at Nicro Centre in Soweto from 9am.

Details of the nursery will be discussed and decisions made on how it should be run.

## Homeless workers vow to stay

33A

THE homeless families of contract workers in Villiersdorp have vowed they are "not going to run again" after people believed to be white farmers destroyed their shacks on Tuesday.

The wives and children of workers at the Villiersdorp Co-op have moved back into the factory compounds where they have been staying as they have "no alternative accommodation", according to advice office worker and local priest, Rev Stanley Williams.

But on Wednesday, Co-op manager Mr Raubie Raubenheimer, said he would take action against those living "illegally" in the compounds.

Raubenheimer said the compounds could accommodate only about 60 people. *Scuttl 7/2-7/3/71*

He said the "illegal" occupants had to leave so that workers who would arrive for the opening of the grape season next week could be accommodated.

The workers claimed their plight began last week when they were allegedly forced out of the compounds by the Co-op management.

The families had erected shacks on nearby municipal grounds. The shacks were destroyed — allegedly by white farmers.

On Monday, about 200 people occupied the municipal offices for five hours, demanding that they be given adequate housing and the return of their material.

They returned to the same site to rebuild their shacks when their demands were not met, Williams said.

"The plight of the worker's families cannot be separated from that of the housing crisis in the area," said a member of the Villiersdorp Civic Association, Mr Thomas Jansen.

He said about 600 people needed housing desperately in the area.

# End of a wonderful year ends for Ruth

By PEARL MAJOLA

AS outgoing *Sowetan* Woman of the Year Mrs Ruth Machobane hands over the prestigious trophy to this year's winner, Ms Olga Lutu, and speaks proudly of the wonderful year she has had.

"My year was probably the most meaningful and exciting. I was proud to be associated with *Sowetan* projects, among them the peace initiative," Machobane said.

"The award also helped me gain the trust and respect of other women. They came to ask for advice and spoke to me about different things.

"But it did not just benefit me personally, it also promoted my organisation, the National Organisation for the Blind in South Africa."

Since she was honoured last year her organisation has opened a branch in Port Elizabeth. The branch started a detergent-making project and another where members make cane baskets and sun hats.

The Soweto branch of Nobsa managed to buy a loader for the ashblocks project from funds she raised.

Two other projects are planned. A sewing project for the Soweto branch is on the cards and five machines have already been donated for this project.

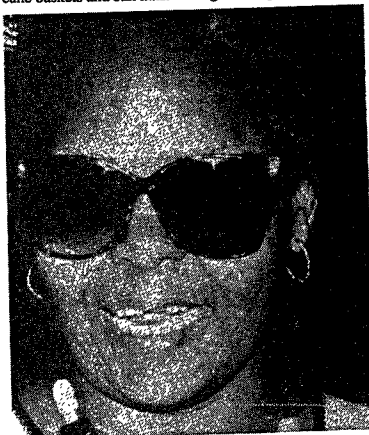
**Easier**

Candle and roof tile making projects are planned to help the blind in neighbouring countries.

"Before I even approached certain organisations for donations, they knew about me and that made things easier," she said.

"I wish that my winning the award encouraged other women to do something for their communities despite difficulties.

"I hope it made them think that 'if that blind woman could do it, nothing can stop us'."



RUTH MACHOBANE

# Sewing project keeps growing

October 5/9/91

33A

A SEWING project that Minda Ngomana started to help a neighbour who had become an alcoholic because of family problems has grown bigger and helps many unemployed Soweto women.

By PEARL MAJOLA

This is the last of the Woman of the Week series and they all qualify for the Eskom/Sowetan Woman of the Year competition. Finalists will be chosen at the weekend. Good luck to all the entrants.

She has also started a co-operative for those who have completed their training.

When the women, who come from as far away as Transkei, Natal and Lesotho - have completed their training, they go

back to their areas and start co-operatives.

"After realising what was happening to my neighbourhood in 1985, I approached her and she agreed that we start the project.

"Another woman, then with eight machines and material to start with. But as the project grew

and we each contributed R5 to buy material and other things we needed," she said.

In 1987, when she was working for the Foundation for Entrepreneurship as a sewing instructor, she met Shell's public affairs manager.

Impressed with her work, and he advised Ngomana to start a full-time sewing project for women in Daveyton.

The company provided them with eight machines and material to start with. But as the project grew



MINDA NGOMANA

## Woman of the Week

and more women came in for training, there was no time for Ngomana to sew and sell. Neither was there money to pay all the instructors.

Most of the time she had to dig into her own pocket to get things going at the training centre.

To make a living she had to bring her own machine and as instructors they took turns to do their personal work which they could sell later.

"The project has grown enough, but it excludes the thousands of men in the township who are unemployed."

"That's why I have decided to start a leather garments project for them

which I hope will start money from the fund and repay it on easy terms and without interest.

"I have also been in Israel where I was taught knitting so the women's project is also going to expand as soon as we get sufficient funding," she said.

Apart from providing the members with a forum to share ideas and discuss problems, the co-operative has adopted three orphaned children who are living with distant relatives.

"They are educated, fed with money that comes from the co-operative's trust fund. Members of the co-operative can borrow

money from the fund and repay it on easy terms and without interest. There are now plans by the independent committee that is in charge of the fund to buy machines for the members and allow them to pay for them on terms without interest.

"I have grown very close to the project and I love the people I work with."

"I realised that stinging in self-pity because one is uneducated, doesn't help. It is what you do with your hands that counts," she said.

●Minda Ngomana now qualifies for the Eskom/Sowetan Woman of the Year competition.





Alexandria Civic Organisation official Ben Dithomo.

Picture: CATHERINE ROSS

# A 'lawyer' with local standing

By Day 10/1/91

WILSON ZWANE

BEN Dithomo has no legal background. Yet his standing in Alexandria township — he is an official of the Alexandria Civic Organisation (ACO) — has landed him a leading role in the community court being set up. Dithomo hopes to be equipped for his task by training offered by the Community Dispute Resolution Resource Committee (CDRRC), a committee formed by the Wits Centre for Applied Legal Studies and the National Association of Democratic Lawyers.

The court is the first of its kind to be established in SA and, the CDRRC says, it will precede similar courts in other townships where communities "want this kind of assistance."

"I will be the registrar or the intake and my task is to assess the disputes which are brought to the centre by the community."

"After assessing the nature of a dispute, I will then have to decide if it warrants mediation — which the centre will provide — or if the merits being referred to the police or social welfare organisations," Dithomo said.

He stressed that the centre would not deal with criminal or serious cases.

"The centre will deal with minor community disputes such as a quarrel over a shared washing line, for example. And because mediation is voluntary, I as a registrar will have to ascertain if the parties involved in a dispute prefer it to a conventional judicial system."

Once it has been ascertained that the parties concerned prefer mediation, it will then be my job to get the process going," he said.

Dithomo, who was born in Soweto 30 years ago, said although he had no

legal background, he was confident that the CDRRC training would equip him with skills necessary for his job.

"I have been made to understand that (after) the training in mediation mechanisms, which I and 10 other people are receiving, I will get special training which will enable me to function as a registrar," he said.

He said that as a member of a civic organisation, he had been involved in dispute resolution "for the ground" but I have never been involved in the kangaroo courts."

Dithomo matriculated from Alexandra High School in 1985. He has received no tertiary education "apart from a salesmanship course through correspondence."

"I'm not employed and the involvement in the dispute resolution centre will, I hope, provide me with a livelihood as I will be working full-time at the centre," he said.

## Black co-op 'on verge of buying coffin business'

By Day 10/1/91

THAMU MAZWA

35A

AN ORGANISATION representing more than 100 000 black families is on the verge of buying a coffin-making firm, a deal which it believes will seal its efforts to garner the lion's share of the R400m-a-year funeral industry.

The organisation — Letsama, which means "togetherness" — was launched three months ago by the National Association of Co-operative Societies of SA (Nacosa), an organisation of black burial societies and women's clubs.

Spokesman Sam Mufoffe said at the weekend acquitting the manufacturing concern, or part of it, would enable Letsama to sell coffins to the

scores of undertakers in black townships. In return Nacosa members, a client base of at least 100 000 families, will give their business to these undertakers.

Mufoffe would not name the manufacturing company Letsama wants to buy, as it "would prejudice us."

"All I can say is that negotiations are 70% done, and at a sensitive stage."

At least 130 black burial societies and women's clubs, with membership varying from 50 to

5 000, are affiliated to Nacosa. Some hold 1-million 1c ordinary shares in Letsama. A further 10 000 voting R1 redeemable preference shares are held by the Centre for Black Economic Development, a section 21 company set up by blacks to facilitate black economic empowerment. Ntshato Motlana is chairman of Letsama and the centre.

Township funerals are big business. A funeral costs at least R1 600. This includes the hearse, family car, coffin, a tent and chairs, two buses, a cow and groceries for the wake.

Hunger for SOAPS

## Award a valuable yardstick

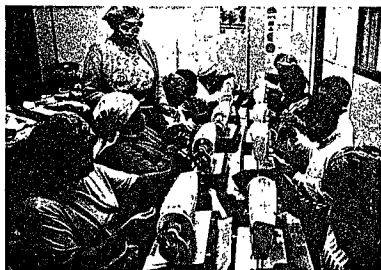
Business Day Reporter

ONE of the best reasons for entering the South African Non-Listed Company Award, says Rand-Air MD Brian Shkleton, is that it provides a measure of your company's performance against industry leaders.

Rand-Air has been a finalist five times in a row — a feat matched by only one other company, Avroy Shlam. The contest is being sponsored again this year by Business Day, Arthur Andersen & Co and the Wits Business School. It is open to companies not listed on the JSE and close corporations meeting eligibility criteria.

Shkleton said that apart from encouraging the company to produce its best, success in the contest had won recognition for Rand-Air in industry, and financial recognition from corporate bankers and suppliers of credit.

The award goes to the company which, in the opinion of



**HIVE OF ACTIVITY:** At Zolani Centre in Nyanga

# Yes! There is hope!

SOUTH 27/6-11/7/92

THE Triple Trust organisation is an independent, autonomous private sector body, governed by a board of business people and community workers. Their vision is to help the poor and unemployed by enabling them to become self-employed in the informal sector.

According to Jill Ritchie, Funding and Public Relations Manager for Triple Trust, their message is that there is hope!

"We are not a charity and we don't provide self-help workshops. We create entrepreneurs" says Jill.

The organisation's policy is fulfilled by a threefold approach - training, financing and marketing. They implement this programme through three non-profit trusts:

## The Neighbourhood Trust

The poor and unemployed are selected and trained, in their own language and by members of their own community, in an appropriate skill. Each is given full-time training for eight weeks, followed by assistance and mentoring as required.

Courses include sewing, flower

arranging, sheepskin slipper making, knitting and leather painting.

Costing, market research and cashflow management are also taught.

Triple Trust constantly investigates new courses but, as it is market-led, these are only implemented if there is a demand for the product.

The organisation recognises the destitute, especially those with families to care for

## The Self-Help Financing Trust

Here successful finances are given unsecured loans to buy the equipment and materials to start a small business. Loans are also intended as a learning experience for trainees and are repayable over 12 to 24 months.

## The Africa Trading Co-Operative Trust

This includes a retail outlet in Michigan Street, Airport Industria (near Crossroads). The shop, which is open to the public, does bulk buying of equipment and raw materials as well as the marketing, on behalf of the entrepreneurs, of goods which cannot be sold in the townships.

Strict quality control maintains the high standard of all products accepted for marketing. All entrepreneurs are paid cash for their goods to enable them to purchase raw materials immediately.

In addition to the original three trusts, closely co-ordinated and with the same directors, is Triple Trust Community Enterprise Services. Besides acting as a consultancy to other community organisations, enabling them to benefit from Triple Trust's three years of experience, the trust trains Community Business Consultants to mentor ex-trainees. The trust envisages training about 200 CBC's during 1992 and volunteers, from students to company directors, are welcome.

In the past 42 months Triple Trust has trained over 2 700 people in 15 training centres which include Crossroads, Ekies River, Gugulethu, Nyanga, Manenberg and the Khayalitsha/Harare area. The organisation will be expanding to nearby rural areas, where thousands of people have suffered due to long droughts.

Being autonomous, Triple Trust has no state sponsorship and depends on donations, mainly from the private sector. Contributions are fully tax-deductible and exempt from donations tax and estate duty.

● For further information contact Triple Trust (Tel 448-7341).

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not only  
a matter of  
conscience.



**Development Bank  
of Southern Africa**

# Anglo, Pick 'n Pay SA's 'most caring'

CT 15/1/92

(33B)

Own Correspondent

**JOHANNESBURG.** Black people say Anglo American is South Africa's most caring company, but most whites think that title should go to Pick 'n Pay.

These details were disclosed yesterday by Business and Marketing Intelligence (BMI), which did a "corporate care check" of South African workers.

While 12% of black people interviewed voted for Anglo, 30% said they

could not name a single caring company.

The report's author, Ms Bets Nel, said the lack of awareness was the result of companies giving their social involvement "a very low profile."

The survey was conducted in 1 000 sampling points in both rural and urban areas, but BMI did not say how many people were interviewed.

The next most caring companies after Anglo were ranked to be SA Breweries (10%), Shell (9%), Pick 'n

Pay (8%) and Eskom (7%), the report said.

Whites surveyed put Pick 'n Pay first, Anglo second and Sanlam third.

The retail, manufacturing and financial sectors of industry were seen as least caring among blacks, the survey showed.

The Prime group was South Africa's least caring corporation, according to black respondents who were prepared to name a company. The OK

was said to be the second least caring, followed by Spoornek.

Ms Nel said companies needed to be "seen to be involved" if they wanted to improve perceptions of how caring they were. "They may have the right programmes, but they need to work on their images," she said.

Companies that cared for the community, employees, housing and education, in that order, were seen by blacks as caring companies, the report said.

## The doctor

### Mamphele Ramphela

Age: 45

Place of birth: Bochum, Pietersburg

**Children:** Hlumelo (14), with Steve Biko; and Matusi (9), with former husband and Port Elizabeth pharmacist Mr Sipho Magole. *Sowetan* 3/192

**Qualifications:** MB ChB, University of Natal Medical School, post graduate diploma in tropical medicine from Wits, Ph D in social anthropology from Cape Town University, a year at Harvard University in the United States doing research in social anthropology and a BA in administration from UCT.

**Experience:** Deputy Vice-Chancellor, UCT; senior research officer in the department of social anthropology, SALDRU research fellowship; founder and medical officer in charge of Itusheng Community Health Programme, Tzaneen, Eastern Cape branch manager of the Black Community Programmes; founding medical officer in charge of Zanempilo community health centre, King William's Town.

**Community involvement:** Scientific advisory committee of the Independent Development Trust; South African Medical Research Council; Western Cape Hostel Upgrading Trust; board member of Community Agency for Social Enquiry; non-executive director of Anglo American.

**Professional Achievements:** holds several research awards; co-edited the book "Bounds of Possibility" about Steve Biko, her one-time lover; co-authored "Uprooting Poverty: The South African Challenge," among others.

## PEOPLE'S LIVES Female activist reflects on her switch from doctor of medicine

### ■ SELF HELP

*Itusheng project*

*has helped form*

*15 independent*

*child-care centres*

By Mpho Mantjhu

**W**HEN DR MAMPHELE Ramphela was banished in 1977 to Leneyeye, outside Tzaneen, it was a blessing in disguise for the displaced people of the area.

Soon after she settled, Ramphela started a community project called Itusheng, meaning "help yourselves," now known as the Mamphele Clinic by locals.

The centre, which serves an area of about 60 km radius and more than 200 000 people, was formed to provide the community with childcare, primary health care and education and to initiate self-sustaining projects.

Administrators Mr Legolelo Ramalepe and Mrs Dennis Tooley said any project initiated by the centre has a spiralling effect. They said the centre's objective is to teach people how to do things for themselves.

Itusheng has grown into an association that supervises 12 projects in Leneyeye and surrounding areas. It also helped to form 15 independent childcare centres.

Although based in Leneyeye, which falls under Lebowa, the centre adheres to the anti-tribalist philosophy of founding mother Ramphela and works across artificial tribal barriers.

The health clinic has two assistant nurses, two registered nurses and one enrolled nurse and a medical doctor comes once a month from the University of the Witwatersrand's Rural Facility Unit.

It has a day clinic that offers child health care, home visits and family planning. It also trains health workers who in turn go into the villages to educate people on primary health.

The sister in charge, Mrs Marikusa Ramalepe, who joined the clinic in 1979, said they were working on a plan to establish a preventive and promotive mobile clinic, although there is no funding yet.

The resource centre attached to the clinic is one of the projects being administered by Itusheng. It was formed to help with the limited access to information and particularly to serve as a public library.

The resource centre makes available books and magazines to the community, offers visual aids to schools and other groups, and provides career guidance and a study programme for matriculants.

Its use has been expanded to serve as a meeting place for various organisations and churches and as a training centre for the village health workers' programme.



# Breaking barriers



**TOP:** Ramelema, the brick-making group that allows eight women to be self-employed. **ABOVE:** Village health worker Makgwedi Motloutsi with her daughter Makgwadi who was burnt when she crawled into an open fire.



**ABOVE:** Village health workers build a mud stove to stop children from falling into fires. **BELOW:** With the help of Operation Hunger Itusheng feeds over a 1000 children.

These creches operate on their own and do not have financial links with Itusheng.

Itusheng has also helped to start several brickmaking factories which require Itusheng's services and an adult literacy project which is attached to the resource centre. These self-help projects, in addition to communal gardens, were initiated by Ramphela in an attempt to combat malnutrition.

The communal gardens however, are affected by current drought and the lack of equipment and qualified agricultural

advisors. Tooley said they were faced not only with funding problems but also the violations of other's land rights, the neglect by the government of people unable to help themselves and deprivation of the creche subsidies.

But despite these hurdles, Itusheng still survives and is a model to other communities around the Eastern and Northern Transvaal. And if Ramphela never has another memorial built in her honour, Itusheng stands as a monument to her dedication to the freedom, well-being and upgrading of people.



## The project

### Itusheng

Established: 1977

#### Administrators:

Mr Legolelo Ramalepe,  
Mrs Dennis Tooley

#### Staff: one medical doctor

(comes once a month) two assistant nurses, two registered nurses and one enrolled nurse.

**Operational area:** 60 km radius serving 200 000 people across tribal barriers.

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## Co-operatives to be given a helping hand

CAPE TOWN — Agriculture Minister Kraal van Niekerk has approved financial assistance to certain agricultural co-operatives experiencing problems because of the drought and economic climate.

In a statement issued yesterday he said co-operatives which would be assisted included Westelike Provinsie Kooperatief (WPK), Vetsak and Boeresake.

Van Niekerk proposed that agricultural financiers, co-operatives and their members join government in contributing financially to the agricultural sector on the basis of an agreed business plan.

The registrar of co-operatives would soon

convene a meeting.

Further details about financial aid to WPK would be disclosed at the SA Agricultural Union's congress in Port Elizabeth today and at WPK's AGM tomorrow.

Meanwhile at a security rally in Kroonstad yesterday, Free State farmers voiced their unhappiness with intimidation, assault and murder on the province's borders with Lesotho, Transkei and Bophuthatswana. They also reported threats to farmers with properties adjoining black residential areas.

Free State Agricultural Union GM Lulu de Jager said the rally had been attended by union members, the SAP and SADF. — Sapa.

inexpensive co-operative wine in the shops, now that wholesalers are pressing co-ops to stop trying to develop their own markets.

According to the co-ops, the wholesalers are moving to protect a market already eroded by a moribund economy. Thus co-op wine, usually cheaper but not necessarily of lesser quality than premium brand names or estate wines, could be out of reach for consumers unable to travel to the co-ops themselves.

Co-operatives form the backbone of the wine industry. Ranging in size from two to 175 farmer-members, there are about 70 in all — and together, they produce more than 80 percent of the annual crop. The bulk of this is sold to wholesalers, such as Stellenbosch Farmers' Winery (SFW) and Distillers.

But the recession of recent years has meant that, although improved production and know-how has expanded harvest volumes, the wine market has remained stagnant. People are drinking less wine — which means the wholesalers have been buying less.

As a result, some co-operative producers have been casting about for new markets for their wine, through bottle stores, restaurants and wine clubs. According to wine industry sources, wholesalers are thus finding themselves in direct competition in the marketplace with their major suppliers.

# Big squeeze on co-ops in fight for wine sales

WMAW 23/10 - 29/10/92  
As the recession bites, battle lines are being drawn in between wholesalers and co-operatives squabbling over market share. By GAYE DAVIS

A co-operative-based Cape winemaker, who would speak only on condition that neither his name nor that of his co-op be used, said: "It's not as if they (the major wholesalers) threaten you, but you get the message."

"The relationship between ourselves and the wholesaler is very bad. They don't want us to advertise our wines, or sell them in restaurants, or enter them in competitions. It's terrible, because then we can't assess the quality of the wine we're producing ourselves."

"But there's nothing we can do. I can't go against the big guys."

Edu Klarenbeek, manager of

Woodstock World of Wine which stocks the products of about 30 co-operatives and estates, said: "Co-ops are producing more wine and also better-quality wine. A lot of co-ops have their own winemakers, and they can produce wine more cheaply than a lot of the estates."

"The co-ops have come under a lot of pressure from the wholesalers. They were a direct threat, both price and quality-wise — so the wholesalers put the screws on. There's little the co-ops can do, because what they earn from selling to the wholesalers is their bread and butter."

Where does this leave the consumer? "In a bind," said Klarenbeek.

"He has to drive out to a co-op to get wine he might otherwise have been able to get off the shelf of his local bottle store."

SFW administrative director Andre Steyn said the company "definitely has no policy of penalising people who compete with us". Instead, he said, SFW was guided by its purchases of bulk wine from co-ops by quality and style.

"We're in fierce competition with those in the marketplace, but at the same time, we're committed to buying the best-quality wine that we can for the consistency that is the trade mark of our products. Sometimes we can only get that good-quality wine from people who are competing with us in the marketplace."

"It's obvious there are all sorts of perceptions of us ganging up on co-ops," he said. "But we're not. The perception has arisen through the fall-off in market share — with the result that we have cut back in buying from all of our producers."

According to Steyn, this gives rise to a vicious circle: the co-operative is then virtually forced to find another market for his good wine.

While the total wine market grew by 10 percent between 1984 and 1992 over the same period, wholesalers saw their market share decline from 82,5 percent to 65 percent, according to Cape Wine and Spirit Institute figures. But during the same

☛ To PAGE 21

# Putting the squeeze on co-ops

From PAGE 19

period co-op wine sales soared by 200 percent.

"Co-ops more than doubled their sales during this period off a relatively small base," said Steyn. "It's a dramatic increase."

Because they can produce wine more cheaply than estates, where huge amounts are spent on wood-maturation and bottle-ageing, co-operatives have been able to pitch their products at the lower end of the price spectrum, which is where the wholesalers have been feeling the decline in sales most.

For the consumer, the entry of co-ops with low-priced, good-quality wines in the marketplace has been a boon. But traditionally, the wholesalers have been responsible for marketing wine, pumping money into advertising, brand-building and education. Their pique at co-ops selling directly to the public at lower prices and trading on the slipstream created by the big, expensively promoted brand-names is perhaps understandable.

SFW's Steyn used the boxed-wine market as an example. It was initially developed by strong trademarks, such as Autumn Harvest, and a great deal of money was spent on promotions, packaging and the wine itself "to ensure consistent quality."

"In about 1992 there was a substantial increase in the 'good wine' price set by KWV, and this meant in

an increase in the price of boxed wines. It was also an opportunity for primary producers (such as co-ops) to come in at lower prices.

"Market share eroded significantly, yet the sector remained relatively stagnant for some time at sales of about 40-million litres a year," he said. "The result was that those in the market had to skimp on advertising, services, distribution and, inevitably, quality control. SFW has tried to hold the quality — at some disadvantage to ourselves."

However, a wine industry source said part of the blame lay with the wholesalers who spent "millions developing a sophisticated image for wine so that people would pay R30 for a bottle" — and neglected the lower end of the market. "Now the co-ops are coming in and hurting them," he said.

"These days co-ops are winning significant awards for their wines. The days of co-op wine being seen as inferior are over."

"The consumer can only benefit from this situation — but the farmers, who have labourers and their families dependent on them, are sitting between the devil and the deep blue sea. They're taking a hell of a risk if they get the screws put on them (by wholesalers) in the current economic climate."

Cape wine master Sue Brown, writing in a recent issue of *Wine of the Month Club News*, attributed the success of some co-ops in the mar-

ket to "their realisation that there was a need for value-for-money wines even in pre-recession days."

The question remaining, wrote Brown, was whether co-ops such as Swardland, which sells no wine to wholesalers but markets its entire crop itself, can retain their market share. "More co-op wines are appearing on the shelves, there is more aggressive marketing from the wholesalers and even down-trading by some estates in the use of second labels," she wrote.

SFW's Steyn believes some co-ops may be feeling the pinch. "The economy is showing no signs of coming out of the trough and trading conditions are very tough. Those who built their markets on price-cutting may yet burn their fingers."

Other co-ops are content to leave their marketing to those with the know-how — the wholesalers. Said Zakkie Bester, of De Wet Co-op: "Many people have problems with the attitude of the wholesalers — they're preventing a free-market system. It is so that, generally, producers are not happy with the actions of the wholesalers."

"I see it like this: the wholesaler is my marketer. I'm not geared to marketing my wines myself. It's up to us to produce the wine and up to the wholesaler to market it. We're looking for new markets, but the wholesaler must identify them."

# Khayelitsha co-op cat ches on

EDWARD MOLONYANE

Staff Reporter

A KHAYELITSHA self-help project which started as a sewing club for 24 women four years ago has been so successful that it has grown into a huge undertaking of co-operatives providing jobs to the unemployed.

Operating from the Lingele West Training Centre, Zenzele Enterprises now offers three-week basic training

courses in woodwork, welding and pottery.

True to their name (Zenzele means do it for yourself) the projects are so successful that they are almost self-reliant.

Zenzele, which occupies two blocks at the training centre, has a full-time staff of a general manager, human resources manager, two clerks, a secretary and six instructors. It had not been for the Community Chest's financial

injection, however, this could not have been possible, said Zenzele's human resources manager Mrs Zoleka Belevwa.

Mrs Belevwa, a pillar behind the projects, has described the Chest's contribution as "absolutely marvelous".

According to the Community Chest's Mrs Xandrien Semple, Zenzele was granted R45 000 this financial year. Last year R10 000 was given, including a R15 000 special grant.

However, the Community Chest, which funds about 358 welfare organisations in the Western and South Eastern Cape is battling to raise R7.3 million to meet its year-end target of R17-million.

The funds raised are allocated to the welfare organisations the following year.

Zenzele's story began in 1988 when Mfessane, an ecumenical Christian organisation undertaking self-help projects in under-privileged communities, launched a sewing project of 24 women called Zenzele in Khayelitsha.

"We used to operate from a house in Site B where we offered a three month sewing course which was a success. Most of our trainees went through their different ways and established their businesses," Mrs Belevwa said.

In 1990, she said, the Department of Manpower subsidised, and the courses were reduced to three weeks.

"But we still continued with our three-month courses and encouraged our trainees to form co-operatives," she said.

When the training centre opened in Khayelitsha last year, Zenzele obtained two blocks and moved there in April this year.

"We then introduced woodwork, pottery and welding and all the trainees have been encouraged to form co-ops."

On completion of the courses all the trainees are sent to do a basic business skills course offered by another training institution on the premises.

The trainees, about 12 in each class, are then provided with a loan by Zenzele to buy material and start their own businesses.

"The sewing and welding co-ops have been so successful that they have been forced to work on Sundays to meet the flood of orders for their goods. The welders make mostly gates, burglar bars and windows."

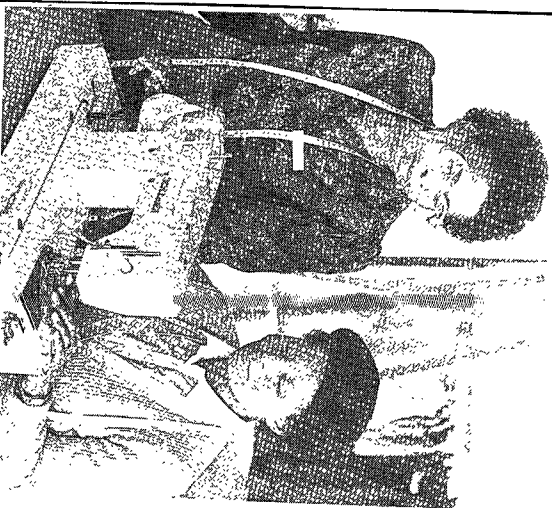
Mrs Belevwa said there was such a huge demand for the items made by the co-ops that the welders and sewing women have asked that they be allowed stay behind when others close for the festive season next month.

The training centre was a hive of activity during a visit there recently.

While classes were held in one block, co-ops worked practically making book shelves, dresses, gates, burglar bars, school uniforms and tables.

Every cent of every welfare rand you donate to the Community Chest will find its way to the welfare service where it is most needed, said the Chest's Trish Wills.

Donations can be addressed to: The Community Chest, Box 3636, Cape Town 8000.



**CLOSE WATCH:** Zenzele sewing instructor Mrs. Alice Mngidi watching a trainee during sewing lessons.



such a large number of informal entrepreneurs from what is known as the "lost generation" and lost opportunities should in effect be overcome. The question then is whether competency modules should not rather be based on the same format as for the formal sector.

57.2 This matter should urgently be investigated further to determine the applicability thereof in industries (as well as their reaction thereto).

(24 December 1992)

#### NOTICE 1154 OF 1992

##### DEPARTMENT OF TRADE AND INDUSTRY

Notice is hereby given that the following warrant voucher issued by the Department of Trade and Industry to Reach Africa as set hereunder, has been mislaid:

*Warrant voucher issued to Reach Africa*

Warrant Voucher No.	Date of issue	Due date	Face value (R)
00003175	16 June 1992	1 April 1993	15 994

The above-mentioned warrant voucher will after the date of publication be regarded as cancelled. Should the warrant voucher be retrieved, it must please be returned to the Department of Trade and Industry, Private Bag X84, Pretoria, 0001.

(24 December 1992)

#### NOTICE 1158 OF 1992

CO-OPERATIVE TO BE STRUCK OFF THE REGISTER: UMHLALI HOME INDUSTRIES CO-OPERATIVE LIMITED

Notice is hereby given that the name of the above-mentioned co-operative will, at the expiration of 60 days from the date of this notice, be struck off the register in terms of the provisions of section 45 (2) of the Co-operatives Act, 1981, and the co-operative will be dissolved unless proof is furnished to the effect that the co-operative is carrying on business or is in operation.

Any objections to this procedure which interested persons may wish to raise, must together with the reasons therefor, be lodged with this office before the expiration of the period of 60 sixty days.

##### REGISTRAR OF CO-OPERATIVES.

Office of the Registrar of Co-operatives  
Kingsley Building  
481 Church Street  
Private Bag X237  
PRETORIA  
0001.

(24 December 1992)

ook omdat 'n groot getal informele entrepreneurs uit die sogenaamde "verlore generasie" bestaan en verlore geleenthede as't ware ingehaal moet word. Dan is die vraag, of vaardighedsmodules nie eerder op dieselfde lees geskoei moet word as vir die formele sektor nie.

57.2 Hierdie saak behoort dringend verder ondersoek te word ten einde toepasbaarheid binne nywerhede (en hul reaksie daarop) te bepaal.

(24 Desember 1992)

#### KENNISGEWING 1154 VAN 1992

##### DEPARTEMENT VAN HANDEL EN NYWERHEID

Hiermee word kennis gegee dat die volgende promesse uitgereik deur die Departement van Handel en Nywerheid aan Reach Africa soos hieronder uiteengesit, verlore geraak het:

*Promesse uitgereik aan Reach Africa*

Promesse No.	Uitreikingsdatum	Vervaldatum	Sigwaarde (R)
00003175	16 Junie 1992	1 April 1993	15 994

Na datum van publikasie word bogenoemde promesse as gekanselleer beskou. Indien die promesse gevind sou word, moet dit asseblief aan die Departement van Handel en Nywerheid, Private Bag X84, Pretoria, 0001, teruggestuur word.

(24 Desember 1992)

#### KENNISGEWING 1158 VAN 1992

KOÖPERASIE VAN DIE REGISTER GESKRAP TE WORD: UMHLALI HOME INDUSTRIES CO-OPERATIVE LIMITED

Hiermee word bekendgemaak dat die naam van genoemde koöperasie na verloop van die 60 dae met ingang vanaf die datum van hierdie kennisgewing van die register geskrap sal word ooreenkomstig die bepalinge van artikel 45 (2) van die Koöperasiewet, 1981, en die koöperasie sal ontbind word tensy bewys gelever word dat die koöperasie handel drywe of in werking is.

Enige besware wat belanghebbende persone teen hierdie prosedure wil inbring, moet met vermelding van redes voor verstryking van die tydperk van 60 dae by hierdie kantoor ingedien word.

##### REGISTRATEUR VAN KOÖPERASIES.

Kantoor van die Registrateur van Koöperasies  
Kingsleygebou  
Kerkstraat 481  
Privaatsak X237  
PRETORIA  
0001.

(24 Desember 1992)

# Listing is cherry on top for Langeberg

18/02/92 17/2/92

EDWARD WEST

LANGEBERG Holdings will complete its transformation into a public entity with a listing on the JSE before June 30, two years after being the first agricultural co-operative to be privatised.

Cape-based Langeberg is one of the world's largest food canning operations and has an annual turnover of more than R640m.

Langeberg Holdings spokesman Dev du Toit said the decision to list was based partly on the wish by minorities to trade their shares on the open market.

Tiger Oats has a controlling 56% stake in Langeberg Holdings through wholly owned subsidiary Langeberg Foods. Langeberg Co-operative — mainly made up of the farmers who are Langeberg's prime source of raw materials — holds about 30% of Langeberg Holdings while about 14% is made up of minority shareholders.

The decision to go public was also to a large extent based on a clause in the contractual agreement between Tiger Oats and Langeberg Co-operative which was drawn up in July 1988 on Tiger Oats' acquisition of its stake in Langeberg. The clause stipulated that an attempt be made to list Langeberg by June 30 1992, said Du Toit.

Langeberg MD Ray Brown said in a statement the company had nine food processing and canning operations and exported a large variety of canned fruits, vegetables and other food products.

It processes 350 000 tons of raw produce every year, consuming 35 000 tons of sugar and using more than 400-million cans, bottles and jars. Its products include brand

names such as Koo, All Gold, Silver Leaf, Hugo and Naturlite.

Brown said the Langeberg board decided the time was appropriate for a listing in view of the strong financial performance of the company and the buoyancy of the stock market.

In the 1991 Tiger Oats annual report, Tiger chairman Robbie Williams commented on Langeberg's increased profitability: "Very encouraging results were achieved by the group's recent acquisitions, particularly Langeberg."

Langeberg Holdings' 1991 annual report showed the company increased turnover by 15.4% to R645,8m in the financial year to September 1991 when compared with the same period in 1990. Earnings a share more than trebled to 156c. Consequently dividends increased from 11,5c a share to 45c a share over the same period. The report forecast a further improvement in Langeberg's performance in 1992.

Brown said drought in the northern regions of SA would have no effect on Langeberg's profitability. The past three years had seen drought affect pineapple crops in the eastern Cape, but farmers there expect crops to improve this year.

Fruit crops were mainly in the western Cape and were safe from drought. Pea crops were slightly affected by drought last year and only 70% of Langeberg's requirement was produced. Brown said drought was a natural occurrence in SA and the group experienced such conditions with at least one crop a year.

# Naccasa calls for peace

80wefem 26/3/92

33A

**THE National Association of Co-operative Societies of South Africa (Nacssa) has appealed for peace, stability and community support.**

This was done in order to bring a spirit of entrepreneurship through burial societies, women's and meholisano clubs.

"Let us stop the violence in the country and grow our economy," Nacssa's executive director, Mr Sam Muofhe, said at a function this week.

He presented cheques to the value of R5 800 to bereaved families of members of the Nacssa Funeral Scheme who were killed in acts of violence in Meadowlands last week.

The cheques were received on behalf of Mr Samuel Malou of the Know Your Neighbour Burial Society and Mr Steven Vilakazi, a member of the Tunguru Investment Club.

Muofhe paid tribute to the role played by the victims in their societies as well as their contribution made by all victims of vio-

lence in the country.

"Your spirits will encourage us to forge ahead in developing burial societies, women's and meholisano clubs during these trying times," he said.

He added that the societies could be used to the benefit and future well-being of not only the black community, but the South African economy.

"We have seen the horrors of massive unemployment and retrenchments cripple the economy because of apartheid," he said, adding: "We have witnessed the slow death of communities - black and white - dependent on the growth of the economy."

He also appealed to the Government, Codesa, Peace Accord, political parties, business and liberation movements, to speak out against violence. Very few business people in the informal sector could afford to carry out their operations in the wake of the violence, he said, reiterating the call: "Let us stop the violence."

## SA co-operative exports hardwood to Finland

*810009 5/5/92*  
MARITZBURG-based Central Timber Co-operative (CTC) had exported 200 000 tons of hardwood chips to Finland, GM Rein Franz said yesterday. (33A)

Franz, who was reluctant to put a value on the order, said additional contracts had been signed with Japan and Taiwan.

Exports of hardwood chips to Japan last year amounted to about 600 000 tons, but this was expected to increase substantially

TIM MARSLAND (33A)

due to the lifting of sanctions.

Franz said he expected the Finnish contract to be renewed. Demand for hardwood chips was strong in Europe and the Far East. CTC's turnover almost doubled to R130m in 1991 from R70m in 1990.

The hardwood chips — from Eucalyptus and Acacia trees — are used in the paper industry.

## Closure of insurance co-ops recommended

8/10/90  
27/6/90

LINDA ENSOR

33A

50

CO-OPERATIVE insurance companies were not in the public interest and should be required to cease their operations, the Melamet Commission of Inquiry into the operations of non-agricultural co-operative societies providing short term insurance has recommended.

The commission's report was tabled in Parliament last week.

Mr Justice D A Melamet recommended that steps be taken to ensure that existing societies cease operations or be wound up by not later than December 31 1991.

"There is no cogent reason why co-operatives which are in fact conducting the same operations as registered insurers, albeit on a smaller scale, should not be subject to the same conditions as to supervision, solvency margins, reserves and capital as a registered insurer.

"Conscious though we are of the fact that free enterprise should be encouraged and not be interfered with, we are of the opinion that it would be inadvisable and risky, having regard to the interest of the general public, to allow cooperatives, other than agricultural co-operatives, to carry on operations."

However, the report stated that as these co-operatives were established with the approval of the Registrar of Co-operatives and the Registrar of Financial Institutions, it would be "inequitable and harmful" to their members to order them to cease business forthwith.

The judge did not make recommendations as to whether the promoters of co-operatives should be given a licence to operate insurance companies.

He said this was a matter for the discretion of the Registrar of the Financial Institutions Office (now the Financial Services Control Board), which was aware of competing claims from other people and of the necessity for granting further licences.

The report also recommended that the Insurance Act and the Co-operatives Act be amended so that no provision existed for non-agricultural cooperatives to undertake insurance business.

● See Page 11

Call on private sector for investments . . .

# Co-operatives to boost employment

334 CPE-TMS 10/11/90

By AUDREY D'ANGELO  
Business Editor

THE only way to prevent unemployment from reaching "crisis proportions" in the 1990s is for the private sector to become involved in large scale socio-economic development projects, says Barney Desai, Western Cape convener of the Pan Africanist Congress (PAC).

Pointing out that population growth exceeds the number of new jobs provided and that increased mechanisation will worsen this situation, Desai said yesterday that this environment, "and the very skew distribution of income, does not appear ideal for a stable democracy to thrive in SA".

Desai making it clear that he was expressing a personal view and not PAC policy, said his solution was the setting up of co-operatives as "capital-labour partnerships" to be run on sound commercial lines.

This, he said, would involve the community in productive economic activity and create jobs at low cost.

He pointed out that the number of co-operatives has increased in many industrialised countries as traditional industries decline.

"The Italian co-operative movement (LEGA) is a major player in the Italian economy, embracing 15 000 enterprises which range from insurance and construction to

small engineering and agriculture.

"A major positive feature of co-operatives is the commitment that is generated by their members to withstand adverse economic factors. Because they are the owners of the enterprise, their ability to increase productivity is another positive quality."

However, co-operatives normally lacked capital, management and marketing skills.

Desai's solution to this was for private enterprise including the insurance giants to make "a major affirmative thrust" by investing in trust funds — which should be exempt from taxation by special dispensation — "to create capital-labour partnerships to run co-operative enterprises jointly."

"The workers would be part-owners together with the trust, which would undertake to provide managerial skills while the workers provide the labour."

"Progressively workers would participate more actively in democratic control as they acquire the necessary skills and business acumen and have accumulated capital to extend the scope of activity of the capital-labour co-operative."

"Sound commercial management would be ensured up to take-off point where there is a total transfer of ownership to the working members of the co-operative."

Desai suggested that the trust "would have as one of its primary mandates the establishment of co-operation schools of management and skills."

"It would also appoint a standing commission of economic experts whose task would be to identify viable areas for co-operative enterprises, their scope and capital requirements and to appoint trained management."

The trust, he said, "could be in close liaison with the parent investor and connected private sector companies", and arrange for work to be sub-contracted to co-operatives.

Discussing the argument that insurance companies owe it to their policyholders to invest money to earn the best possible return, Desai pointed out that Sanlam's Cashbuild venture, in which it franchised former managers to set up U-Build outlets which were running successfully in Soweto, was "another method of economic empowerment".

He quoted from a Financial Mail article on February 28: "Sanlam's strategic portfolio arose out of its historical role in helping the economic enfranchisement of Afrikanerdom: this included creation of employment, as well as extending Afrikaans ownership and management of big business."

# body for co-ops

By ZB MOLEFE

SOME people left their homes at the crack of dawn while others had already been driving for hours. All had braved a freezing Sunday morning last week.

They were going Soweto's Funda Centre to launch the Association of Co-operative Societies of South Africa, under the auspices of the Centre for Black Economic Development.

Almost 200 delegates from burial societies, women's clubs and megodisano (money syndicates) countrywide have been nurturing the dream of this launch for years.

Determination and the vision of economic equality were the driving force, while the battlecry at the launch was clearly "black economic empowerment".

The launch was very different from today's fashionable seminars. There were no high-profile speakers, no swank city hotels or conference venues. This meeting was attended by simple men and women, fathers and mothers, friends and rivals.

For years, every weekend or month-end has seen them in townships countrywide pooling their meagre in-

## Black economic upliftment comes under the spotlight

comes to bury each other, while some have tried other forms of economic self-upliftment.

CBED chairman Prof John Makhene told the launch: "The tradition of sharing has been the mainstay of our people. Today, in a changing political climate, it has become important for us to co-operate."

Makhene said developments in the country meant the tide of politics was turning in favour of blacks, but that the road was still long.

He said: "When you look at blacks today, what do you see? You see massive poverty. We need to do something. If we do not do something, our children will blame us."

Makhene said by the year 2000, blacks would comprise 90 percent of the South African population.

"The best we can do is to start with the things we do best. Megodisano and stokvels can be the best starting points."

"We will flex our (economic) power as blacks. Remember the (white) financial institutions are using your money for something else. How we get out of poverty is crucial. We are standing on the frontier of progress politically and economically, but we have to do it ourselves," he said.

Accountant Israel Skosana said: "We are in the majority but we are the poorest. And those in the minority are the richest."

"We have looked at the resources at our disposal and we have found human resources. And we have brains, although our brains have been underdeveloped for so long because of apartheid."

Soweto community leader and CBED deputy chairman Nthato Motlana painted a sobering picture of post-apartheid South Africa when he said: "I worry when I hear the ANC or a black-dominated government will nationalise everything when it comes to power. That will not happen."

"A black government will not feed and clothe you, but it will give you an opportunity to accumulate wealth."

Businessman Bobby Makwetla said well-known black organisations such as the National Council of African Women, "which is as old as the ANC", the liquor group Ukhamba, the Black Housewives' League and the South African Soccer Association, were examples of black economic upliftment.

He said: "What the people of these organisations have realised is the need for numbers (in the economic empowerment game). And the name

of the game is that individually we will not succeed."

Possibly Makwetla was thinking of his days as chairman of one of the country's biggest soccer teams, Orlando Pirates, as he drove his message home.

"The ground is being prepared by our political leaders, but we should prepare our economic ground as well."

A speaker from a Daveyton burial society told the gathering blacks had been disadvantaged for so long that they had ended up mistrusting each other, especially in matters involving money.

The burning question was the role of CBED in relation to Accsa.

Said Makhene: "The CBED board of directors are acting as facilitators to form Accsa. We will then impart management skills and relevant training."

Skosana said: "The CBED will look at broader economic issues (in its dealing with Accsa). For instance, we will look at things like the transfer of technology to our people."

After four-and-a-half hours of discussions, the delegates resolved to elect a 100-person steering committee charged with the responsibility of drawing up a constitution for Accsa.

The process of economic upliftment has already begun at Accsa-organised workshops in Pretoria, Johannesburg, the East Rand, western Transvaal, Soweto and northern Transvaal.



Israel Skosana ... "We are the majority but we are the poorest."

# New umbrella body for co-ops

By ZB MOLEFE

## Black economic upliftment comes under the spotlight

### WE ARE ON THE RIGHT TRACK

#### CBED



CBED directors John Makheane, Nthato Motlana, Bobby Makwella and Sam Muofhe

■ PEI ANDRIES MONIEMA

SOME people left their homes at the crack of dawn, while others had already been driving for hours. All had braved a freezing Sunday morning last week, going Soweto's Funda Centre to launch the Association of Co-operative Societies of South Africa, under the auspices of the Centre for Black Economic Development.

Almost 200 delegates from burial societies, women's clubs and meepolano (money syndicates) countrywide have been nurturing the dream of this launch for years.

Determination and the vision of economic equality were the driving force, while the brutality at the launch was clearly "black economic empowerment" as very different from today's fashionable seminars. There were no high-profile speakers, no swank city hotels or conference venues. This meeting was attended by simple men and women, fathers and mothers, friends and rivals.

For years, every weekend or month-end has seen them in townships countrywide pooling their meagre in-

comes to bury each other, while some have tried other forms of economic upliftment. The day after the CBED chairman Prof John Makheane told the launch: "The tradition of sharing has been the ministry of our people. Today in a changing political climate, it has become important for us to co-operate."

Makheane said developments in the country meant the tide of politics was turning in favour of blacks, but that the road was still long.

He said: "When you look at blacks today, what do you see? You see massive poverty. We need to do something. If we do not do something, our children will be the same."

Makheane said by the year 2000, blacks would comprise 90 percent of the South African population.

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"We will flex our (economic) power as blacks. Remember the (white) financial institutions are using your money for something else. How we get out of poverty is crucial. We are standing on the frontier of progress politically and economically. We have to be responsible for ourselves."

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Soweto community leader and CBED deputy chairman Nthato Motlana painted a sobering picture of post-apartheid South Africa. He said: "Many people think the ANC is a black-dominated government will nationalise everything when it comes,

of the game is that individually we will not succeed."

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A speaker from a Daveyton burial society told the gathering blacks had been disadvantaged for so long that they had ended up mistrusting each other, especially in matters involving money.

"The burning question was the role of CBED in relation to Assa."

Said Makheane: "The CBED board of directors are acting as facilitators to form Assa. We will then impart management skills and relevant training."

Skosana said: "The CBED will look at broader economic issues (in its dealing with Assa). For instance, we will look at things like the transfer of technology to our people."

After four-and-a-half hours of discussions, the delegates resolved to elect a 10-person steering committee to draw up a constitution for Assa.

The process of economic upliftment has already begun at Assa-organised workshops in Pretoria, Johannesburg, the East Rand, western Transvaal, Soweto and northern Transvaal.

# ALSO PAY FOR THESE





## The Co-operatives

# A force for those battling to survive

CO-OPERATIVES have re-emerged as a constructive and positive community initiative setting or addressing the basic needs of employment, income, dignity and unity among the otherwise destitute, desperate and disadvantaged communities.

The collective assembly of skills and limited resources in the community is now being co-ordinated into work groups, productive and sharing groups of people providing jobs, food and hope for one another.

From small beginnings less structured and different from the conventional form of small business — co-op's are business entities.

In the Western Cape co-operatives have had a very short history and the whole co-operative movement is an ill-defined and isolated activity that has the potential to

MASBAMBANE Co-operative Forum, started in 1987 with five people, is now a collective grouping which represents 20 different co-ops operating in the Lagunya-crokhia (Langa, Guguleu, Nyanga, Crossroads and Khayelitsha) area.

"This forum of active co-op representatives serves as a platform for these participants to discuss their problems, suc-

cesses and activities from which all learn and plan," elected forum co-ordinator Hazel Gogela says.

The Masbambane Forum and its member co-ops are not mere relief organisations and projects, but

yet another responsible and constructive chapter alongside other progressive community organisations.

The co-ops are operating in different

communities across the peninsula doing different things depending on the skills of the members.

Some of the main problems they all face are:

• Marketing of their goods: Fortunately the textile/sewing groups have secured a deal to make sports goods for the Sacos sports festival. Hereafter small retailers and dealers are invited to buy or

contract the co-operative to CMT or manufacture goods for them.

• Costing and financial control for the less educated is having to be addressed to ensure financial viability of each co-op.

• Besides the obvious educational deficiency, courses have been initiated to educate and train members about the basics of running a co-operative, holding a meet-

ing etc.

Masbambane Co-op Forum is a platform and looks to the community for support in material equipment and to buy and consume their products.

This forum is open to all parties interested in starting or already involved in a co-op.

For more information about the services of the Forum, phone Hazel Gogela at 633 5826.

WERE NOT ONLY HERE FOR THE BEER.

**BUSINESS**

# Coming soon: Largest co-op, paid for by Frame

**SOUTH AFRICA's largest ever co-operative — paid for by the Frame Group as part of one of a retrenchment package — looks set to become a reality within the next couple of months.**

The co-op agreement between Frame and the Amalgamated Clothing, Textile and Allied Workers Union (Actuwsa), due to be signed on Wednesday this week, is the first of its kind in the country.

The union has already hired a general manager and given the co-op a name — **Zenzeleni Basebenzi** —

which, roughly translated, means "do it yourselves, workers".

The Frame Group, which believes it may have to lay off up to 3 000 workers from its Consolidated Cotton Corporation (CCC) over the next three years, has pledged R2.5-million to launch the garment manufacturing co-op, which will be situated in Durban and owned by the union.

Frame's projected 3 000 retrenchments caused an immediate hiccup in negotiations, with the union refusing to accept such a high figure.

Actuwsa has also stressed that the

**An unusual deal between management and a union could lead soon to the launch of the country's largest co-operative, reports CHARLOTTE BAUER**

unique agreement is an addition to, not a substitute for, retrenchment payouts for workers.

The co-op will initially provide jobs for between 300 and 400 workers from CCC, some of whom have al-

ready been retrenched, and it is hoped that more than 1 000 workers will be accommodated by June next year.

However, the co-op's ability to re-employ laid-off members is financially limited. It would also be unrealistic to expect the union to take responsibility for great numbers of newly unemployed.

Actuwsa's regional secretary, John Eagles, said the Frame Group had "not bought its way clear" with the agreement, adding that the union would continue to treat retrenchments in the same way it always had.

The union is also anxious to avoid getting stuck with an "employer" label, though, in effect, this is what it will be. Legally, however, the co-op will be owned by a workers' trust. Eagles said the way in which the co-op would operate would distinguish it from a normal factory.

There will, for instance, be a board of trustees rather than a board of directors, comprising four union members and four factory representatives.

The union's co-op will not be a self-help scheme, however — profits will not be shared by the workers, but will be used by the union to start other projects with the aim of employing more people.

In an editorial in its latest newsletter, Actuwsa says: "If employers can't employ Actuwsa members, the union will try itself to do so, but employers must assist with this job creation."

It adds that discipline will not "be imposed on workers" but handed by the workers themselves through shop stewards, and that production targets "and other internal goals" will be set by workers themselves.

Actuwsa says all financial dealings and records will be open to workers and believes the establishment of democratic methods of working will ensure that the attitude of workers "will be constructive and that they will not feel exploited".

The new general manager of the co-op, Glen Cornack, said much of the initial intake of employees would comprise unskilled or semi-skilled labour.

"But even the semi-skilled workers will need to be retrained for garment, rather than textile manufacturing — the machinery is totally different."

Cornack, who will leave his personnel position at Tiger Oats at the end of this month to take up the new appointment, said he was interested in the question of job creation.

Actuwsa is investigating a market for its goods and has held discussions with hawkers' organisations.

It is expected that as part of the final agreement between the Frame Group and Actuwsa, the co-op will be able to buy certain fabrics from CCC at a preferential cost.

Actuwsa's Eagles says "the fine print" is still the subject of negotiation between Frame and the union.

However, the historic **Zenzeleni Basebenzi** project is going ahead, with the first intake of employees scheduled for February next year.

## Time for co-ops to start paying their way

**IF CO-OPERATIVES are to survive, they should be economically viable and self-sufficient.**

Researchers, trade unionists, economic analysts and co-op members all agree that the challenge facing co-ops is that of economic survival.

Trade unions see co-ops as an alternative to unemployment and as a way of bridging the gap between the employed and the unemployed.

The National Union of Mine Workers (NUM) believes that co-ops can play a role in "the broad struggle for socialism and worker control". The union has established a T-shirt printing co-op in Phalaborwa.

"We are doing a feasibility study on co-ops for mineworkers from Lesotho and Transkei who lost their jobs during the 1987 strike," says NUM projects co-ordinator Kate Philip. The co-ops will manufacture building blocks.

Philip says the two projects are seen as pilot ventures and will be expanded if they work well.

"Though co-ops can provide jobs, they are not, on their own, a solution to unemployment," she says, adding that such projects must have to survive before making profits.

Practical education and political understanding of co-ops should exist among members, according to Philip. She believes that careful studies of the local economic situation should be conducted.

The NUM also says co-ops have an important role in defending workers from "some of the worst ravages of capitalism" by enabling

Co-operatives are usually formed in response to a crisis and they seldom last.

But now researchers are looking at the chances of keeping co-operatives alive

— and self-sufficient. **MZIMKULU MALUNGA reports**

them to survive.

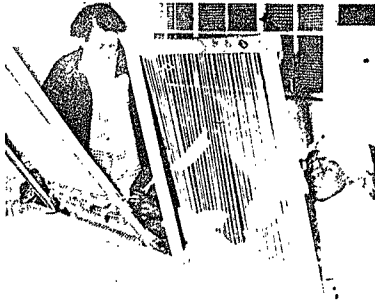
Researcher Georgina Jaffee says: "A common feature of all groups involved in co-operatives is they are directed at groups and classes either marginalised by the present economic system or in a position of economic inferiority."

But, she cautions: "The diversity of organisations involved in starting or researching co-ops calls for an understanding of their motives and ideological perspectives."

Jaffee points out that the history of co-ops worldwide is not impressive. "Tales of failed co-operatives abound," she says. Common problems include a lack of capital and production and management skills, and an inability to compete in the market.

Zodwa Mabaso, a member of the Soweto-based Secretariat Services Co-operative (SSC), agrees that co-ops should be economically viable, but says there are other significant issues — such as "building community consciousness and learning to work together" — which co-op members need to understand.

SSC is a community-based co-



Weaving co-op on the Cape Flats ... the need is self-sufficiency

op offering secretarial services to business people in Soweto. It is a business people in Soweto. It was formed early this year with ten members.

Mabaso says there has been a slow response from businessmen, and that most of the facilities they use come from church organisations. Another problem is a lack of resources.

Some people see the co-op as a sort of *stokvel*, where members work together towards a common goal. The only difference, according to Sipho Nkosi, a fieldworker at the Self-Help Associates for Development Economics (ASCSL), is that co-ops have to be registered. He says a co-op is formed in response to an "immediate need" and that its main objective is not profit but service.

Profits made by co-ops are shared among the members.

Nkosi says another problem fac-

ing co-ops in this country is registration. The Co-operatives Act, which provides for registration, was drafted with agricultural co-ops in mind, he says.

Nkosi lists four common types of co-ops: consumer co-ops; workers' co-ops, catering for the needs of unemployed workers; producers' co-ops, which "were a major force in Afrikaner economic empowerment"; and credit unions, where members pool finance to provide a lending facility.

The African Consumer Co-operative Society Limited (ACCSL) has embarked on an education campaign and is presently organising regular workshops on the formation and development of co-ops.

In an education manual, the ACCSL says unemployment among blacks in South Africa is one of the key problems caused by apartheid.

CO-OPERATIVES

1993 - 98

## Ceres going private

**The takeover** of Langeberg by Tiger, a few years ago, proved that farming co-operatives, notwithstanding their long history as creatures of statute, can successfully become part of the private sector.

Now Ceres Fruit Growers (CFG), a successful R200m-a-year primary co-operative that produces, packages, markets and exports high-quality apples and pears and produces branded fruit juices under the Liquifruit, Ceres and Fruitree fruit labels, is going the same route. **FM 15/1/93**

"In effect, we are looking at the privatisation of a co-operative," says Ceres Fruit Growers & Marketers MD Christof Louw.

A new company, Ceres Holdings Ltd, has been formed to take over CFG's interests. It will control four affiliated companies responsible for the handling, packing, marketing and processing of members' fruit. A separate company will handle Ceres Holdings' non-fruit interests, including its R16m APL Cartons plant at Worcester.

CFG used to buy its packaging materials from companies such as Nampak and Kohler but, after investing jointly with three other co-ops in their own carton plant in 1987, they never looked back.

Louw says a JSE listing is not being considered at this stage. However, the new group structure will allow this to take place with minimal problems. He adds that Ceres Holdings' price:earnings ratio "equals that of the top food companies on the JSE."

Ceres Holdings is a huge undertaking. It handles about 150 000 t of apples and pears annually (70% for export), controls "the largest cooling sheds in the southern hemisphere and has the largest packaging stores in the world under one roof (about 14 ha) at Ceres," Louw says.

Over the past few years both the local market and export sales have shown phenomenal growth and brought big profits for the co-op.

Louw says the co-operative structure will remain the umbrella body, as members are used to its operations and the pooling of their proceeds. But, through the new corporate

**FM 15/1/93**

structure, they will not only be able to reap rich dividends from the group's operations, but will also benefit from the capital appreciation and tradeability of their shares in the new companies.

Under co-operative legislation, members' shares do not appreciate in value; they merely share in the co-operative's surpluses. Now they will also get the sweet taste of share capital appreciation. And share values should show strong growth, based on the group's excellent profitability and management history since 1923.

Last year KWV bought a strategic 25% stake in Ceres Fruit Juices Ltd (producer of Liquifruit, Ceres and Fruitree) for R41m. This left Ceres Investment Co, an affiliate of Ceres Holdings, with 37,5% and SA Breweries, which controls Appletiser, with the remaining 37,5%. KWV provides Ceres Fruit Juices with its grape juice concentrate, the basis for its popular cartoned products.

Coupled with the coming demise of the Banana Board and its substitution by Subtropico, a public company soon to be owned by its producer members (*Business & Technology* January 8), it now seems that fruit farmers are leading the way in reforming agriculture.

But while some co-ops are progressive, others seem to be mired in the legacy of the past. This week, a summons for R110m restitution of damages sustained as a result of the alleged breaching of an agency agreement was served by the John G Mahler Co, a trader in hides and skins of Dallas, Texas, on the Klein Karoo Landbou Ko-op, which has the sole right — monopoly rather — to market, sell and export ostrich skins and leather produced in SA.

## No support for co-ops, Land Bank

PRETORIA. — The government was no longer prepared to issue guarantees to back up Land Bank liabilities, and agricultural co-ops would in future have to determine and manage credit risks in the same way as an ordinary company, the Finance Minister's special economic adviser, Dr Japie Jacobs, said at the weekend.

Speaking at an agricultural outlook conference here, Dr Jacobs said the Land Bank was in competition with private sector institutions and would have to commercialise its operations to be able to compete.

He said co-ops would have to prove their viability in a more deregulated market.

Existing assistance schemes, subsidising some interest rates, would soon be phased out.

# New role for farming co-ops

AGRICULTURAL co-operatives would have to take over the sales functions of marketing boards with the deregulation of agriculture, Stellenbosch Agricultural economist André Myburgh said yesterday.

The initial marketing role of co-operatives had been watered down when marketing boards were established, and co-operatives then became their agents.

Few farms were big enough to market their produce directly, Myburgh said. The dissolution of the boards, envisaged by the recent Kassier commission on agricultural marketing, would leave a gap for co-operatives.

According to Eckhart Kassier, of the Kassier commission, competition between co-operatives had long been seen as unnecessary duplication. This would have to change.

Jan Groenewald of the University of Pretoria agreed.

The Act prohibiting monopolies would have to be made applicable to co-operatives, he said.

Co-operatives deserved a market place only if they could compete fairly.

DIRK VAN EEDEN

The worst scenario would be to exchange forced delivery to marketing control boards by forced marketing to co-operatives.

Groenewald said many co-operatives went under because of bad management, especially in financing, where credit had often been granted to people who should never have received it.

Far fewer insolvencies were seen in areas where co-operatives had been close-fisted.

The recent change in the Co-operatives Act has allowed co-operatives to privatise, and some of the most successful co-operatives, like Ceres Fruit Growers (CFG), have become public companies.

CFG chief executive Christoff Louw said changing to a company had increased shareholder participation in the co-operative.

This made shares more tradeable and improved their liquidity and value. Capital became available for upgrading farms, and for the first time shares reflected the true value of the co-operative.

**NOTICE 405 OF 1993**

The Department of Finance announces hereby that transfer documents for registration in respect of the undermentioned Republic of South Africa Internal Registered Stocks must be lodged with the Office of this Department at 301 Abattoir House, 50 Hamilton Street, Arcadia, Pretoria, **not later than 28 May 1993** to qualify for the interest payment on 1 July 1993.

The registration of transfer documents thus handed in will be finalised on 10 June 1993 whereafter the registers will be closed until the date of the interest payment.

Cape of Good Hope Colonial Stock, 4,50 Per Cent (R001).

Internal Registered Stock, 9,25 Per Cent, 2004 (R093).

Internal Registered Stock, 9,375 Per Cent, 2004 (R097).

(14 May 1993).

**NOTICE 406 OF 1993****CO-OPERATIVES TO BE STRUCK OFF THE REGISTER**

1. PENINSULA TAXI CO-OPERATIVE LIMITED
2. NATIONAL TAXI CO-OPERATIVE LIMITED
3. ITIENDELENI TRADING CO-OPERATIVE SOCIETY LIMITED
4. PIET RETIEF KLIPWAL TAXI CO-OPERATIVE LIMITED
5. WESTONARIA TUISNYWERHEID (KOÖPERATIEF) BEPERK
6. V.B.S. SENTRALE KOÖPERASIE BEPERK
7. M.J.T. CO-OPERATIVE LIMITED
8. KOEKOEK TUISNYWERHEID (KOÖPERATIEF) BEPERK

Notice is hereby given that the name of the above-mentioned co-operatives will, at the expiration of 60 days from the date of this notice, be struck off the register in terms of the provisions of section 45 (2) of the Co-operatives Act, 1981, and the co-operatives will be dissolved unless proof is furnished to the effect that the co-operatives are carrying on business or are in operation.

Any objections to this procedure which interested persons may wish to raise, must together with the reasons therefor, be lodged with this office before the expiration of the period of 60 days.

**REGISTRAR OF CO-OPERATIVES.**

Office of the Registrar of Co-operatives  
Kingsley Building  
481 Church Street  
Private Bag X237  
PRETORIA  
0001.

(14 May 1993)

**KENNISGEWING 405 VAN 1993**

Die Departement van Finansies maak hiermee bekend dat oordragdokumente vir registrasie ten opsigte van die ondergemelde Republiek van Suid-Afrika Binnelandse Geregistreerde Effekte **nie later nie as 28 Mei 1993** by die Departement se kantoor te Abattoirhuis 301, Hamiltonstraat 50, Arcadia, Pretoria, ingelewer moet word ten einde vir die rentebetaling op 1 Julie 1993 te kwalifiseer.

Die registrasie van oordragdokumente aldus ingehandig sal op 10 Junie 1993 gefinaliseer word waarna die registers tot die dag van rentebetaling gesluit sal wees.

"Cape of Good Hope Colonial Stock", 4,50 Persent (R001).

Binnelandse Geregistreerde Effekte, 9,25 Persent 2004 (R093).

Binnelandse Geregistreerde Effekte, 9,375 Persent 2004 (R097).

(14 Mei 1993).

**KENNISGEWING 406 VAN 1993****KOÖPERASIES VAN DIE REGISTER GESKRAP TE WORD**

1. PENINSULA TAXI CO-OPERATIVE LIMITED
2. NATIONAL TAXI CO-OPERATIVE LIMITED
3. ITIENDELENI TRADING CO-OPERATIVE SOCIETY LIMITED
4. PIET RETIEF KLIPWAL TAXI CO-OPERATIVE LIMITED
5. WESTONARIA TUISNYWERHEID (KOÖPERATIEF) BEPERK
6. V.B.S. SENTRALE KOÖPERASIE BEPERK
7. M.J.T. CO-OPERATIVE LIMITED
8. KOEKOEK TUISNYWERHEID (KOÖPERATIEF) BEPERK

Hiermee word bekendgemaak dat die naam van die bogenoemde koöperasies na verloop van 60 dae met ingang vanaf die datum van hierdie kennisgewing van die register geskrap sal word ooreenkomstig die bepalinge van artikel 45 (2) van die Koöperasiewet, 1981, en die koöperasies sal ontbind word tensy bewys gelever word dat die koöperasies handel drywe of in werking is.

Enige besware wat belanghebbende persone teen hierdie prosedure wil inbring moet met vermelding van redes voor verstryking van die tydperk van 60 dae by hierdie kantoor ingedien word.

**REGISTRATEUR VAN KOÖPERASIES.**

Kantoor van die Registrateur van Koöperasies  
Kingsleygebou  
Kerkstraat 481  
Privaatsak X237  
PRETORIA  
0001.

(14 Mei 1993)

# Come to the market

37A  
24/6/93

THOUSANDS of people are going to be pleasantly surprised by the lower priced vegetables and fruit at the fresh produce market being launched in 9th Road, Kew (continuation of Corlett Drive), from 6am tomorrow.

The R500 000 venture is financed by American companies through an Alex-based job creation organisation, Progress Through Employment.

Fariners from far and wide, including a group from KwaNdebele, will market their produce.

Project volunteer Barry Shippel says the market will be a free trade area with an "affirmative approach".

Stands at the market complex are also available to individual traders.

The idea behind the venture, according to Shippel, is to invoke the vibrant spirit of African markets.

African handicrafts will also be on sale.



# 'Businesses must help the poor'

ALIDE DASNOIS

Business staff

(33B)

ARCT 12/6/93

ECONOMIC growth, even at 4 percent to 6 percent a year, will not solve South Africa's problems, Liberty Life vice-chairman Dorian Wharton-Hood has warned.

Speaking at the annual SAPOA convention in Cape Town yesterday, he said most people in South Africa were less concerned about economic growth than about its distribution.

Between 1963 and 1973, he said, the gross domestic product grew at an average of 6 percent to 7 percent a year and white incomes a head rose 43 percent.

"Sometime around 1970, white South Africans overtook Californians as the most affluent society on earth."

But, black incomes a head rose only 13 percent and the ratio between white and black incomes widened to 15 to 1.

For black South Africans, the years of greatest prosperity were years of increasing impoverishment and oppression.

Even today more than half of black households still earned less than R700 a month.

Growth and redistribution could not be traded off against each other, Mr Wharton-Hood warned.

Social responsibility should not only be a matter of "warmth in the board of directors' hearts" or of "the favourable image to be gained with the help of a talented advertising agency". In investing in the reconstruction of South Africa, business should be collaborating with the communities concerned and empowering "those who have been stripped of everything".

Social responsibility was not charity, he said. Business should forego short-term returns in favour of potential longer term returns. Otherwise "in a few years we shall no longer be able to expect any returns at all".

Equal opportunity policies were not sufficient. "In general poor people are badly equipped to deal on an equal footing with richer people in a free market system."

People who lacked wealth could not hedge against inflation and often had no access to education or to credit facilities.

"Naive deregulation of the economy towards an ideal free market system may exacerbate the present inequities rather than reduce them."



## Business Report

### Bumper co-op formed

JOHANNESBURG. — One of the most extensive amalgamation agreements in the history of local agriculture was signed by the Boards of two agricultural co-ops this weekend.

After the amalgamation, the South Western Transvaal Agricultural Co-op and Northern Cape Livestock Co-op will form one of the largest co-ops in southern Africa, which will be known as South-West Co-op.

"Agriculture is, and in a new South Africa, will also continue to be one of the pillars of the

economy," Jan de Kock, chief executive manager of the new co-op said. (33A) (2)

De Kock said it was for this reason SA needed people and organisations who think and act proactively: "Whoever withdraws now, despondently waiting for things to happen, cannot expect success".

The members of the two co-ops have yet to confirm the agreement. CT 25/4/94

The co-op will have a combined land area of 10,7m hectares and an annual turnover of some R1,3bn.

### Community Growth Fund tops R100m

Business Staff (2)

SOCIALLY responsible growth fund, the Community Growth Fund (CGF), breached the R100m barrier during the quarter to March and posted a return for the year up 35,8% from the previous March. CT 25/4/94

Syffrets portfolio manager Guy Woolford pointed out that "CGF has a good spread of quality growth assets which should enable it to continue produce good returns".

CGF currently ranks in the top five among general unit trusts.

# Today's Lucky Bonanza

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General Equity Funds	Buyers	Sellers	Yield
ABSA	180.44	169.76	3.09
BOE Growth	205.36	192.79	2.47
CGF	142.12	133.09	3.66
CU Growth	155.22	148.66	2.27
Composite	115.02	108.04	N/A
Fedgro	168.69	155.05	3.69
Guaribank	308.55	313.41	3.24
IGI	158.28	147.56	3.07
Momentum	326.27	305.90	3.44
Methfund	272.70	255.27	2.95
Methlife	150.24	140.14	2.77

Business Editor

STELLENBOSCH Kooperatiewe Vrughtepakkers (SKV), which has been packing both deciduous and citrus fruit for the export market for 25 years, became an unlisted company, Stellenpak, on April 1.

Its financial and administrative manager, Charl van der Merwe, said it was able to accommodate new growers "without any major capital contribution on their part".

Although Somerset West, Stellenbosch, Paarl, Wellington and Rawsonville were its primary source of fruit it was already servicing growers as far afield as Heidelberg and Citrusdal.

It expected 10%

**Co-op becomes unlisted company**

growth per annum over the next five years "due to an ever increasing interest in fruit production for export purposes."

Van der Merwe said 115 former co-operative members were now shareholders in Stellenpak.

"We also pack now for about 50 people who are not shareholders, who will form a new co-operative."

# Co-op reaps benefit from consolidation

MARC HASENFUSS  
Business Staff

ARG

WPK — the largest agricultural co-operative in the Western Cape — has reaped the benefits of reconstruction and consolidation, managing an R11 million turnaround in the year ended April.

The group announced bottom line profits of R5,5 million for the review period, after slumping R5,3 million into the red in the previous financial year.

The co-operative has been under severe financial pressure for the past few years.

According to WPK chairman Wrensch Louw, the Board of Directors undertook reconstructive and consolidative actions to ensure the survival of

the co-operative.

He said all non-agricultural activities were sold or discontinued and attention was focussed on core agricultural activities.

"Favourable economic factors definitely contributed towards the profitability of WPK, but this year's profit can be mainly attributed to more effective management of the WPK group," he said.

Although rationalisation had downsized the group, Mr Louw noted that the quality of income had improved dramatically.

A spokesman for WPK said the group was still on target to meet budgeted profits for the current year.

## Co-operative plans to list after restructuring

LOUISE COOK (33A)

AGRICULTURAL co-operative OTK has announced a major stake-up in terms of which it plans to apply for a listing on the JSE in 1997 after having been restructured into a public company. ED 21/2195

OTK GM De Wet Goosen said at the weekend the co-operative's 6 600 members would be given a chance to vote on the proposals on March 14.

Proposed changes included the formation of a new grain marketing co-operative in which current OTK members would be given membership.

OTK also planned to convert to OTK Operating Co, in which OTK Holdings would hold a 100% share.

Goosen said current activities such as provision of production requisites and insurance, handling of poultry products and livestock, as well as training and research would fall under OTK Operating Co.

Shares and members' funds would be replaced by shares and debentures in OTK Operating Co. Special arrangements would be made to facilitate trade — prior to the proposed listing — in debentures in OTK Holdings.

The annual value of OTK's business amounted to R2,7bn in February last year.

The co-operative posted a R139m profit before tax last year and reflected assets of R861m.

SA's second largest broiler operation, Early Bird Farm, is part owned by OTK and ICS Holdings.

The announcement follows similar recent moves by agricultural co-operatives Vleissentraal and Langeberg.

# Local co-ops need economic co-operation

Bridging the gap between black and white co-ops will define the role they will play in the future of the economy, reports  
**Meshack Mabogoane**

**T**HE co-operative movement, long viewed as an ideal vehicle for blending elements of the market economy, democratic participation and collective ownership, may become a major factor in the drive for broadening equity and increasing empowerment in the economy.

And given the existence of one of the most developed agricultural co-operative sectors in the world, a widespread tradition of *stokvels* and burial societies in black communities and the spirit of social partnership in economic development, the potential for co-ops in South Africa is enormous.

A co-operative indaba was recently held in Johannesburg with the International Co-operative Alliance's (ICA), the world co-op apex body, support.

Delegates from 30 local emerging co-operatives and the Agricultural Co-operative Business Chamber (an affiliate of the South African Agricultural Union) gathered together with international observers to deliberate the establishment of a South African national Co-operative Forum.

The formation of an interim structure, consisting of co-ops from divergent traditions, was a major breakthrough. ICA's Africa director, Vincent Lubasi, played a major role in brokering the reconciliation between the well-

established and the emerging co-ops. The skewed distribution of resources and experiences, running on racial and sectorial lines, was the major bone of contention. The largely white agricultural co-ops were initially reluctant to merge, fearing submergence.

Though black co-ops have a long history, their fate paralleled the overall situation of their communities. White co-ops have received huge support from the state, mainly through the Land Bank. It was only in the last decade that black co-ops began to emerge with the assistance of overseas development agencies and activist trade unions as part of resistance. They became a major feature of the structure of non governmental organisations (NGOs).

**T**he main challenge facing the new body is to bridge the gap between the highly-organised, huge and mainly white agricultural co-ops and the fragmented, small and largely black co-ops in the other sectors.

Another challenge revolves around funding. Without this, co-ops would remain in the margins. However, the role of the government in aiding co-ops has been a critical factor.

Experiences given at the conference were varied. Though there was a general acceptance that the underdeveloped state of local non-agricultural co-ops called for state or private donors, caution was called for in ensuring that the state did not take a hegemonic role.

The evolution of co-ops was mixed. Without massive state assistance, the agricultural co-ops would not have taken off, both among white farmers and in the former Bophuthatswana.

Yet much of the initiative and organisation was left to the co-ops.

In contrast, in Zambia and many Third World countries, the state took the initiative in forming co-ops. This created an artificial and welfare situation which saw a highly inflated and dependent co-op membership. However, when state support was withdrawn in the wake of the World Bank initiated structural adjustment programmes these co-ops disintegrated.

The apparent failure of co-ops in Third World and former Soviet countries is in sharp contrast to the solid record of co-op successes in the developed capitalist world, dispelling the myth that co-ops are socialist devices.

Co-ops in Western countries have a large stake in the economy. A third of the Canadian gross domestic product is generated by co-ops and they dominate the retail trade; they contributed heavily in the development of the Israeli and north Spain (Basque province) economies; and major banks in Japan and France are co-ops.

The challenges of rural development, housing provision and economic empowerment in South Africa — if they are to be community-based initiatives — give the co-op movement a chance. The legacy of self help, the success of agricultural co-ops and a government committed to democratic participation, even in socio-economic developments, are conducive to such prospects.

But the real uptake of the co-operative movement will depend on major organisational development to prime a network of co-ops, government involvement through an encouraging legislation and technical assistance.

MG(BM) 3-9/11/95 (33A)

CT (22) 8/11/95  
Fruit co-op  
to become  
a company

(33A)  
BY AUDREY D'ANGELO

Cape Town — Kromrivier Apple Co-operative (Kromco), the biggest apple packing business in South Africa, is being converted into a company, Kromco Ltd.

It exported more than 3 million cartons of fruit last year and sold a million on the domestic market. Assistant secretary Lilla Wessels said yesterday about 100 000 tons of fruit including pears, plums and soft citrus were packed this year.

The 54 Kromco producers, representing 70 farming units, unanimously voted in favour of converting to a company yesterday.

Wessels explained that this would give the producers a tax advantage and a better return. A company was more suited than a co-operative to the changing business environment.

A new co-operative, Patryslaagte Fruit Growers Co-operative, has been formed to negotiate with the company over its charges for services.

The company and the co-operative each have a board of directors. Paul Cluver is chairman of the company and Geoffrey Lees, chairman of the co-operative.



## Black co-op vows to oppose liquidation

Sello Motlhabakwe

BD 5/12/95

(33A)

(34A)

THE Komati Basin Agricultural Corporation (Kobac), seen a year ago as a pioneer project to empower black farmers and workers in Mpumalanga province, will oppose liquidation of the co-operative in the Pretoria Supreme Court today.

Kobac trustee and independent di-

amond dealer Abe Sher said an application to liquidate the co-op was lodged by financiers First National Bank, Nedfin and the Mpumalanga Development Corporation. Kobac members would oppose the liquidation to gain time to put together a rescue package.

Sher acknowledged that the co-op had run up debts totalling R16m in its 18-month life span.

# Co-operatives are 'breaking the law'

BB 29/1/96  
Louise Cook

THE trade and industry department and Interest Research Association of SA have alleged that co-operatives charging farmers compound interest were breaking the law.

However the SA Agriculture Union said this had never been proved in court and the Usury Act was open to interpretation.

Union executive director Jack Raath, backing the powerful Agricultural Co-operative Business Council, denied that co-operatives

were taking farmers for a ride. He said if compound interest was not charged, co-operatives would have been forced to charge a higher rate. He said that profit went back to farmers, who were members of co-operatives.

Deputy trade and industry director Herman le Roux and association chairman Korrie Kraamwinkel disagreed. Le Roux said a report requesting the attorney-general to prosecute a co-operative in the Western Cape would be submitted next week. Kraamwinkel said "most" co-oper-

atives were guilty, not only of charging compound interest, but also of charging a levy or commission on certain services. One co-operative charged a levy for brokering a fertiliser delivery deal between the supplier and the farmer, which was illegal, he said.

A source who did not want to be named said co-operatives made at least R350m over the past 10 years by charging compound interest. Co-operatives financed about 20% of the R20bn agricultural debt and commercial banks more than 30%.

# Registrar refers co-ops' finance charges to court

BY ROY COKAYNE

(33A) CJ(RR) 2/2/96

Pretoria. A report about large amounts of money illegally recovered from farmers will be submitted to the Cape attorney-general soon for a decision on whether to prosecute.

The money was obtained through the capitalisation of finance charges by agricultural co-operatives.

Gerrit Breyl, registrar of the Usury Act, confirmed the submission and lashed out at the Agricultural Co-operative Business Chamber (ACB). He said the chamber's prescriptive and threatening attitude was "quite unacceptable".

"The State cannot allow credit grantors or any other person to prescribe to it how the law should be implemented, to perform inspections or what method should be applied to inform the public".

However, a spokesman for Breyl was not prepared to disclose the amount of money illegally recovered by the co-operatives.

Breyl said the investigations into the illegal capitalisation of finance charges were conducted because of complaints received.

## Disclosed

"The investigators disclosed that there was reason to believe that large amounts were illegally recovered from farmers," he said.

Breyl said a case for the recovery of finance charges had never been submitted to an attorney-general.

He said the state placed a high priority on consumer protection. The state had a responsibility to inform the public where presumed contraventions and exploitation came to its attention.

The responsibility could not be regarded as merely speculative or as a public debate of a sensational nature, as alleged by the ACB, Breyl said.

The Usury Act provides not only for a maximum finance charge rate, but also requires the disclosure of the rates agreed on. The registrar has a responsibility, through his powers of inspection, to review prescribed calculation methods of credit grantors to ensure the amount of finance charge levies does not exceed the amount recoverable by law," he said.

Breyl said the provisions of the act applied, not the statutes of the co-operatives.

# Co-ops threaten to sue trade minister

JEAN LE MAY

Staff Reporter

IN a bizarre twist, agricultural co-operatives are threatening to sue Minister of Trade and Industry Trevor Mameel and senior officials in the department for damages if they do not stop investigating whether the co-ops are contravening the Usury Act.

SATURDAY ARGUS reported in October that Mameesbury farmer Coenie Louw was overcharged by as much as R9.2 million by a co-operative, according to calculations by a partner in a leading firm of chartered accountants.

The accountant said in court papers that Mr Louw's R15.9 million debt to Westelike Provinsie Ko-Operatief (WPK) would have been reduced to R5.8 million if interest had not been charged on interest.

The threat to sue Mr Mameel and officials was made by Agricultural Co-Operatives Business Chamber (ACB) chairman Charles van Veljeven, after a report that the activities of a certain co-op were to be referred by DIT investigators to the relevant attorney-general.

■ The Department of Trade and Industry and farming co-ops are at loggerheads over a probe into contraventions of the Usury Act.

Registrar of the Usury Act Gaerit Breyl said last week investigations had indicated that co-ops were capitalising interest, which was illegal.

Large sums were being recovered illegally from farmers, he said.

Capitalising interest, amounted to charging interest on interest and was illegal except for bank overdrafts, he said.

Mr van Veljeven last week delivered a scathing attack on the DIT investigation.

He said that "the ACB insists that the registrar of the Usury Act and the director-general of Trade and Industry confine themselves to the implementation of the Act and not become involved in speculation and sensational public debates.

"The uncertainty and suspicion created by debate, speculation and insinuation must cease as soon as possible because it unfairly tarnishes the images of co-operatives and agriculture.

(334) ARG 3/2/96

He added that "a variety of legal opinions indicate that the allegations have no legal grounds".

"The present motus operandi of departmental officials could cause co-operatives, individually or collectively, to seek legal remedy for damages from the registrar, the director-general or even the minister," he said.

Mr Breyl responded: "The state cannot allow credit grantors or any other person to prescribe to it how the law should be implemented. The threatening attitude of the ACB is unacceptable."

Neither the ACB nor any co-op had presented him with a legal opinion which refuted this principle, he said.

Moreover, the South African Agricultural Union (SAAU) wrote to its associated co-ops in 1991, saying that capitalising interest was illegal and the practice must be stopped.

SATURDAY ARGUS in its earlier report quoted managing director of the WPK Bertus Olivier as saying that the co-ops' legal advisers had said it was not breaching the Usury Act.

Asked about the instruction from the SAAU, Dr Olivier said: "I can only assume that the advice given to the SAAU differs from the advice given to us by our lawyers."

## Co-op report completed

Louise Cook

33A  
20 22/2/96  
PRETORIA — The trade and industry department has handed its report into usury allegations against the West-

ern Province farming co-operative to the Western Cape attorney-general.

Small business chief director Alistair Ruiters of the department said yesterday that the investigation had found the Malmesbury co-operative had contravened the Usury Act.

The organisation had calculated and capitalised financing costs on a monthly basis, rather than calculating them on a simple interest basis over one year.

Financing costs had also been recovered having been calculated on a monthly compound basis instead of a simple basis on the outstanding capital debt, calculated from time to time over the particular period of a year, he said.

He declined to say how much money was involved, but it is believed the co-operative was being accused of having overcharged 14 farmers by R1 000 a year each.

A spokesman for the attorney-general's office said if the co-operative had broken the law, prosecution would start. But the Usury Act was open to interpretation.

# Farmers' co-op faces Usury Act inquiry

BY FRANÇOISE BOTHA

Cape Town — Gerrit Breyt, the registrar responsible for the Usury Act, alleged yesterday that Western Cape farmers may have lost millions through excessive interest charged by the Western Province Agricultural Co-operative Society.

Breyt said in Pretoria the trade and industry department had received numerous complaints about the co-operative and after a

sample investigation believed farmers had been charged interest that was not "in the spirit of the Usury Act. If the period is one year, you can't capitalise interest monthly or daily," said Breyt.

In terms of Section 513 of the Usury Act, it is illegal to calculate finance charges on finance charges, with the exception of bank overdrafts. The department had submitted its findings to the Cape Town attorney-general who was investi-

gating the matter. Bertus Olivier, the managing director of the Western Province Co-operative Society, said: "They have gone through our books and launched an investigation. At this stage I would rather not comment."

The co-operative was acting transparently and in the interests of the agricultural sector, he said.

"As far as I am concerned, we have not made a mistake. We have nothing to hide," Olivier said.

## Baking, milling co-operative reports turnover up 20%

Jacqueline Zaina

33A

20/3/96

BAKING and milling co-operative Sasko lifted net income before extraordinary items 16% to R50,1m for the year to September despite a rise in crime and increased competition from small bakers.

A company spokesman said the directors planned to list Sasko on the JSE eventually. The issue was being debated by the co-operative's farmer members and a listing was unlikely before the end of the year.

The group lifted turnover 20% to R1,9bn from R1,6bn, with greater political stability having facilitated access to markets. Net operating income increased 49,4% to R65,6m. Interest payments of R86 000 (R2m) left pre-tax income at R67,6m (R52,2m).

The tax bill jumped 83% to R18,2m, leaving taxed earnings at R49,9m (R42,7m), including income from associated companies of R541 000 (R448 000).

Chairman Basie Malherbe said greater international competition in the flour market because of relatively low tariffs would require the group to focus on service levels and product quality.

Sasko was geared for the possible deregulation of wheat marketing, but would support the principles of the existing single channel marketing system until it had been dismantled. The group's major investments are in wheat and maize mills and bakeries, including listed company Northern Bakeries, in which it holds a controlling share.

Sasko, he said, would continue to develop value-for-money products and explore diversification opportunities to complement its culture and existing activities.

# JOBS

## Democracy too slow at work, researchers find

ST(BT) 31/3/96 (33A)

COMPANIES are not ready for "workplace democratisation" and may struggle to comply with the new Labour Relations Act, according to a study on employee involvement.

Theo Veldsman and Rehana Harilall, consultants to Ernst & Young and authors of the study, say companies have not kept up with the political and social transformation sweeping through the country. In fact, the level of employee involvement in the decision-making process is at the same, if not lower level, than it was found to be in a similar survey conducted in 1992.

Mr Veldsman and Ms Harilall say the results do not bode well for companies, not only because of the new Act but also because companies have to keep up both with social and political change and with increased global competition.

Internationally, greater involvement of employees in a company's affairs is seen as essential to cope with transformation and as a prerequisite for global competitiveness.

The study reflects the views mainly of human resources managers at 33 large SA organisations. The companies had average annual sales of R2.3-billion and an average 11 235 employees. While lower level employees may have significantly different views, the responses of the senior managers "may be seen as the most opti-

A survey has found that some of South Africa's largest companies are failing to keep up with social changes requiring greater employee participation in their decision making. **MARCIA KLEIN** reports.

mistic view of involvement in SA companies".

Ms Harilall says most companies acknowledge changes have taken place in the business environment, particularly rising employee expectations, the effect of community issues on business, competition and market changes. While they acknowledge the need to change, they "appear unable and/or unwilling to translate the acknowledged need for change into a genuine and incisive transformation of the workplace". The study found that companies avoided programmes which demanded any significant devolution of decision-making power to employees. A comparison with the 1992 study shows a significant shift away from quality improvement, productivity enhancement and employee motivation.

Major failings were found to be a lack of union involvement, pressures for short-term performance improvements, "the absence of champions for the initiative" and low literacy levels.

While companies allow employees profit sharing or a share of the financial benefits which arise

from employees' contributions, employees are generally not allowed any significant involvement in the everyday management of the organisation.

The study shows that the level of training provided "decreased disturbingly" since 1992, with the most important stimulus for employee involvement initiatives shifting from the chairman or managing director to department heads.

The companies focus on interventions like corporate responsibility, self-managing work teams and incentives. Companies are also committing more money to employee involvement efforts in the coming year.

The consultants say the results indicate that SA companies "could increasingly become misaligned to the macro-democratisation process", particularly with the introduction of the new Labour Relations Act.

While there is a strong understanding that "things have to be different", the pursuit of workplace democratisation has not yet become a way of life in SA organisations.



MONITORING CHANGE: Theo Veldsman says employee involvement is essential for global competitiveness.



## Participative plans winning some hearts

(33A)

Renee Grawitzky

PD 214196  
TRADE union response to management-initiated participative schemes showed differing approaches between shop-floor membership and national union leadership, where workers indicated initial acceptance of the strategies.

This emerged from research by Wits University's Sakhela Buhlungu of the sociology of work unit, on unions' response to worker participative initiatives.

Buhlungu said that, based on research conducted at two companies which embarked on this route, union members had embraced such initiatives — contrary to national union leadership positions.

This, Buhlungu said, raised the question of whether this "hardline" approach by unions reflected an emergence of a union bureaucracy.

He said in terms of his studies, workers forced the national leadership to take stock of the situation and to reconsider their positions.

They had to evaluate if there was a possibility where worker participation could benefit workers and could still allow trade unions to represent workers as a collective force.

He said workers on the shop floor had a better understanding and capacity and were better placed to provide input on this issue.

The capacity of shop-floor workers to critique and come up with alternatives to management positions had often been underestimated, he said.

Ultimately, he said, workers at PG Bisons and Nampak rejected these initiatives when promises failed to materialise. At this point, union leadership started to rethink their position.

Workers and union leadership had, he said, now reached a point of "emerging consensus" on participative schemes.

# Workplace democratisation losing ground in SA — survey

Business Day Reporter

ARE SA companies ready for workplace democratisation? Not really, says a study which assesses employee involvement in SA organisations.

The study, conducted by Theo Veldsman and Rehena Harilall, consultants at Ernst & Young, indicates that workplace democratisation has in fact lost momentum when compared with a similar study completed in 1992.

The authors found that, overall, employee involvement efforts by SA companies were incoherent and poorly integrated. This seemed to imply a lack of energy and synergy across the initiative as a whole.

The researchers say these findings do not bode well for SA companies when viewed against the increasing pace and intensity of the social and political transformation and SA's exposure to the full force of global competition.

Add to this the far-reaching implications of the new Labour Relations Act, with its important focus on workplace democratisation, and the poor assessment SA has received regarding human resource management in the world competitiveness reports, and the future looks bleak with respect to people management in SA, the study says.

Internationally, the greater say of employees at all levels of organisational decisions and affairs is seen as an essential component of the transformation required by organisations, and thus a necessary prerequisite for global competitiveness.

A fairly representative sample of 33 large SA organisations across all major economic sectors took part in the study. In most cases, the questionnaire was completed by senior human resources managers, whose responses can be regarded as the most optimistic view of employee involvement in SA. Despite this bias, by their own account SA companies rate badly when it comes to employee involvement.

Veldsman says the organisations surveyed acknowledge that significant changes have occurred in the business environment since 1992. In particular, rising employee expectations, the impact of community issues on business, stiffer competition and shifting markets feature strongly.

The findings also indicate that the employee involvement in efforts of SA organisations are focused on gearing up to this changing environment and on creating the capacity to deal with such changes.

What is disturbing, say Harilall, is that SA companies appear unable or unwilling to translate the acknowledged need for change into a "genuine and incisive transformation of the workplace".

The involvement programmes used most frequently by the organisations surveyed, and perceived to be the most successful by the companies themselves, require very little change in their day-to-day functioning.

These findings have led the authors to conclude that SA organisations steer away from programmes demanding any significant devolution of decision-making power to employees. The transformation of core organisational processes, such as information sharing and the planning, and organising of work into high involvement processes, has not occurred to any significant extent — sometimes it has moved backwards.

The companies are willing, however, to allow their employees a stake in sharing the financial benefits resulting from their contribution, through profit-sharing and incentive schemes. What is disappointing is that these reward-orientated programmes affect only a small number of employees.

The positive effects of workplace democratisation reflected in the 1992 study have declined — dramatically in some cases. Veldsman believes this finding could be an early confirmation that involvement initiatives that merely aim to transform organisations peripherally rather than fundamentally lose their impact over time.

Are SA companies ready to take on the challenges of a newly emerging business order; a transforming macro sociopolitical context and a new Labour Relations Act, with its enforceable workplace democratisation principles? Can they translate the need for change into an appropriate map for the future? Have they even started the journey to a different way of managing their organisations and involving their employees? Veldsman and Harilall believe not.

They say the study indicates that the pursuit of workplace democratisation has not yet become a way of life in SA organisations and that these organisations could become increasingly misaligned to their transforming environment.

# Sentraalwes co-op to become unlisted company

Louise Cook

20 27/8/96 (33A) 3268247  
**SENTRAAALWES** Co-operative in Klerksdorp, one of SA's largest grain co-operatives with R462m in reserves and an 8 500 membership base, planned to become an unlisted public company from December this year, senior GM Thys Lourens said yesterday.

He said the co-operative took the decision to switch away from a co-operative format under the Co-operative Act mainly as a result of a changing business environment.

"We have to adapt to a more competitive environment," he said.

Other factors affecting the decision were the need to expand its capital base and secure competitive prices. A 75% member majority was needed for the switch-over, but Lourens said indications so far showed members were in favour of the move.

Although Sentraalwes did not intend applying for a JSE listing at this stage, it could do so later, Lourens said. "Everything will depend on how the situation devel-

ops," he said.

Sentraalwes notified its members last Friday that its share register would close at the end of the month. An application to proceed with information meetings would be lodged with the Supreme Court and should the request be granted by the court, the co-operative would circulate particulars of the scheme to members this week.

Sentraalwes was the latest in a series of co-operatives switching to companies, since the Co-operative Act was amended in 1993.

ST (BT) 15/12/96

# Privatised Sasko expects to rise to new heights

(33A) ~~33A~~  
SASKO Co-operative, a major player in South Africa's milling and baking industries, is being converted into a private company called Saskor.

The move, voted for by 97% of Sasko's members at a recent special meeting, will facilitate greater share tradeability and may eventually lead to a listing on the JSE.

Chairman Basie Malherbe says the first step towards restructuring Sasko was taken in 1992 when its business activities and net assets were transferred to a full affiliate.

The conversion to a private company is expected to unlock value for Sasko's members. Until now, they could indicate the value of their Sasko shares only at a nominal value of R2 each, as opposed to the current net asset value of R240.

## PRIVATISATION

By ZILLA EFFRAT

Shareholding in Saskor, which is actively investigating risk-spreading diversification opportunities, is determined by relating members' handling of winter grains to certain ratios since 1970.

Meanwhile, Reuters reports that plans by agricultural co-op Sentraal Wes to restructure into a private company by the end of the year have been delayed due to opposition from 10 of its members. They are trying to block the privatisation move in court, citing irregularities in the co-op's financial accounts. The case has been postponed until February 18.

The co-op says the opposing group are not representative of its members, 98% of which support privatisation.

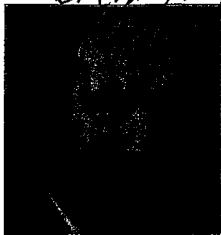
# Illovo endorses share scheme

STUART RUTHERFORD

Durban — Shareholders in Illovo Sugar, the subsidiary of CG Smith Foods, gave their blessing to the first Illovo employees' share purchase scheme at the company's annual meeting in Durban last week.

Employees can acquire a maximum of 5 000 shares by making contributions from their salaries. The company will add to the amount contributed by 10 percent and then hand over the money for the purchase of shares at market value.

Don MacLeod, Illovo's managing director, said: "I think that people themselves know the best way to do things better. So we should empower them to do that



**SWEETENER** Don MacLeod,  
*Illovo's managing director*

and when we get the benefits then they should share in them."

In the chairman's address, Glyn Taylor said Illovo was on track to achieve its forecast 20 percent improvement in profit for the

half year to March 31.

He said the production estimate for the 1996/1997 season had dropped below 1 million tons of sugar, but it exceeded last year's output by 23 percent.

Illovo's share of the industry remained at 44.2 percent.

"Shareholders will recall that 29 percent of last year's profits were represented by downstream by-products and I am happy to report that so far this year, plant efficiencies and sales of furfural products and alcohol are ahead of budget," he said.

The R26 million expansion project at Sezela was on schedule. This would bring about a 15 percent improvement in capacity when the new plant was commissioned at the beginning of April.

# Co-op conversion 'inspired by fear'

Louise Cook

BD 9/6/97

(33A)

FEAR of nationalisation and racial discrimination, among other issues, may be the motive for co-operatives wanting to convert to companies, an interim report prepared for the land and agricultural affairs ministry has found.

The report, which deals with the future role of co-operatives in SA and details government's thinking on new legislation for this sector, said the reasons many agricultural co-operatives converted or were wanting to convert, were "not entirely economic".

Fear of nationalisation, racial discrimination, concern about emerging farmers getting voting rights, uncertainty about the KWV asset situation and undue business risks from emerging farmers also "came to the attention of the team", the document stated.

"The dilemma which confronts government is as follows: ... any attempt to prevent co-operatives converting will be seen as interference in their economic freedom. Although probably not unconstitutional, it may well be counterproductive for government to do so."

The document — described as preliminary thoughts on key issues by the team — failed to adequately address the question of co-operatives' assets (currently the focus of a court battle between wine co-op KWV and Hanekom in the Cape High Court). It said, however, that government needed to be satisfied that conversions would not make competition worse, particularly

where assets had been built up through state assistance.

Several co-operatives, including grain giants Sentraal-wes and JSE listed OTK have switched to companies since the law was changed in 1993. The document said co-operatives with assets greater than about R50m "appear to be signalling greater interest in converting, but that fewer trading co-operatives than agricultural entities were becoming companies or thinking of doing so."

Agricultural Co-operative Business Chamber chairman Charles van Veen denied that co-operatives converted for reasons other than increasing their capital base.

## Preferential shares

He said via a spokesman the economic situation was so poor that the chamber proposed last year that co-operatives be allowed to issue preferential shares. Negotiations with government were still under way, he said.

SA had 250 historically white farming co-operatives with about 142 000 members. Their combined assets amounted to R12,7bn and annual turnover, R22,5bn.

A final report was expected in September. The report was part of Land and Agricultural Affairs Minister Derek Hanekom's drive to expand and review current policy on agriculture and to bring out a second white paper next year.

# Co-operatives urged to resist govt intervention

100 28/8/97 (33A)  
Louise Cook

CO-OPERATIVES should resist government intervention and control the Agricultural Co-operative Business Chamber themselves, director Piet Luttig said yesterday.

Addressing a conference in Midrand on developing co-operatives in SA, Luttig dismissed claims by Land and Agriculture Minister Derek Hanekom in the Cape High Court that the state had a stake in the assets of co-operatives as co-operatives had enjoyed statutory powers afforded by the state.

"We must be very careful ... in agriculture as well as co-operatives in other sectors (we) must not neglect the capital mobilised by members of co-operatives," he said.

In a clear reference to the High Court battle between Hanekom and the KWV wine co-operative, Luttig said grain co-operatives were particularly vulnerable to government intervention because they owned millions of rands worth of silos.

Several grain co-operatives had not

converted to companies as KWV had applied to do last year. Hanekom was currently embroiled in a legal fight with KWV over which assets should remain in the planned company. Luttig warned delegates to "keep government out of their affairs".

The sole purpose of the formation of a co-operative was economic development, building up private capital and rural development, he said.

International Co-operative Alliance director Vincent Lubasi told the conference that globally the co-operative movement had spread to a multitude of activities ranging from financial services to home care, agricultural production and marketing to the provision of utilities and housing.

"In Kenya co-operatives contributed 45% of gross domestic product, and in Botswana 20% of processed beef came from co-operative livestock farmers," Lubasi said.

SA Registrar of Co-operatives Louis du Toit said as part of a new SA trend, most co-operatives being registered at the moment were nonfarming.

# Co-ops bid to change into companies <sup>(33A)</sup>

80.16/9/97

Louise Cook

BETWEEN 20 and 30 of SA's 50 central farm co-operatives had lodged applications similar to that of the wine industry's KVV to convert to companies, the registrar of co-operatives, Louis du Toit, said yesterday.

The move reflects growing pressure on co-ops as they lose storage and other contracts provided by agricultural control boards, which are due to be phased out by next January.

By converting to companies, the co-ops will have easier access to funds for diversification and investment opportunities. Some, such as OTK, the Mpumalanga-based grain handler, have already listed on the Johannesburg Stock Exchange, and more are expected to follow.

Some of the new companies are likely to rank among the biggest in the country. SA's 250 primary and central co-ops have a combined annual turnover of about R23bn.

Du Toit declined to name the applicants, but indications were that only a few co-ops would not convert.

KVV is set to become a company in December following a legal battle with Land and Agriculture Minister Derek Hanekom. KVV was the only co-operative with an industry regulatory function protected by statute.

Hanekom said government was entitled to KVV assets, and the issue was settled out of court, with KVV agreeing to pay R477m to a new nonprofit company responsible for management of the industry.

The other co-ops are not expected to face the same resistance as KVV. However, some observers predicted their grain silos could be a potential

target for claims by the state. Although government support for other co-ops has not been as extensive as for KVV, they have benefited from soft Land Bank loans and subsidies.

Lichtenburg's Northwest Co-operative, a big player in the grain market with 1996 turnover of more than R2bn, and Brits-based seed co-operative Sensako, confirmed they planned to convert to companies in the next few months under a process regulated by the Co-operatives Act.

In the Free State, Vrystaat Koöperasie spokesman Tienie Ras, said Vrystaat decided to remain as a co-op after an investigation into the matter.

"There were no business reasons to justify a switch — the fact that we already have a sound capital base was a major factor," he said.

Hanekom said last week each conversion would be "looked into on an individual basis".

The Co-operatives Act, amended in 1993 to allow for conversions, may be changed again. A ministerial task team headed by Natal University academic Nick Amin was due to submit a second report on a new policy on co-operatives to Hanekom this month. But Amin said there had been delays, and stakeholders would first have to be consulted.

This followed a furore two years ago when Amin, through the Land and Agriculture Policy Centre, brought out a report proposing that conversions should depend on the annual turnover of co-operatives.

Amin did not wish to discuss the matter yesterday. Sources said one likely change would be removing the office of the registrar from the agriculture department.



# Fedics offers share option

## Workers could own 10% of company

LEWELLYN JONES  
BUSINESS REPORTER

Nearly 5 000 of The Fedics Group's 7 000 employees will benefit from a share option scheme set up ahead of the company's listing on the Johannesburg Stock Exchange on Monday.

The scheme will eventually see the employees own 10% of the company's shares.

The listing of The Fedics Group is the second phase in the unbundling of the Servgro Group which has already seen car rental agency Avis listing on the JSE.

Core subsidiary Fedics Food Services is the leading contract caterer in the Western Cape with over 100 contracts currently being managed.

The Fedics Group also has substantial

interests in tourism and services through two joint ventures in inflight catering and its 40% stake in Protea Hotels.

Fedics group managing director David Wigley said the share option scheme was open to anyone with more than two years service with the group, and would effect about 1 000 employees in the Western Cape.

The share option scheme was a critical element in linking service to performance, and to black empowerment within the group.

"We think this gives us a lot of momentum towards entrenching a service culture within the group," Mr Wigley said.

Fedics already has a strong empowerment record with the sale of one third of its shares to a consortium of three regional black empowerment companies - Nozala, Siphumelele and IPG - earlier this year.

Mr Wigley said Fedics' association with

Siphumelele, as well as Nozala and IPG, had benefited the group tremendously, both through contacts for new service contracts and in the management of the group.

"(Their) activity in the group has been both enthusiastic and energetic."

Mr Wigley believed there were strong prospects for the group.

He said the future of Fedics Food Services lay in the government and quasi-government sector where there was a strong trend towards the commercialisation of catering and allied services.

But there were also good prospects in the private sector where there was an accelerating trend to contract out non-core activities.

Expected strong growth in tourism would significantly benefit Fedics inflight, airport and duty free operations, as well as Protea Hotels.

ARLT 23/9/97

(334)

# Co-operatives 'key links in farm loans'

Louise Cook

THE Land Bank was targeting farming co-operatives as "important intermediaries" in emerging farmer finance and would seek ways of sharing the risk, CEO Helena Dolny said at the weekend.

Up to now, financing SA's large emerging farming sector has been fraught with difficulties because of risk profiles and the lack of financial institutions in rural areas.

Co-operatives have generally not been involved in small-farmer finance, having felt — like commercial banks — that the risks were too high. Most said the problem of collateral was never properly sorted out by the former Agricultural Credit Board, which wanted co-operatives and banks to act as finance agents and take on small farmer clients.

Yet more recently SA's farm co-operative representative body, the Agricultural Co-operative Business (ACB), made an about-turn on the issue after meeting Dolny.

"Co-ops can play an important role in serving emerging farmers. They ... know the area, the people and the types of products produced. They can offer advice and support to emerging farmers," she said last week.

ACB chairman Charles van Veijsen welcomed "the

fact that Dr Dolny seeks continuing talks with the chamber on agency agreements, with the view of getting Land Bank finance through to the farmers as in the past".

Dolny said a risk sharing agreement would have to be reached between the Land Bank and co-operatives. She declined to give details, but the idea of a credit guarantee scheme backed by government has been mooted for several months by the agriculture department's policy committee on finance.

The Land Bank currently has R5,5bn on loan to co-operatives, about half of its total loan portfolio, and has set a target for new loans in the next three years of 20%.

Contrary to earlier expectations, the bank declined to take over the R1,2bn loan portfolio of the former agricultural credit board when it shut down in August. Dolny was reportedly not keen to take it over because the books had not been audited.

Meanwhile, Absa Bank agricultural finance GM André Louw reportedly said banks were especially interested in co-operatives' business. Banks and co-operatives should form strategic alliances in farm finance, as co-operatives had an important role to play in rural areas, he said at a recent ACB meeting in the Free State.

# Participative code gives users an edge

BD 4/12/99 (33A)  
Lucia Mutikani

ORGANISATIONS implementing team-based and other participative management structures were likely to outperform those without them, a Centre for Applied Behavioural Research survey has found.

The benchmark survey covered more than 200 high-performing organisations across 16 countries and six continents. The Centre for Applied Behavioural Research is based with Development Dimensions International (DDI).

Lynne Gamsu, team leader at the human resource consultants FSA-Contact, said high-involvement practices were found to have a significant and universally positive effect on the organisations surveyed. FSA-Contact is the sole franchise holder for DDI in southern Africa.

"Implementation of high involvement strategies was clearly related to increases in business outcomes, including productivity and market share, as well as 'people outcomes', such as employee satisfaction and creativity," she said.

"The areas most affected by high involvement strategies include quality of products and services, customer service, worker satisfaction, decision making, quality and commitment to decisions made."

Gamsu said SA's new labour legislation was geared towards promoting a high-involvement work culture in the country.

"High involvement practices are still in their infancy, but the top-down, legislative approach to their adoption should see SA emerging as a leader in this business practice within a few years."

The survey found that the US, despite being the "cradle" of high-involvement business practices, was not the leader in the field. The US and Canada were average in terms of the percentage of the total workforce involved in team-based or high involvement organisational structures.

Japan's reputation as having an "involvement work culture" was also found to be over-rated. The survey showed that while involvement practices were widely used in Japan, the actual degree of worker involvement was not as high as in North America or Europe.

It found there were wide disparities in the implementation of high-involvement practices in Europe and Australia, with UK companies as likely to use them as their North American counterparts, and Australia, Germany and North European countries close behind.

It said in France and across the rest of Europe, high-involvement practices were less common.

# New act may support trading co-operatives

Louise Cook

SA's R23bn-a-year co-operative sector could face far-reaching changes with the amendment of the Co-operatives Act this year.

Indications are that a Namibian-style co-operatives advisory board and a co-operatives development fund will be set up to boost new trading co-operatives and bring them in line with the country's powerful farm co-operatives sector.

A new co-operatives policy is being devised by Land and Agriculture Minister Derek Hanekom through a policy task team headed by Natal University academic Nick Amin. Amin said in a newly released task team document that an advisory board, "such as that instituted in Namibia, may be adopted for SA". The board would provide a forum for co-operatives to interface with

government and would involve a variety of role players, including trade unions, to discuss policy issues, evaluate programmes and articulate demands.

Donor funding and the "high joining fees of white co-operatives" for new members, could also be dealt with through the board in conjunction with government, Amin said.

The co-operative sector consisted of 241 farm co-operatives — a mix of large central co-operatives and a string of primary co-ops with individual farmer members — as well as a burgeoning number of new trading co-operatives that were springing up among black communities in fields as diverse as health, home industries and taxis.

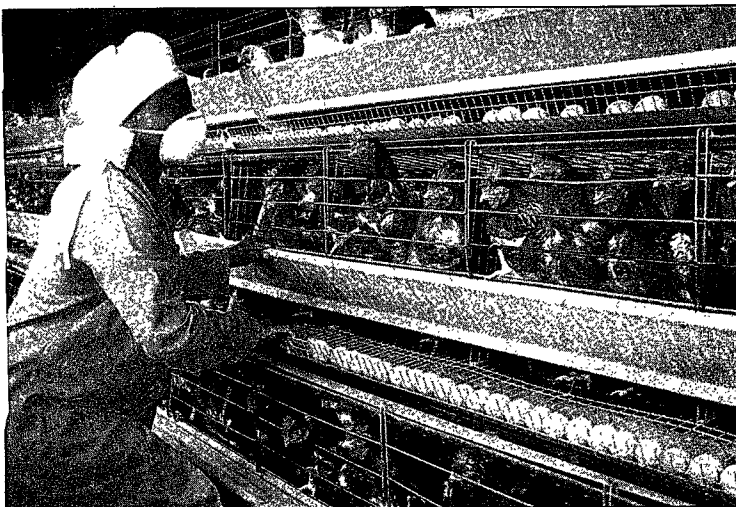
The document, a summary of the task team's consultations with stakeholders on new policy, showed a divide between SA's powerful farm co-operatives and trading co-

operatives. The nonfarming co-operatives were petitioning government for greater assistance and black farmers complained that they could not afford the high membership fees of existing farm co-operatives.

However, representatives of established farm enterprises said several hundred black farmers had been registered members for years and paid the same fees as their white counterparts.

The idea of a co-operatives development fund to assist small co-operatives was suggested during consultations with stakeholders in the provinces, task team member Gavin Andersson said.

Other issues reflected in the document were government's unhappiness with the rate at which farm co-operatives were transforming into companies, and possible tax concessions to co-operatives.



Employees in the chicken industry are being empowered. The Nulaid farm (above) in Pretoria was handed over to the employees who have been working there for many years. Dell Farm, near Uitenhage, was also sold to its workers recently.

# Workers take control of Nulaid egg farm

EGG giant Nulaid has formally handed over ownership of one of its successful farms, Dell Farm, to 12 of its employees for R6 million.

The ten-year deal has been financed by Boland Bank and is wholly underwritten by Nulaid. It will see the workers taking full ownership of the farmland, buildings, equipment and chickens.

The 395-hectare farm, with an annual turnover of R7,8 million, is situated 20 kilometres west of Uitenhage. It has 132 000 laying hens and produces 34 million eggs annually.

Commenting on the deal, Eastern Cape MEC for Agriculture and Land Affairs Max Mamase said it would allow the workers to say "farewell to poverty".

Dell Farm is the eighth farm in South Africa and the third in the Eastern Cape which sees workers benefiting from Nulaid's empowerment projects where farms are sold to workers.

Nulaid general manager Alan

Saunders said at the handover last week the signing of the deal would not see Nulaid "taking the money, putting it in our pocket and running away", but that his company would continue to work closely with Dell Farm's new owners.

He said Nulaid had undertaken to buy 85 percent of Dell Farm's production and it would continue to supply quality laying hens, management and financial expertise as well as technical support services.

## Truck sales

Saunders said Nulaid had also sold off some of its transport fleet. He said the company's former employees had bought trucks worth R90 million from Nulaid and were now turning over nearly R10 million a year transporting eggs for the company.

Saunders said the deal would unlock capital that his company would use for developing other aspects of their operations which would lead to more job creation.

He said employees were selected for the empowerment project on the basis of experience and years of service with Nulaid as "they needed to know something about chickens".

Saunders said handing over operations like Dell Farm would improve productivity because the operation was "24 hours a day, seven days a week and 365 days a year" and ownership encouraged the kind of "care and commitment" needed to ensure the continued success of the operation.

He said in Europe it was normal for farmers to produce eggs under contract with a packer and therefore Dell Farm's relationship with Nulaid would not be unusual.

Mphelo Ramutloa, group public affairs and strategy executive for Nulaid's parent company Bokomo-Sasko said: "Bokomo-Sasko believes not only in creating wealth but also in sharing wealth with our workers."

"We hope this will set the pace for other agribusinesses."

# Senwes to become second one-time co-operative to list

Louise Cook

DD 29/6/98

**KLERKSDORP** — Former agricultural co-operative Senwes is seeking a listing on the Johannesburg Stock Exchange in October, coupled with a private share placing some time before that.

If the move goes ahead, it will be the second major former grain co-operative to become a listed company after OTK in Mpumalanga did so two years ago.

Senwes has a turnover of about R3,5m a year and has traditionally been one of the country's biggest grain handlers. It became a company in July last year and has subsequently pulled off several deals with non-grain-related businesses, including food company Tiger Oats and leather exporter and food processor Kolosus.

Senwes CEO Hennie Davel said last week the company was meeting farmers to drum up support for a listing. The listing would go ahead if market factors allowed and if the board of directors resolved certain issues around future control of the company by September, he said.

He declined to disclose the amount the company was hoping to generate through a private placing or who it would approach to take up shares. He said capital raised through a private placing, if it went ahead, would improve Senwes's gearing.

"We are somewhat overgeared at 40% to 60% but it does not bother me particularly. The advantage of a listing is that it would create a more active market for Senwes shares and give a more accurate indication of their value."

Senwes and Tiger Oats recently set up a joint venture company, Continental Oil Mills. The move saw Senwes boost its stake in the refined oil market from 7% to 26%. Other deals since becoming a company include the acquisition of a major stake in broiler producer Country Bird and setting up another joint venture operation — Sabawes — with Saba, one of Mozambique's major cashew nut producers.

Senwes acquired a 34,9% stake in Kolosus late last year and earlier in the year bought out an agricultural co-operative near Vaalharts in the Northern Cape with a view to expanding from grain handling to wine, nut and fruit production and marketing.

Davel said the focus would remain on new deals, alliances and ventures that would facilitate effective risk management away from dealing primarily in grains. The Kolosus deal meant Senwes obtained a stake in brands such as Bull Brand, Gants, Spekenam and Sam's.

# Largest co-operatives opt to stay that way

Louise Cook

SA's three largest remaining co-operatives have opted to remain co-operatives, although they are keeping their options open on converting to companies.

Two of the three — Reitz-based grain handler Vrystaat and Oudstroom-based ostrich dealer Klein Karoo — said members' control would be diluted if they became companies.

Durban-based Stock Owners said there were advantages and disadvantages in switching, but for the time being it would remain a co-operative.

Together the three have a turnover of R2,3bn a year.

Co-operatives, regarded as some of the most important employers and job creators in rural areas, are controlled by the Co-operatives Act. Until five years ago, this made no provision for them to transform into companies. The act also limited the

amount of business that co-operatives could do with nonfarming clients and prohibited them from issuing preferential shares.

After the law was changed in 1993 several large co-operatives such as KWV, Sen-tral, Reitz, OTR, OVK in Bethal, Behlehen-based SOK, Clover, Bonnia and Kolosus transformed into companies. The reason commonly given was a need to "unlock" value for farmer members and obtain easier access to finance to expand and diversify. Some former co-operatives listed on the Johannesburg Stock Exchange.

Vrystaat co-operative assistant GM Tienie Ras said Vrystaat grain co-operative planned to stick to its present form as its farmer members were keen to retain control of their institution.

In most cases where former co-operatives listed, outside shareholders gained control of the business.

Klein Karoo backed the view that members' control would be diluted if the co-

operative became a company. GM Coenie Coetzee said: "In the medium to long term we will have to switch, if for no other reason than to fit in with the industry's overseas. But for now it is easier to support our farmers as a co-op than it would be if we were a company."

Stock Owners co-operative GM Val Field said that for the time being Stock Owners would remain a co-operative. "The huge amount of support for chickens pushed red meat prices down by R3 50/kg. This has had a negative effect on livestock producers over the past two years."

As a co-operative, we have been forced to make very deliberate decisions to build up reserves for our members. It is a difficult operating environment — turnover is often high and margins are thin."

The law stipulates that co-operatives cannot transform to companies unless they can drum up support from most of their members.

## Employees buy Richards Bay firm

(22A)  
Richards Bay - About 160 black employees of Woods & Son Farming Contractors, which supplies labour to Richards Bay Minerals, have bought the company and launched a new venture known as New Adventure.

The employees - labourers and semi-skilled men and women from nearby rural communities - will each acquire an equal share in the new company.

New Adventure is expected

to generate over R4-million in turnover in its first year of operation, Richards Bay Minerals (RBM) said yesterday.

The deal is regarded as a unique grassroots empowerment initiative and took a year to bring to fruition. It was driven by RBM, aided by Business Advice Centres in Richards Bay and Empangeni, advisers Deloitte & Touche, and First National Bank. - Sapa

Star 25/8/98



Co-OPERATIVES

1999

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# Former farming co-operatives form joint animal feed operation

BD 15/2/99 (33A)

Louise Cook

KLERKSDORP-based agricultural company Senwes and another former co-operative which transformed to a company, Lichtenburg-based NWK, have set up a joint animal feed operation in Lichtenburg.

The move is the first joint venture between former farming co-operatives. It is seen as the start of further local alliances in the food and farming sector in which former co-operatives that have transformed to companies are likely to join forces.

Senwesko Feeds, a Senwes subsidiary, obtained a 50% stake for a "couple of million rand" in NWK's animal feed division.

A new company, Noordwes Voere, has been formed and is jointly owned by Senwes and NWK. It is expected to have a turnover of R128m a year.

At least 80% of the new current production of Noordwes Voere is for the broiler market.

Noordwes Voere chairman Banus Baard said at the weekend the new company planned to break into other markets. "With broiler producers currently being the main client base, we plan aggressive expansion into the dairy and pig feed sectors."

"Noordwes Voere has a definite edge in the market in quality and technological development which would make this type of expansion possible."

NWK's factory in Lichtenburg was upgraded with the formation of the new company, giving it world

class facilities for the handling of raw material and for storage.

NWK MD Chris Wentzel said the joint venture was a result of a need to give shareholders better returns.

It takes place against a backdrop of several global players like Heinz Foods, Cargill International, Parmalat and Danone having come to SA since the liberalisation of the farm markets over the past years and SA's re-entry into international trade.

At the same time a number of large former grain co-operatives like Sentraalwes and Noordwes Koöperasie switched to companies in recent years to expand their capital base. Senwes CEO Hennie Davel said: "The consequence of years of regulation and protection was that smaller agricultural and food businesses were shielded from international competition and protected to a large degree. If farming businesses want to avoid being taken over by global giants, they will have to amalgamate and form alliances and partnerships to be able to meet the requirements of the new economic environment."

Davel said the move would pave the way for stronger bonds and future alliances between Senwes and NWK. "Separate companies of business units specialising in grain, trading and mechanisation will eventually come into being, each with its own regional or national market."

Senwes and NWK have a joint annual turnover of between R5bn and R6bn.

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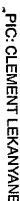
**By Saint Molakeng**

Two months ago  
the verge of closure

However, Corobrik

the manufactured bricks, also holds 25

Mr Kalamazoo Mathebula, president of the 10 percent shares.



PIC: CLEMENT LEKANYANE

**Workers at a Corobik factory in Stillfontein in North West were awarded a 50 percent share of the company yesterday. Celebrating the formation of the new Kopano Brickworks are its deputy chairman Kalamazoo Mathebula, chairman Peter du Toit and factory supervisor David Matlou.**

66/11/91 (33A)

66/11/91 (33A)

SENTIMENT in co-operatives circles is that government, the trade and industry department in particular, is blind to the development potential of co-operatives.

There is not very much known in SA about co-operatives, despite their proven record as potentially viable businesses.

Some co-operatives that started out very small during the depression years in the 1930s are today listed companies on the Johannesburg Stock Exchange. OTK in Bethal is one example.

Today, however, numerous so-called developing co-operatives, not necessarily operating in the farming sector, are struggling to survive, let alone grow

Given the proven records of some predecessors like KVV, OTK, Televisiecentraal and BKB, one would have thought these fledgling businesses would have no trouble getting access to finance through the

Trade and Industry department's finance scheme for small, medium and micro enterprises. Yet the National Co-operatives Association of says this is far from true.

"They do not regard us as needing money because we are affiliated to the Association," says the association's CEO, Kwedie Kipli, spelled out several problems of developing cooperatives.

The impression is created that because members of the chamber are big, successful businessmen, they will be able to help the Agricultural Business Chamber, a well-off Afrikaner-controlled organisation.

This alleged failure to see a cooperative as a small business illustrates the danger of not seeing the forest for the trees. This is very misleading," he said.

other could be detrimental to long-term economic development and job creation in SA. Co-operatives do differ from companies in several ways of

...the most important is prob-  
ably having members instead of  
shareholders, but there can be no  
getting away from the fact that they  
indeed small businesses that

growing fiercely.  
farming alone, annual

turnover generated by co-operatives and former co-operatives (that became companies when they started to burst at the seams) amount to R23bn a year.

Many developing co-operatives operate outside farming in money lending, the health sector and arts and crafts. If they, too, could get a financial boost from government

like co-operatives in the farming sector did during the depression, chances are that 50 years from now, SA would reap the benefits.

considers that most of these co-operatives operate in rural areas where economic infrastructure is most needed.

**Exposure**

Today, the bank's exposure to agricultural co-operatives is still significant, but the bank is restricted by law from lending outside the agricultural sector.

A developing cooperative in the health sector, for instance, would be entirely dependent on the trade and industry department for kick-start and carry-over.

"Even our own organisation cannot manage to get much funding from inside the country because the Land Bank is not mandated to get involved."

"We are funded by the Canadians and Germans, countries which have faith in the co-operation of these two countries because of this prejudice towards cooperatives," Mikalipi said.

Other differences between companies and co-operatives are that

cooperative members pay membership contributions that are refunded to them when they retire, while shareholders buy shares that they can sell at any time.

in the past, co-operatives were restricted by law to doing business only in the districts of towns that

A new law is being written which could give developing co-op-

Mkandawire wants to see the redrafted legislation provide for the president himself to take care of co-operations' affairs.

This may seem unlikely, but the way the current Co-operatives' Act is showing all co-operatives, irrespective of the nature of their business, under the aegis of the same

At one stage the possibility of

the office of the Registrar of Co-Operatives shifting to the finance department was proposed. The latest discussion document in a series commissioned by former secretary

griculture minister Derek Hanekom is scheduled for presentation at a special workshop later this week, judging from industry talk, the trade and industry department

The turnover of developing cooperatives that serve mainly the interests of the black population is

not known. Yet the numbers of these businesses that have come forward to register with government as going concerns have mushroomed in the past two years.

The Western Cape is now the province with the highest number, 189, but in all the other provinces

These small business units are bringing up at a rapid rate. Most popular among them seem to be co-operatives that cater for finance and savings schemes.

example "On the whole, co-operatives have been slow to develop appropriate structures and market penetration. Yet this has now all changed and export business is

... a logical extension of what co-operatives can be involved in

cooperatives  
(3) WINE (222)

**Louise Cook** (33A) (33/WINE)

Speaking at a seminar on wine making hosted by the Eisenburg wine makers Cellar Technology Association, Australian grower and wine maker Geoff Merrill said Australia was in the same position as SA in the 1970s, when plantings were dominated by lesser va-

"In this outdated system which Australia changed 2 years ago, the grower rules and the wine maker has to make wine from grapes supplied.

He said it was crucial for SA's wine farmers to build brands and called for the establishment of cons —

The SA wine industry has been dominated by the co-operative form of business in which most wine farmers are members of wine co-operatives that buy the grapes each year.

SA wine exporters' Association chairman Graham Villiers said branding should be further developed to boost exports and farmers should drive the process. "Markets are made by brands and sadly we do not have the large established brands of countries like Chile, Australia and New Zealand."

DD 16/11/99

## CO-OPERATIVES AND COMPETITION

### INDIVIDUALS BEGIN RATTLING THE CHAINS OF THE COLLECTIVE

Two marketing disputes that could signal a revolt

Last week brought a small victory to farmers who want to break the stranglehold of the former agricultural co-operatives and for new market entrants who want to compete with them.

In its maiden ruling, the Competition Tribunal, adjudicating arm of the Competition Commission, gave interim relief to raisin producer SA Raisins for six months while the commission concludes an investigation of alleged anti-competitive practices by raisins market leader SAD, a subsidiary of former co-operative, SA Dried Fruits.

Some co-operatives and those that converted to companies have a huge presence in their markets because of the size of their supply chains and the assets they acquired over years of State-sanctioned monopoly marketing.

Efforts to decentralise the SA agricultural markets strengthened with the Marketing of Agricultural Products Act of 1996. This Act dissolved the agricultural boards which used to supply agricultural equipment to farmers on easy terms and guaranteed to buy their produce at a fixed price.

The speed of the change and competition from imports challenged the co-operatives and those that converted to companies.

But the size of the converted co-operatives can make it difficult for new entrants to compete. SA Raisins discovered this 18 months after entering the raisins processing, packaging, distribution and export market. Most grape producers are shareholders in SAD, whose articles of association prevent their selling to competing companies.

The interim relief granted by the tribunal stops SAD from punishing its farmer shareholders if they supply another company, allowing SA Raisins to compete in the current grapes-for-raisins season.

The most lucrative segment of the raisins market is export, which accounts for more than half of SA's production. SA Raisins says it has already entered into forward contracts with European buyers for about 1 500 t.

There are other disputes between farm-

ers and co-operatives. Eastern Cape citrus farmers Theo Moolman and his father-in-law, Louis Botha, have been fighting with the Sundays River Citrus Co-operative for about two years. They are seeking compensation for losses through what they say are unnecessary trade restrictions.

The citrus co-operative, which plans to

threatened with a R200 000 fine and expulsion. If he is thrown out of the co-operative, he will forfeit his pack rights and other assets, such as shares in the exporter Capespan/Outspan. Outspan was owned mainly by citrus co-operatives: when it became a company, shares were allocated to co-operatives for distribution among their members.

Moolman has taken the matter to the High Court and hopes for a hearing or an out-of-court settlement before April. "I had to protect my shares in the co-operative and my pack rights, which have a market value," he says. But the board of the co-op, which must approve any transaction, has refused to allow Moolman to let or sell his pack-rights.

He says an acceptable settlement would be for the co-operative to withdraw its claims against him. Such a settlement would give him access to tradeable assets with a combined value of about R1m.

Sundays River Citrus Co-operative assistant GM for finance Etienne Greeff says it is not their policy to make public statements about court matters: "We do not want to prejudice our position."

Now, Moolman has his own pack house and he grows, packs and markets his fruit, exporting about 70% of it.

He sees no revolution in the way farmers deal with the co-operatives, but suggests change is imminent. "As more farmers feel trapped, they will try to remove themselves from the tentacles of the co-operative."

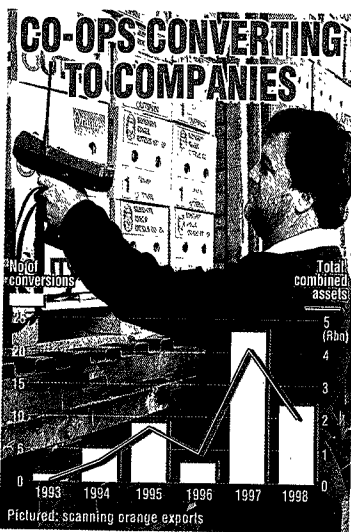
He says other people are holding back their plans to go the independent route, pending the outcome of his case: "People want to know what will happen to them if they choose to be independent."

National Agricultural Marketing Council chairman Eckart Kassier says it is difficult to see any trend in the tribunal ruling. The issue, he says, is: to what extent are people bound by the contracts they sign with co-operatives, and who owns the co-op's assets?

National Co-operatives Association of SA CE Kweide Mkalipi says co-operatives have a positive role to play in the development of the economy: "We are toddlers in the economic development of the country and the bigger co-operatives should transfer their skills to smaller co-operatives and farmers."

He condemns the trend of co-operatives converting to companies: "This is like locking the gate behind them by depriving developing farmers and co-operatives education and training."

Siyabulela Toza



convert into a company early next year, introduced a pack-right system for farmers in 1997. The system gives farmers a right to own pack-house capacity based on their highest fruit delivery over five years. Farmers who produced more could buy additional pack rights from those who produced less. Farmers are contractually obliged to supply their pack-right quota to the co-operative.

Moolman says the co-operative broke its word when it established a rental pool for pack rights instead of allowing members to trade freely among themselves.

Moolman failed to supply his quota of fruit to the co-operative last year, and was