INFORMAL SECTOR — 1988

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Informal sector provides 3,5 million jobs — Wilson

By Michael Chester

New studies have revealed that no fewer than 3,5 million jobs have been provided by the informal business sector in its dramatic expansion so far — and more than four in every 10 new jobhunters are pouring into the sector every year

The estimates, drawn from Small Business Development Corporation studies, were disclosed yesterday by Mr John Wilson, executive chairman of Shell SA

He told the South African-German Chamber of Commerce that the number of home-based businesses had swollen to 1,5 million and now shared an annual turnover calculated at between R15 billion and R20 billion. About 80 percent of them were run by black entrepreneurs

Investments by black taxi operators now stood at more than R2 billion in vehicles alone. Their fleet of 100 000 taxis now ferried 20 times the number of passengers carried by heavily-subsidised white-owned bus companies

But black business as a whole, he argued, would be unable to make in-roads into other major economic sectors unless the government and the private sector were prepared to help it overcome historical disadvantages

Among the problems he listed were the Group Areas Act and "mismanagement and bureaucratic hamhandedness"

"Clearly, however, the biggest obstacle to the growth of black business remains the lack of political clout," he said

"It should be apparent that after nearly a century of economic and social oppression, black business, if it is to significantly expand the economic cake, will need more than deregulation

"Black business will not become a significant economic force if it is left to rely only on normal market mechanisms

"If we are serious about saving free enterprise in SA and if we see black economic advancement as the key to the creation of a democratic society, then we are going to have to do much better than shouting about deregulation and waxing eloquent about the miracle of the informal sector

"We had better start thinking about massive intervention with economic and management tools

"Unless there is a clear strategy, this sector of the economy will add only marginal growth to the economic cake.

"The potential is there, but it will not just happen. It is up to the privileged private sector, to make it happen"

Informal sector soaking up masses of the unemployed

STM 19/9/88 153

Economists estimate that the burgeoning informal sector accounts for about 30 percent of South Africa's current gross domestic product of R170 billion

And the mushrooming of the number of people involved in the black sector is making a mockery of official economic statistics in general and unemployment figures in particular

Monthly unemployment data are regarded as reliable and crucial information in Western countries In South Africa they are purely a guessing game

According to Reserve Bank figures, black unemployment in January this year amounted to 924 000, or about 15 percent of the black labour force But most commentators say the black unemployment problem is of much greater magnitude

Figures of over four million are frequently mentioned in academic and economic circles These include the number of unemployed in the homelands

But nobody really knows whether those people are without an income or whether they are engaged in some way or another in the ever growing informal sector

Recent estimates by the Small Business Development Corporation reveal that no fewer than 3,5 million jobs have been provided by the informal business

SVEN LUNSCHE

sector and that more than four in every ten new jobhunters are pouring into this sector every year

In a detailed study, Simpson McKie's chief economist, Mr John Banos, outlines the three major growth areas of the informal sector, which he defines as economic activities not captured by official statistics and which include legal activities and illegal ones such as drug-dealing and prostitution

● Mr Banos estimates that the 120 000 black taxis on the road alone account for turnover of about R3,6 billion — two percent of GDP — assuming a monthly income of R2 500 per taxi

About 45 percent of these taxis are associated with the SA Black Taxi Association (Sabta) and according to figures provided by Sabta to Mr Banos, taxi-owners annually buy 800 million litres of oil, 3,5 million litres of engine oil and spend about R800 million on spare parts

● He estimates that there are now over a million hawkers in South Africa, with a combined buying power of over R2 billion

● The South African Traditional Healers' Association (Satha) has about 180 000 members, but Satha estimates that there are a further 1,3 million full or part-time healers active south of the Limpopo



A busy street scene, reflecting the remarkable growth of the informal sector

Mr Banos unconditionally welcomes the growth of the informal sector as most of the activities do not require much starting capital and are usually labour intensive

"Within the constraints of the current economy, there is a desperate lack of funding capital The authorities should consider rerouting some of their expenditure from capital-intensive projects to funding of informal-sector activities," he says

He adds, however, that there are still many constraints on the sector. a shortage of starting capital, a shortage of entrepreneurial skills, although "the biggest problems remain the regulations and red tape imposed by the Government, as well as harassment by local authorities"

10 myths about small business

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THIS week Mel Brooks, a senior consultant at Wits University's Centre for Developing Business, examines some of the misconceptions that people have about small businesses.

MOST people have their own perceptions of what small business is all about — these per ceptions are not necessarily correct

You must have substantial capital to start a business — As far as small business is concerned this is definitely wrong In fact, the more successful small businesses are based on the skills of the owner rather than the amount of money he or she has available to start. If a person feels, "if only I had money to start I would", then in most cases they are on the wrong track.

Banks don't lend to small business — Commercial banks are falling over themselves to lend to small businesses *However*, they are not in the business of giving money away If an entrepreneur has done his homework and can produce a business plan that shows the viability of his venture he will get a loan. In addition to the commercial banks there are other organisations such as Get Ahead, the Colgate Trust and the Northern Ventures Trust that will loan money to aspirant business owners However, they are not charities and while they might not insist on things such as collateral they will insist on a professional approach by the entrepreneur

Luck

Success is a matter of luck — Luck has very little to do with succeeding in business If you think it does then stick to betting on the horse races.

Successful business owners continuously plan, control and adapt If they do take risks then they are calculated risks and everything possible is done to reduce that risk Entrepreneurs are not gamblers.

Do not expect to make a profit in the first year — If you do not show a profit in the first month you're in trouble To run a business at a loss in order to establish it and penetrate markets is for big businesses with lots of capital

Fail

50 percent of small business fail in the first two years of existence — Rubbish. A misrepresentation or misunderstanding of the statistics by many The reality is that the statistics show that of all business that failed in a given period 50 percent were less than two years old.

Running a small business is more stressful than working for a large corporation — Not if you are a true entrepreneur who believes that he, and not outside factors, is responsible for his destiny Individuals that are prone to stress in a small business environment will also be stressed in a large corporation

Entrepreneurs go into business for the money they will make and what they can buy with it — Most entrepreneurs are not in business mainly for the money they will make. The main motivating factors are the desire for independence, the ability to control their own destinies and to utilise their talents more effectively than they can as employees

Power

Entrepreneurs are in search of power — The need for achievement and the desire to show direct results from their efforts is a greater driving force than the quest for power

Small and homebased businesses' products are inferior — One only has to see the crowds of people at flea markets, roadside stands mobile fast-food vendors to know that this is not true

This statement is particularly not true of small businesses owned by craftsmen who have started up on their own

Senior managers from the corporate environment always make good entrepreneurs — Firstly, good entrepreneurs normally leave the corporate world before they become senior executives Secondly senior people in big companies are used to so many support systems that when they leave they often flounder when faced with doing everything from making the tea to negotiating big contracts

80 years on — and still the cafe-hawker row simmers

HAWKERS and cafe owners are arguing bitterly, accusing one another of territorial poaching

By Jane Dutton

The feud has been simmering since 1907 when hawkers first clashed with cafe owners

The Catering, Tearoom and Restaurant Association (CTRA), representing the cafe owners, has launched a campaign to restrict hawkers by enforcing health laws

African Council of Hawkers and Informal Businessess (Achib) publicity secretary Vicki Sussens says that by disallowing this informal sector to develop, retailers are setting up a monopoly

"Some manufactures are supporting these carts, but they are scared to do so openly," says Miss Sussens

"Employment provides a stable community Hawkers do not spend their lives on the streets Today's hawkers are tomorrow's shopkeepers"

CTRA believes lower standards bring the food trade into disrepute It says health laws affecting perishable food are difficult to implement and should be more stringent for hawkers

Chief executive Frank Swarbeck says "It is unfair that cafes and small shops have to undergo strict health checks and not the hawkers"

Miss Sussens replies "The health aspect is a red herring If there were a problem, why have the public not complained?"

Hawkers have been receiving "smoke and smell" complaints since 1907 and she believes the underlying grievance is that of unfair competition

"Cafes complain when a hawker is too close to their business and sells similar goods to theirs This is silly because cafes have hundreds of different brands and hawkers only a few"

Hawkers and cafe owners should not be fighting, says Miss Sussens They could help one another by working together — people buying from a hawker could see something they want in a cafe, both sides benefiting

Mr Swarbeck says "It is tough on cafe owners who pay a high rent when some one intrudes on their business Overtrading can be a bad thing"

Achib disagrees, saying the success of Tembisa, which accommodates 2 500 informal businesses, is an indication that all groups can survive

CTRA says "We subscribe to providing employment but hawkers must stick top the rules"

Mr Swarbeck says "It is ludicrous to say we don t welcome competition Cafe owners also have carts and we encourage this The war is among the hawkers themselves"

WOMAN

VEGETABLE PROJECT FLOURISHES



BUDDING gardeners of the FGU project at Kliptown squatter camp.

A FLOURISHING vegetable garden is changing the lives of Pimville residents

The Pimville Mothers' Club, Zone 3, which has more than 50 members, started growing vegetables early this year with the help of Food Gardens Unlimited

The vegetables are grown at little cost and labour This educational project shows people how to use available resources to improve their health, upgrade their quality of life and at the same time, save money

Method

The FGU method involves using a little patch of ground not much bigger than a door This patch is fertilised by using household refuse — except for glass and plastic — to produce healthy, fresh, nourishing vegetables for the family

"We started with a few members, but now the club has grown," said Mrs Lephina Tshabalala, the organiser

"We have planted 11 more patches for schoolboys who are interested in the project Some of our members are still young, but the majority are pensioners and married women.

"We have another FGU project in Kliptown which is about three months' old It is growing very fast and has more than 100 patches Mrs Eva Manyathela kindly lent us her yard to give us a start Now the garden has expanded into the next yard

"There are still more members clamouring for space We have promised to start another garden at Chicken Farm as soon as the yard has a fence

"Meadowlands residents have also invited us to visit them"

The vegetable patches can be looked after by the whole family and the excess vegetables sold to generate cash

Sister Sarah Mohapi, who is in charge of the Pimville garden, said it was heartening to see pensioners who were bored at home, given a new interest that was occupying them and giving them a little extra pocket money

Mrs Nyland of FGU has compiled a step-by-step guide on the project which will be published in the *Sowetan*

carefully towards the end to avoid burning

SA businessmen urged to invest in informal sector

By Michael Chester

Investment by business in black education and housing should be matched by investment in the informal economic sector, Mr Lawrence Mavundla, president of the African Council of Hawkers and Informal Businesses, told a conference in Johannesburg at the weekend.

"Unless more blacks are given an opportunity to become economically independent, they will forever rely on the formal sector to provide housing and bursaries for them," he said.

"If a man has a means of earning his own living, not only can he provide housing and education for himself, but he also has the choice of deciding where he wants that housing and education to be, rather than be forced to depend on the choice tied to the requirements of the sponsor."

Addressing an "Update" conference run by the Aiken and Peat firm of accountants, Mr Mavundla said investment in the informal sector could offer businesses a positive profit return by exposure and entry to new and widening markets for their products and services.

He quoted estimates by Professor Brian Kantor, head of the business school of the University of Cape Town, that the informal sector now contributed 40 percent of the national economy over and above the official measurement of gross national product

In 1984, he said, there were said to be 7,2 million black students at school, but an independent survey had found that accommodation at third-tier level was limited to only 15 900 a year.

This compounded the problem of unemployment, which Cosatu's unemployed workers' co-ordinating committee believed now stood at 6,5 million.

The solution lay in black economic independence

Travel agents set for Perth

South Africa will be represented at the 22nd world congress of the Universal Federation of Travel Agents' Associations (Uftaa) in Perth next month, which takes place with the blessing of the Australian government, says Uftaa director Mr B Singer.

Oil firms will ask for more

By Claire Robertson
Pretoria Bureau

Major oil firms operating in South Africa are to approach the Government to ask for a larger slice of the petrol price should profits be threatened by a drop in demand following a recent retail fuel price rise, according to Mr John Drake of Shell

Mr Drake, who is the managing director of Shell's oil division, said the oil companies were concerned that a number of factors could affect their margin

These included a possible drop in demand, rising inflation and a sudden change in prices set on the international market

Oil firms received about four percent of the price paid by the consumer They did not share in the recent retail price increase and had not had their portion of the price increased for about two years.

Mr Drake said he did not foresee an increase in the consumer price if the adjustment was granted by the Government

Oil firms' results had been helped by a buoyant demand before the recent increase but were hindered by inflation and could be further harmed if demand dropped

Call for more use of the informal sector

ISBA Bdaily 11/10/82.

THEO RAWANA

DELEGATES at a business seminar in Johannesburg were last week urged to look at factories and identify operations that could be handled by the informal sector

Self Employment Institute director Theo Rudman told a conference entitled Spotlight on the Black Market "By farming these operations out, you reduce the resources and capital required for your operation and, as a result, could improve your profitability"

He gave a case of a large importer who wanted 1-million steak and kitchen knives a year and went to Japan to check the production facilities of a proposed supply company

After some reluctance the Japanese showed him the facilities "There was no factory to speak of other than a large packing and shipping warehouse Their quality products were made in the informal sector

"He saw numerous backyard operations that undertook one specific manufacturing operation in each The components were rushed from one backyard operation to another in trailers pulled by motorcycles and in small vehicles."

Rudman told the businessmen "This is one of the secrets of the Far East. This is one of the solutions for the SA economy What we need in SA is more jobs and more exports to generate foreign currency."

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How to grow your own vegetables at home



A GROUP of women cultivate their own food garden.

THIS is part two of our series on Food Gardens. Food Gardens Unlimited has compiled a step-by-step guide on establishing your own garden at home.

FOR more than 10 years, people in urban and rural areas all over Southern Africa have been using the Food Gardens trench-bed method to provide healthy, fresh vegetables for their families

Food Gardens Unlimited is a non-profit organisation teaching people how they can help themselves, improve their health and save money by growing their own vegetables

The special advantage of the FGU method is that you can grow a surprising quantity of different vegetables in a small piece of ground — using little water and costing nothing at all — except for a few packets of seed FGU has a special, lowcost seed service for members who are using this method

In the shops, R1 will often buy only one fresh cabbage, but R1 can buy five packets of seed — for example, cabbage, carrots, beetroot, spinach, onion — which will provide an abundant supply of healthy, fresh food on your doorstep!

How to

Here is a surefire way to produce as much food as possible — and improve the soil at the same time

STEP 1 Collect rubbish to feed your soil — food leftovers, vegetable leaves, peelings, feathers, rusty tins, paper, cardboard, weeds, wood ash (not coal ash), eggshells, dead plants and flowers, tea and coffee bags, bones — these are all food for the soil Collect this rubbish at home and in the veld (Bottles and plastic cannot be used)

STEP 2 Mark out a piece of ground the size of a door — 2m x 1m The position of the bed is important — make sure it gets plenty of sun

STEP 3 Dig out the soil from this doorsize area to a depth of 45 cms — about knee-deep Put the darker topsoil at one corner and the subsoil at the opposite corner

STEP 4 Half fill this trench with the rubbish you have collected Put the coarser rubbish at the bottom Large pieces of cardboard or large bones and other large materials must be broken into small pieces as everything will rot and break down more quickly if it is in small pieces

Make sure that the rubbish is well mixed

STEP 5 Wet the rubbish thoroughly, press it down firmly with the head of a rake, and fill the trench immediately with the soil First use some of the subsoil and then use all the topsoil to bring the top of the bed about 10 cms above the ground level When the rubbish rots, the level will drop

STEP 6 Rake the top of the bed and be sure that it is absolutely flat Pour a little water if the soil is very dry

STEP 7 Cover the top of the bed with a layer of dry grass or dry leaves This covering is called mulch, and it will conserve moisture and cut down watering, and feed the soil and discourage weeds

STEP 8 Make partings in the mulch with your hands to make rows for planting seeds or seedlings

If you are planting seeds, draw a shallow furrow in the soil partings with your finger or a stick and plant the seeds carefully — not too thickly Fine seeds like spinach and beetroot must be a little deeper and big seeds like beans and peas about $2^1/_2$ cms deep

Newly planted seeds must be watered gently with a fine spray every day for the first 10 days The soil must never be allowed to dry out when your vegetables are growing — it must always be slightly wet

Do not allow the mulch to cover your rows of seeds The ground between the rows of seeds is covered with mulch The seeds need light and warmth to germinate

Always plant the rows across the bed and not lengthwise Most vegetables can be planted in rows about 20 cms apart Big plants like cabbage need more space and must be planted about 30 cms apart

Bifsa aiming to open doors to all

By Frank Jeans

CAPE TOWN — Of all the good intentions to emerge from the annual congress of the country's builders here, the determination of the establishment to strive for a total industry without race barriers was decidedly clear.

And what was of even greater importance was the signal from the informal sector and the "small man" that they were ready and willing to join the club without divisions provided the old traditions are swept away and the black man is brought into the decision-making process and management participation.

Certainly, the industry has been left in no doubt that the time for talking is over and that concerted action is long overdue

Enthusiastic about the challenges ahead was the outgoing president of the Building Industries Federation, Mr Neil Fraser, who, in his valedictory address told delegates: "The informal sector represents a virtually untapped, potentially limitless growth area in the economy. It's recognition, accommodation and assistance through planned and controlled deregulation is a priority."

And, undoubtedly, taking up where he has left off will be the builders' new top man, Mr Basil Thompson, who made the point that as a labour-intensive industry, the building sector's goal should be the upliftment, both economically and socially, of its workforce.

"We have been concentrating on industrial relations and loss control and safety and rightly so but I am also committed to getting Bifsa involved with the people factor in a wider sense," said Mr Thompson in an interview. This has to be done at grass roots level and in areas of education of population control and improvement in the quality of life"

He made the point too, that the rank and file builders are Bifsa's people and that the federation would have to show a lot more credibility in its dealings with them.

"If you leave it to the bureaucrats to do that job, they are immediately suspect," said Mr Thompson.

The new president has the true grit to match his task of addressing the industry's concern in the areas of small business and deregulation and pledges his federation "to give it a full go".

Thrusting home the point was Mr Reuel Khoza, chief executive of Co-ordinated Marketing and Management when he told delegatges. "Your industry is hampered in hearing black aspirations because its management structures are almost totally white"

Delegates were left in no doubt that deregulation must go hand in hand with informal sector advancement while, at the same time, the sense of co-operation and understanding which now prevails was underlined by Mr Solomon Rammala, Town Clerk of Atteridgeville when he said: "The informal sector should thrive even more in the friendlier atmosphere being created."

He also pointed out, however, that while legislation is Government business only, private enterprise can do much indirectly. "So long as white business shelters behind and invokes laws which discriminate against black business, there is little incentive for the authorities to change them."

As the elderly waited in queues to receive pensions in Diepkloof yesterday, [illegible] handed out to them. It was part of a Checkers-sponsored feeding scheme aimed at assisting pensioners. About 7 000 citizens could benefit from the 10-day project.

'Beef up small industry'

TANIA LEVY

A DYNAMIC industrial sub-contracting sector needs to be developed to achieve international competitiveness in many SA industries, Board of Trade and Industry (BTI) chairman Lawrence McCrystal said yesterday.

Speaking at a Cape Town conference on opportunities for big business and local authorities in formal and informal businesses, McCrystal said the local industrial sub-contracting infrastructure was relatively undeveloped.

A recent BTI survey had shown nearly 40% of SA machinery, transport and related engineering industries were constrained in respect of local manufacture, design, development and sub-contracting.

Small companies' 19% contribution to the total value added by manufacturing compared unfavourably with other countries, including Japan (58%), the US (37%) and West Germany (44%), said McCrystal.

Their growth could be promoted by introducing a satellite-centre system in which an assembler (centre) was committed to buying from designated sub-contracting suppliers (satellites) The assembler could also provide design and quality control assistance, training and even technical advice

The intimate satellite-centre relationship could be applied to a raw-material supplier and a variety of processing sub-contractors, said McCrystal.

The sub-contracting sector's undeveloped nature could be attributed to SA's tax system, interest rate policy and inflation.

Demand for sub-contractors' work had traditionally been limited in SA, said McCrystal Licence agreements, foreign control and attitudes that imported goods were better than local equivalents, mitigated against local industry.

[illegible] Increase 31 August 1987 Year ended 29 February 1988

Black business begins to flex its muscles

HELOISE HENNING

THE slogan is Keep the rand black. Behind it lies a campaign to encourage black people to use black services, save at black banks and spend at black businesses

The effort to harness black buying power and business enterprise for the further advancement of black people is being co-ordinated by the Federation of African Business and Consumer Services (Fabcos)

Fabcos will be officially launched only in February, but already it has member organisations representing a million black people.

Founder members of the federation are the Black Consumer Union — SA's largest non-political black federation — the SA Black Taxi Association (Sabta), the National Hawkers' Association, the Association of Stockvels, the African Builders' Association and Sechaba Siswe — a group of small general dealers based in Soweto and the East Rand

Organisers, in a Pretoria West head office already bursting at the seams, are busy planning its first year's budget of R5,5m, recruitment techniques to attract all black businesses and the widening of a regional office network.

Fabcos hopes to broaden its membership to include black people in the financial, retail, manufacturing, agricultural, mining, medical and publishing sectors

The African Bank has been approached to be the federation's bank

It hopes to organise blacks in the SA economy — consumers and businesses — to form a giant that will muscle in on, and eventually take control of, traditional white businesses

Fabcos plans to "keep the rand black" by giving every member a debit card, based on the "smart card" technology, that will give the consumer access to businesses that are Fabcos members Members will also be able to buy from white businesses that have agreed to provide discounts to Fabcos members, or have given their black employees shares in the company

One of the organisers describes the process as the beginning of the race between the formal white economy and the black economy

"The black economy has strained against chains that have tied it to the kick-off blocks. But the white runner is slowing and the black runner is putting in a concerted effort to catch up"

Sowetan editor Aggrey Klaaste last month launched the newspaper's Nation Building campaign He called on blacks to follow the example set by Afrikaners who were encouraged to use Afrikaner banks and businesses

Fabcos co-ordinator Mike Ntlatleng says his reply to Klaaste's challenge is that the federation will be one of the bricks in the building of a new SA It will use the combined negotiating power of the black economy

Fabcos has learned from its forerunner and major member, Sabta, which emerged from the so-called informal sector as a group of taxi-drivers who managed to break the monopoly of the SA Transport Services and white-owned subsidised bus companies

Sabta has become a prime mover in the retail sector The 100 000 member body already owns 18 service stations and is buying new stations at the rate of one a month. National organiser James Chapman says this has come about through using the taxi business's strength to negotiate the deals

Chapman was himself a service-station owner supplying petrol and services to a burgeoning black business in Pretoria West near the Marabastad's taxi rank His business more than doubled with the black trade



☐ GABY MAGOMOLA

When he pointed out to Sabta organisers their bargaining strength for discounts, they immediately co-opted him as national organiser and bought his business

Sabta has since negotiated group discounts from oil companies, motor manufacturers and service stations

Fabcos aims to co-ordinate this black business power and to extend its support among consumers, teach them to use their buying power to make them negotiators and then turn them into business owners

Negotiations with major retailers have already started, but Fabcos is not going to reveal their identities Local and international businessmen will be invited to February's launch in the PWV area

African Bank CE Gaby Magomola says discussions are still being held with Fabcos about organising the "smart card" and it is premature to comment at this stage.

But, he says, it is fair to assume the bank will be in charge of the debit card system for members and admits that "keeping the rand black" will certainly boost the bank, which is small compared with white-controlled financial institutions

He says the bank assisted in establishing the Association of Stockvels — a black banking method of sharing a revolving pool of funds

Magomola says the association still lacks cohesion. In Soweto alone there are more than 2 000 stockvels that need to be approached and co-opted With organisation, the outlets can become mini-banks.

"We are well poised in the PWV area to capture deposits from the stockvels, our only disadvantage is that we do not have as many franchised outlets as the major banks Our problem is getting a hold on the rapid movement of funds in the stockvels, mostly spent on non-durable consumer goods

"We need to get a handle on how to galvanise and slow down this velocity At the bank we do not yet know how to go about it because stockvels rest on the availability of funds and not amassing savings through interest attraction"

Recently the Perm was able to attract R5m from a Soweto stockvel through a well-designed investment package. Another bank has studied this black banking phenomenon, but has not yet designed a package Magomola says the African Bank is moving a little slower, but is making a concerted effort.

Founder president of the Black Consumer Union Ellen Kuzwayo says the union has done much to educate consumers on their rights and to demand higher standards of service from black businesses

She says black business has been blamed for keeping black-market prices. But their higher prices are a result of the disadvantage of having to transport goods over long distances from wholesalers and manufacturers. In settling where they did, they had no choice

Black advancement is, however, still hampered by the lack of free entry through discriminatory legislation and a government biased towards white vested interests

The breakthrough the consumer union had in appealing to government over the dangers of skin lighteners is an example, she says Government indicated then it would ban the product this year Instead it has given the manufacturers a three-year period of grace.

"Blacks need to stand together as a group, and we can do so by developing the black rand to an economic power that counts," she says

"Our organisation is only in its infancy, but through strong organisation and following others' examples we will be a very different animal in just a few years that is if there is no interference from the powers that be"

Organisers say white business ignored Sabta when it was formed 10 years ago, but cannot afford to ignore the emerging force of black business

"White business has to decide either it gets into bed with the black informal sector, or it goes to bed alone and is doomed," Ntlatleng says

Hawkers hit at Govt, private sector

153A Star 3/11/88 2643

By Janet Heard

The African Council of Hawkers and Informal Businesses (Achib) launched an attack against the Government and the private sector at a meeting recently, saying that while they spoke loudly about boosting the informal sector, they did not grasp the problems hawkers experienced

Reacting to raids on hawkers, Achib president Mr Lawrence Mavundla said harassment affected the economy indirectly

He cited as an example two hawkers, Mr Kleinbooi Matsegeng and Mr Peter Maluleke, who lost a combined income of R1 500 and had R3 000 worth of goods confiscated in a week

"This money should be pouring back into the economy and not into the coffers of the council, where it is spent on policing more hawkers," Mr Mavundla said

Mr Matsegeng left his nephew in charge of his stand while he went to buy more stock His nephew was fined R100 for not having a licence and over R2 000 worth of goods were confiscated, Mr Mavundla said

Mr Maluleke was fined for blocking the pavement When he went to retrieve his goods from City Deep market, he said he received only one carrier bag of cosmetics He said more than R1 000 worth of goods was missing, but he could not prove this because the officials confiscating the goods did not make an official note of his goods

"When hawkers are primed by many researchers to make a major contribution to righting the economy and to solving unemployment, it is a poor show that they are still being treated in this manner", Mr Mavundla said

● A spokesman for the hawkers' squad at the Johannesburg traffic department, Mr Eric Hill, said people were not fined at the scene, but they and their goods were taken to City Deep market, where they were issued with a receipt both parties agreed to When the fine was paid, the goods were returned, he said

Call for more home industries

CAPE TOWN — Laws that turn honest people into criminals because they run home businesses or backyard industries should be swept away, says the director of the Self-Employment Institute, Mr Theo Rudman

Speaking at a conference in Cape Town, he said a rapid expansion of home industries and backyard operators was the only way the country could provide urgently needed jobs and repair its "mortally wounded" economy.

Local authority laws stifle this expansion For decades local government officials have discouraged home operations He urged big business to use its power and influence to remove unnecessary regulations

He said the country produced more than two million school leavers between 1980 and 1987, but did not provide one single new job for them in the formal business sector "In fact we went backwards — there were 150 000 fewer jobs in 1987 than in 1980" — Sapa

153A B/day 9/11/88

Suppliers ignore this massive black trade at their cost

A huge informal retail business, with a turnover possibly exceeding R3bn a year, is mushrooming in SA's black townships. Yet manufacturers, and to a lesser extent wholesale chains, inadequately understand this market and its potential. This is an extract from a study by the Trade Opinion Panel of Perry & Associates

THE informal sector of the economy, dominated by black entrepreneurs, has stirred a great deal of interest amongst businessmen One aspect of the informal sector which has not received good coverage in the media — or by manufacturers of grocery products — but which is probably the most highly developed is the spaza shop.

"Spaza" is the township slang word for "dummy" or "camouflaged" This expression has always been used in the townships to describe these outlets, because the previous application of regulations and the attitude of the authorities meant that this trade had to be conducted in a hidden manner

Spaza shops are one of the most significant distribution channels through which grocery products reach the black residential areas More and more suppliers and manufacturers are waking up to the opportunities presented by these outlets

The exact size, turnover and number of spaza outlets is, as yet, undetermined However, it is the Trade Opinion Panel s firm belief that, as a distribution channel, the combined purchasing power of the spaza shops makes them, as a group, a contender to join the big three supermarket chains as one of SA's most important grocery distribution channels

Grocery manufacturers who ignore the fact that their products are being sold through these outlets could just as well be ignoring the might of Pick 'n Pay, OK Bazaars and Checkers

If estimated grocery, toiletry and confectionery purchases by spaza shops and hawkers amount to a minimum of R2,1bn, then the total at retail selling prices, using an estimated mark-up of 50%, is about R3,15bn — value added or profit being R1,05bn

These figures exclude fruit and vegetables, dairy products delivered direct to outlets, cigarettes, beer, bread and a percentage of cold drink sales This known figure can justifiably be referred to as "the tip of the iceberg"

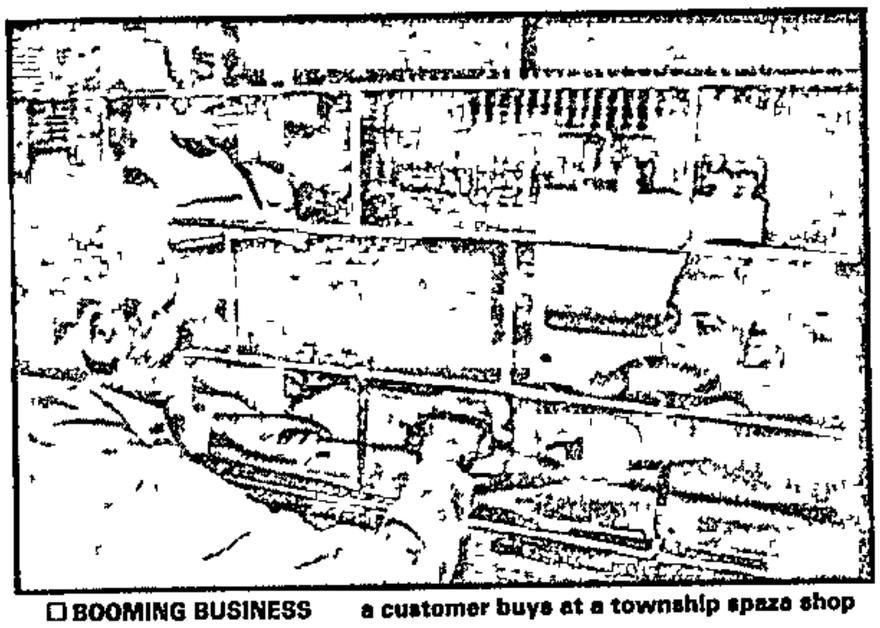
The Trade Opinion Panel estimates that there are at least 20 000 spaza shops in the Witwatersrand area

Several factors will combine to extend the life of the spaza shop sector for some years

The first is high unemployment amongst the black population As long as formal employment levels remain static and a welfare system does not exist, the unemployed will look for ways of supporting their families

The spaza shop offers an opportunity to earn a living which requires few overheads The trader can operate from his home and the establishment cost is fairly low

Spaza shops provide a convenience store closer to people's homes than the traditional shopping centres Distance, coupled with a fear of the criminal element at night, mean that township residents would rather buy small purchases from a house next door



☐ BOOMING BUSINESS a customer buys at a township spaza shop

The lack of formal retail outlets in the townships means that demand for retail services far exceeds supply Land for the development of shopping complexes is not freely available in black residential areas, and new centres which are built are usually monopolised by established businessmen

The continuing deregulation of the informal sector, coupled with the support of the authorities and formal business in the form of wholesalers and manufacturers, will ensure the development and continued existence of the spaza shop outlets

The cost of running a spaza shop is calculated on a marginal basis by operators The structure — the house — is already there, as are the members of the family who help tend the store

The typical spaza shop consists of a section of a residential property in a black township which has been converted into a retail grocery store. This could be a corrugated iron lean-to, shack, a brick building in the yard a converted bedroom in the house or a garage They cannot be seen easily by passersby in many instances

The owner of the house is usually involved in the running of the outlet. This can be either directly by running it himself/herself, or by allowing the spouse to run the spaza shop while he/she holds down a full-time job In many cases women who are the sole breadwinners of the family run these outlets All the outlets studied had some form of extra help, usually members of the family

The customers of the outlet are fellow township residents, normally living close to it The main reason for purchasing from a spaza outlet is convenience, and the more successful ones appear to be those furthest from formal stores There are often as many as 10 spaza shops in one township street, in close proximity to each other and all making a living

The range of turnovers for spaza shop outlets is broad, as is the size of the outlets and range of products stocked

The lowest claimed turnover recorded was R100 per day, which increased to R200 per day on Saturdays and Sundays, giving a turnover of R3 800 per month

The top-of the-range was an outlet in Soweto, with a turnover of R31 000 per month.

Between the two is a wide range of turnover, with the most typical being in the region of R500 per day, moving up to R700 per day at weekends (R16 600 per month)

The wage bill depends on the number of employees at each outlet. This will range from one helper in the smallest outlet to possibly three or four assistants in the largest outlet

Wages are usually low, paid weekly in cash, probably with no deductions

In the early stages of development of a spaza shop, before the necessary licences are obtained, additional costs — in the form of bribes — are incurred

These payments go to black and white officials Once licences have been obtained this irritation falls away

The spaza store is not simply a small hawker selling a limited range of products at low mark-ups

The spaza store is a fairly substantial customer for the wholesaler and a significant distribution channel for the manufacturer It is big enough to remain profitable and to constitute an important channel for reaching the mass market segment of black consumers living in urban areas

There are individuals in the townships who rent out their vehicles to spaza shopowners at an agreed rate per day to transport stock to their stores

One example was a traffic policeman in Tembisa who rents out his private car for R15 per day, plus the cost of petrol

Another method is to use "runners," who make their living from transporting goods for spaza shopowners from the wholesaler to the shops

These people often park outside the wholesalers like taxis and tout for business

Although the majority of spaza shopowners appear to pay GST on products at the wholesaler, many in Soweto say they pay GST directly to the Receiver of Revenue and have a GST exemption certificate for wholesale purchases

As the minimum turnover requirement to obtain a GST certificate is R50 000 per annum, it seems possible that many of the outlets visited may have exemptions

None of the outlet owners interviewed had been visited by any staff members of manufacturing companies whose products were stocked in the store, other than the cold drink and liquor distributors Contact occurred with the driver salesmen of the dairy and bakery delivery trucks

It would appear from discussions with manufacturers and wholesalers that the major obstacle preventing increased business with the informal sector is lack of knowledge

Representatives from suppliers and the wholesale chains should go out into the market to see exactly what is happening

Product choice will be limited

By Ann Crotty

In the longer-term the choice of products in SA stores will become more and more limited, says Mervyn King, executive chairmam of the Frame Group

He told delegates that there would be fewer imported goods on the shelves, black spending power will exceed white spending power; the target market will be colour blind and there will be many smaller stores to accommodate the "successful" informal trader as he grows

In the shorter-term, he said, import surcharges, a weak rand, rising inflation and an economy applying the brakes will impact on the distribution industry

Mr King also listed a number of factors that would continue to impact on the distribution industry to the turn of the century

"The spending power of the non-white shopper; the increase in demand for late-hour and week-end shopping and the establishment of secondary shopping centres at major commuter points

DEREGULATION

Other factors included the deregulation of trading generally; rationalisation of over-traded retail segments, concentrations of purchasing power swinging away from one area to another area on the abolition of the Group Areas Act of the privatisation of an industry, changing shopping patterns from the rural to the urban areas, specialisation in segments of the distribution industry"

Elaborating on the deregulatic of transportation, Mr King note that it was having an enormous impact on the distribution industry

"The mini-bus industry has resulted in the non-whites and the underprivileged classes generally being able to be more mobile" The consequence of this increased mobility is that shopping patterns have changed in the CBD area which has meant that merchandise mixes in stores have had to alter

"The mix is interesting because the bulk of the trade is done with the non-white shopper and yet merchandise must be kept for the white shopper who does his shopping at lunch times during the week"

Referring to squatters, Mr King stated that it had to be accepted that these people are not going to go away, and "like the pavement traders, one has to start accepting the inevitability of their presence The authorities have to try to legalise the situation and improve their lot"

Town planner with a mission

Star 11/11/85

Johannesburg's new town planning chief plans to get tough on people running businesses illegally from home and developers who jump the gun before their plans are passed

Mr Eddy Magid, an independent councillor serving on the National Party management committee and a staunch ratepayer-association man, also plans to encourage these committees' fuller participation in the affairs of their suburbs.

"Let me first dispel repeated allegations of so-called secret planning in Johannesburg there is no secret planning in this city, but there certainly is a measure of confidentiality in the public interest This is absolutely necessary if one bears in mind that some plans might never come to fruition but that advance publicity could influence buying and selling of land or property," he said this week

By SHIRLEY WOODGATE
Municipal Reporter

Mr Eddy Magid, recently appointed head of Johannesburg's town planning department, has come out with guns blazing (153A)

MAJOR FOCUS

"On the other hand it is important that everyone must know exactly what the town planning department is applying its mind to, once decisions have been taken"

Proliferation of businesses in residential areas would be a major focus of his department

"But first I intend to put the council's side in order, then I will clamp down hard

"From our side, I have asked planning director Mr Nols Cronje to streamline the processing of plans In the past 18 months there has been an unprecedented improvement in cutting down on delays for the approval of plans, but there is still room for improvement

"Once that side is operating with maximum efficiency, developers must take full responsibility if they choose to proceed with buildings before plans have been approved We will come down hard on them if they transgress the building survey department requirements and we will not hesitate to force them to demolish or rectify if they flaunt the rules

"Simply put, I will not condone any irregularities," Mr Magid warned

"We'll then also come down hard on business intrusion into residential areas, using inspectors to investigate on their own initiative instead of relying on neighbours, ratepayer bodies or councillors to complain about illegal home businesses

"What is happening now is that after an illegal operator is reported, he simply continues with his often long-standing illegal use while entering into a lengthy correspondence with the council. When he sees he cannot get away with it, he puts in a consent-use application and the council backs off while the application is being considered, and another three or four months elapse

"I intend to obtain a directive from Johannesburg's chief magistrate whereby anyone flaunting the town planning regulations will be fined retrospective to when the illegal use started I will consult the city secretary to see that very meaningful penalties can be imposed on people who take the law into their own hands

"The present position is that these illegal home businesses constitute unfair competition while bona fide businesses pay high rentals in the CBD On the other hand, neighbours are bearing the brunt of business intrusion into their areas

"There are clear guidelines for people who work from home, including not employing any staff, on-site parking and no objections from neighbours

"Other avenues I will explore or revive include my past efforts to strengthen ratepayer bodies, firstly by updating the detailed list of ratepayer organisations They will be encouraged to work through their councillors, which will effectively improve the image of councillors in Johannesburg while increasing public participation in local affairs

UNANIMOUS SUPPORT

"We want a report on all adopted redevelopment schemes as well as those in the pipeline, and our committee members will apply their minds to other residential redevelopment schemes so these can be put on the statute books next year

"My committee, comprising members of all three political parties, this week gave me its unanimous backing for this new hard-line approach I must emphasise there are no political implications in this sphere of the council operation, only town planning for the best of the city's future," he said

153A

Star 12/11/88.

Small businesses lure many

But work out a proper plan before looking for a loan

DEREK TOMMEY

MANY people dream of starting a business But usually a shortage of ready cash is a stumbling block

This often leads to a spur-of-the-moment application to a bank manager for a loan of some nebulous amount for a business of uncertain potential

It is not surprising that often these people are politely but firmly shown the door

Asking a bank manager for a loan without making any preparations is the last thing a would-be entrepreneur should do There are so many other things he should do first

Most important of these is a business plan, says Mr Roy Polkinghorne, head of Standard Bank's Small Business Division

"We need to know whether the prospective business will be viable and whether the would-be businessman has enterpreneurial abilities," he says

The business plan may require considerable research, but will show that the would-be entrepreneur has full knowledge of what he wants to take on and has a good idea of the risks

Such a plan will indicate likely working and capital costs, market potential, likely profits and cash flow

Producing such a business plan can require a lot of effort, but it gives the potential businessman some idea of what he is up against and what capital he needs It also gives his bank manager some idea of his abilities

Above all it can indicate whether the project is viable, and this is the first thing the potential lender needs to know, says Mr Polkinghorne

"The next thing is to determine whether the would-be entrepreneur is suited for business and that he has the potential to run one"

The bank offers assistance and advice to small businessmen, Mr Polkinghorne adds

It provides courses in business practices and management.



SMALL BUSINESSES: They sometimes offer giant challenges, and should not be taken on without planning.

Overall, in deciding whether to lend money to a new business, the bank wants to know that it can make profits which the business can be converted into cash and so repay its debts

Collateral

Only then does the bank decide whether and what size loan to grant and what collateral or securities are needed.

The Small Business Development Corporation, established to help the small man, also requires applicants for loans to have potentially viable businesses with profit potential, says spokesman, Mr Naas Meyer

"Many people take the view that we are a welfare organisation, but we also have to make profits if we are to survive," he points out

The SBDC also looks at the applicant's entrepreneurial skills

Other requirements are that the business must be independent, that it is in the rand monetary area and that total assets are less than R1,5 million

A further requirement is that loans can be advanced only to businesses that are unlikely to obtain funds from established financial institutions

Essential goods

This suggests the SBDC's loan criteria might be a little different from the banks

When granting loans, the SBDC also takes into account the job creating ability of the proposed business and whether it will produce strategic or essential goods and services

The SBDC also requires the entrepreneur to have a stake in his business, but this can vary according to the risk involved

But anyone considering opening a business, before doing anything else, [illegible] the SBDC's

153A

Brick bottleneck eliminated

Star 15/11/88

With the build-up of the informal building sector gathering tempo, the country's biggest brick producer, Corobrik has launched a new distribution strategy which will make supply easier.

A change in the pricing structure, too — there will be no impact on the cost of bricks — will also be a boon in stocking back-up service

Under the new set-up the black builder will get bricks where he needs them and when he wants them

Corobrik is breaking away from two price lists — one for the trade and one for retail — and combining both under one price which will carry volume and trade discounts

"Our aim is to encourage distribution and stocking of bricks by distributors and merchants who are best placed to service the informal sector and small buyer of bricks," says Mr Brian Waberski, managing director of Corobrik's Transvaal operation

There will now be a time-and-cost saving for the small builder who will no longer need to go to the factory but will deal directly with a distributor, who in turn, will benefit through discounts

"The increase in home ownership in the black market has brought major changes to the building industry," says Mr Waberski.

"Large numbers of new contractors have entered the market, leading to a dramatic upsurge in the volume of small transaction brick purchases"

Corobrik has established a network of appointed stockists who will be encouraged to offer a wide range of its products and to ensure that the small builder gets top service.

"We have also decided to base all future prices on the retail price schedules which have been in existence for a year," says Mr Waberski

"Off this price list all customers will be granted discounts based on the volume of their orders The recommended retail price list will come into effect on December 5

"The new pricing structure will not affect the price to our existing trade customers and consequently, there will be no impact on the cost of building"

Two million new jobs

153A

Learn from the little man, big business is told

Star 17/11/88

173

Two million new jobs had been created by the informal sector in its phenomenal boom in the 1980s, Mr Ian Hetherington, managing director of Job Creation SA, disclosed in Johannesburg yesterday.

Although unrecorded in official statistics, the new "people's sector" was an invisible powerhouse that now accounted for at least 25 percent of real economic activity in SA, he said

And it was growing four or five times faster than the formal sector

Yet big business had still not fully grasped the enormous potential mutual economic benefits of far closer co-operation with the thousands of mini-businesses springing up around them, he told a conference called to study how to bridge the gap between the informal and formal sectors

The session was organised by Systems Conferences and the African Council of Hawkers and Informal Businesses

Mr Hetherington advised South African business to learn from the success of Japan and other Far East economies, where small and medium-sized firms now accounted for 75 percent of total employment.

By Michael Chester

Two in every three small firms worked as sub-contract suppliers to the big companies — a network of satellites around the industrial giants that had proved the basis of economic success as low-cost, flexible and innovative producers

Big business in South Africa still had yet to learn that two-thirds of all the best new inventions of the past 50 years had come from individuals and mini-businesses

"Even those few local giants who are beginning to wake up to the fact that the people's economy is exploding with vitality and growth right under their noses have yet to come to terms with it," he said

"Too often, they see it as a competitive threat to be curbed with yet more rules and regulations rather than as an opportunity to do profitable business"

Stokvel boss tells of trust fund plan

The informal sector planned to launch its own version of modern banking to help finance the introduction of more black entrepreneurs into the economic mainstream, it was revealed by Mr Andrew Lukhele, chairman of the National Stokvels Association

Plans were being laid to channel cash into a special new trust fund that would provide loans to set up business enterprises when funds were unavailable from financial institutions in the formal sector because of their strict procedures with elaborate documentation

By Michael Chester

Mr Lukhele said the potential viability of such a trust fund was underlined by the fact that more than R200 000 was now changing hands every month inside black communities via a vast network of stokvel savings clubs

Stokvels had already made a start in bridging the gap left by financial institutions in feeding credit to informal and semi-formal business ventures, where often the amount of capital needed was a modest R200 to R1 500 to start a hawker or taxi operator or shebeener in business

At the moment, the Lebowa-based Lebaka Bakery was still the only black-owned company whose shares were quoted on the Johannesburg Stock Exchange and it had been forecast it was unlikely that the JSE would see many more black companies applying for a listing

"Given a chance, blacks, with their own informal venture capital fund, can turn the tables — and also perhaps allow more blacks to start buying shares in white companies"

Star 17/11/87

Informal sector 'under a mountain of rules'

1534 By Michael Chester

Despite assurances from the Government of moves to relax restrictions hindering black entrepreneurs, the informal sector was still forced to operate under "a mountain of rules and regulations hampering us from making the economy take off", said Mr Nico Ferreira, director of Small Business Advisory Services

"It is difficult to grasp why it is impossible to get rid of these shackles," he added "There are obviously people who like to keep them."

South African business had a lot to learn from countries such as Japan where close relations had been cultivated between big and small enterprises

On a recent tour of Japan, a group of black small manufacturers had been impressed to find large companies operating almost purely as assembly plants — buying supplies of components from numerous mini-factories in a well-organised pattern of production flows, Mr Ferreira told the conference

Black small industries in SA might not yet be sophisticated enough to fill the role of such satellite suppliers, but big business could play a major role in training them to undertake such contracts

"The size and role of the informal or unrecorded sector has become so significant that the financial institutions will have to come to grips with the issue"

Star (7/11/88 (153A)

Black suspicion highlighted by Nafcoc's Negota

(196) (252)

By Michael Chester

Even more than a decade of debate about the virtues of the free enterprise system had failed to win over the universal support of black society, Mr George Negota, of the National African Federated Chambers of Commerce and Industry, told the conference

The implementation by big companies of controversial clauses in the new Labour Relations Act, such as clearance to sue trade unions, was bound to cause more severe damage to the image of free enterprise as an economic philosophy, he said

An escalation in attacks by companies on the Congress of South African Trade Unions and the National Council of Trade now threatened to cause deeper alienation among blacks towards the system

The prevailing poverty inside black communities was seen as a failure of the free enterprise ideology to cater for the needs of all citizens Poverty was also attributed to government policies — "and the government is seen as in cahoots with the private sector"

"The two are coupled as bad players in a political and economic scene that has delegated blacks to the back seat of the economy," he said

Since blacks had no real access to loans from the financial institutions to take full advantage of deregulation and major business opportunities, privatisation would only serve to increase the economic power in the hands of the whites

Deregulation was bound to be seen not as serving the interests of black business but rather as an opening of doors by the government to white business to enter black business areas

"We cannot therefore condone the activities of white business in building shopping complexes around black townships The truth remains that it is black business that is targeted for suffering

"Only big business with massive wealth will develop — and extend their influence by swallowing black business

"Deregulation and privatisation, without money, will not make blacks better off"

Black small businesses need deregulation boost

By Michael Chester

Pressures for the removal of regulations that hinder the launch of black small businesses were reinforced in Johannesburg yesterday by Dr Pierre Brooks, chairman of the Competition Board and watchdog over monopolies and restrictive trade practices

Dr Brooks told a conference called to examine ways of bridging the gap between big business and the informal sector that wide-scale deregulation now had to be considered of paramount importance in boosting the degree of competition in the business world.

More competition was vital in a business environment characterised by unusually high levels of economic concentration, he said

"What we should be aiming for is an imaginative removal — on a predetermined priority basis — of unnecessary impediments in the path of the small businessman to achieve dramatic improvements in the field of business enterprise law"

Dr Brooks said it was clear that barriers to entry into the informal business sector were sometimes not the result of State regulations but resulted from purely commercial factors.

Sowetan 15/11/88



Plight of informal business

153A

THE plight of the informal sector in the South African economy came under focus during the two-day conference held in Johannesburg this week

Speakers from hawkers, stokvels, taxi and other organisations blamed apartheid as the main factor that hamstrung development of small business in the country.

The conference called on the big corporations to help the informal sector to eradicate all restrictions imposed on them.

The chairman of the National Stokvels Association, Mr Andrew Lukhele, said his association was helping to bridge the gap left by financial institutions by providing informal credit for either semi-formal or formal business

The main laws which he said impeded the development of the small business were the Group Areas Act and the Land Act.

The chairman of the South African Long Distance Transport Association, Mr Peter Rabali, said owners of minibuses wanted to develop on their own They were victims of heavy fines and bribes from the local authorities.

He appealed to the large business sector to help them in their development and creating jobs for the black community

The executive director of the East Rand Chamber of Commerce, Mr Paul Ntuli, said the youth must be involved in business because "they are the future leaders".

'Informal' beer drinkers spend R1 000-m a year

1534

Sun 18/11/84

Beer sales through liquor outlets in the informal sector, which are classified as illegal under strict South African law, are running at R1 000 million a year, it was said in Johannesburg yesterday.

The estimate was provided by Mr Gary May, manager of public affairs at the beer division of SA Breweries, in his address at the seminar called by Systems Conferences and the African Council of Hawkers and Informal Businesses.

Mr May calculated that up to 30 percent of beer retail turnover was now handled by the 30 000 outlets outside the strict codes and regulations of business operations.

"Our understanding of the small business sector, our trading with it and our spending time on it has made us (SA Breweries) what we are today," he said.

● Shell Oil SA, sharing the enthusiasm about new trends, has said that the black taxi business is now valued at R3 billion a year in vehicle sales and consumption of fuel, tyres and spare parts

20 November 1988 13

Traders divided over lease

153A ST Tues 20/11/88

By KURT SWART

CAPE Town fleamarket traders were divided this week over the council's controversial decision to award leasing rights for a new handcraft market on the Grand Parade to a businessman who already runs a city fleamarket

Mr Hassan Khan, secretary of the Cape Informal Traders Association, launched a scathing attack on the council last week, saying Mr Merwyn Shapiro's winning bid of R6 000 would make the new market inaccesible to small traders.

He accused the council of contributing towards a monopoly, and called on the council to withdraw the lease

"Keeping the Cape in shape does not mean keeping business rights white," said Mr Khan

Traders interviewed by the Sunday Times on the parade this week had differing viewpoints

Monopoly

The owner of a book stall, who did not want to be named, said he was "one hundred percent behind Mr Khan".

Another trader said "There will eventually be a monopoly with one person running all the fleamarkets in Cape Town and that's not good for business"

Said trader Mr Martin Klein, however "As far as I'm concerned the best guy got the lease

"We tendered R2 000 for the market. If Shapiro is prepared to pay R6 000 then best of luck to him"

Mr Shapiro said he was not bothered by the furore

He said all the tables had been let

"We don't foresee any problems"

He did not think his tender price was high as "we tendered on our usual formula and a council official phoned me to say it was likely that I would get the lease"

Council spokesman Miss Gill Bolton said Mr Shapiro had a proven track record in running open air markets

SA must utilise informal sector more

PW blames inflation on poor productivity

Star 24/11/88 (153A)

By Claire Robertson, Pretoria Bureau

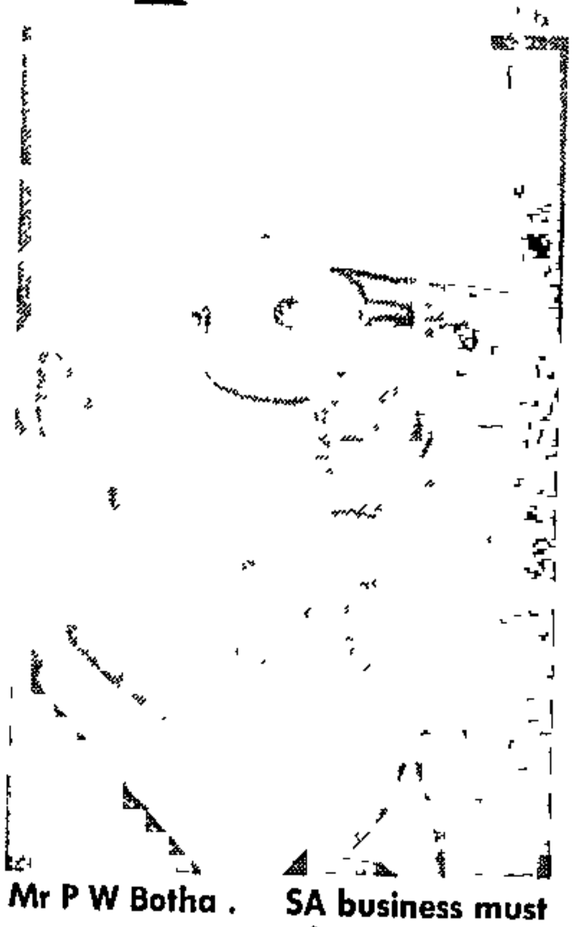
South African business was yesterday urged by the President, Mr P W Botha, to increase productivity

Addressing the Manpower 2 000 conference held at Unisa yesterday, Mr Botha told the gathering of public and private sector and trade union representatives it was clear that in the face of foreign pressure — which had contributed to capital being even scarcer than in the past — South Africa "must particularly look to higher productivity to increase the economic growth potential"

"In South Africa wages and salaries increased so much faster than labour productivity that unit labour costs in the manufacturing sector were 312 percent higher in 1987 than in 1985," he said.

Mr Botha said this disparity was partly to blame for high inflation

- The competitiveness of South African industry came under heavy pressure because pay hikes showed little or no relation to increases in productivity



Mr P W Botha . SA business must increase productivity.

He said everyone wanted more money, "but we can only get more by working harder"

Japan's unit labour costs for the same period had actually decreased, he said

"We must place South Africa on the road of self-sufficiency, self-confidence and progress There is no alternative," he said

Training was an important means of increasing productivity, and to this end the Government had set aside R365 million to train the unemployed Almost one million had been trained for 720 types of job nationwide

Mr Botha also said South Africa should "make more of our informal sector Those people — or a high percentage of them — must eventually join the formal sector"

And in addressing himself to trade unions — the leading unions apparently having failed to attend the meeting — he said the attempt in some sections to use the sphere of labour for political aims was regrettable, "but is a reality of which we must take note"

The Government was aware of this strategy, and while it appeared that certain sections of the trade union movement occupied itself with pure politics, appropriate steps were being taken to resist this

Hawkers' association launched

Star 24/11/87

153A

2305

Pretoria Correspondent

The informal sector had employed 2 million people in its phenomenal 80s boom and had grown four times faster than the formal sector, according to Mr Phil Khumalo, managing director of Business Challenge.

Mr Khumalo was addressing about 400 people during the official launch yesterday of the National Hawkers' Association (NHA) in Pretoria

The State President, Mr P W Botha, and the Minister of Law and Order, Mr Adriaan Vlok, were guests of honour

Also present were Mr James Ngcoya, president of Sabta, Mr Godfrey Ntlatleng, executive vice-president of Sabta, Mrs Philly Makhudu, chief executive of the NHA

"Although unrecorded in official statistics, the new 'people's sector' was an invisible powerhouse that now accounted for at least 25 percent of real economic activity in South Africa," said Mr Khumalo.

He said businessmen had still not realised the enormous potential and mutual economic benefits of closer co-operation

In her speech, Mrs Makhudu said she was aware of the moral support the State President was giving the informal sector and of his support for deregulation and privatisation



President Botha and Mr Adriaan Vlok chat to one of the hawkers at the launch of the National Hawkers Association at the Blood Street taxi rank in Pretoria yesterday.

CBDA wants control changes

Problems caused by street trading

Shopkeepers should be allowed to trade on pavements outside their own premises, the Central Business District Association (CBDA) has said in a new report on hawking and street trading in Johannesburg

Highlighting the problems of businessmen, the CBDA retailers' discussion group stressed that traders in the formal sector were disadvantaged because their hawker competitors did not have to pay rent, GST or income tax, and were allowed prominent streetside pitches

By Shirley Woodgate, Municipal Reporter

ENFORCEMENT DIFFICULT

The group also observed that some of the street trading appeared to be conducted by bigger businesses using multiple drop-off points, but it would be difficult to enforce controls favouring genuinely small and independent street traders

"Food vending presents particular problems, with the formal trader being subjected to many expensive health and business requirements Another matter of concern is obstruction of doorways and window displays, a problem aggravated during bad weather

"Controlled flea markets are acceptable and could include craft-making and displays," the CBDA group said

Turning to the problems facing hawkers, some of which the CBDA is actively trying to have redressed, the report said that despite the fact that the city council relaxed the by-laws controlling street hawkers in October 1987, there were certain other concessions which could be considered

The area of total prohibition of street trading could be made even smaller and stands should be allocated to particular traders who would be responsible for keeping that area clean

BLANKET PROHIBITION

"Current experience shows the unenforceability of a blanket prohibition

"It would be better to identify specific areas in which street trading is prohibited and to demarcate those by painted markings on the pavement, as was done in London

"Street trading can in suitable circumstances add life and animation to public places and these vendors could be useful sources of information for crime prevention," the CBDA said

Small business is now looking like big news

Star 2/12/88 153A

By MICHAEL CHESTER

The chasm between big business and the small entrepreneurs is narrowing rapidly, and this could boost the free enterprise concept in South Africa

Plans are being laid by the Small Business Development Corporation (SBDC) to launch a novel contact maker scheme to bridge the chasm between big business and thousands of mini industrial and commercial ventures now in operation

The SBDC is compiling a series of special trade directories as shop windows on small business to guide larger companies on where to find the new generation of mini businesses — and see where they can fill the role of sub contractors in their chain of suppliers

Nationwide network

Most of the mini-businesses have been launched in the phenomenal expansion of the informal sector since the Government started to bow to pressures to lower the bureaucratic barriers that have hamstrung black business initiative

SBDC managing director Dr Ben Vosloo envisages the creation of a nationwide network in which small businesses act as satellites around the production hubs run by bigger corporations

The radical concept of mini enterprises working as satellite sub contractors is gaining support among a growing list of experts now advising South Africa to help the entry of the informal sector into the main economic mainstream by tapping the potential of closer big/small business co operation

Among the advocates is Mr Theo Rudman, executive director of the Self Employment Institute who believes the system has provided the main thrust behind the economic success of Far-East countries such as Japan and Taiwan

The SBDC has already begun the preparation of contact maker directories of all the operations at work in its network of industrial parks and "industrial hives" which it runs as incubators where budding entrepreneurs are provided premises to hatch their business skills

Expanded catalogues — packed with the details of entrepreneurs, from carpenters and welders to accountants and motor mechanics — are expected to be in circulation next year

Outer fringes

Many small businesses and most black entrepreneurs still find themselves on the outer fringes of the developed business world," says Dr Vosloo

"Yet, finding a first foothold in the big business environment and access to wider markets has become vital to their development now

"Large corporations in South Africa have tended to be conservative and deal on the whole among themselves Small businesses especially black informal sector, have some justification in claiming that they are ignored by the white big business world

However, a growing number of small entrepreneurs have managed to penetrate the corporate structure and become suppliers We aim to encourage the trend

"Small businesses do not expect handouts, but rather an opportunity to fill a bigger role in the economy Big business will find that benefits flow in both directions

"If one examines the remarkable economic achievements which have been made in South Korea, the United States, Japan, West Germany, Taiwan and Hong Kong says Dr Vosloo, it is notable that almost without exception these countries have encouraged the development of a competitive and well integrated small business sector

"They have all channelled a substantial share of their financial human and technological resources into building strong and vigorous small business sectors into their economies with close linkages between large and smallscale industries

'Sub contracting, with all of its mutual benefits, is a commercial practice that still has a long way to go to realise its full potential in the South African market

Big business has to concede that time, and time again, it can be shown that small businesses are able to provide specialised goods with better quality and at better prices In turn, closer links provide small businesses with a wider market stimulate competition and allow better access to technology

'The lowering of restrictions and barriers that have started to allow the launch of more small business ventures should open new vistas to the South African economy It could be disastrous to ignore the chance to turn the ignition key to start the new economic motors

Business training boost for black hawkers

Black hawkers are to be helped up the business ladder with a series of basic training courses to be launched jointly by the African Council of Hawkers and Informal Businesses and the Free Market Foundation

The initial sponsors of the scheme are First National Bank and Nestle, but talks are in progress with other major corporations about wider support.

By Michael Chester

The first courses will be run in Johannesburg and Vereeniging

Training will cover pricing and marketing, consumer relations, guidelines to regulations and laws affecting the informal sector — and basic management principles

"Our members are natural entrepreneurs who have already scored successes despite masses of restrictions and little or no business background," says Achib executive Mr Duncan Mehlomakulu, co-ordinator of the project

Miss Shirley Tait of the Free Market Training Division says hawkers are becoming the backboneof the economy. "They need all the encouragement that big business can provide to help them make an even bigger contribution to overall economic growth."

Sowetan 6/12/88

They will learn more about trade

By JOSHUA RABOROKO

THE African Council of Hawkers and Informal Business has appointed the training division of the Free Market Foundation to run a course in basic business principles for its members.

Achib's publicity secretary, Ms Vicki Sussens, said access to the courses was arranged by the hawkers association after requests came from members who wanted to learn more about business

Founder sponsors are the First National Bank and Nestle Other major corporations have shown interest in the project

The courses, which run for three days, have already started in Johannesburg and Vereeniging The foundation has also made available its other centres in Durban, Pretoria, Port Elizabeth and Cape Town.

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Subject

Subjects include prices and profits, the role of the consumer in controlling prices, marketing, regulations affecting informal traders, licensing laws, how companies are formed and how they stay in business

"Hawkers are the backbone of the economy They need to be productive and create employment This takes a load off the Government and it creates a healthy economy," according to the manager of the Johannesburg branch of the Free Training division, Ms Shirley Tait.

"Our members are natural entrepreneurs who have already shown success despite restrictions and little or no business backgrounds By providing them with training we believe there is no end to heights they can reach," Achib's coordinator of the project, Mr Duncan Mehlomakulu said

If Namibian agreement succeeds . . .

SA faces no risk of recession

CMT Tim's 10/12/88

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By AUDREY D'ANGELO
Financial Editor

SA is not facing any risk of serious recession unless the Namibian agreement falls through, says economist Wolfgang Thomas, GM of the Small Business Development Corporation (SBDC) in the Western Cape

"The outside world will not squeeze us too hard if we reach agreement on independence for Namibia. But if it falls through, of course, it will be another story I hope the authorities realize this"

Thomas is optimistic about the chances of small business people surviving the downturn expected early in the new year

"Most of them are too busy making money to notice any downturn

"Usually, when one is expected, people redouble their efforts to make profit while they can and this generates enough work to keep them going"



The Small Business Development Corporation Entrepreneur of the Month award winners during 1988 are, standing from left, Freda van der Merwe of Freda's Restaurant, Danie Cloete of Abstairs, Leo van der Walt of Safari, Trevor Plummer of Ratcliffe Electronics and Sandra van den Berg of Memode. Seated, from left, are joint winners Nicole Schaffer and Terry Carolin of Papparazzi

However, in a speech at a party yesterday in honour of the first five regional Entrepreneurs of the Month, Thomas included "meeting loan demands arising out of a possible downturn in the economy, which usually hits small businesses harder than the larger ones", as a key activity for the SBDC in the coming year

He said the SBDC would "broaden our proactive sector support strategy with particular emphasis on hi-tech industries, tourism, the jewellery industry, higher quality clothing, export, import substitution industries and informal sector manufacturers"

A newly acquired building adjoining the present SBDC offices in Sir Lowry Road would be developed as a hi-tech hive close to the city centre and the SBDC would get involved in other hi-tech incubator projects in the Greater Cape Town area

It would provide more commercial and industrial accommodation for entrepreneurs in the less developed areas and expand training efforts in the small business sphere with particular emphasis on informal sector needs

It would strengthen its networking, deregulation and strategic planning support for the rapidly expanding black small business community in the region

And it would use a far larger number of private mentor and rebate consultants in advice, after-care and other support for individual entrepreneurs

Thomas laid emphasis on the need for SBDC help in outlying areas He said that it would spread its involvement in the Namaqualand rural areas It would also expand its presence in the Upington area and open a branch office in the Boland — possibly in Worcester



C/Pnen 11/2/88 153A

MY WAY

Khulu Sibiya

Political and economic empowerment inseparable

Following is an edited version of a speech delivered at a conference on "Bridging the Gap Between the Informal and Formal Sector – Black Entrepreneurship", organised by Achib in Johannesburg recently.

THIS conference is both timely and instructive We are meeting in very interesting times, with the political, economic and social awareness of our people at an all-time high

We are meeting at a time when political sloganeering and rhetoric is taking a backseat, giving way to proper and unemotional analyses of the situation in our country

However, it is unfortunate that in this decade we are still called upon to speak on black entrepreneurship or white entrepreneurship, instead of simple entrepreneurship

This says much about our polarised society, which still places emphasis on the colour of people's skins rather than their ability

Prof Louise Tager, in his paper on regulation and deregulation, aptly said that all South Africans were victims of apartheid

On many of my visits overseas, I've come across people who are keenly following events in this country

Some of them want to assist us with finance or other necessary skills but they are prevented from doing so by the present socio-political climate

They look at the unfair distribution of land, wealth, health and education

It is for this reason that at this conference today I want to say economic empowerment must go hand in glove with political empowerment The two are inseparable I know that there are people who believe that blacks should pursue economic empowerment first, and the political empowerment would automatically follow I disagree

Bridging the gap between the informal and formal sectors – which also means bridging the gap between white and black people – will take us long unless we start looking honestly at our situation

White business is guilty of hiding behind apartheid laws everytime they are called upon to assist black entrepreneurs They forget that some of the laws passed were in response to their demands for protectionism

When the government passed the Land Acts of 1913 and 1936 white business people did nothing because the laws were in their favour

That is why I strongly believe that the betterment of blacks in this country should be fought on all fronts

I want to believe that the purpose of us being here is to try and work out a strategy to normalise the situation in the country

Undoubtedly, a handful of black entrepreneurs have already made headway, but their economic muscle is too weak to make any significant impact on the overall economic mainstream

Lawrence Mavundla is a good example of a person who stood up against the evil system of apartheid He does not want any handouts from anybody. All he's asking for is to be given a chance to trade anywhere he likes

His problems have not been made easier by big corporations who have shown reluctance in financing him

This is our God-given land. And all that we are asking for is a fair share of what we produce together Until this is achieved, I'm afraid we may be having the last of such meetings

However, time is still on our side, we can still make amends

Turnover puts spaza shops in big retail league

By Michael Chester

"Spaza shops", run from the backdoors of private homes in the black townships — long hidden away from the prying eyes of the law and the taxman — now account for a combined trade turnover of R3 000 million a year.

The estimate of the phenomenal size of the spaza business, virtually unknown to the white community until lately but a common feature in black society, has been revealed in a survey carried out by marketing consultants Perry & Associates, of Johannesburg

GIANT-KILLERS

The researchers disclose that spazas command business turnovers whose magnitude challenges the size of sales by such giant supermarket chains as Pick 'n Pay, OK Bazaars and Checkers.

Spaza is a Zulu slang word for "dummy" or "camouflaged", an expression used to describe the way traders were forced to operate out of view because they usually broke all the rules and regulations that held back the launch of black business ventures.

But they are now emerging from the shadows in the vast expansion of the informal sector as relentless reform pressures force the Government and local authorities to relax the masses of red tape

The typical spaza, say the researchers, consists of a section of a private house that has been converted into a retail grocery store — perhaps a spare bedroom or garage, or even a corrugated-iron shack at the back of the house

They are rarely spotted by strangers — especially officials But they bustle with business among neighbours who like the convenience of a shop around the corner to save them travelling long distances to the big shopping centres.

Their clandestine operations have also often solved the problem of the scarcity of land for development of retail services in black areas

Almost without exception they are a purely family initiative

"The sophistication of a typical spaza shop would surprise many people," says Mr Mike Perry, head of the marketing consultant firm

"Often, garages have been converted into extremely adequate stores, with electronic cash registers and freezers to store meat, chicken and beer.

"All items are neatly packed and categorised, with tinned and packaged goods sorted out according to the type of product"

HIGHER PRICES

Prices are usually much higher than in supermarkets and corner cafes in white areas 1 kg of sugar might cost R1,50 in a spaza against R1,22 in a supermarket, tinned spaghetti, about 49c in a supermarket, might cost R1,20

The survey found the lowest turnover was put at R100 a day in the week, rising to about R200 on Saturdays and Sundays — meaning a turnover of R3 800 a month

The top of the range was a spaza in Soweto with a monthly turnover running at R31 000

Achib looks forward to huge growth — Mavundla

SOWETAN 13/12/88

Hawkers to become a force

THE African Council of Hawkers and Informal Businesses, founded two years ago by a former trade unionist, Mr Lawrence Bhekinkosi Mavundla, has grown rapidly.

It has grown to 14 000 members in the Pretoria-Witwatersrand - Vaal Triangle area and has plans to become a force to protect the interests of street vendors and informal business nationally

Achib is a non-profit organisation which adopts an economic rather than political platform It has no affiliation with nor does it allow itself to be dictated to by any other organisation

It believes that hawking is one of the few entrepreneurial entry points for people who have little finance or education

Hawking is therefore seen as a vehicle to move people from unemployment, up the informal business scale, and so into the formal sector

In January this year Achib called on big business to support hawkers or face boycott action

Big business did not respond, there was no boycott, but hawkers insist they have the power to sway big business

In February after it held a conference on hawkers and deregulation, economists hailed the hawkers as "a force to be reckoned with," while others referred to hawkers as "smouse het in groot rol in die economie" (hawkers have a major role in the economy)

This was the beginning of a year that would prove that Achib did indeed have the power to sway not only big business, but local authorities as well

During 1988

- 21 local authorities opened their doors to negotiate with Achib,
- 500 hawkers cases were settled out of court and one hundred were won in court,
- 31 manufacturers approached Achib for help in reaching the informal sector,
- wholesalers are talking to Achib about dealing directly with its members At the beginning of the year the wholesalers refused to do so,
- banks and insurance companies, which would not provide loans or cover to hawkers, are now talking to Achib; and
- companies sponsored 200 unemployed people to become hawkers

Mr Mavundla, former shop steward of the National Union of Mineworkers and now Achib president, says the organisation pursues a policy of consolidation before expanding

However, it has now decided to recruit members in the Free State and its head office staff has swelled from five to 20 people.

Three-quarters of its members are spaza shop owners (shops run from home)

Study

A Perri and Associates study revealed that the average turnover of spaza shops is R15 000 a month and that there are probably over 20 000 spaza shops on the Reef

"As spaza shop ownership is the next step up the informal business scale from hawking, this indicates there is economic movement in the sector," says Mr Mavundla.

He attributes this success in negotiating with certain town councils to ease restrictions against hawkers

"Now that Achib has persuaded the Tembisa council to stop harassment, the hawkers are doing well and all want to open spaza shops here," he adds

Another reason is that Achib has extended into areas such as squatter camps and Khutsong spaza shops flourish due to a lack of other formal shops.

Mr Mabundla was this year rewarded for his good work with the 1988 Free Market Award and the October 1988 KWV 10-Year-Old Brandy Excellence Award

But Achib's biggest reward has been the recognition gained for hawkers and spaza shops This has catapulted them into the forefront of the economic stage

Some estimates showing their power are that informal traders account for 30 percent of all fresh produce sales — they spend R29 million a year at the City Deep Market in Johannesburg alone; that annually, they spend R45-million on cosmetics, R720 million on rice and R1,2 billion on mealie meal

Wholesalers and manufacturers have done a major turnaround, recognising that this is a market not to be ignored

When Achib first approached manufacturers for support, many responded that hawkers did not sell their products. Neither was there great interest in supplying them

Today Achib is working closely with the same people to provide a distribution network of products from manufacturers to its members The network will be in place by early next year

"We plan to key in on market trends, such as the informal sector which is growing faster than the formal There could be opportunities for them to become a supplier of stock to hawkers and other informal traders," says Mr Albert Koopman of Trador.

Support

Makro's financial director, Mr Jon Lavies, has described the hawkers as an "economic powerhouse"

And Mr Mervyn King, executive chairman of the Frame Group, (which includes Metro), heralded "The era of pavement liberation is upon us in South Africa"

But Achib still has a long way to go towards gaining the support of the retailers, contends Mr Mavundla.

In August, the Hillbrow Traders' Association sharply criticised calls by Achib for the scrapping of laws affecting hawkers.

"Imagine 10 hawkers blocking the pavements outside a shop selling identical articles," was one of the criticisms levelled against hawkers this year.

However, there were positive signs when the Soweto Independent Shopkeepers Association's chairman, Mr Thami Skenjana, called for closer co-operation between hawkers and retailers

"They are, after all, the retailers of tomorrow," he asserted

Times Media Limited MD, Mr Stephen Mulholland wrote "Black power in South Africa — that is, the power to destroy apartheid — flows not from the barrel of the gun . . but from economic gain."

Mr Mavundla regards the informal sector as being the solution to many of the country's problems.

"It creates employment at a time of rampant unemployment, allows people to earn an honest living instead of turning to crime, contributes 40 percent to Gross Domestic Product and promotes self-sufficiency."

He also believes economics will bring South Africa together as they need to do business together for the economic survival of the country

"Economics and not politics are going to find the solutions," he says

Last month, Achib initiated a conference to bridge the gap between the private and the informal sectors.

"We have made a great deal of headway," says Mr Mavundla, "but there is still a long road ahead of us.

Nation

"We need now to throw out terminology that divides South Africans into black and white sectors and think about ourselves as one nation

"To do this we need to have a common goal, which must be the economic advancement of all peoples The gap between formal and informal sectors must be closed by forging closer business ties between the two and bringing the informal sector into the mainstream economy"

PROPERTY

R25-m industrial village for city

By MAGGIE ROWLEY
Business Staff

A R25-million industrial village, believed to be the first of its kind in the Cape, is to be built on a 13 000 square metre site in Retreat

The project, which is to be developed in phases, is a joint venture of Syfrets' subsidiary, Saprofin and Quadex, a development company recently formed by Doug Harrowsmith, Dudley Powers and John Harding

The development is expected to provide a major boost to the southern suburbs by creating new job opportunties and stimulating growth in the area

Mr Harrowsmith said the village, which is aimed at a mix of cottage industry, techno-electronic industry and business activities such as service and distribution agencies, would be developed in two phases

Construction of the first phase which will occupy 5 000m² of the plot at 60 White Road near Retreat railway station and major arterial roads, and which is to be built at a cost of R5-million, will begin in January

The project will comprise units of 90m² and more are to be sold off plan, he said

Mr Harrowsmith said the development would offer a congenial environment of appealing buildings with individual identities and would be designed as a combination of offices, showrooms and storage space

"Research has shown a substantial need for this type of space in a good location in the southern suburbs.

"Currently the greatest demand in industrial space across the country is for units of up to 500 square metres. This is line with the dynamic growth of smaller businesses," he said

A portion of the site has been ceded to the council and will be developed as a recreational area A municipal car park joins the site.

Mr Harrowsmith said further phases will push the development value of the project up to R25-million

When completed a section of the complex will consist of two floors with factory space at ground level and offices above. A fast-food outlet and a coffee shop form part of the plans.

There will also be a two-storey central office tower with linked parking Each unit will have visitors' parking and there will be ample space for truck manoeuverability, he said

Mr David Lees of Saprofin said this was the first joint venture of its kind the company had tackled and he believed it could a forerunner of other similar developments.

● An opportunity to invest in Port Elizabeth high-rise office building Murray and Stewart Centre is being made available by **Masterprop**, the property arm of financial institution Masterbond Trust.

Yielding an estimated average return of 39 percent a year over a five year-period, the offer is aimed at the smaller investor

R3-m industrial park for Blackheat

Suppl. W/End Argus 153A 17/12/88

VERNO Properties are launching a R3-million modern Industrial Park in Blackheath early next year

The project will comprise 20 mini-factories, ranging from 275 sq m to 550 sq m The units, which will be leased out from January 1989, can be used for smaller manufacturing processes or as storage warehouses for a variety of purposes

Being close to Mitchell's Plain and the huge Blue Downs development, Verno Properties' Industrial Park offers traders and manufacturers from these areas a competitively-priced opportunity to establish themselves in one of the fastest growing areas in the Western Cape

"We have additional reserves of prime industrial land to develop, 15 000 sq m of which is situated right next door to the Industrial Park This means that our clients can be accommodated in larger premises adjacent to the Industrial Park when they expand their business," says Mr Paul Moser of Verno Properties

The company, he says, has established its first warehouse, Pavesa Properties Pty (a 1 600 sq m project), six years ago in Wimbledon Road in Blackheath Since then, the 1 200 sq m Remo Property complex has also been erected This complex houses Paul Moser's plastics moulding operation and will also be the headquarters for the new Industrial Park

Verno Properties' latest development will offer premises of which tenants can be proud, says Paul Moser The complex will have paved driveways, parking facilities, convenient loading bays and 24 hour security The mini-factories or warehousing units are spacious, with clean modern lines and are suitably equipped

It offers multi faceted convenience The location of the Industrial Park eliminates traffic congestion and parking problems Yet, it allows easy access to the main arteries, the N1 and N2 (via the A300), and is situated close to the R102, which leads into Kuils River, Stikland and Bellville

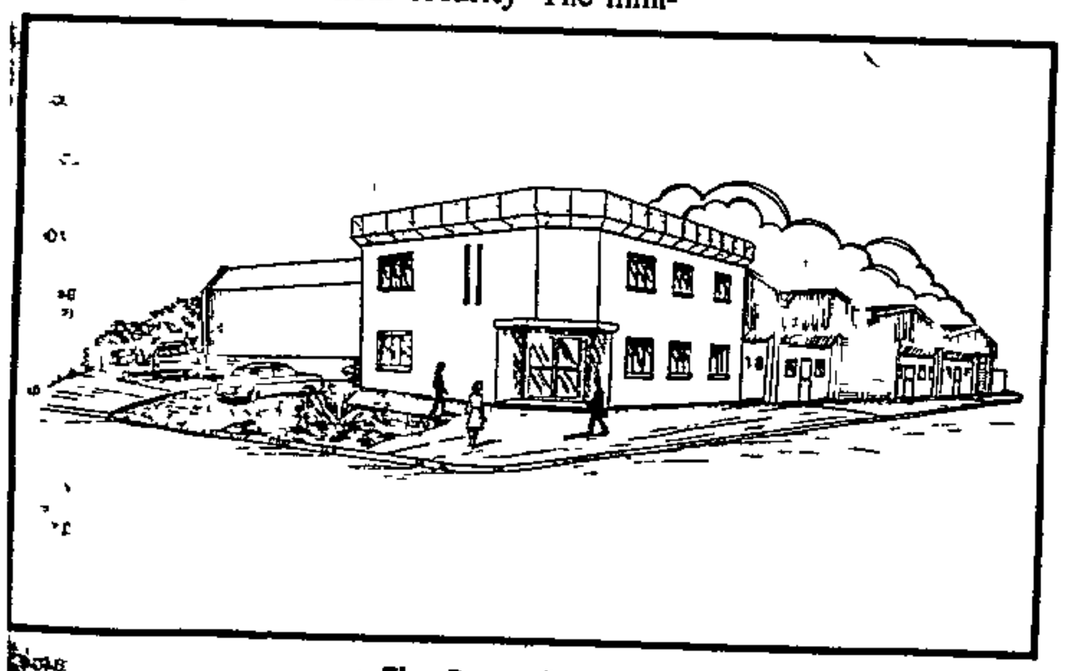
Another attraction of the Industrial Park is its close proximity to Blackheath station Each unit will offer its own office facilities incorporated in the main structure The first units will be available in January and the entire project will be completed later in 1989

Paul Moser's unconventional approach to an uncertain economic environment includes expansion rather than a clampdown, because, he says, the best artisans and craftsmen of the building industry are now available for projects such as this Not only does it make money sense to incorporate their services, because they work fast and efficiently, but it also raises building standards to a marked degree

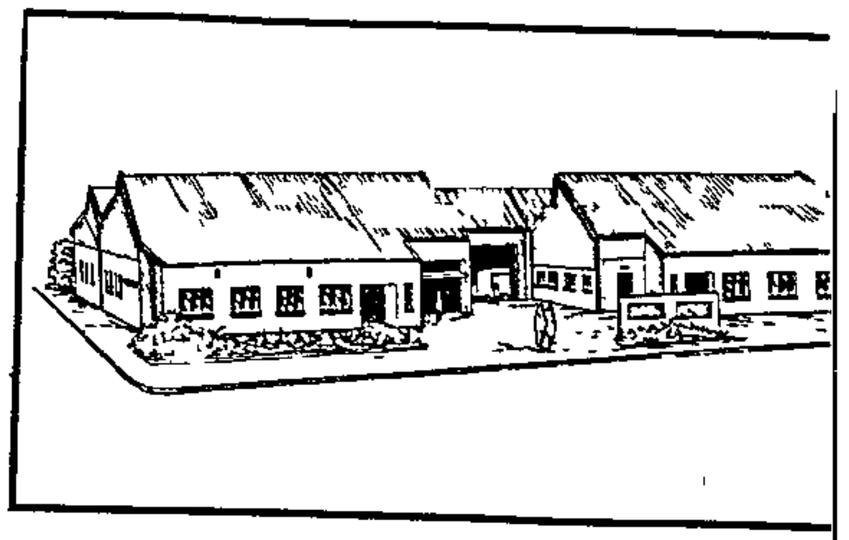
Verno Properties' Industrial Park offers the small businessman and manufacturer an opportunity that should be set apart in terms of quality, affordability and convenience in the main circle of Blackheath industries



Mr Paul Moser.

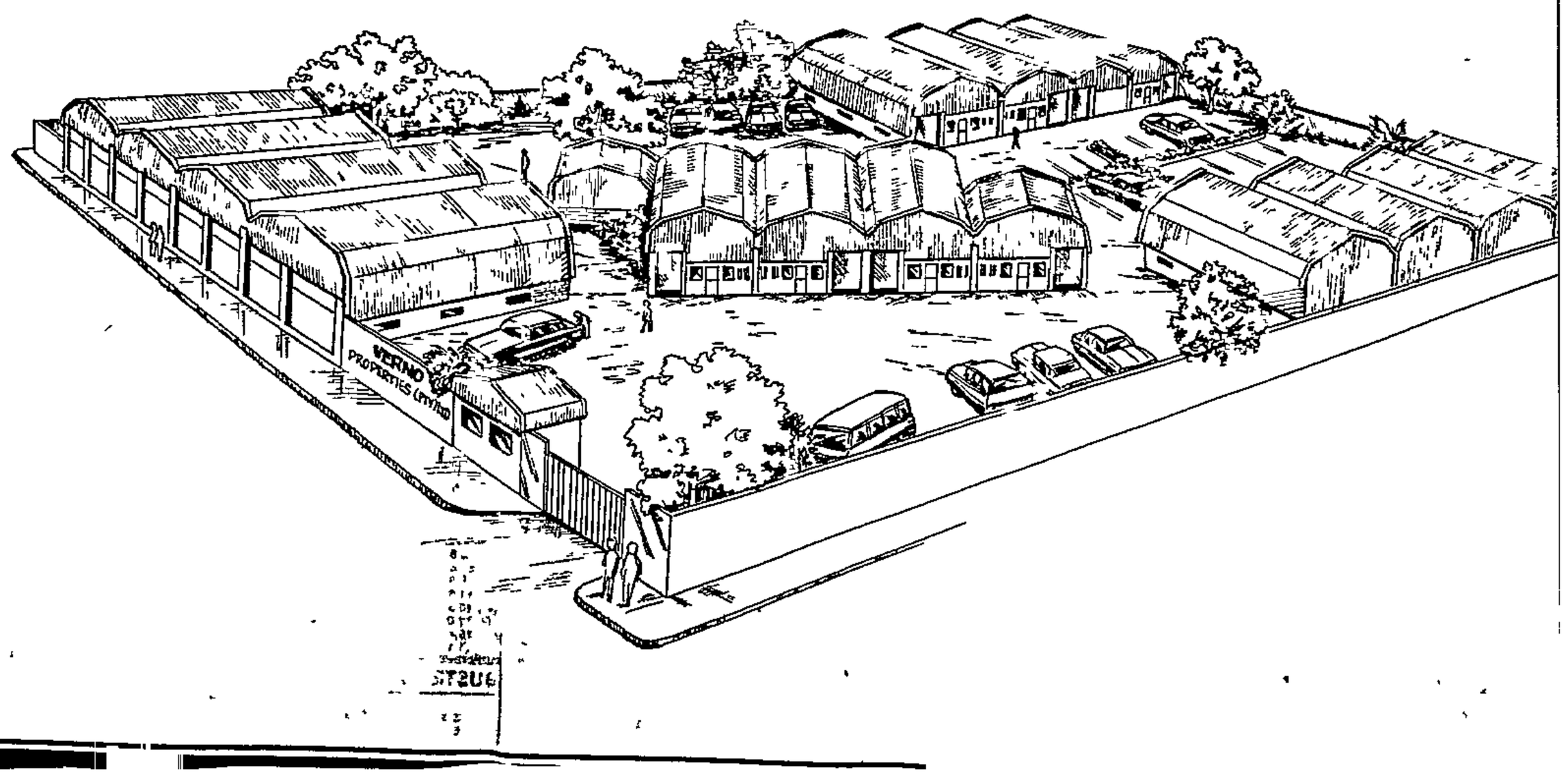


The Remo Centre.



The Pavesa Warehouse, established six years ago in Wimbledon Road, Blackheath.

BELOW- The R3-million Industrial Park, currently under construction, will be launched by Verno Properties early in the new year. The complex will have paved driveways, parking facilities, convenient loading bays and 24 hour security



Philanthropy? Support for the 'informals' is plain good sense

15-22/12/88

Is big business support for the informal sector philanthropy or just good marketing? EDWARD GRELLER offers a businessman's viewpoint on the relationship between formal and informal

A PLETHORA of articles in the local and overseas press have given the impression that South Africa's informal sector is able to offer what the formal economy is unable to provide — employment.

Formal businesses have been encouraged to support the informal sector as part of corporate philanthropy. But scant attention has been paid to the viability of informal businesses in purely commercial terms

One school of thought regards the informal sector as a form of worker enterprise, allocating resources in a manner designed to benefit the community. The philanthropic view is based on the typical stand of South African business and patronisingly believes the informal sector must be encouraged as a form of social responsibility

This view ignores the economic fundamentals of supply and demand which are behind the growth of the informal sector.

Certain needs exist in black communities and these are being satisfied by members of those communities in appropriate ways The small entrepreneurs that typify the informal sector recognised an opportunity and capitalised on it

Wealth creation is the primary motivating force of the informal entrepreneur — community resource allocation or job creation are incidental results

The mini-bus owner regards himself first as an entrepreneur providing a service in a highly competitive environment — rather than as a provider of employment and community transport.

Formal sector businesses in South Africa can take one of two views of the informal sector. They can passively regard it as just another customer which, if it wants widgets will have to get them from the formal sector. If this is the view no specific focus on the informal sector is required (except, perhaps, support given for charitable motives).

A more pro-active view is that informal sector businesses as viable commercial enterprises represent an opportunity to establish a commercial advantage at the expense of the competition.

Most informal businesses operate as distributors of goods and services in ways unfamiliar to established South African businesses But as they meet the requirements of their market more efficiently they cannot be ignored by companies looking to expand sales and profits

A company which recognises the informal sector as a specific market segment that must be targeted appropriately can increase its current and future market share And a smaller company that can tap into this may be able to strengthen its market share at the expense of a larger competitor, content to take a passive view of the informal sector

But companies which do recognise the potential of this market do have to develop specific strategies to take advantage of it

Informal sector businesses are driven by the profit motive but often lack the financial management and controls that formal enterprises are used to. Bad cash flow management is the cause of most informal sector and small business failures. Cash flow management becomes more complicated when the suppliers and the informal businesses provide credit.

One company which has addressed some of these issues is South African Breweries, which targeted informal liquor sellers as a growth area as early as 1969.

SAB actively supported shebeens and taverns with both product and ancillary services. These included business advisors to guide the business management of the taverns, flexible delivery quantities and a flexible approach to the provision of credit.

SAB essentially adapted its approach to secure a strong position in a new market. Today its influence in the informal liquor market gives it a significant advantage over potential competitors

The informal sector does not warrant special treatment that emasculates its power as a wealth creator by regarding it as a social service. It is a commercially viable means of reaching a market that is ignored by big business at a cost to its own position in the South African economy.

The business view

DEREGULATION of the economy could help bridge the gap between the formal and the informal sectors, argue many businessmen.

"It requires a major shift in government thinking regarding rules and regulations," says Association of Chambers of Commerce (Assocom) economist Bill Lacey.

Lacey also said some people in the formal sector, particularly shopkeepers regarded the informal sector as an unfair competition therefore they would resist any move towards deregulation. "They see hawkers as a threat to their lobbying."

The National Federated Chamber of Commerce and Industries (Nafcoc), through its public affairs manager, Gabriel Mokgoko, said the organisation appreciated moves to boost the informal sector and added both the black formal and informal sectors must be allowed to grow.

The managing director of African Bank, Gaby Magomola said one his institution's strategies was to involve itself "more intimately with the informal sector".

Magomola said efforts to formalise the informal sector must be made, but this could only be obtained through funding, helping the sector acquire necessary resources and "massive educational programmes".

Mzimkulu Malunga

FOCUS ON THE INFORMAL SECTOR

Unions are more cautious ...

TRADE union and business perspectives on the informal sector differ. While business prefers deregulation, unions call for the reconstruction of the economy if the informal sector is to grow.

Publicity secretary of the Congress of South African Trade Unions, Frank Mentjies said: "The potential of the informal sector to provide jobs has been highly overestimated.

"The informal sector cannot solve serious economic problems such as lack of housing or job creation in this country."

Mentjies said the problem was that people were using the informal sector as a way of avoiding the structural economic problems. "Big business wants to point at the informal sector as a symbol of growth in black economic participation, which is not true," he said.

He said it could only grow if apartheid was abolished. "There can be no black economic empowerment under the present economic system because small business has been wiped out or bought out through rationalisation and mergers," Mentjies argued.

Lack of capital and resources, he pointed out, were also a major obstacle to the informal sector's growth.

"Only a negligible percentage of managers are black and there is still a great deal of tokenism," he said.

A representative of the National Council of Trade Unions said the groups which destroyed the informal sector in the 1950s and 60s, were the same groups encouraging "study groups and lobbies to create an informal sector".

She said the move was an effort to win the hearts of the people to a "capitalist structure".

"Nactu firmly believe that the machinations of monopoly capital in the informal sector need to be resisted vigorously and the real informal sector should be allowed to emerge," she said.

The real informal sector was the one which various progressive people as well as trade union organisations were setting up in the form of co-operatives.

Mzimkulu Malunga

BUSINESS

The economics of a tearaway taxi ride

How much do the ever-present mini-bus taxis earn?
BRUCE ALLEN *does some arithmetic*

NI-BUS drivers may not be the
st cautious people on the road but
r taxis have revolutionalised trans-
tation for blacks
he service they provide is cheap
efficient. Many cite the industry
ne of the best examples of what
enterprise can achieve if given
chance.
it's not surprising that black tax-
ave become big business — or
many whites have climbed on the
gon.
he government hasn't done badly
er According to the Department
Transport, which handles applica-
s for taxi permits, there are some
385 taxis operating legally in
th Africa.
ermits cost R10 on application and
arther R100 when granted This
ans the government has coined
ut R4,3-million on permits alone
redictably, Johannesburg has the
hest concentration of vehicles at
447 Next comes Pretoria with
34 followed by Potchefstroom with 5 389 taxis Durban and Cape Town have 3 770 and 2 402 vehicles respectively

These figures, however, differ slightly from those offered by the Southern African Black Taxi Association (Sabta)

Sabta notes "The association represents the interests of some 45 000 taxi owners in Southern Africa. This is a substantial proportion of the estimated figure of 100 000 taxi owners throughout the country

"What must be understood is there are two categories of taxi operators the permit holders and the non-permit holders Of the "legal" taxis, 95 percent are Sabta members The non-permit holders account for the other 55 000 "

However, Sabta's communications manager, Jabu Mabuza, explains that pending changes in legislation will make it possible for non-permit holders to apply for Sabta membership.

But things haven't always been easy for the aspiring taxi owner According to Mabuza. "The watershed year for Sabta was 1982

"This was the year the government established the Welgemoed Commission on Transport which conducted an enquiry into taxis of the combi type, attempting to curtail the development of this line of business "

Reasoning behind the action was that, since they were more flexible in terms of routes and times, combi taxis were encroaching on the bus transport market The commission recommended that taxi licences be valid only for vehicles which carried a maximum of four passengers

Intensive lobbying followed and the then Minister of Transport, Hendrik Schoeman, agreed to changes which allowed 15 passengers to travel in each mini-bus taxi

Another result of the talks with government was that Sabta became the official forum for negotiation on transport for the taxi industry

The situation now is permits are issued for the life of the vehicle and are divided into two categories according to the number of people the vehicle is licenced to carry — a maximum of either eight or 15

Although official figures are not available, about 40 percent of taxis operating in the Pretoria area are said to be owned by whites

Since the permit under which a taxi operates does not have to be in the name of the owner of the vehicle, this appears a perfectly legal practise. The Department of Transport notes, however, that the name on the side of the taxi must correspond with the name on the permit.

Mabuza explains that a white person will put up the capital and then appoint a black driver, who will have a permit registered in his name.

The driver will often take ownership of the vehicle after a period of about three years, but in the meantime, will be expected to give the vehicle owner a monthly return on his investment.

In theory, this concept should benefit both parties But Mabuza says these agreements are often not concluded in good faith and that the driver gets a raw deal

The numbers involved help to illustrate the reason for "investing" in a taxi Most taxis operate seven days a week The average vehicle carries nine people and completes 13,9 trips a day Assuming an average fare of R1,50, the taxi owner can expect to generate R187,50 a day — or R5 625 a month

An impressive figure, but this income must be seen against the background of monthly vehicle repayments, high insurance premiums and running costs

Since Sabta's early days the industry has boomed The association notes that its members use more than R800-million on spare parts a year litres of engine oil, drive more than 440-billion kilometres and spend R800-million on spares parts a year

And at the rate things are going, these figures are set to become even bigger

The Department of Transport has 10 board offices around the country For the year to end March 1987, these boards granted 19 190 permits — more than the total number of taxis currently operating in the combined areas of Johannesburg, Durban and Cape Town.

The following year to end March 1988 saw 42 348 permits granted, while the period from April to October this year brought the approval of a further 14 564 permits.



Hendrik Schoeman
Reluctant agreement

Given these numbers, many organisations have recognised benefits of an association with the taxi industry When Sabta started marketing its service centre concept, Shell South Africa was one of the first companies to lend its support.

According to Sabta: "Shell was interested for two reasons Firstly, the scheme had viable commercial prospects, and perhaps more importantly, it fitted the company's strategy in terms of its commitment to the development of black business."

The group marketing director of Toyota, Brand Pretorius, says "We believe that the taxi owners represent the entrepreneurial flair within the black business community and typify the way in which the free market system should operate.

"From a marketing point of view, they represent an extremely important customer base."

Philanthropy? Support for the

Small business can benefit the formal sector



Small Business Development Corporation MD BEN VOSLOO (left) recently pointed out some facts and fallacies of small business. This is is an extract from his address at a seminar in Bophuthatswana

THERE are two wrong-headed positions about the role of small business The first is that our exclusive concern must be with the informal sector, because it is this sector which holds the greatest promise for our future economic development and requires the most assistance

The requirement of exclusivity is misguided because, for all the potential of the informal sector, we must retain and foster an internationally competitive formal sector within our economy It is the formal sector and its high level of technology and commercial competence that will attract foreign investment again, and make of this region the international player that it should be were we not beset by internal political travail

This means that, like any other developed economy, we must encourage small business to venture into those areas of economic life that break new ground and look to existing international standards as the standards that must be met and surpassed

The second wrong-headed position sees small business development as a "big-push" strategy for upgrading the informal sector and bring it within the formal sector

Of course, one aspect of small business development is to provide a bridge between these two sectors However, it must be recognised that, given our population growth and the very low standards of living among a large proportion of that population, the informal sector will be a permanent feature of our economy

More important is that the informal sector *should* always remain a feature of our economic life because it represents an accessible and inexpensive means for people — out of need, ambition or inspiration — to test their talents in the marketplace, and that is a source of great flexibility and prodigious strength in any economy

Small business development thus has a three-fold task It must foster small firms in the formal sector, recognise and encourage the development of the informal sector and also provide a bridge between these sectors for the firms that are capable of making the transfer

The first priority is to ensure that the free market functions People are strikingly resourceful when they are given conditions under which they can respond to the market, prosper and be rewarded according to the success of their efforts in the marketplace

Obviously, the primary responsibility for this lies with government Government sets the ground rules

Although progress has been made, there is still an excess of regulation of economic activity, a taxation system that is unresponsive to the value of hard work and innovation and layers of unnecessary bureaucracy that consume resources for little tangible benefit

The problem is not that of government alone Many firms in the formal sector have grown used to the easy life They dislike competition, for all that is said about free enterprise

For example, retailers seek to fend off competition from the informal sector and whole sectors of the economy are rife with uncompetitive practices, from blatant cartels to more subtle restrictive practices Both government and business should let the market work, because too often it is the small business that suffers from unwarranted barriers to entry into the market

The second priority is to provide incentives for small business, and the means for those who are likely to succeed to get going and keep going There should be tax advantages for those who risk their money in small businesses

But is also seems clear that the capital market will not always be sufficiently responsive to the high risks entailed by many business ventures, most especially when many entrepreneurs offer their talents but no real security

There is thus a need for a specialist agency — with financial backing from government — to make capital available for promising small businesses In the context of Southern Africa, this is especially important because the history of economic development has tended to concentrate capital within a relatively small group, leaving the great majority of people with little access to capital

Without some means of ensuring the greater dispersal of capital, the bridging function whereby firms in the formal sector are integrated into the formal sector will be stunted

The third priority is education and training Successful economies have literate and numerate populations Without massive investment in education, a population will simply lack the basic skills to sustain small business There is certainly scope for training courses dealing with subjects directly relevant to the running of a small business, but without a sound general education such courses will have little impact

The fourth priority is the value of co-operation

In the successful economies of South East Asia, many of the largest and most vigorous companies contract out their requirements to small businesses which provide reliable and competitive products Our large firms — and government, too — should also look to small business in this way

Small business development is not a remedy that is applied to an economy to bring about an economic miracle, as if from thin air

Small business is an organic part of all economies that allow competition under market forces And the operation of the free market is the best guarantee that small business will yield its potential

That potential is to contribute to economic growth and prevent the economy from atrophying

Small business development is not an end in itself. Small business is a remarkably adaptable form of enterprise that is compatible with very different kinds and levels of economic activity

It must be allowed and encouraged to flourish in all sectors of the economy, not as an open sesame to the First World but as a means of ensuring that all the sectors of our economy perform at the highest possible level of economic activity I have indicated a number of priorities that should be prominent in the minds of those who formulate economic policy

We cannot and should not want to develop so as to mimic the economies of Western Europe As South East Asia has shown, that is neither possible nor a recipe for success We must rather put what we have available — in both the formal and informal sectors — to work in the most effective way

Small business development is part of that success story

LABOUR LETTER/Alan Fine

Africa's informal sector booms despite heavy odds

153A

ST Times - 25/12/88

By Robyn Chalmers

STUDIES by the International Labour Organisation (ILO) show that the informal sector accounts for up to 60% of urban employment in most African countries

In spite of the fact that the informal sector plays such a vital economic role, an ILO information sheet says most governments continue to discriminate against it

Economists estimate that the South African informal sector's income is as high as 40% of gross domestic product (GDP), which is about R140-billion

ILO studies show that the figure is 95% in Benin, 73% in Burkina Faso, 65% in Niger, 65% in Ghana, 55% in the Congo and 50% in Zambia, Togo and Nigeria.

"Most of the informal sector activities are in retail trade, manufacturing and services However, many of the enterprises tend to die out within a short time because of stiffer competition, economic depression and slackening demand for their products.

"The rising cost of raw materials, low productivity resulting from inadequate training and know-how, and insufficient capital add to their problems"

The ILO says official support and assistance to these entrepreneurs could prolong their existence, but the attitude of most African governments continues to be ambivalent

"While governments place strong emphasis in their development plans on employment creation and basic needs satisfaction, the day-to-day reality is harassment of the informal sector.

"Most governments have been reluctant to implement laws that favour the informal sector or even put it on a par with the modern sector."

The ILO says this can be traced back to official resistance to promoting what are considered inferior-quality products or to encourage the proliferation of informal sector establishments and perhaps shanty towns

Western technology is often seen as the foundation for economic growth, it says, and since informal sector enterprises concentrate on home-grown technology, they are considered inefficient and undeserving of government support

"Upgrading this important segment of national economic activity requires help in many areas vocational and managerial skills training for artisans and apprentices, transfer of appropriate technology to improve quality and easier access to markets for the products of the informal sector"

Given the required assistance, the ILO says that judging by experience, one should not expect the informal sector to cure Africa's unemployment problem

"Certainly, it employs much more labour than the modern sector at the same level of capital stock But the fact is that it cannot be expected to absorb all the migrants, whose share in the urban growth rate of most African countries is about 70%

"Consequently, the traditional safety valve role of the informal sector cannot be relied on indefinitely"

Informal sector ready for next step

Small businessmen are the rising stars of South Africa

Star 28/12/88

153A

By Michael Chester

First came the shoe-shine stands, which had been missing from the bustle of Johannesburg city centre for years because of a maze of rules and regulations

As if to proclaim a new era in business enterprise, especially among black entrepreneurs, the Small Business Development Corporation selected the very hub of capitalism as the site for the first two stands it financed the entrance to the Johannesburg Stock Exchange

Next came the hot-dog stands, at first a few novel newcomers to the office-block canyons of the business district, but soon a familiar feature not only in metropolitan centres but in most suburban centres too

No more dodging

And, of course, the black taxis — many of them no longer pirate operators dodging bureaucrats and policemen, but spanking new combi fleets, licences and permits intact, names and addresses on proud display on the side panels

Before long, hawkers and street vendors, who had been hounded almost into extinction by petty-apartheid red tape, were to be counted by the score, in hundreds, in thousands.

The emergence of the new breed of entrepreneur in unprecedented numbers has introduced a giant new element to the South African economy the informal sector

In 1988, the sector came out of the shadows, still unrecorded in all the statistics compiled by the mandarins of the civil service but now conceded even by the SA Reserve Bank to be a huge economic force.

The phenomenon was perhaps best described in the title that Mr Theo Rudman, executive director of the Self Employment Institute, chose for his book. "The Third World — South Africa's Hidden Wealth"

Mr Rudman electrified economists and the business world in general with estimates that the annual turnover of the informal sector was now running at R15 billion to R20 billion a year

The bulk of the cash, he found, was flowing into the black community But what was equally stunning was that at least R1,8 billion a year was also flowing into white homes — the earnings of accountants and architects running weekend moonlight operations, housewives baking cakes and knitting sweaters for sale at neighbourhood flea markets, schoolboys running newspaper rounds .

More details were provided by Mr John Wilson, chairman of the Shell oil company He estimates that the number of black taxis has soared to well over 100 000, carrying 20 times more passengers than the big bus companies

Mr Wilson also underscores the two-way flow of benefits between small business and big business that has developed The investment of black taxi operators in vehicles alone has grown to R3 billion or more On top of that, millions of rands go on petrol, tyres and spares

All in all, up to four million South Africans are engaged full or part time in informal business operations, according to estimates compiled by the Small Business Development Corporation — a fact heavily underlined by economists and sociologists who note the impact of the phenomenon on unemployment.

Out of the shadows too come the small grocery shops run from the private homes of hundreds of black families — the spazas, a word taken from Zulu slang meaning camouflaged that has served well to describe how they have stayed hidden from the prying eyes of bureaucrats

A recent survey by Perry and Associates, the Johannesburg marketing consultants, revealed that the spazas share a still-growing turnover of more than R3 billion a year

Nor has the process of new black business initiative reached its limits For example, a new organisation called the Long Distance Transport Association, with more than 10 000 members, has announced the launch of yet another black travel service — king-size maxi-taxis, carrying 40 passengers at a time, devoted to the longer routes

Satellites next

The next step, according to the experts, is the development of small black manufacturing units that will serve as satellites to the big industrial corporations — supplying a multitude of components to central giant assembly plants

"The satellite system has been at the very root of the success of the miracle economies of the Far East — Japan, Taiwan and Korea," says Mr Rudman "It can be the basis of a whole new industrial revolution

"The concept is ideally suited to South Africa, where we have mineral riches galore but without an industrial base large enough to make the most of the industrial potential Next year, we'll see the launch of the first satellites And the informal sector will take another giant leap forward"

Help black business for fairer future'

Star 31/12/88 153A

FINANCE STAFF

THOSE interested in developing black market potential should remember that small black businesses must be helped to overcome the inequities of the past.

Then they could play their part in the future economic life of South Africa.

So says Mr Lindile Lavisa, marketing manager of the Southern Africa Bus and Taxi Association (Sabta)

He told advertising and business executives at a Young & Rubicam Executive Insights luncheon that it was more expensive to develop black markets and outlets

However, it "must be accepted that these higher developmental costs are a deferred debt being repaid"

Mr Lavisa cautioned that these developments would not come easily, as cultural differences and historic inequities could cause problems

He added "No matter how sophisticated in First World terms a producer or ad agency might be, they face a brick wall when approaching black consumers

"At the same time, those who have access to market bodies such as Sabta, do not have the First World products and services to sell"

Mr Lavisa thought joint ventures between established white business and small black business was an obvious answer.

He warned "There cannot be fair competition in a South African free enterprise society unless there is also positive assistance to counter the many imbalances of past policies and practices."

He said the black taxi industry was at the forefront in entering a new South African socio-economic era.

If it succeeded, the implications for future stability and prosperity would be profound.

Sabta, he said, was extraordinarily successful in Third World terms

Now it had to move the taxi business from the informal sector to the semi-formal sector.

Said Mr Lavisa. "For this purpose, the 'Sabta 2000' strategic plan has been developed with two objectives to improve taxi standards and develop new areas of business for the black transport entrepreneur

"I truly believe the black economic sector can push back first the social and then the political barriers which separate us"

He stressed that Sabta considered its future to be in developing commercial trading agreements

"If we combine our different talents, expertise and knowledge, we can move to a new South Africa in whose prosperity we all share," he said

INFORMAL SECTOR — 1989

JANUARY — JULY — DECEMBER

SUNDAY TIMES, Business Times, January 15, 1989

Informal sector — the hidden growth factor

ECONOMISTS may have underestimated South Africa's growth rate this year by as much as 2,5 percentage points

In an interview with Business Times, Free Market Foundation executive director Leon Louw and Job Creation managing director Ian Hetherington estimate that SA will grow at a rate of 5% in 1989

Mr Hetherington says "Most economists are predicting that the economy will grow at a rate of about 2,5% this year, yet they are leaving out at least a quarter of the total economy — the informal sector

"I estimate that this sector is growing at 12% a year — which means predictions of the total growth should be nearer 5% than 2,5%"

The danger of this, he believes, is that the Government and businessmen made important planning decisions for the year based on these estimates, but they could be incorrect.

The informal or unrecorded sector ranges from professional people, such as lawyers, doctors and accountants who moonlight and do not declare money earned, to hawkers, vendors and entrepreneurs

By Robyn Chalmers

Mr Louw says the popular view that the informal sector is black is wrong — Houghton housewives who knit jerseys and grow vegetables are part of it

Economists tend to disregard the importance of the informal sector, says Mr Louw, because if they were to acknowledge its size their predictions would be out

"Any economist would, of course, refuse to admit that his careful, theoretical planning could be wrong because the consequences are too disasterous to contemplate

"Yet every piece of research conducted on the unrecorded sector points in the same direction — it accounts for no less than 25% of our country's gross domestic product and could be up to 40% of it"

Mr Louw says the fact that SA's economic growth rate has been severly underestimated is highly detrimental for several reasons

"It leads to the assumption that there are fewer businesses and jobs than is the case so the Government embarks on costly and ill advised programmes to promote jobs in growth points

"In effect this is diverting capital from areas where it is needed By not recognising the size of the unrecorded sector, the Government also continues with policies and implements regulations which frustrate, stifle and undermine it."

These regulations discourage informal sector businesses, says Mr Hetherington If they do start many, entrepreneurs keep their businesses small for fear of falling foul of the restrictions

Many economists believe the informal is a parasite on



LEON LOUW

the formal sector — if there is no growth in the formal, the informal cannot expand.

Both Mr Louw and Mr Hetherington believe that the opposite is true.

"The unrecorded sector is contra-cyclical When the formal sector contracts, the unrecorded sector tends to grow, it creates a safety net for the formal sector and provides a supply of labour for this sector when it picks up again"

The Free Market Foundation will conduct research on the informal sector this year The project should be completed by the end of 1989, and is estimated to cost R250 000

Taverners invited to meeting

ALL Alexandra shebeeners are invited to a meeting at Club Hlase Yarona Building on Sunday starting at 3pm.

The purpose of the meeting is to form a local taverners association which will cater for the needs of all shebeeners in the area.

According to the organiser, Mr Prince Mokoena, the primary objectives to form the association are:

- ★ Unity in strength
- ● Licenses
- ● Bulk buying
- ● Pricing structures
- ★ Refrigeration
- ● Mini bookkeeping, and
- ● Security

153A
Diwetsa
2/11/89

22 arrests after big swoop on hawkers

SIPHO NGCOBO

AT LEAST 22 hawkers were arrested and thousands of rands worth of goods confiscated when a combined force of SAP and traffic officers raided street traders in central Johannesburg yesterday

The raid took place around 9am in Noord and Wanderers streets, said several of the hawkers

Hawkers said traffic officers first arrived but did not make any arrests Later they returned with the SAP

A spokesman for the African Council of Hawkers and Informal Businesses (Achib), Vickie Sussens, claimed police impounded the wares of some hawkers without giving them a chance to produce their licences

Sussens said after their arrest the hawkers were taken to City Deep where they were charged with obstructing the pavements.

Confiscated

Police spokesman-Lt-Col Frans Malherbe said he knew nothing about the raid

Beauty Nkosi, an executive member of Achib whose goods were confiscated during the raid, dismissed the charge that hawkers were causing an obtsruction

"We never have complaints from pedestrians and we are providing a valuable service. The police should live us alone," she said

Meanwhile Achib president Lawrence Mayundla, lashed out at the raid, saying it was an example of "government's double standard"

"The government is saying "the informal sector must be promoted to boost our economy and provide jobs, yet prosecutions take place on a daily basis," he said

22 hawkers arrested in city centre raid

(265)

More than 30 plainclothes policemen and traffic officials swooped on hawkers in central Johannesburg yesterday and arrested 22 on charges of obstruction. Star 1/2/89 (153A)

The president of the African Council of Hawkers and Informal Businesses, Mr Austin Mavundla, criticised the action.

He said the Government was calling for the promotion of the informal sector, but there were still many laws restricting hawkers. — Staff Reporter.

Cops raid hawkers

MORE than 30 plain-clothes policemen and traffic officials swooped on hawkers in central Johannesburg yesterday and arrested 22 on charges of obstruction.

The African Council of Hawkers and Informal Businesses said in a statement the hawkers were arrested for obstructing the pavement in Noord Street.

Criticising the action Achib president, Mr Austin Mavundla, said hawkers were getting a double message from the Government.

On the one hand, he said, the Government was calling for the promotion of the informal sector, and on the other hand, there were so many laws restricting hawkers. — Sapa.

TEXTILES (153A)

Finding a home

Textile producers have traditionally relied heavily on the clothing market for nearly all their growth That's changing

Household textiles are shaking off their reputation as the Cinderella of the industry The first comprehensive study of the sector reveals it accounts for nearly one-third of the textile industry's turnover

The report's author, textile analyst Joop de Voest, says its findings are based on input from all the country's leading textile manufacturers and retailers

Even excluding curtaining and table linen, household textiles enjoyed turnover of R1,3bn in 1988, or 28% of the textile industry's R4,7bn total turnover This year it is expected to account for 32% of turnover

De Voest expects unit demand to rise by up to 20% for some items The duvet market is expected to grow from 1,35m units last year to 1,62m for 1989

Individual companies say their findings match those of De Voest, particularly those with high exposure to the black market The Sales House arm of the Edgars group, and Pep Stores, say their forecasts are very encouraging, but white-orientated stores like Edgars aren't so optimistic

Da Gama CE Harry Pearce expects 40% growth in money terms for duvet covers and 12%-13% unit growth in the bed linen market

"This growth is far in excess of apparel textiles where there is unit growth roughly the same as the growth in GDP," he says "We have seen duvets turn from an urban English product to a white product and now increasingly to an all-race product

"Black purchasing has been spurred on by an increase in home buying, and the electrification of the townships"

Mooi River Textiles MD Peter Riding says there is a trend towards matching bed linen and curtains Many people are buying second duvets and changing covers according to fashion "Gone are the days when the only shades available were lemon, pink, blue and white"

It remains to be seen if the textile mills, many of which are working on full order books, can meet the extra demand De Voest predicts a further 29m m² of woven and knitted textile fabrics will be needed, of which 65% will be in polyester/cotton blends and cottons

Pearce has no qualms about being able to keep up He says the industry has seen this as the major growth area for some time and has invested accordingly

"At Da Gama we've bought the latest Japanese air-jet looms which will more than double output per loom There may be shortages at first but I'm sure the rest of the industry is also getting ready for demand"

Frame household textiles marketing manager Stephen Woodward says he hopes government won't need to institute tariff rebates to allow imported household textiles into the country

But the feeling is there is unlikely to be huge demand for cheap household textile imports, as there has been from clothing manufacturers

Says Pep Stores MD Basil Weyers "We buy on the local market as it meets our requirements With De Voest's report, we should be able to fine-tune ourselves to the precise requirements of the SA market"■

Hawkers' chief slams authorities

Sowetan 4 2 87

153A

BLACK Informal Business has been hamstrung from contributing to the country's mainstream economy by restrictions imposed on them by local authorities, the president of the African Council of Hawkers and Informal Business, Mr Lawrence Mavundla, said yesterday.

Mr Mavundla said hawkers were getting a "double message" from the government, who were saying the informal sector must be promoted to boost the economy and provide jobs

He was reacting to the arrest and prosecution of

By JOSHUA RABOROKO

about 22 hawkers in Noord Street, Johannesburg, this week by the police

Over 30 plain-clothed policemen and traffic officials from the hawkers' squad swooped on hawkers selling in the area on Tuesday

Discretion

According to Mr Koos Nel, a senior traffic official from the Hawkers' Squad "The law says you are not allowed to display or sell any goods on or across or upon a pavement However, we do not enforce this law strictly We use our discretion to decide whether or not the pavement is being obstructed"

Mr Mavundla said what was needed was an urgent reassessment of laws restricting hawkers in Johannesburg and, in the meantime, for a moratorium on all prosecutions relating to these laws.

"We call upon the licence board to look into laws affecting black traders as a matter of urgency The problem is when a hawker is issued with a licence he is not briefed on the laws We feel the authorities are taking advantage of this fact," Mr Mavundla said

According to Mr Nel, hawkers ran away when they saw members of the squad In that instance, the squad was entitled to confiscate goods without asking for licence.

He said most hawkers did not know the laws The hawkers' squad would be more than willing to lecture Achib's members on the law

Hawkers: Female, illiterate, black – and still peripheral

Local authorities have largely ignored the state's deregulation policy. The 900 000 street sellers are still regarded as a nuisance and a health hazard.
By HILARY JOFFE

DESPITE the government's rhetoric of deregulation, local authorities in most of South Africa's cities and towns have not lifted the restrictions on hawkers which have stopped them trading in the streets for decades

A new study has revealed that outside the major metropolitan areas of Johannesburg, Durban and Cape Town, progress towards deregulation has been minimal

According to the authors, Chris Rogerson and DM Hart of Wits University's Department of Geography and Environmental Studies, "a considerable gulf exists between ministerial speeches in favour of deregulation and what has translated into concrete policy action to improve, albeit only marginally, the possibilities for hawkers to secure a better livelihood"

Rogerson and Hart note estimates of 900 000 hawkers and informal traders in South Africa — more than the mining industry's total workforce As the economy has declined, so people have had to turn to informal sector activities to make a living Some forms of hawking generate fairly high incomes — selling flowers or soft-goods for example But for most hawkers, street trading is an attempt to survive unemployment.

"For the majority of South African hawkers, typically female, typically poorly educated and typically black, returns from hawking are meagre and merely a strategy for household survival rather than advancement," they write

In their view, hawking has only a limited potential for improving the incomes of especially the urban poor

Policy "from above" by the state and pressure "from below", by hawkers' associations or community organisations, have an impact on hawkers' income earning potential

Hawkers' access to the CBDs of the "white" urban areas, where there are relatively more affluent people to buy their wares, crucially affects their capacity to earn a living

The researchers surveyed municipal policy towards hawkers in 28 urban centres in South Africa.

They found policy was in flux in many cities and smaller towns However, restrictions on hawkers trading particularly in "white" CBDs remained Outside of Johannesburg, Cape Town and Durban, where the CBD had been opened up to some extent, hawkers have been allowed to trade only at the peripheries of urban areas if they have been allowed to trade legally at all

In CP-controlled Pietersburg, black (African) hawkers are banned from "white" areas Rogerson and Hart cite comments by municipal officials describing hawkers as a health hazard for whites "We (whites) are higher developed than they are and can't take germs as they can" Welkom is another town where there is a total ban on street trading, described by officials as a nuisance and a health hazard George, the constituency of PW Botha, who has been a vocal advocate of deregulation, the researchers describe as "backward" in its attitude to hawkers, with no changes to policy having been made in the past decade Hawkers are still prohibited from operating in the CBD

Larger cities such as Pretoria have also displayed resistance to hawkers and have continued to harass them



Street traders .. for most, it's a survival tactic in the face of unemployment
Picture ANNA ZIEMINSKI, Afrapix

Even in towns where policy-makers have been considering policy changes on street trading, progress has been described as "glacial"

Many municipalities have retained stringent licensing requirements which vary from one to the next as well as bans on hawkers trading in central business areas

In many places hawkers have to own a vehicle and have approved storage facilities in order to be licensed Some municipalities oblige them to wear uniforms — in Cape Town licensed hawkers had to wear white coats at the time the research was done Some municipalities levy licensing fees which are beyond the reach of most hawkers Many municipalities retain regulations which force hawkers to move on at regular intervals (such as every 10 to 15 minutes) In central East London traders have to "walk and hawk".

The researchers found that where licensing restrictions were too stringent, or where hawking was not allowed, hawkers continued to operate illegally.

One problem is the "swamping" effect Hawkers converge on the most tolerant urban area from places where they cannot trade, a result of deregulation in some cases but not in others.

The urban centres surveyed by Rogerson and Hart covered core metropolitan centres, peripheral metropolitan centres such as Germiston and Bellville, secondary centres such as East London and Pietermaritzburg, and small urban centres such as Worcester, Vanderbijlpark and George

While in some core centres — Pretoria and Port Elizabeth for example — there had been little progress to deregulation, some small towns had taken steps to encourage hawkers, initiating steps to deregulation These include Grahamstown, King William's Town and Nelspruit

In South Africa the central government's deregulation thrust has gone with "reform" and the abolition of influx control in the 1980s However, the impact at local government level has been limited

Most of the estimated 900 000 hawkers operate without licences in "homelands" and townships Only a tiny number operate legally in white urban areas Even fewer are licenced to trade in the CBDs of these areas

In Cape Town by 1987 there were 3 306 licensed hawkers, 60 of these operating in the CBD In Johannesburg, by mid-1988 there were 7 000 licenced hawkers This represented a sudden increase — in 1976 there were only 200 licenced hawkers and 1 004 by 1987 Rogerson and Hart attribute this in part to pressure from the African Council of Hawkers and Informal Businesses formed in 1986.

Pressure from such organisations can be important in bringing about policy changes. However, they found at least 10 hawkers' associations around the country, operating in an

RETAILING (153A)

Surprise in store

Spazas — convenience stores operating "illegally" from homes in black urban areas — do R3bn a year in business

This is the finding of a study by the Trade Opinion Panel (TOP) The figure has surprised manufacturers and distributors, who had always viewed informal-sector traders as small fry

In reality, they represent major — and growing — competition to established retail chains and outlets, and important customers of the wholesale trade

Manufacturers and suppliers of fast-moving consumer goods can no longer afford to ignore them — particularly now the newly gazetted Conversion of Certain Rights to Leasehold Act seeks to make trading from township houses legal

Some manufacturers have already introduced smaller, shrink-wrapped product packs than the standard size, and other suppliers are contemplating the introduction of "multipaks," a packaged collection of goods from different manufacturers, or a variety of goods from the same manufacturer, specifically tailored to the needs of the spaza

TOP carried out its research last year in the Witwatersrand and Natal It bases estimates on trade figures from cash-and-carry (C&C) and wholesaler outlets around the country

The figures show independent wholesalers and C&C chains sell an annual total of R6bn of groceries, toiletries and confectionery products Of that, about R3,9bn is bought by formal (mostly white) retailers including chain stores

The other R2,1bn enters the informal sector through hawkers and spazas Spazas sell more than hawkers there are up to 900 000 on the Reef alone Spread throughout urban areas, they are accepted as convenience retail outlets by the black community.

Spazas get their name from the township slang for "hidden" or "camouflaged " They operate seven days a week and trade from early morning to late at night

They range from crude operations with little in the way of fittings other than a few shelves, to more sophisticated premises with freezers, cool-drink refrigerators, freezer display cabinets, glass display counters and even electronic cash registers

Nearly all stock the same basic ranges. small packs of fresh and leading-brand staple foods, beverages, confectionery, household goods, cigarettes and liquor, toiletries, health and beauty products

The small packs are important, because storage space is limited — as is capital They generally buy in small packs to offer patrons as wide a choice of goods as possible.

Two main reasons for the emergence of spazas are convenience and safety. Most black urban residential areas don't have enough formal retail sites, and those that do exist are often some distance from most homes

Black consumer boycotts have also added impetus to spaza growth Increased urbanisation and unemployment are also stimulating the movement Spazas offer easy entry into business because start-up costs are minimal

They can also be profitable Prices are up to 145% more than supermarkets and 50% more than the average suburban cafe, according to TOP

This indicates just how high a premium the black consumer is prepared to pay for safe and accessible shopping



Informal challenge to formal business

The TOP survey has made many C&Cs and wholesalers sit up and take notice Most spaza operators visited by the panel listed C&C stores as their prime source of supply, with some using independent wholesalers and Indian stores

Many of them band together in buying groups to pool resources, or to take advantage of a representative buyer with access to C&Cs who can negotiate bulk discounts

For the most part, though, spazas remain hidden from the formal white economic sector, even though they are direct competitors

This creates a unique problem Manufacturers and suppliers wanting to develop the market are faced with a lack of solid information

Says the MD of one large company "We know they're out there, and we know we have to work with them But the only way to find them is to actually get in your car and visit each one individually It's a mammoth job" ■

FM&IL 3/2/89.

Hawkers get jobs boost

Sowetan 6/2/89

153A

By JOSHUA RABOROKO

A MULTINATIONAL pharmaceutical company has donated more than R32 000 to the African Council of Hawkers and Informal Businesses to help create jobs for about 200 hawkers.

The general manager of Eli Lilly SA, an affiliate of Eli Lilly and Company — one of the largest pharmaceutical companies in the world — Mr Noel Dolman said that the money was for Achib's Employment Creation Project.

In the Employment Creation Project, companies are asked to sponsor the start-up capital of R160 for unemployed people to become hawkers.

It was launched after Achib had more than 600 enquiries from people wishing to become hawkers but without the money for stock or licences.

Aim is to educate

PRESIDENT of the African Council of Hawkers and Informal Businesses, Mr Lawrence Mavundla, is to address a general meeting, to be held at the Kopanong Community Hall, Dobsonville on Monday at 4pm

Street vendors, hawkers and members of the small businesses sector are invited to the meeting, according to Mr Mavundla, who also said "we need to educate our members on a variety of matters affecting their daily operations"

Star 13/2/87 153A

Big boost planned for informal sector trade

By Michael Chester

Innovations planned to boost the role of the informal sector aim at more than doubling the turnover of street hawkers and "spazas" — unlicensed shops run in township homes — in and around Johannesburg and Soweto in the next 12 months.

The African Council of Hawkers and Informal Businesses (Achib) estimates that licensed operators alone — now about 10 000 of them with average sales running at about R2 000 a month in the urban areas — will between them boost sales to more than R500 million a year

The target total, it adds, should soar higher still if the count also takes in the sales of street vendors operating without licences

And if the count spreads a wider net to take in the whole Reef, the combined sales total will reach into billions of rands

Achib president Mr Lawrence Mavundla has made a special appeal to established retailers to cooperate with the rapid expansion of street trade in the city and into the suburbs

"We hope that pockets of opposition will be replaced by a positive attitude that will see the mutual benefits to be reaped from the merits of black advancement in the economic mainstream," he said "There are advantages to be gained by everyone from finding alternatives to poverty, unemployment and socio-political unrest — and generating a bigger cash pool from which all sections of the community can win a share

HARASSMENT

"We also want to encourage the formal sector as a whole to join us in pressing for the removal of outdated laws and regulations that still cause a lot of harassment

"Even the most advanced nations around the world have learnt how much extra muscle can be provided to their economies by developing small business and the informal sector in particular"

Among the innovations planned by Achib

- A scheme under which manufacturing companies offer to sponsor the launch of new street traders with R160 packages that leave R100 to buy initial stocks and R60 to cover the cost of licences and administration expenses It is part of new job creation programme launched by Achib So far, 600 sponsorships have been confirmed — 200 completed and 400 more being processed

- Closer links with the big manufacturers for bulk-buying deals to supply direct to Achib depots where hawkers can re-stock at lower prices because of the elimination of most middleman costs Discussions are under way or else planned with at least 100 producer companies.

- New approaches to bankers about devising special schemes to cope with mini-business accounts and simplify procedures

- Talks with insurance companies about devising new systems of cover against such business risks as theft of stock or the confiscation of goods in wrangles with the authorities over rules and regulations

- Achib also intends to enhance the public image of hawkers by triggering an anti-litter campaign among them

The Small Business Development Corporation, which formed the spearhead of the drive to dismantle obstacles to black advancement, also has a series of new programmes in hand.

- The erection of more market stalls — from basic shelter to kiosks — to accommodate hawkers used to selling products out of boxes or sometimes straight from the pavement.

- The provision of more mobile carts to protect traders and their merchandise from changes in the weather, with central facilities to store them under lock and key at night

- The conversion of big steel container boxes, normally used to carry bulk freight shipments, into mini-stores with serving hatches, proper shelving and given eye-appeal to make them look attractive to shoppers The container mini-stores are intended to create bridges for street vendors to expand, take a foothold in a more permanent business environment and prepare to start the climb into the formal retail sector

Uproar over plans to sell impounded goods

By Shirley Woodgate,
Municipal Reporter

Plans by the Johannesburg City Council to sell off wares confiscated from hawkers should be immediately halted, said Mr Tony Leon, Progressive Federal Party leader in the council.

He was reacting to the advertised sale of impounded items at the Fresh Produce Market at City Deep on February 24

"The council's unsympathetic attitude towards people who have done more than any other group to cope with the negative consequences of unemployment is horrific", he said

"At this stage a gesture of goodwill is required from the council, which should immediately return the goods to the hawkers instead of proceeding with the sale.

"There has been more than enough time for the council to institute talks with Mr Lawrence Mavundla and the African Council of Hawkers and Informal Businesses (Achib) to discuss ways and means of dealing with this situation in a sensitive manner.

"I have asked councillor Mrs Rae Graham to contact the chairman of the Health and Environment Committee Mrs Marietta Marx to get an urgent resolution of this matter," Mr Leon said.

Mrs Marx was not available for comment but a statement from Achib's legal department headed by Mr Sonnyboy Mmatli said.

"Both the Transvaal ordinance and the Health laws require anyone disposing of goods belonging to someone else to have due regard to the interests of the owner.

"A Health Act regulation says a health officer may not dispose of goods unless the owner has been notified in writing of his intention to do so and we challenge the city council to produce proof of such letters. We would also like to see the terms by which they are entitled to auction the goods"

SBDC boost for jobless

Sowetan 14/2/89

1539

By JOSHUA RABOROKO

THE Small Business Development Corporation's training centre is to conduct a two-day workshop at its Pennyville industrial park starting tomorrow to help motivate jobless people to become self-employed

SBDC's workshop chief, Ms Peggy Reid-Daly, said the workshop, called "Strategies for Survival," was important because it would be a start for the unemployed to create jobs at the time when the country was gripped by the soaring rate of unemployment

She said many unemployed people had been able to set up businesses after they had attended past workshops by the SBDC

Motivated

Ms Reid-Daly said the course was a sequel to the decision by the SBDC to help unemployed people to become self-employed

It was hoped that many would be motivated to start their own businesses

One of the successful candidates of the courses, Mr Oliver Thobejane, who has been out of work for 16 months said he left with a new enthusiasm and during a step-by-step plan he has become a cinema owner in Daveyton

Oliver had been toying with the idea of showing films in the East Rand townships, but because he lacked the know-how and had no money he did not know how to get the venture off the ground

Finance

It was not easy for him to get the money, he said, until a film company undertook to finance a cinema for him His dedication and perseverence has paid — in one year his life changed from "penniless out-of-work to successful businessmen," he said

Booking for the workshop can be made by telephoning Ms Reid-Daly at (011) 643-7351 (office hours) or (011) 648-8992 (after hours)

Achib to hold talks

Sowetan 17/2/18

1534

THE African Council of Hawkers and Informal Businesses is to hold three awareness meetings starting tomorrow

Achib invites all street vendors, hawkers, hair salon and spaza shop owners in Potgietersrus to a meeting in Mahwelereng Hall tomorrow at 8am

A meeting will be held at the YMCA Centre in Mamelodi on Sunday at 8am and another meeting will be held at the Leeufontein Hall near Marble Hall on Sunday.

Achib to hold talks

Sowetan 17/2/18

1531r

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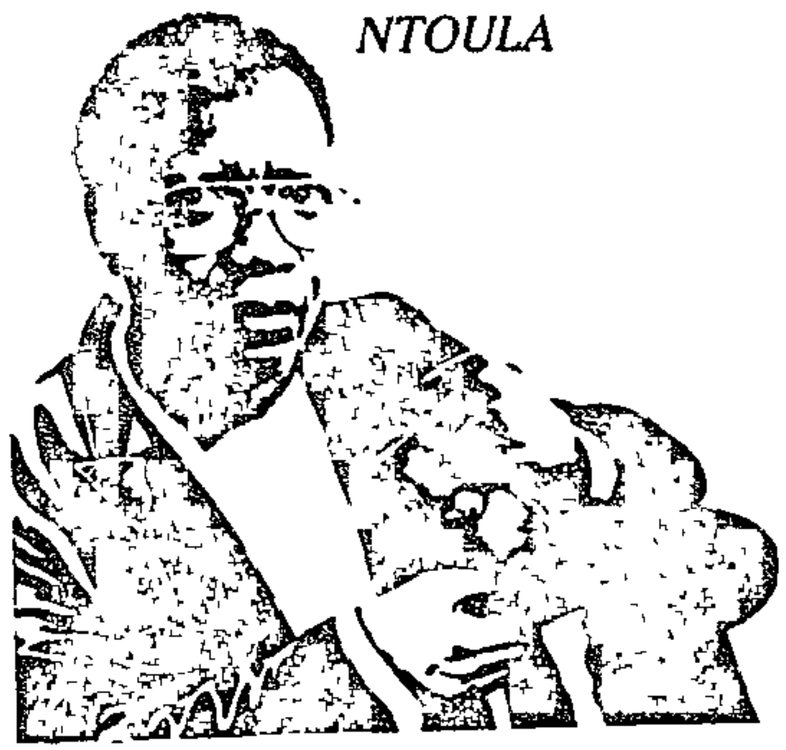
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Informal sector overwhelms obstacles

Money Talk

with REVELATION NTOULA



IN recent months the subject of the informal sector has frequently featured in the media

It has served as the focal point of discussions at meetings and high-powered conferences

During what was termed "Small Business Week" sponsored by the Small Business Development Corporation (SBDC) towards the end of last year, the emerging informal economy was afforded substantial coverage by the media

This focused attention on the tremendous size and diversity of this sector of the economy as well as the difficulties faced by this less-organised sector and what was being done to assist in dealing with existing regulations

Over the years the SBDC has developed a variety of programmes appropriate for more informal businesses These range from loan financing to consultancy and training and the provision of business premises In addition, the SBDC has initiated several special projects aimed at supporting and upgrading the more visible elements of the informal sector like hawkers, street vendors and shoe shiners

Hawkers, who for many years operated illegally, are a dynamic group of people representing a large element of the informal sector

Their presence creates a unique opportunity for the bridging together of First and Third Worlds through the establishment of informal market stalls.

An SBDC programme aims at upgrading the environment of the street traders, who are normally found outside railway stations, bus termini and taxi ranks in townships and cities These hawkers have become accustomed to selling their products – ranging from fruit and vegetables to clothing and trinkets – off barrels, out of boxes and off the ground

Erection of market stalls ranging from basic concrete slab and shelters to lock up kiosks, provides traders with protection against the elements and the opportunity to improve their businesses Various corporations have financed market stalls which the SBDC has developed and, in recognition, have been given advertising rights

One of the more recent projects proving successful is the Hoek Street project near Park Station in Johannesburg Launched in 1986 it has grown tremendously It was sponsored by Fedfood and had the approval of the Johannesburg City Council

Another important project began in Mamelodi, near Pretoria It was designed in a style typical of Malawi to accommodate as many as 93 traders The stalls were sponsored by SA Breweries at a cost of R156 000 and were completed in August, 1988

Again in Johannesburg, the Westgate Station stalls, situated in West Street Extension, make good advertising sense and were sponsored by Fedfood for R44 000

In Dalton Road, Durban, 60 traders, all meat merchants, are accommodated in a R120 000 project The Dalton Road Meat Market is the only one of its kind in SA and sets an example for minimum health requirements.

Other projects in various stages of development are taking shape in Alexandra township, Empangeni near Ladysmith in Natal, Njoli Square in the Eastern Cape, King William's Town, and various places in the Western Cape

Another important innovation has been the hawkers' trolley. The SBDC has investigated equipping hawkers with mobile carts. A pilot project in Port Elizabeth has proved highly successful and has now been extended nationwide.

The major advantages in providing such trolleys are

- They provide protection for the trader and his merchandise against the sun and other elements
- Merchandise is kept clean
- They have good display facilities and hence contribute to better marketing.
- The design enables hawkers to move around with ease
- Losses due to pilfering are reduced
- Litter is reduced as the trolleys contain waste bins.
- The trolleys occupy less space than merchandise spread over pavements
- The general environment is enhanced by the presence of these colourful, eye-catching carts
- Trolleys will be stored in a central lock-up area overnight as required by law, thus providing security for the operator.

In most black townships there is a considerable shortage of retail space This has occurred for a variety of reasons, including restrictive legislation, inadequate infrastructure and a lack of capital

The high rate of population growth and particularly the recent tremendous expansion in informal sector activities has further increased the already-high demand for trading facilities

In many areas good trading sites are available but lack of capital and bad zoning delay development.

Although the informal sector has been criticised for receiving undue attention, there is no doubt that this section of the economy has become an important job provider.

What is needed from the authorties is the speedy removal of all regulations that stand in the way of this sector It must be allowed to expand unhindered

Informal sector looking healthier than ever

Spaza shops turn over about R3bn annually

SIPHO NGCOBO

A LOT is being said about the informal sector these days In business conferences and seminars, in corporate offices, and in the streets, people seem to agree on its importance

Some economists estimate the informal sector could represent 40% of the country's GDP

There has been a focus on the black taxi industry and on hawkers, but a part of the sector that is perhaps least known and understood by formal business is the one comprising the spaza shops

Spaza is township slang for "camouflaged" — used for the shops because their trade is usually conducted away from the eyes of the authorities, because many of the shop owners do not have licences.

The turnover and number of spaza outlets is not known, but there are about 20 000 in the Witwatersrand and Soweto Their turnover overall is estimated at R3bn by Trade Opinion Panel researcher Gill Stacey

The outlets thus represent significant distribution channels for manufacturers

What is a spaza shop like? I visited one in Meadowlands to find out

A soft knock on John Chauke's door soon interrupts my interview John rushes out

"A loaf of bread, please Could I have a loaf of brown bread," says a boy of about 12 with cash in hand

John apologises to me, and goes out to a corrugated iron Zozo hut in the backyard to get the bread The hut is packed with a variety of products — perhaps 50 different lines It is John's spaza shop — one of seven in this street

Instructs

It soon becomes clear the spaza shop is a hive of activity, with customers flocking in and out, and this has been the case since John launched it in 1974.

The interview is constantly interrupted until John instructs one of his grandsons to take care of the customers "It's like this every day — they never stop coming," says John, smiling.

Although he is reluctant to say what his turnover is, a rough estimate would be R2 000 a month

He sells everything from stationery to maize meal, toiletries to floor polish, needles and cotton to sugar, bread, headache powders, tea, soap powder, milk powder, cigarettes — you name it.

John sells few perishables because there is no refrigeration. He does not sell soft drinks for the same reason.

One of the main advantages for John is the location of his house. The nearest shopping centre is three kilometres away, so people find it convenient to shop at John's He can also supply them at night — long after the major shops have closed for the day

Another advantage, John considers significant for his business are four primary schools within a short distance

John has good customers from the primary schools — he stocks wooden rulers, exercise books, rubbers, note books, pencils and ball-point pens

His prices are either slightly below or above those of established shops in the area But the differences do not mean much to his customers

He makes 5c profit on a 20c pencil, 10c on a 45c pen, but only 10c on a hardcover exercise book costing R1,25

He charges R2,40 for a dozen extra-large eggs, making a profit of 40c while a 50ml tube of toothpaste costs R1,20 (15c)

John does better on cigarettes, selling about 10 brands Profits on packs are small, but he also divides them up and increases his margins this way — sometimes to 100%

Where does he buy his goods? John declines to say, except that it is a "private wholesaler" in downtown Johannesburg

John uses his car to transport the goods and when he is away at work — he is a driver for a Johannesburg company — his son, 28, runs the business

Future

John says he has had trouble with "the authorities" in the past, some of whom demanded bribes But they no longer come after being warned off by "comrades"

John thinks the future is bright The six other spazas in the street are not too much of a threat in terms of competition

Does he have ambitions of becoming a fully fledged, licensed trader in the future?

"Maybe one day. Yes, maybe one day," says John



Using enterprise to make a living .. John Chauke

Picture ROBERT BOTH

Hawkers paid R960 by Vlok in settlement

153A

Sowetan 22/2/89

By ALINAH DUBE

THE Minister of Law and Order, Mr Adriaan Vlok, has paid out more than R960 to six National Hawkers Association members whose wares were allegedly burnt by the police in Marabastad, Pretoria

The organisation's chief executive, Ms P Makhuda, yesterday told the *Sowetan* that the money will be presented to respective members at a function tomorrow. The money, she said, was paid out by the minister following a claim for the damages incurred during police action on September 29, 1987

According to a spokesman for the Legal Resources Centre who was handling the case, a total of R961,60 was received from the Law and Order minister The money has been divided as follows Mr Nel Sogamisa (R441,60), Ms Maria Nake (R93,00), Ms Modjadji Nkuna (R121), Ms Maria Letsoalo (R115), Ms Georgina Seema (R89) and Ms Elizabeth Chaka (R83)

The spokesman said the police have denied in papers before court allegations that they set the hawkers' wares on fire while they were selling in Marabastad. However they agreed to settle the claim



Vlok pays hawkers for damage by police

Star 24/2/89

By Mckeed Kotlolo, Pretoria Bureau

Six members of the National Hawkers Association, whose goods were damaged during a police raid at Marabastad in Pretoria in 1988, were yesterday given cheques for damages totalling R951,60 paid by the Minister of Law and Order Mr Adriaan Vlok.

The presentation was made by the director of the association, Mrs Phillipine Makhudu, in Pretoria.

"July 14 1988 was the saddest day in our lives when police arrogantly and mercilessly destroyed our goods," she said.

A statement released by the hawkers' association condemned the actions of the police during the raid and at the same time commended Mr Vlok for having awarded the hawkers damages.

"I would like to stress that the police must realise that hawkers are not criminals but people who are of service to the community and create wealth for the country," Mrs Makhudu said.

Law enforcement officials should be aware that hawkers were law-abiding citizens who were trying to earn an honest living. Millions of black people were creating employment for themselves "because industry cannot cope with the booming population and equally rising employment".

Mrs Makhudu appealed to hawkers to act with dignity during police raids.

Informal sector a 'second best' solution

24/2-2/3/89.
Wmail

By HILARY JOFFE (153A)

THE government's R5-million campaign to promote free enterprise focuses on the privatisation and deregulation — principles to which it believes "the people of this country are favourably disposed", Minister of Information Stoffel van der Merwe said at last week's campaign launch

But a cautionary note has come from Volkskas economist Adam Jacobs, who has warned against a belief in "miracle cures and instant solutions" for South Africa's economic ills, among them small business development, privatisation and the informal sector

Television viewers will already have seen the government's campaign in action — the bouncy adverts with the "Free Enterprise is working" Its target groups are the officials who have to implement privatisation and deregulation, as well the informal sector, small investors and the private sector who should see the benefits, according to the campaign brief

Van der Merwe said the government was creating the necessary climate for free enterprise by privatising and deregulating The benefits would be greater involvement of the population in the economy, optimal utilisation of resources through greater competition and efficiency, a reduction in the state's share of the economy, a lower government finance requirement and a broader tax base

Van der Merwe said the government couldn't create free enterprise — this was the private sector's responsibility

Vokskas's Jacobs has, however, pointed to the limitations of promoting small business and the informal sector as solutions to unemployment and slow growth While he supports privatisation, he estimates it would at most add an average of 0,5 percent to the annual growth rate He describes as a myth the idea that "the mere act of privatisation will bring about a utopia of economic prosperity".

Jacobs cautions against unrealistic expectations of the economic benefits of small business development. Small businesses have a place in the economy but so do large ones While small businesses may create more jobs for each rand spent, large business enterprises are large foreign exchange earners. They can also pay higher salaries, which stimulates demand and creates more jobs as well as raising the savings and investment levels

Jacobs says the informal sector has grown because there has been insufficient growth in the formal sector, and he expresses concern about the notion that it is the miracle solution to and impoverishment

"The informal sector grows precisely because there is nothing better. This implies a subsistence economy, lack of specialisation and a very low level of technology," Jacobs says

Obstacles in the way of the informal sector should be removed, in his view, although promoting strong growth in this sector is a "second best" solution only

In the latest edition of Volkskas' *Economic Spotlight*, Jacobs concludes: "There are simply no short cuts in our quest for economic growth and progress Per capita living standards can only be raised on the broadest base possible by implementing sound economic policies, by hard work, the more productive utilisation of production factors, sufficient savings and investment levels and new and improved technology, for which research and development are necessary"

SBDC launches business directory

By HAPPY ZONDI

THE Small Business Development Corporation launched a new directory aimed at promoting relations between big corporations and small companies this week

The directory, called *Contactmaker*, was launched at four SBDC centres countrywide and lists 1 160 small businesses based at 62 industrial centres throughout South Africa It is available free of charge on application

The directory lists all small businesses ranging from garages, panel beaters, to electrical contracting, steel manufacturing and carpentery workshops affiliated to the SBDC It also provides names and telephone numbers as well as maps of the location of each SBDC facility

SBDC spokesman WB Vosloo said "*Contactmaker* is intended to remedy lack of information about the diverse goods and services offered by small businesses – it is a shop window for the small business sector"

Regional general manager James Scott said this approach had helped in the development of South Korea, Japan, Germany and Taiwan where a competitive small business sector existed

gazette

Hawkers' plea to police

Sowetan 27/2/89

153A

THE National Hawkers Association yesterday called on the police to realise that hawkers were not criminals, but law-abiding citizens who try to earn an honest living.

This was said by Miss Phillipine Makhudu, a chief executive of NHA, at a presentation ceremony held in Pretoria West yesterday.

Six hawkers were presented with a total of R961,60 which was recently paid-out by Law and Order Minister, Mr Adriaan Vlok, to settle the damages the hawkers incurred during police action in Marabastad over a year ago.

The police allegedly set their wares

By ALINAH DUBE

on fire while they were selling. The hawkers were arrested on the same day.

After presenting the cheques, Miss Makhudu, stated that there were millions of black people who created employment for themselves because the industry could not cope with increasing population and the equally rising unemployment.

"Law enforcement officers must know that hawkers are law abiding citizens who, against all odds, try to earn an honest living," she said.

Orlando YMCA has space

Council wants the CBD to remain vibrant

Johannesburg City Council was committed to bringing the formal and informal sectors together to complement rather than oppose one another, the chairman of the transportation committee, Mr Ernie Fabel, and the chairman of the health and environmental committee, Mrs M Marx, said in a joint statement yesterday.

"Although the city council is committed to the principle of deregulation and promotion of small businesses, it also has a responsibility to the formal sector which serves the city, and needs to ensure that its central business district remains vibrant," they said.

● The director of markets, Mr Peter Venter, has been seconded to concentrate on effective communication and liaison with all parties concerned in an effort to ease the present situation

Eric's success story

153A

SINCE taking the brave leap into self-employment two years ago, freelance photographer and African Council of Hawkers and Informal Businesses member, Mr Eric Ntanza (27), has increased his weekly earning from R120 — as salaried worker — to R490.

By JOSHUA RABOROKO

"It is up to me to make this succeed," he says, describing why he likes to be his own boss "If you are using a camera, you cannot be lazy — if you do not shoot, you do not eat."

He says working as a salaried taxi driver produced small earnings and little satisfaction "Now when I show people what I have done they like my photos That makes me happy," he says

There is no such thing as a typical day for Eric, who roams the streets persuading people to capture their images on film. He also takes pictures at functions such as weddings and parties

Sometimes he travels to his home town of Durban or up to Pretoria — as long as he has his camera and can persuade people to pose along the way, he makes a profit

The 5 000 pictures he has been commissioned to take over the past two years are testimony to his hard work and motivation.

Eric is one of the estimated 900 000 informal businessmen throughout the country, who contribute almost 40 percent to the country's Gross Domestic Product

He is typical of the many bright young enterpreneurs who have carved a place for themselves in the economy rather than wait for someone else to do it for them

He is one of the hundreds of thousands of blacks who create jobs for themselves outside the structured realm of pay cheques, job application and tax forms

Eric, who calls himself "a Jim comes to Jo'burg", says he bought himself a polaroid camera after he realised that his friend was making a lot of money by taking photos

"I was inspired when I began getting extra money I then bought other photographic equipment and today my photos are probably the best," he says with a wry smile on his face



PHOTOGRAPHER-BUSINESSMAN: Mr Eric Ntanza.

Hawkers backed

THE African Council of Hawkers and Informal Businesses has called on the communities of Boksburg and Carletonville to give their businesses to hawkers, *spaza shops* and other informal businesses.

Achib's president Mr Lawrence Mavundla yesterday said in areas where there are boycotts, the community should take the opportunity of uplifting its own business as opposed to those people who were "giving them their backs"

He said hawkers and *spaza shops* were helping to break a cycle of dependency, crime and poverty by promoting the economic self-sufficiency of communities.

He was reacting to reports that white-owned businesses in the CP-controlled towns were threatening to close down following large scale consumer boycott launched by blacks.

Orientals have the secret of more jobs

Theo Rudman

executive director of the Self-employment Institute, argues that small is beautiful

WE have been led to believe by authors of best-selling books that the secret of the success of the Orient, particularly Japan, is the quality of the labour, their willingness to work hard and their loyalty to their employers

Captains of industry tell us that is why we can't achieve the success of the Far East "We don't have the same level of education and commitment from our workforce"

However, I believe that one of the most important secrets of the success of Japan and Taiwan is the use of the small formal and informal businesses by big business in the "centre-satellite" factory system

This, too, is one of the solutions for the South African economy to create more jobs and to generate foreign currency, which is a critical necessity in South Africa

Since 1980 we have produced about 2,5-million school-leavers and provided no new jobs for them In fact, we now have about 150 000 fewer jobs than there were in 1980

Small business plays an important role in the economic success in most countries, even in the developed countries, and is more dominant in the developing countries than the underdeveloped ones

In the present Taiwanese structure, the small and medium enterprises comprise 99 percent of the total number of manufacturers, produce 55 percent of the GNP and hire 70 percent of the total labour force Even in the US 66 percent of businesses employ fewer than nine people, provide half the country's existing jobs and produce some 43 percent of its GNP

In Japan the figures are even higher — small businesses there employ 80 percent of the total workforce

The basic principle is that the centre factory does the design and development, farms out the manufacture of specific components to informal manufacturers, often providing them with the correct material from which the components must be made, with the satellite manufacturer contributing, mainly his labour

The centre factory only manufactures what it has to The products are assembled by the centre company where strict quality control is provided Marketing and distribution is then undertaken by the centre organisation

This concept is most important in a country where manufacturers are under pressure to improve profits because of high inflation and an undesirable level of productivity from the workforce

It allows the manufacturer to operate with less capital invested in hi-tech equipment and buildings and a greater achievement of productivity because of greater use of self-employed people instead of clock watchers in a big organisation

This, I believe, was more responsible for the Japanese success, particularly in the '50s when quality left much to be desired, but in spite of this Japanese products were good value for money because they were so inexpensive

The method reduces the capital and management resources required by the centre company and creates more jobs, which would not be feasible if all the work was undertaken by the centre company, which by necessity, would have to be more mechanised and computerised

Opportunities exist too for retailers in selling to hawkers and informal traders One of the biggest obstacles to obtaining a licence in most towns and cities in South Africa is the provision of storage facilities, approved by the health authorities, near the traders' sites

An example of the co-operation and natural interface that could exist between the third world and first world sectors, is the African Council of Hawkers and Informal Businesses (ACHIB) in Johannesburg which has found formal retailers, near each of the main trading areas, who are prepared to set up wholesale facilities for street traders

Hawkers purchase their supplies for the day, either for cash or agreed terms As these shops are close to their sites the traders can easily return to the wholesaler should they run out of supplies

At the end of the day unsold merchandise is returned for crediting towards the next day's purchases

There are many formal small and informal business people who, in spite of limited education and training, have demonstrated their commitment and willingness to work hard, in spite of enormous restrictions and harassment Imagine what they could do in a supportive environment?

☐ *Theo Rudman is the author of The Third World South Africa's Hidden Wealth*

ST Times 12/3/89 (153A)

Squatters boost informal trading

THE burgeoning black squatter population is being incorporated in the informal sector, swelling it to unheard of dimensions.

This emerged from a seminar in Johannesburg this week Window on the Third World was presented by Markinor

The informal sector is estimated to account for between 6% and 40% of South Africa's gross domestic product, about 1 2-million people are involved and it generates between R10-billion and R20-billion a year

Focus Black marketing unit director Arthur Mzozoyana estimates that SA's squatter population has topped 3,7-million With an influx of between 200 000 and 250 000 squatters a year, the informal sector is often the only way in which these people can make a living

Mr Mzozoyana says "The relaxation of influx control has led to many thousands of people seeking work in urban areas and setting up squatter camps Living conditions in these camps are generally shocking, but one of the biggest problems is that little is known about them

By Robyn Chalmers

"As a result, Markinor undertook a nationwide survey of 1 000 households We discovered that squatter areas can be divided into four categories, each of which is expanding rapidly"

Backyards

Under these categories, 29% of squatters are found in backyards surrounding the main house, 37% on the outskirts of townships, 12% on land inside the township and 23% are independent of the townships

"Although certain squatter areas are better than others, we generally found living conditions to be appalling There is a severe shortage of water and toilets It is all unhygienic, rain causes the streets to turn to evil-smelling rivers and overcrowding is common

"However, these people need to be fed and clothed, so a thriving informal sector has emerged It consists of food vendors, shebeens, clothing manufacturers, hairdressers and repair services"

Markinor director Peter Scott-Wilson says the informal sector was severely restricted until 1985 when there were curbs on 75 activities

"The informal sector has always been around, but it only gained prominence in the early 1980s During that time there was a severe economic downturn, white shops in the Eastern Cape were boycotted as well as Putco buses

"People needed ways of obtaining goods and services, especially with the squatter population increasing daily"

Mr Scott-Wilson says research shows that about 27% of men in the informal sector and 24% of women are engaged in selling food, and about one household in 10 operates a shebeen

"About 20% of vegetables are bought at supermarkets, 37% from street vendors and 33% from grocers Hawkers are responsible for R28-million worth of vegetables sold at the City Deep market alone"

Informal sector generates its own body of laws

(153A B|Day 30/3/89)

HERNANDO DE SOTO

This is the second of two articles by Hernando de Soto, author of "The Other Path: The Informal Revolution," on the critical role being played by the informal sector in Third World economies

IT IS too simple to conclude, as many do, that by sweeping away all of the bad legislation we will improve everything In fact, the law serves useful purposes Our focus should be on improving the law

In trying to move from analysis to prescription, we found it useful in our investigations of the informal sector in Peru to look for signs of what works and what does not. Not unsurprisingly, the informal sector has generated its own body of laws.

They are not all that different from the kinds of law that we have seen at other times and in other places in the world. Their law looks very much like law in the Western world of the 19th Century Many rules parallel the rules that came to govern the California gold rush and the settlement of competing claims.

A case in point is property law In Peru it is not uncommon to see side-by-side neighbourhoods of sharply contrasting standards, even if they have been settled by people of similar socio-economic backgrounds. We studied an area near San Travino for nine months the fundamental difference seemed to be that one neighbourhood secures the right of property and the other does not.

In the more prosperous communities, property titles were maintained and defended in a court of law After 10 years the value of property in the neighbourhood that protected those titles was 41 times that of the property across the street.

We examined the burden of legal affairs on enterprise in Peru. Our analysis of the formal sector revealed that entrepreneurs spend about 40% of their time on politics It also revealed that legal demands require that managers of firms located outside of Lima spend a great deal of time in the capital. For example, 85% of the general managers of enterprises with fewer than 100 workers and located outside Lima actually live in Lima because they need to be close to where the rules are being made.

The key question is how did these things come to pass? How could there be so much law that is so stifling to our national wellbeing? Cynics argue that it is a cultural matter, that Latin Americans aspire to the atmospherics of legality and imbue the legal profession with high prestige Others argue that it is a matter of bureaucratic inertia that can be changed by sweeping away the bureaucracy

In fact, research reveals that the bureaucracy is one of the least significant culprits. The answer is much simpler

The generation of law is a matter that is easy to measure. The central government of Peru produces 27 400 rules per year, which is 111 rules per day Of these 111 rules, the executive branch of the central government produces 99% while the legislative branch produces just 1% This arrangement does not provide for much public accountability.

The generation of law in a developed society and economy proceeds quite differently and provides for a systematic check to creating obstacles to economic activity An example is the system in the US In the judicial branch, thousands of courts are involved in producing jurisprudence based on the evolution of common law In the legislative branch, representatives who are elected on the basis of their popularity with the voter, not with the political machine, generate public law

In the executive branch, the regulatory agencies are subject to public accountability and must defend their cost-benefit analyses publicly There is freedom of access to public information The entire system ensures effective feedback and the evolution of the legal framework of economic activity

In Peru, winning a case against the state is nearly impossible In the legislature, politicians are beholden to their political mentors, not the public. In the executive branch, there is no public accountability. There is no access to public information

All of this suggests the central importance of effective democratic governance to the prosperous functioning of an economy If our concept of democracy is limited simply to periodic electoral exercises, then our concept is too narrow to meet the demands of economic wellbeing

The informal sector may yet emerge as the new middle class, as its predecessors did in Europe and North America It is fair to say the informals share common interests and objectives The research of the Institute for Liberty and Democracy (ILD) addresses these people in terms of their entrepreneurial interests: their desires for private property and contracts We have also learned to understand their frame of reference and their language, setting aside the largely useless conceptual reference common to the developed economies and the Peruvian upper class We have gained respect for the way the informals have confronted an environment rich in obstacles, and made it work.

History shows that the structure of law and governance is something that can be reformed In fact, a constituency exists to change that structure They are the informals — economic actors who rebel against the system and build their own system.

The ILD has begun to articulate a pragmatic policy agenda for Peru. We have drafted legislation on property titles We organised an ombudsman system to oversee adjudication.

We pushed through an initiative that greatly expanded access to banking credit by broadening the definition of collateral We make policy statements available to the general public and gather signatures to endorse new laws.

Our goal is to start a process for more open rule-making and more reasonable application of the law Through this more activist profile for the ILD, we have learned that pragmatism is politically viable. If politicians are shown that they can be popular by doing the right thing, they will.

Clearly, the problem can have no long-term resolution if governments have to turn to organisations such as the ILD to tell them what to do All organisations have limits The only real solution is for governments to do what people best require. People are much wiser and smarter than they are generally given credit for being

Our conviction that democracy and market economies are the only path to development grows out of a pragmatic test of what works and a historical perspective that offers substantial supportive evidence. The kind of analysis undertaken at the ILD can lead to only one conviction — a clear commitment to broadened economic and political participation.

Advocates of stable long-term growth in the developing world based on the foregoing principles must confront two challenges

First, many of the conventional wisdoms about the way economies emerge are simply irrelevant to the circumstances in the developing world — and we have much homework to do to put our intellectual house in order

Nobody in the West has drawn a blueprint of how to traverse from the mercantilist system to one based on a market economy and an open political framework. The traverse happened from adjustments here and there Or, it did not happen at all, and such states as the Soviet Union came along

We must do the ideological work of putting together a body of ideas and policies that hang together convincingly and embody human aspirations and our moral preferences

Second, the advent of Marxism-Leninism means that we cannot trust in the leisurely drift of history, as the West would, to stumble on a modern political economy The simple answers posed by this philosophy have a certain powerful appeal, especially among politically active elites.

It is ironic indeed that a system that has produced such oppressively dismal economic results throughout the world has nevertheless taken over half of the world's governments The importance of change in basic socio-political affairs is a subject that should not be left to the Marxists — historically, it has been their province, but we must lay claim to it.

The first two clashes in Latin America between the informal sector and the old regime were in Cuba and Nicaragua, and we can see who won There is no reason why the only people who have to be deliberate are Marxist-Leninists

We can also be deliberate by studying the history of the developed world to understand how deregulation, administrative simplification, and good macro-economic policy can be translated into the reality of the developing countries so as to produce a language that the majority — a group the developed world knows little about — will support.

Economically prosperous and politically liberal systems are not beyond the reach of the developing world People who want real answers instead of dogma must understand the forces at work and address their recommendations to those powerful and emerging actors in the developing world whose efforts are the conerstone of a better future.

☐ This article is an extract from an essay by De Soto, published by the Centre for Strategic and International Studies, Washington, and in the SA Foundation Review



SA's grassroots businessmen contributed R100 000-million to the economy last year.

Small firms contribute R100-bn to SA economy

153A
Cnews
2/4/89.

By SELLO SERIPE

SOUTH Africa's small businesses are an important feature with a turnover of R100 000-million and four-million employees last year

These findings come from Businessline, a new syndicate research service specialising in the collection of information about small businesses, after a survey conducted among 2 000 small businessmen across the colour line with a turnover of R5-million or less.

The syndicate is a subsidiary of Business and Marketing Intelligence (BMI), a member of the Information Transfer Group

BMI director responsible for Businessline, Bets Nel, said the latter was established because of the market's need for information about the small business sector

We focused on the information needs of financial institutions and computer companies during 1988, but are now expanding Businessline to meet the needs of all suppliers of goods and services to small business.

"This includes stationery, office furniture and equipment, insurance and travel and advertising services," Nel said

The organisation established that

- Under-developed businessmen tend to rent, as opposed to own their premises
- They employ less than five staff members
- Managing directors tend to have post-matric qualifications and to be English speaking.
- Most owners tend to run their businesss as sole proprietors.
- Just less than half of small businesses use computers, predominantly PCs made by IBM
- Small businesses bank predominantly with First National Bank, Standard Bank and Volkskas

factor for the BoP this year Should to be made in 1996 and 1997.

HAWKER GROUP TO LAUNCH AN INFORMATION CAMPAIGN

SYLVIA DU PLESSIS

RETAILERS lost an "insignificant" amount of money to SA's 900 000 hawkers and spaza shop owners, said African Council of Hawkers and Informal Businesses (Achib) president Lawrence Mavundla.

However, the battle between the two camps persisted, and the only way to solve the problem was through an education campaign to show retailers hawkers did not threaten their business, he said.

Achib, representing 14 400 informal traders, would focus this year on encouraging retailers to work with hawkers, he said.

The organisation was launching a media campaign to dispel the myths surrounding the burgeoning informal sector, and would also be arranging discussions with trading associations later this year.

Mavundla said these moves were a response to retailers' allegations that hawkers provided unfair competition and did not pay rates or sales tax.

Achib is also negotiating with the Johannesburg City Council on the possibility of launching a "Keep Clean" campaign among hawkers.

Retailers needed to understand South Africans were not living in an equal society, and many hawkers were unable to find alternative employment in the formal sector, Mavundla added.

Encourage backyard enterprise

By SOPHIE TEMA

THE survival of backyard entrepreneurs depends on support given them by the government, according to the director of Business Challenge, Phil Khumalo.

Addressing a seminar in Mmabatho recently Khumalo said the "informal sector or the backyard entrepreneur must be kept alive" because with mega-corporations merging more people were being retrenched and fewer jobs were being created.

It was evident that in many countries the informal sector did not enjoy the measure of government protection normally given to the formal sector.

Khumalo said the constant police harassment of the informal sector was evil, heathen and unacceptable to God

He asked whether the situation could be condoned where a policeman harassed a poor old woman selling apples – which eventually got tossed into the gutter.

This made a laughing stock of a struggling widow trying to survive, he said.

Khumalo said police often took 24 hours to arrive at a scene of crime, but rushed uninvited to harass street hawkers

"The law and order portfolio should be renamed the ministry of police and destruction because there is no order about it. There are so many thugs around, yet these officers spend time disrupting progress"

Calling on the government to change its hostile attitude to the informal sector, Khumalo said "The authorities should maintain a more positive, sympathetic approach"

He added that the government should formulate relevant training programmes aimed at existing informal businesses and avoid the academic approach currently used

"The authorities should monitor programmes and see the credentials of the presenters to get rid of the fly-by-night types," he said

Khumalo said banks were reluctant to get involved in backyard businesses and regarded them as a high risk, thus causing a major financial setback

"The banks are only interested in

Cops should chase thugs, not grannies selling fruit

ventures that have the blessing of chartered accountants – something not easily available for the backyard trader

"The government should set up collateral for this sector and a special budget should be aimed at this important sector of the business community.

"There should also be a follow-up to monitor progress and assist with a further bridging loan if necessary"

The formal business sector needed to co-operate with the informal sector by providing mentorship and know-how.

Big companies could invest in the informal sector by sharing managerial skills, not by dumping on it social responsibility cheques to assuage their guilt

Khumalo said SA Breweries had at last recognised bootleggers – commonly known in township lingo as "gwevas"

The SAB had built bridges because they linked the bottle stores to the runners and the runners to the shebeeners, and in the final analysis everyone was in the business network

The problem was transformed into an opportunity for everyone, he said

Khumalo appealed to Bop President Lucas Mangope and his Minister of Police to look carefully at police action against the informal sector in Bophuthatswana

"Instead of having a liquor squad, have an informal business promotion squad

"Let police visit backyard operators and help enforce security for these people who work till late at night to give the public a convenient service"

He said every country which had involved the informal sector had been successful

Draft Bill will ease hawkers' troubles

B | Day 10/4/89 153A

THE new draft Bill gazetted on Friday, dropping licensing requirements for many kinds of businesses, would go some way towards alleviating hawkers' problems, African Council for Hawkers and Informal Business (Achib) spokesman Vicky Sussens said

But, she said, they still faced a myriad of council by-laws which allowed officials to harass them

The Bill was "a major and fundamental move" which would certainly speed up the employment process

However, while Achib welcomed any move to deregulate the situation for hawkers, it did not signficantly alleviate the problems faced by city hawkers

Sussens said even if the Bill became law, hawkers would still suffer harassment from the traffic department for provisions that included that they must move every two hours, be 100m from a general dealer, 10m from an intersection and where they were fined, their goods were confiscated until the fine was paid.

Proposed

The Bill includes provisions to drop controlled trading hours on six days of the week — excluding Sunday — and to remove the licence requirement for businesses except those which constitute a threat to public health and safety.

In terms of the proposed measures, only food traders and caterers, places of entertainment and social meeting places will need trade licences.

Johannesburg management committee member in charge of the licensing portfolio Jan Burger said the council was sympathetic to doing away with licences It had set up a committee to look at upgrading sites for hawkers.

DIANNA GAMES

He said the council would make representations on the Bill, but did not want to comment at this stage.

The Law Review Project's Professor Louise Tager said she welcomed the far-reaching changes the Bill proposed

Particularly important was the dropping of a large number of categories for which licences should be obtained, as it was a major step to removing the barriers of entry into the marketplace

Tager said it was too soon to be excited as it was not yet law. She said exisitng licensing laws demanded many onerous procedures and requirements, licensing people rather than premises

Another major advance was the opening of trading hours.

Regarding the fact that Sunday trading would still be controlled, she said on sensitive issues like that it was better that the local option applied.

The Bill allows for the Administrator to administer the terms of the draft legislation.

Assocom economist Bill Lacey said Assocom welcomed the broad thrust of the Act and said the proposed Bill went a long way in removing regulations and procedures that had unduly restricted private enterprise.

He said Assocom would be making representations on the Bill. Deregulation of licensing seemed "reasonably satisfactory", but he found its provisions for Sunday trading anomalous.

A Ster Kinekor spokesman said they would not be affected by the proposed legislation as there was a special law that prohibited Sunday cinema

Bill won't protect hawkers

THEO RAWANA

THE draft Business Bill did not protect hawkers from harassment, confiscation of goods or corruption by local authorities, African Council for Hawkers and Informal Business (Achib) president Lawrence Mavundla said in Johannesburg yesterday

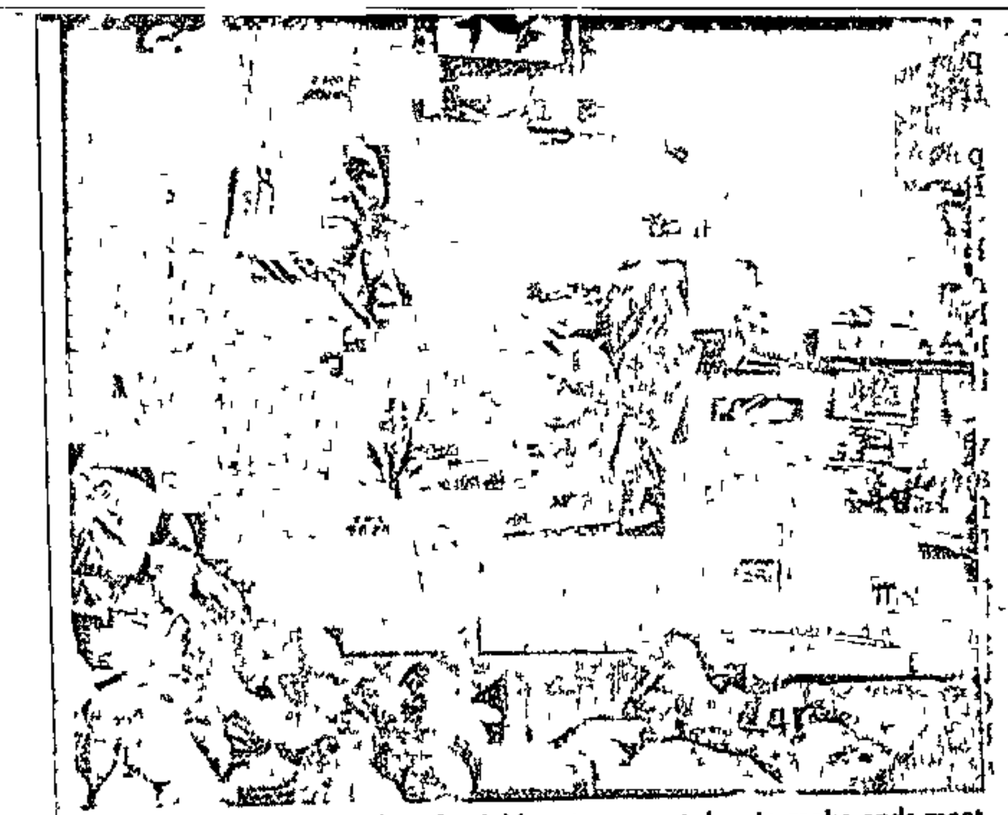
Mavundla said, with the removal of requirements for a licence in certain categories of informal trading, the Bill would relieve only about 10% of hawkers' woes

Local councils still had their by-laws, Johannesburg still had its requirements that a hawker move every two hours, be 10m from an intersection and 100m from a general dealer and the restricted area where hawkers could not trade was still observed

The permits local authorities had the power to give could be open to abuse as some black councils charged up to R20 a month for a permit, Mavundla said

"The TPA has the power to ease things up, but what attitude are hawkers going to get in places like Boksburg? The Marble Hall (Northern Transvaal) council does not even want to talk to Achib," he said

"What we propose is a sort of Small Enterprise Promotion Act which will contain certain principles fundamental to the potential renaissance of entrepreneurship in SA," he added



Mrs Sarah Sibisi (56), with eight children to support, has to make ends meet, no matter what obstacles are in her way. © Pic by Alf Kumalo

Star 25/4/89

Hawker's life is a battle for survival

An estimated 18 000 hawkers ply their trade in the streets of Johannesburg They earn their livelihood despite having to wage a constant battle against the authorities who move them on, the storekeepers jealous of their trade, and the weather which can rob them of their customers What is the average day in the life of a Johannesburg hawker really like?
THABO LESHILO took to the streets to find out

Mrs Sarah Sibisi has one great talent — making ends meet in the face of massive obstacles

For, being a hawker trying to sell fruit and vegetables to the milling throngs at Johannesburg's Faraday station is no easy living

Aged 56, widowed, she has been a hawker for 38 years

Her hours are long and the level of trade unpredictable, made more so by official action against hawkers and bad weather which sends the crowds hurrying past her 'spot" with never a thought of buying a morsel

"I start selling at 6 30 in the morning and go home at 6 30 at night."

How much does she earn?

Daily turnover fluctuates between about R40 and R60

"Winter is worst Few people buy fruit, sales drop sometimes down to R20 "

Traffic officers of the Johannesburg City Council are her greatest problem

She says her goods have on occasion been confiscated even though she has a licence

That licence finally came two years ago, thanks to the African Council of Hawkers and Informal Businesses (Achib)

But even with a licence, there are regulations which hawkers ignore at their peril

She recently lost two days of precious trading when her stock, worth about R200, was taken and charges of trading within 100 m of a general dealer and failing to move every two hours, were laid against her

Her goods have since been returned and all charges withdrawn — thanks to Achib

A bitter Mrs Sibisi remarked "How do they expect us to pay our rent and feed our families? They must leave me alone My eight children will starve if I stop selling"

She is not alone in her problems — according to Achib, there are more than 15 000 registered hawkers in the Johannesburg area alone

These people are harassed for allegedly "poaching" customers away from established business

But, of course, not all shopkeepers have declared war on hawkers.

A fruit dealer, near whose shop Mrs Sibisi conducts her business, said he had no reason to complain He even stores Mrs Sibisi's stock in his refrigerator and she sometimes bought stock from him, he said

A nearby butcher, Mr Jose Gonzales, said he had no complaint since "she brings me business and I also bring her business

In response to hawkers' complaints of harassment, the Johannesburg Traffic Department said it is only acting in terms of the ordinances governing hawkers and their trade

Traffic Department spokesman Mr Eric Hill said officials usually acted on complaints by shopkeepers whose trade was being negatively affected by hawkers' irregular trading

The restrictions imposed on hawkers are that they may not cause obstruction to shopowners, pedestrians or traffic, they may sell only goods specified on their permits, they cannot trade goods near retailers trading similar goods, they must move every two hours, they cannot trade in a restricted area or within 10 m of an intersection and they must keep their trading area clean

If a hawker contravenes these regulations, his goods are confiscated and returned only when a fine is paid.

Enterprise 'not free' to blacks (153A) Star 28/4/87

By Kaizer Nyatsumba

The Government's recent advertisements saying free enterprise was working well in South Africa were untrue because it was still difficult for blacks to get into the informal business sector, the managing director of the Get Ahead Foundation, Mr Don Macrobert, said in Johannesburg yesterday

"At Get Ahead, we do not believe that people should be denied access to the economy because of the colour of their skins, and we believe further that the future of this country lies in the informal sector," Mr Macrobert said

Laws make life hell for hawkers

153A

Star 29/4/89

PAT DEVEREAUX

HAWKER Mr Lukas Mkhwanazi finds it a constant battle to earn a living from takings at his meagre stall — but what is more frustrating is the plethora of laws with which he is confronted

This month alone Mr Mkhwanazi collected 11 tickets from Johannesburg's traffic department amounting to R700

"After losing my job at a bakery about a year ago I began selling fruit and vegetables on the street," said the 20-year-old Lukas He has two dependants — his common-law wife, Miss Martha Dlamini, and her baby

In February this year, said Mr Mkhwananzi, he decided to "go legal" and get a hawkers' licence However, this has not made life easier for him



FINES GALORE: Mr Lukas Mkhwanazi this month collected 11 fines amounting to R700.

Restricted

Mr Mkhwanazi is often seen trading in central Johannesburg's Sauer Street — a restricted trading area — because he said "I have customers who know where to find me and the areas which are unrestricted are very competitive."

Lukas explained how he got so many fines in one month

"On April 4, Martha was watching my stall for me as I had to buy stock. A traffic officer arrived and demanded to see the licence — which she produced However, it appears that as the licence was not in her name the licence was confiscated by the officer who claimed it had been stolen The goods were confiscated and she was given three fines"

Four days later, said Lukas, he was once more trading in the same spot when two traffic policemen demanded his licence He said after he replied that they already had it he was assaulted by them for "being cheeky" He was once more fined and his goods confiscated.

He was treated by a doctor, returned to trade and was fined again on April 11 and 21 The fines relate to trading in restricted areas, being too close to an intersection or general dealer and failing to move on when ordered to

Mr Mkhwanazi plans to contest the fines and the assault in court and has approached the African Council of Hawkers and Informal Businesses (Achib) for help.

Asked to comment, a spokesman from Achib said. "Mr Mkhwanazi's persistence in trading shows a desperate need to survive for which he is prepared to take the risks and be prosecuted"

The draft Business Bill published in the Government Gazette this month proposing that hawkers can trade without licences (as long as their goods are not a threat to public health or saftety) may be passed this parliamentary session

Asked to comment on Mr Mkhwanazi's alleged assault by two traffic officers liaison officer for the Traffic Department Mr Eric Hill said he was looking into it

Move from major stores survey

Business Day Reporter

INCREASED informal sector activity had led to a move away from shopping at major stores and a trend towards buying at stores, street vendors and spaza shops in black areas, a recent Markinor survey showed.

Markinor said a survey conducted among 79 000 black adults in the metropolitan areas earlier this year showed the most popular activity was selling fruit and vegetables.

Running a shebeen was the second most widely-practised informal activity, involving some 56 000 people, closely followed by running a spaza shop (49 000), hairdressing (35 000) and operating taxis (25 000).

Markinor said SA's informal sector had become a major phenomenon in the country and was growing at an unprecedented rate

It said it was believed the informal sector accounted for up to 25% of GDP and current estimates put the number of people employed at 6-million.

Survey shows informal sector still growing

Cape Times 5/5/89

1537

By BRUCE WILLAN

THE informal sector in SA is growing at an unprecedented rate according to the latest Metro-Syndicate surveys conducted by Markinor

In spite of the difficulty experienced in the collection of statistics, it is believed that the informal sector accounts for as much as 25% of gross domestic product (GDP)

Current estimates are that some 6m people are employed in the informal sector

The latest survey conducted by Markinor late last year undertook a study among 1 300 black adult men and women in the townships in metropolitan areas

Previous surveys established whether or not the person was employed but this time Markinor asked whether the respondent was earning any money for doing any type of job

According to Markinor this provided a far more accurate measure of the size of the informal sector than in the past

The results obtained indicated that 23% of women and 21% of men who claimed to be employed, earned money from an informal source

These figures rise to 28% and 27% respectively with the inclusion of self-employed individuals who describe themselves as being employed

The figures recorded by this study show a marked increase over previous studies.

Also established in the survey was the trend by consumers to favour stores, street vendors and spaza shops in black areas more as opposed to major stores

The increased activity in the informal sector over the past few years has also led to the creation and growth of organizations such as the African Council of Hawkers and Informal Business (ACHIB) and the SA Black Taxi Association (SABTA)

In an effort to establish estimates of the number of businesses in some of the more important sectors of the informal market another survey was conducted among black adults in the metropolitan areas

By far the most popular informal business activity is that of selling fruit and vegetables which involves some 79 000 adults.

Running a shebeen or community tavern is the second most popular with approxiamately 56 000 people involved in this sector

These are closely followed by running a spaza shop (49 000) doing peoples hair (35 000) and operating a taxi (25 000)

Markinor states that while the level of activity in these areas is likely to be much higher than the numbers recorded, the new survey provides a vital benchmark of the current level of involvement in the informal market

153A Argus 7/5/89

Black cash in white hands

'Underground' trade comes out of the cold

By REVELATION NTOULA

THE informal economic sector has hit the headlines in recent months

Conferences, workshops and seminars have focused on this sector, which some researchers say handles billions of rands and provides thousands of people with employment

Although this "underground" business has been operating for decades, it was only highlighted recently when some of the trade regulations were lifted in terms of the government's free-enterprise drive.

Among the people who brought this sector to prominence was Lawrence Mavuso, who founded the informal business association called Achib

Numerous stalls have mushroomed in cities like Johannesburg and at railway stations since deregulation, which also resulted in beehive-type activity in back yards and private homes, where it was once illegal to trade.

Spaza shops along streets in places like Soweto have become the order of the day Big white businesses view the emergence of this "sleeping giant" as a fertile market for their wares

PROBLEM

It seems, however, that deregulation, inasmuch as it is commendable, does not contribute much to the whole concept of black economic empowerment in South Africa.

The core of the problem is that such subsistence economies do not contribute to the creation of national wealth as such, nor to that of blacks

This applies equally to an overwhelmingly number of established or formal sectors

Be they the shop around the corner, supermarket, butchery or undertaker

The core of the problem is that such subsistence economies do not contribute to the creation of national wealth as such, nor to that of blacks

What actually happens is that the entrepreneur simply acts as a middleman or ultimate outlet for a white wholesaler and the white producer

He employs his capital to purchase consumer goods from the wholesaler and sells them to his black customers at a profit But, eventually he must return to the wholesaler in order to purchase more stock, and so it goes on

And from the consumer point of view, those of us (definitely in the majority) who earn our living by selling our labour, do so outside the townships. After using our earnings in township shops, the money, through the shopkeeper, returns to where it originated – the city

Therefore, if this circle is allowed to continue unhindered, it becomes highly unlikely that there will even be sufficient or meaningful money from blacks to be used as capital investment in their own areas

The whole concept of black economic empowerment becomes little more than a nicety

DRASTIC

In the US, where the idea of black economic empowerment originated, black Americans realised the hopelessness of their dream and took drastic steps to have a share in the means of production.

In pursuit of this ideal and the need for black consumers to buy from others for black empowerment, unprecedented steps were taken to equip black entrepreneurs with professional skills and to create manufacturing zones which received money from blacks, to be reinvested in the black community

No effort was spared in obtaining capital and keeping it in black hands

To make this possible more and more blacks became producers of some of the basic consumer goods and black shopkeepers were almost prohibited from purchasing their stocks from any other producers

It was as a result of these combined efforts that black Americans, despite their small numbers, became an economic force in the total thrust of the US economy.

It therefore appears imperative that, in order to achieve the object of black economic empowerment, a share in the ownership of the means of production, capital, land and labour is a must for a changing South Africa

Remote as it may seem, it is imperative that blacks aspire beyond owning the likes of a supermarket

They should rather buy gold mines and large factories, from where they can purchase their stock-in-trade

This should be the trend, despite the myriad of regulations standing in the way of aspiring black entrepreneurs

Perhaps seminars, workshops and black conferences should change the focus to "Towards owning the means of production"

The need to own capital and land is without doubt of paramount importance

Equally important is the need to acquire entrepreneurial skills so as not to depend on others to fulfill this requirement in society

1538. Star 10/5/87

Sapoa seminar

Shebeens provided the start

By Frank Jeans

The informal sector was the people's response to the State's incapacity to meet its obligations, Mr Aggrey Klaaste, editor of the Sowetan Daily Mirror, told the Sapoa seminar.

"Oppressive systems cripple enterprise and the blacks have found themselves victims of underdevelopment," he said.

Mr Klaaste, referring to the rise of the small businessman, said that in South Africa his origins began in situations such as the illegal booze trade and its "carpet baggers and gangsters".

Those who managed those shebeens had survived and had created an informal business sector which was now a reality.

Referring to the new black taxi phenomenon of the small business sector, Mr Klaaste said this was an example of the crying need for management so as to end the present "dog-eat-dog" situation.

Survey on informal sector 'humble and conservative'

(1538)

B1 Dag 12/5/10-7

SYLVIA DU PLESSIS

A CENTRAL Statistical Service (CSS) survey on the informal sector was a conservative estimate of the contribution of the sector to GDP, informal sector researchers said yesterday.

Free Market Foundation executive director Leon Louw said the objectives of the survey were "very humble", and the figures contained in it were necessarily conservative

There were a number of factors constraining the research, "no more than a pilot study conducted under adverse research conditions"

One of these was that it did not take into account blacks living outside the townships, such as in Hillbrow

CSS put the number of informal sector blacks in PWV townships at 560 000 out of a total of 4,7m blacks

This ratio was "misleading", since the survey measured the informal sector in the townships only

In addition, there was no attempt to overcome the problem of concealment people were asked to comment on basically illegal activities in which they were involved

Further, the *de facto* population of the PWV's black townships was probably higher than estimated, as people would not admit to having illegal tenants

Another constraint was the survey's failure to capture the informal financial markets, subsistence activities or "morally outlawed" activities such as prostitution or drug dealing

Louw said "informed guesses" estimated the growth of the informal sector to be far higher than that of the formal sector — probably 12%.

Business and Marketing Intelligence (BMI) director Jan Strauss agreed that the CSS figures were conservative

BMI was conducting a "totally integrated environmental research project" on the informal sector; and the results would probably contradict CSS findings, he said

Institute to research informal sector value

B1 Bus 15/5/87

SYLVIA DU PLESSIS 1538

A NEW body, the Institute for Informal Sector Studies, has been set up by the Information Transfer Group (ITG) and associate company Econometrix to explore the "black hole" of information on the burgeoning informal sector

ITG director Jan Strauss said this would be the first project of its kind, and would result in "true co-operation" between the public and private sector

He said the little that was known about the informal sector was mostly academic

"We believe that no-one knows what's really going on Official figures are at best not reflecting the tremendous growth and energy, or the patterns of trade or needs of this sector," he said.

While organisations such as the Free Market Foundation had already expressed support for the study, more help was needed

"We are currently negotiating for this with key public sector bodies as well as the private sector," Strauss said.

"The public sector is interested in just one thing what does the informal sector mean to the economy in terms of employment and value added

"Businesses in the formal sector want to know how they can help the informal sector to their mutual benefit."

Results

This was the first time a study would take an integrated vertical look at everything affecting a particular sector

The Institute's first projects would cover the building and DIY market, food and groceries distribution, transport and energy, and alcoholic and non-alcoholic drinks Initial results were expected in September

Strauss said spazas and other informal black businesses showed that more and more people would work where they lived.

This meant that more money would circulate within the townships, and might never be recorded in the formal sector

□ A Central Statistical Service survey released last week estimated SA's GDP was under-estimated by about 3% because the informal sector's contribution was not included. Free Market Foundation executive director Leon Louw described the survey as conservative. He said "informed guesses" estimated growth of the informal sector to be far higher than that of the formal sector — probably 12%.

Helping black business

By JOSHUA RABOROKO

THE formal business sector was yesterday asked to help the growing black informal enterprises to prosper and contribute in the country's mainstream economy.

Speaking at the launch of a hawkers' clean-up campaign in KwaThema, Springs, Nafcoc public affairs manager Mr Gabriel Mokgoko said the informal sector held the key to South Africa's economy.

He estimated that hawkers and spaza shops contributed over R3 - R4 billion to the country's economy annually.

His association has pledged to work closer with informal sector undertakings such as hawkers, spaza shops, street vendors and manufacturers to promote black economic empowerment.

The aim of the campaign launched by the African Council of Hawkers and Informal Business (Achib), is to help hawkers and spaza shops to operate their business ventures from clean premises in order to avoid harassment, arrest and confiscation of their goods by local authorities.

The campaign started in Johannesburg.

"Nafcoc realises the need to talk to hawkers because most of its members started as hawkers.

Blacks fear business Act change

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

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

SOWETAN REPORTER

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

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

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

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

FOCUS

WHITES ARE TAKING OVER

WHITES are infiltrating township businesses and threatening the livelihood of many black entrepreneurs

Their main assault is directed at the lucrative minibus market.

Other sections of the informal sector, seen widely as the means towards "black economic empowerment", also faced with the same threat from whites

Social and Economic Update **written by the SA Institute of Race Relations researcher, Ellaine Cosser, points out that at least 30 percent of minibus taxis are owned by whites**

But officials of the Southern Africa Black Taxi Association (Sabta) and the South African Long Distance Transport Association (Saldta) the two black organisas in the transport industry, say the 30 percent figure is conservative and put their estimate at 50 percent and which they say is growing by the day

They both warned that deregulation may increase the trend to white ownership

The burgeoning black taxi industry has created thousands of jobs Most taxi drivers do not own the vehicle

They work for an employer and some of the employers are white

Sabta s president Mr James Nqeoya, said mo t taxis were white-owned He expressed fears that deregulation may hamper the prospects of growth in the transport industry

Front

He said Whites are taking over our industry At the moment they have to hide behind a black front because they have capital and to the assets which are required as security for loans

"The fraudulent operations in which whites buy vehicles through hire purchase agreements and then pass them to would-be taxi owners must be stopped"

Saldta president Mr Peter Rabali said whites buy taxis in their names then register them in the names of black drivers

On paper he adds the vehicle belongs to a black person but in reality it belongs to a white man

'We want protection from the Government This is the reason why we do no favour deregulation Rabali says

According to Central Statistics Services racial breakdown of 18093 new minibuses bought in 1988 6994 were sold to whites and 3120 to blacks

Of the 31502 used vehicles purchased 13745 were bought by whites and 11896 by blacks

Nqeoya said the figures indicated a true reflection of the whites who were able to penetrate the market

He said whites were taking advantage of the ignorance of people who do not know who to turn to for money to buy minibuses

Sabta has a scheme through which it can help would-be taxi operators to obtain vehicles

'These people must approach us for advise for financial assistance which we run with Westbank ' he says

Rabali said some violent clashes between members of rival taxi associations countrywide can be attributed to competition from white-owned taxis and private operators

Problem

Another problem for the black taxi industry reported in *Update* is the proposed tram system for Port Elizabeth for which it appears that a private company Tramway Holdings may be given the sole right to run the scheme

If tram systems become widespread they can limit the taxi industry's growth

The problem says *Update* is that there is clearly not enough of a market to accommodate 31000 new taxi operators a year and one reason for introducing tram systems is to rapidly building the new roads which would be required to meet continued taxi industry growth

While market forces may well resolve this problem 'in the longer term competition for limited markets has serious potential for instability It may well be one cause of the growing violence between generators ' says *Update*

These problems could fuel demands for continued regulation of passenger transport

Deregulation is throwing up similar problems where black business is concerned *Update* reports that black businessmen are uneasy about the fact that the removal of controls on township business allows white business to move in

The Conversion of Certain Rights to Leasehold Act, which came into effect in January allows the occupants of an estimated 230000 to 300000 properties in townships to acquire leasehold title free of charge

The Act also abolishes a plethora of controls on township businesses and allows whites to operate in the townships provided that they form partnerships with their black counterparts

Whites hold up to 49 percent of such joint ventures Previously township business required government permission to raise capital from partnerships with a white person

President of the National African Federated Chamber of Commerce Mr Sam Motsuenyane has expressed fears that the Act may simply increase white penetration rather than free black business of restraints

'Added to this problem is the fact that there are big corporates that have established shopping complexes on the borders of the townships Motsuenyane says

President of the African Council of Hawkers and Informal Business Mr Lawrence Mavundla says many hawkers who sell goods in the streets are actually 'fronting' for whites The people who hawk food in office buildings are often employed by white-owned restaurants



Mr James Ngcoya "50 percent of taxis are white-owned"

Fmail 19/5/89

INFORMAL SECTOR (153A)

Stopping the gap

The success of the black taxi industry is reflected in a comparison by Central Statistical Service (CSS) of earnings of blacks involved in various categories of unrecorded activity Estimates are based on a pilot survey of 2 200 households (of five to six people) in the PWV rural and black urban areas and is derived, says CSS head Treurnicht du Toit, by inflating results of the sample to match total population, in these areas, of 4,7m

Of eight occupational categories researched, transport is the only one in which most participants are not clustered on the lower rungs of the earnings ladder CSS concludes that, while more than 1 000 people engaged in transport-related activities net under R150 monthly, over 3 000 net R1 000-R1 349 It also concludes that it is the only one in which more than R5 000 is cleared monthly — by an estimated 800 people

In other categories — hawking, scavenging, crafts, homecrafts, services, accommodation and other — large numbers of people net less than R150 a month and comparatively few are found in top earnings brackets

Statistical quirks which emerge when answers are collated are probably due to small numbers at certain income levels

Though those involved in transport earn the most, greater numbers are involved in other areas Biggest contribution to GDP is made by hawking — an estimated R39,4m monthly — followed by crafts (R36,8m), services (R30,7m) and transport (R24,6m) Total contribution of more than 500 000 blacks involved in the informal sector in the area is put at R168,8m monthly, about R2bn in 1988, or about 3% of area GDP that year

While this does not allow for blacks living in white PWV urban areas or other parts of SA, this conclusion does not bear out optimistic estimates of informal sector contribution to GDP, which range as high as 30%

Conclusions are based on verbal information provided in personal interviews Few records are kept in the informal sector so figures are estimates by respondents

The results, however, should be "reasonably accurate," says Paul Fatti, professor of statistics at Wits, "provided the sample is representative of the population in the area " The sample used is one established more than a decade ago, and revised in 1986-1987, to assess black unemployment.

The survey does establish that informal activity provides full-time work for only a minority of the people involved an estimated 74 000 work on their own account while 31 000 work for informal sector employers. By far the most participants, nearly 200 000, are housewives and scholars More than 184 000 are involved only part-time, while working full-time in the formal sector; over 65 000 are seeking work in the formal sector

So for most the informal sector seems a source of supplementary or stop-gap income, rather than meaningful employment

National surveys on informal activity among blacks, Indians and coloureds are due to start in October No research on informal activity among whites is planned ■

Informal sector needs support

Star 9/5/89 153A

By Frank Jeans

Central Government, local authorities and the major corporations must join in a thrust at the barriers which are holding back small business

This was said by Mr Danie Hough, Administrator of the Transvaal when he spoke at a lunch of the South Africa Britain Trade Association (Sabrita) in Johannesburg yesterday

"South Africa's informal sector, or the Underground Economy as it is called, has problems unique to this country," he said.

"Jobs cannot be created fast enough or provision made for unskilled and untrained people and the move to the cities has created problems of overcrowding and joblessness."

The Administrator emphasised that the informal business sector had always been underestimated and that it could be contributing as much as a third of South Africa's gross domestic product.

"More than 30 000 people enter the labour market annually," said Mr Hough "According to the Small Business Development Corporation, the segment taken up by the informal sector as a whole may be as high as 42 percent."

Mentioning the fact that Government had "systematically begun dismantling" the many restrictions placed on the "small man", the Administrator agrees with the concept that "bureaucratic and other entrance barriers" should be lowered.

"We will, however, all have to look more closely at the advancement of small business, particularly when one realises that the modern day formal sector of the economy is no longer capable of creating all the jobs needed to provide an adequate standard of living in South Africa," he said.

"Private enterprise can assist by showing that it is willing to see restraints removed by buying supplies from small business and encouraging sales.

"The informal sector's growth is too strong to be curbed and I see no reason why it should be."

153A

Township boomtime is going to spread

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

By JOSHUA RABOROKO

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

Indications are that the amount is rising dramatically

The Free Market Foundation has engaged The Information Transfer Group (ITG) and its associate, Econometrix — both research companies — to head an investigation into the contribution made by the informal black business

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

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

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

"Also, in their off-peak hours black taxis are becoming delivery vehicles for the spazas This is the start of wholesale hawking And conventional wholesalers cannot compete because their cost structure is all wrong," he said

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

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

"It is ridiculous that the city the size of Soweto has no central business district

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

"Blacks are now aware of convenient shopping

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

Tapping the cash potential of SA's 'stokvel' members

CHRIS CAIRNCROSS in Cape Town

BILLIONS of rands in fluid savings are generated annually by the informal sectors' collective groupings or clubs, commonly known as "stokvels".

Yet, with one notable exception, the country's financial community has thus far made few attempts to attract and mobilise this potentially lucrative market.

It is an African phenomenon, well established among the low earning members of the black community, but no precise figure can be made of the size of the stokvel population One rough guesstimate is more than 800 000 — each probably made up of between five and 10 individuals

This estimate is provided by Andrew Lukhele, president of the National Stokvels Association of SA (NASASA), established in February last year to assist and co-ordinate the activities of stokvels The aim is to mobilise more effectively the funds they generate and channel them in directions which could eventually propel their members into the economic mainstream

Lukhele estimates that the stokvels under his umbrella organisation are mobilising funds potentially totalling more than R200m each month This figure is regarded as being the tip of the iceberg

Stokvels, therefore, represent an important source of funding for the creation of employment and small business development at the bottom end of the informal sector. Properly harnessed, the funds these "savings collectives" generate could make a material impact on the economic wellbeing of SA.

NASASA appears to be the first material effort — as an essentially self-help organisation — at providing umbrella guidance and support to mobilise the full potential, earnings and spending capability of the stokvel population.

Lukhele, a Wits University graduate in psychology, is the driving force behind the organisation, which flowed from a study of the stokvel phenomenon on behalf of the Urban Foundation

He says he recognised the need to provide co-ordination for these small savings groups — which had little access or knowledge of modern, First World savings instruments — so that their potential could be realised

According to Lukhele, NASASA's approach is to ensure that funds are used to the maximum benefit of members NASASA intends negotiating benefits and communicating investment opportunities to stokvel members

Other objectives are to arrange better purchasing terms with shops and other suppliers of goods and services, to provide training to enable members to operate more professionally and profitably, to promote a positive perception of the stokvel concept, to provide an educational counselling service on such subjects as housing, financial management and legal advice, and to serve as a marketing vehicle between the black informal sector and the financial community

NASASA and its membership has had little support for the stokvel concept from the institutional sector Only the Perm appears to have seen the need or potential of this massive market by creating the "Club Account" savings scheme a year ago

The scheme has been a tremendous success, particularly in the Transvaal and Natal, according to a Perm spokesman "Enormous amounts totalling millions of rands" in fluid savings are flowing in from the stokvel movement, he confirmed

REVIEW



Achib president Lawrence Mavundla.

Hawkers told to keep on applying for licences

THE president of African Council of Hawkers and Informal Businesses, Mr Lawrence Mavundla, yesterday appealed to hawkers and spaza shop owners to continue applying for licences, despite the publication of a new draft Bill aimed at abolishing trading licences.

Mavundla said it was vital that this section of the informal sector should apply for licences to avoid further prosecution by local authorities

He said it had come to Achib's attention that more hawkers and spaza shopowners were prosecuted for trading without the necessary documents

"The draft Bill is not yet law People should still apply for trading rights As soon as the Bill becomes laws we shall inform our members and the community," he said

The Bill, published in the Government Gazette recently, proposes the repeal of the old licencing laws The list of licensable categories is reduced from 70 to two

Welcomed

The Bill provides for the licencing of premises not persons All the old grounds for refusal — a fit and proper person and language requirements fall away Health and safety legislation are the only criteria for the award of a licence

No licences are required for persons in private residences who prepare food or meals for sale This means that home industries or spaza shops will not have to be licenced

Mavundla has welcomed the new Bill and said it looked as if South Africa was about to take a few giant steps towards becoming a freer economy

Business courts those it once ignored – hawkers

Some 500 companies, hoping to seduce the informal sector, have shown interest in hawkers and spaza shops. By MZIMKULU MALUNGA

AS recently as two years ago few in big business knew of the existence of hawkers and township spaza shops Today almost every consumer products company in South Africa wants to explore this market.

For the African Council of Hawkers and Informal Business, the past two years have seen a rapid rise to prominence Achib has become the sweetheart of companies queueing to jump into what is often described as the "underground" or "hidden" market. And now it has started to act as go-between, buying from manufacturers and supplying to its members.

Some 500 companies have so far shown interest in the hawkers and spaza shops, according to Achib public relations officer Vicki Sussens.

She attributes the sudden breakthrough to a publicity drive which the organisation embarked on in the early stages of its existence as well as companies' so far unsuccessful attempts to break into the hawkers' and spaza shop market

Spaza shop operators comprise about three quarters of Achib's membership, Sussens says

"This market is believed to be as big as the top three retail giants with a combined turnover of R3-billion. Companies noticed that the only way of having access to it was through informal sector organisations with direct community links," she says

The R3-billion estimate is that of management consultancy Perry and Associates, which conducted research last year under the auspices of its Trade Opportunity Project.

Achib has a pilot project supplying hawkers and spaza shops with products directly from the suppliers There is "enormous" pressure from hawkers and spaza shop owners in areas where the scheme is not in operation to extend the services to those places, Sussens says.

Achib will act as a watchdog to "see to it that hawkers get the best deal and are not exploited".

Big companies marketing their products through Achib helps these small-scale entrepreneurs in various ways, she says

It solves many of the hawkers' problems, such as

- Difficulty getting discounts from wholesalers who fear a backlash from retailers who see hawkers as unfair competition
- Transport problems when fetching their goods
- Hawkers individually do not buy huge bulks of stock, so they do not warrant discounts Their prices remain high and uncompetitive and this limits their growth.

"Another advantage of this arrangement is that the suppliers will have a good reason to protect the hawkers from harassment

"They will advocate the scrapping of unjust laws restricting hawkers from trading freely since they are directly doing business with them," Sussens argues

The project also helps Achib's finances, since it buys from the suppliers to sell to the hawkers Sussens declined to reveal what margin Achib takes "That would be revealing trade secrets."

"We want to be self sufficient by 1991 We do not want to live off handouts and sponsorship because these come with conditions," she says

A Markinor Survey conducted in January this year among black adults in the metropolitan areas showed a move away from shopping at the major retail shops and a trend towards buying from stores, spaza shops and street vendors in black areas

The survey says selling fruits and vegetables on the streets remains the main informal sector activity among black adults in metropolitan areas, with about 79 000 people involved

Other activities include.

- About 56 000 people are involved in running shebeens.
- Spaza shops involve some 49 000 people
- Hairdressing accounts for 35 000 people

and operating a taxi, some 25 000 owners

"The actual numbers of people involved will be much higher than this, as we only asked about running these informal businesses Others are working in shebeens, delivering liquor and driving taxis as well, for example," says the Markinor report.

Many advertising agencies are suggesting that if big companies want to remain in business in the next 20 years they should look to the informal sector, rather than relying on the power of the three big retailers to move goods. The informal sector has started to challenge that power, says Sussens

She says advertisers suggest that products sold through hawkers and spaza shops need no advertisement.

The oft-quoted example is Sadie deodorant, distributed only through the informal sector, which has been found to have a 45 percent share of the South African deodorant market.

One of the companies marketing their products through hawkers is Total South Africa.

The scheme is the result of an agreement between the company and Achib to supply hawkers selling at taxi ranks with oil products to sell to taxi operators

Total spokesman Andries van der Walt says, his company hopes to benefit from the arrangement though this is not the primary objective of the project, which is "part and parcel of our policy to uplift the quality of life of the community".

"We have not just jumped on to the bandwagon of exploiting the black market because we need to remain in business in future. For the past 20 to 25 years our company has been actively pursuing the development of service stations in black areas," Van der Walt says

Social club to help traders

BUSINESS Challenge, an organisation which assists emerging black entrepreneurs, has formed a social club to share ideas and educate the informal sector on a variety of skills.

BC's executive director Mr Phil Khumalo said the club will have many influencial people with constructive ideas.

Some of the activities of the club include organising parties, seminars, stokvels, after work get togethers, business meetings and special education classes for those needing them.

For more information contact Emily at (011) 23-4968; Mpho (011) 29-2944 or Queeny (011) 54-9912/3.

'House shop' owners in battle over licences

By MICHAEL DOMAN, False Bay Bureau

MITCHELL'S Plain "house shop" owners, who have recently been warned or fined by the city council's business licensing division, have voted unanimously that the Western Cape Informal Traders' Association (WCITA) should represent them in any further negotiations

The WCITA was formed two weeks ago in response to the blitz by council officials

Warnings and fines were issued by the council to proprietors of non-mobile shops in houses Those at fault had either a hawker's licence — a general dealer's licence is required — or no licence at all

Fines postponed

The council's action was prompted by formal general dealers who felt it was unfair that they had to go through more red tape than informal traders for basically the same type of business

It is estimated there are about 700 informal shops in Mitchell's Plain

At the Westridge Civic Centre last night, a meeting of about 150 proprietors heard that the city council would postpone all fines to give the offending house shop owners the opportunity to apply for the correct licence

However, Mr A J Naude, the senior manager of development services in the Small Businessman's Development Corporation, cautioned that he and the WCITA steering committee would have to persuade the council that informal traders should be given a special dispensation with regard to certain preconditions which had to be met before a general dealer's licence would be issued

Health requirements

"You will have to meet certain health requirements and the present town planning scheme does not allow for retail outlets from houses," Mr Naude said

"The health department will require that you have running hot water, facilities for employees and rodent-proofing measures

"Many of these are not practical for you and we will ask for these to be relaxed

"And we will urge the council to allow retail shops from homes in terms of the town planning scheme since it has been allowed in other communities"

Traders were handed petition forms at the meeting, on which they intend to collect names of customers who are prepared to support their applications

Said Mr Naude "The council will consider objections from your neighbours, but we will investigate these to see if they are reasonable objections"



Picture HANNES THIART, The Argus

Support for informal sector

JOHANNESBURG — Small-scale entrepreneurship can make at least as great a contribution to the developmental and employment needs of SA as large-scale corporate activity, said Gavin Relly

The corporation and its associates have therefore decided to try to expand their purchasing and sub-contracting links with small business

In six months they have been able to place some R3,5m worth of business spread over close to 50 contractors.

The reshaping of SA's "economic geography" is thanks to government policies of deregulation, an even more to the "entrepreneurial zeal" of an urbanising and modernising black population, he says

The revolution of economic opportunity is enabling black South Africans to liberate themselves from the "oppressive arm" of officialdom and take charge of their lives, thus increasing their self-esteem and dignity.

"As it spreads, that revolution will be felt right through the social and political structures of our country to the benefit of the task of building a nation in SA before the 20th century is out," Relly predicts. — Sapa

Black consumers are now driving white business

153A

B/Dain 21/7/87

MIKE PERRY

THE STRONG and winning companies of the 1990's are being made right now by the black consumer. The purchasing power of the black consumer is reshaping the fortunes of companies competing in markets as diverse as groceries, clothing, electrical appliances, minibuses, second-hand motor cars, petrol, building materials, personal financial services, entertainment and travel.

This increasing power can offset a major strategic issue for many business executives — how to get real growth.

A view of the growth in turnover of many companies quoted on the Johannesburg Stock Exchange shows that, in the period since 1985 onwards, they have not grown in real terms.

Acquisitions aside, one finds that — after deflating the numbers to remove the masking affect of inflation — despite at least 18-months of up-swing, sales have not yet returned to 1984 levels.

But some companies are the exception and have grown Why?

The business strategist searching for opportunity gets some hints from a survey of the characteristics of leading brands

Be it footwear, clothing, soft drinks or alcoholic beverages it is pretty well accepted by marketers that it is the strength of appeal to black consumers that has got the brands to where they are

Investigating companies that have grown well in real terms in the period from 1985 onwards, we have found the black consumer to be the cause — despite retrenchments

Apart from the jubilation this causes in the marketing and sales department, strong growth at a time when others are standing still has a profound effect on the structure of an industry, the strategies, organisational designs and fortunes of the players in that industry.

Positive changes in market share which can result from the correct strategies in a restructuring industry are the portents of future improved profit.

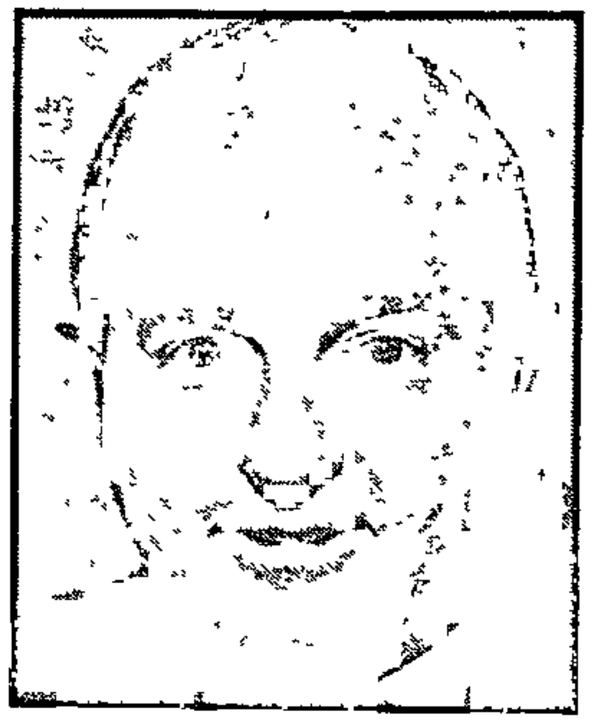
Let's take a high profile example and consider the eventual repercussion for the players and the people who work in the industry.

The spaza store — an informal grocery shop operating out of homes in the black townships — phenomenon is now receiving wide publicity.

Spaza stores, of which there could be about 40 000 in southern Africa, received a boost during 1985 and 1986 because of political unrest and economic uncertainty

At a time when boycotts of white-owned businesses were the vogue and retrenchments were rife it made sense to use one's severence pay to stock a spaza store at home

Each new spaza store which opened was an example and inspiration for another entrepreneur Despite greater political stability, the spaza stores established that they had a viable economic niche as convenience stores



☐ PERRY .. "Each spaza store which opened was an inspiration for another entrepreneur"

Rapid urbanisation — for example Durban, with its reputation for growing faster than any other city except Mexico city, which can be confirmed by aerial observation — is reinforcing the need and economic viability of the spaza store Shoppers spend at least R3bn in spaza stores each year; R2bn of this is purchased from wholesalers

This purchasing power has resulted in a change in the relative growth prospects for the formal retail grocery industry and those of wholesalers

As can be seen from the chart, the market shares of these two sectors of the distribution channel changed dramatically in the period from 1985 to 1988 and it can be predicted that this trend will continue until 1993

THE GROWING IMPORTANCE OF WHOLESALERS/MARKET SHARE

	1985 %	1988 %	1993 %
Retail	78 8	74,9	73,3
Wholesale	21,2	25 1	26,7

SOURCE Trade Opinion Panel

The implications of this change for the food distribution business are extensive

The era of rapid growth in the wholesale sector is attracting new entrants, so it is likely that there will be a battle for market share and some form of shake-out or rationalisation of the players by 1993

In the low growth sectors of the market — including the retail sector — only the most efficient and fiercely competitive will be among the winners

The informal trader purchasing from the wholesaler tends to be black and might have lower levels of literacy This makes for communications problems which can best be offset by increasing the proportion of staff and managers in these outlets who speak a relevant black language

Once you have got more black managers in the stores it makes sense to have more black salesmen from the manufacturer making the calls on their wholesalers and retailers Better communication makes better sales

As we realise that more and more of our sales are coming from the distribution channels dominated by black people, we will see more black executives in the marketing functions

Not only will this increase the demand for black executives in service industries — such as marketing research and advertising — but it means that there will be more real black managers doing a real managerial job in retail, wholesale and manufacturing companies

Only then will we rid ourselves of the mistaken concept of "the black market" and have strategies, organisational structures and marketing programmes which are based on the reality of "the market"

This will be to the benefit of business in general, because this should coincide with an era of sustained real growth

☐ **Perry is MD of Perry & Associates.**

Cash kings of Khayelitsha

w/t Argus 22/7/89 1534

By TOM HOOD
Business Editor

THERE's a new generation of self-made millionaires springing up from the squatter camps of the Western Cape

At least one of the nouveau cash kings has risen from the ranks of the thousands of squatters who came to Khayelitsha jobless and penniless five years ago

The new millionaires have bid almost R15-million to buy 11 vacant sites — mostly business sites — in the new town centre at Site C, partly a squatter area of Khayelitsha

The land was advertised by Lingelethu West town committee Forty-two tenders were submitted by the closing date, most for the service station No offers were received for five sites

Examination of tenders to buy a service station site of 3 235 square metres shows nine local people put in offers totalling R14,8-million, with the highest bid of R1 650 000 from Mr M Fusa, backed by Caltex

However, Mr Fusa's high bid was turned down, as was Mr J M Mtshiselwa's R1 600 000 offer, the second highest

Instead, consulting engineers who analysed the tenders recommended the third highest tender — a R1 573 000 (R486/m²) bid by oil company Caltex — on condition the developed site is leased to a resident of Lingelethu West

"This recommendation has been made owing to the apparent under-capitalisation of the two highest tenderers and to ensure the quality of the development of the town centre is maintained," said consultants S P Robinson and Associates

Six tenders by individuals were not recommended

Average cost of the service station buildings would be R600 000, the consultants estimated

Mr Fusa planned buildings costing R250 000 and to finance the construction himself

Mr Mtshiselwa's tender had no oil company backing, but the consultants said he gave no information about his financial situation, allowed only R250 000 for the buildings, and appeared to be under capitalised

The first individual who had

(See page 3)

w/t Argus 22/7/89 1534

(From page 1)

"proper financial backing" for the project, Mr G V Olayi, was backed by BP, but his R1 528 000 bid was R122 000 below the highest tender

The 2 235 square metre site drew 16 offers totalling R19-million, including three from oil companies.

A hotel site of 3 301 square metres attracted six bids totalling R756 000 and Mr Fusa was lucky this time with a top offer of R300 000, and plans for a R250 000 building This development drew six bids totalling R460 000

Mr Fusa was also the highest tenderer (R245 700) for a 5 000 square metre shopping centre site next to the hotel site Eight individuals offered a total of R1,4-million

A 5 400 square metre industrial site drew six bids totalling R1 084 000 and Mr M Jwambi, who plans to build a cool drink factory, was recommended His R246 000 offer was the highest

So far none of the recommendations have been accepted by the town committee, which is said to be considering them.

The amount of cash offered staggered even the committee, which is thinking about re-advertising the sites in the expectation of fetching even higher prices



BMF president Mr Don Mkwanazi.



Director of African Studies Mr Eugene Nyathi.



Anglo American Corporation's industrial relations executive Mr Don Ncube.

Start small, think big and grow

Soweten 7/9/89.



The road to black economic empowerment

FOCUS

By JOSHUA RABOROKO

BLACKS are daily getting convinced that without economic power the prospects of achieving total liberation are nil

Delegates to a recent seminar on black economic empowerment, organised by a firm of consultants Malimela and Associates in Sandton confirmed this

Consensus was that black economic power will have been achieved when black people own and control a substantial portion of the means of production in this country

It was also agreed that it implies the ability of blacks to make decisions that will have a significant impact on the economy

The president of the Black Management Forum Mr Don Mkhwanazi, said 'Black economic empowerment means the acquisition of economic power by blacks The acquisition of economic power by blacks will enable them to take greater control of their destiny and of their beloved country

We can no longer perpetuate our dependence on welfare programmes Instead we must be seen as contributors in our economic life, not just as labourers, but as equal, if not major, partners in the creation and control of wealth in our country'

It was agreed blacks must enlarge the minute share - less than one percent - they now hold in the economy They must get larger and commanding shares so that their money muscle could help cut the political shackles that keep them in bondage

One of the lessons that emerged at the seminar was that black economic power could be achieved primarily through the efforts hard work and skills of blacks themselves and only secondarily through agencies that have set themselves up to help black business

Another lesson was that blacks have the capacity to break the barriers and to win - despite all the obstacles which have to be overcome The process may be slow and require all the patience that the people of Africa have acquired in abundance over the generations but the end result was attainable

It could be achieved firstly by blacks running their own businessess and institutions and secondly by getting more and more blacks to occupy positions in corporate and public structures where they are in charge of important resources

'The idea is to start small, think big and grow' the executive director of Business Challenge, Mr Phil Khumalo, said

Evils

He said black economic empowerment would not succeeed without the involvement of the informal sector He said black economic empowerment meant the eradication of South Africa's evils of poverty unemployment inequality It meant political freedom it was nation building

The Anglo American Corporation's industrial relations consultant Mr Don Ncube said black business had to transcend the level of sole proprietorship that we have in the black townships - the barbershop, the fish and chips shop and others

Blacks should not be kept on the periphery of the economy, but should be brought into the mainstream of the economy

I suggest that blacks should initiate the process of deconcentration and devolving economic power from the few to the many The fundamental economic problem in our society is the gross disparity of wealth between blacks and whites

Solution

Too few own the wealth of the nation, too many own nothing," he said

He said the solution would be to create new property for the poor without taking old property from the rich"

The chairman of the Anglo American Corporation, Mr Gavin Relly, said big business and government had a role to play in black economic empowerment and in helping to redress the imbalances of the past

They should rethink the foundations of their relationship with the emerging small business

Dr Tjaart van der Walt the chairman of Sanlam said the responsibility of those interested in black economic empowerment was to ensure that the economic system was open to all especially the poor, powerless, widows and orphans

Docile

The director of the Centre for African Studies, Mr Eugene Nyathi, said so called black economic empowerment programmes promoted by the Government and the private sector have amounted to nothing more than half-hearted attempts at selective embourgeoisment of some hand picked blacks

The idea has been to carefully choose a selection of docile and ineffectual blacks who are then given contrived impressive titles and kept there for public relations purposes The sum total of the strategy is the creation of a black middle class which will be too small to threaten white control" he said

He said Black economic empowerment must be seen within the context of the continuing quest for political and economic justice in South Africa

"The real economic empowerment of black people will take place only after the total demise of the *status quo* Sanctions and disinvestment can only hasten this painful, but necessary process, he said

Sowetan editor Mr Aggrey Klaaste said We see black economic empowerment hijacked by white capital It is my belief that black organisations and those involved in the liberation struggle should get involved in business and keep the initiative in the hands of the oppressed or dispossessed"

Squatters show way to wealth

5 Times 10/9/89

153A

Theo Rudman

executive director of the Self-Employment Institute, says free enterprise promises prosperity for all

A GREAT phenomenon is happening in our midst A phenomenon that holds great promise, not only for the survival of South Africa but for the creation of a prosperous country

This promise can be fulfilled in the near future, yet it is being missed by most — including the Government and the opposition on the left

The phenomenon is the creation of wealth in the squalid squatter townships that have sprung up around the major cities in the last decade

The residents of squatter towns are among the poorest in the country

When the Government realised that it could no longer contain the human tide, it approved "sites and services" in many areas. Communal tap water and shared bucket-system toilets or, occasionally, water-borne sewerage were provided

Only after many of these townships were firmly established was influx control formally removed from the statute books

The squatters, with little capital, little education and operating in a hostile environment, are now creating meaningful self-employment I believe the squatter townships are the only places in South Africa where true free enterprise is in operation

Yet, I fear that, in the few areas where we do have free enterprise, government action may be endangering it The Government-supported black town councils, which have already been established in most squatter areas, are, in some places, starting to impose commercial controls and laws are enforced even more rigorously than than by many white-run councils

There are considerable numbers of budding entrepreneurs earning a reasonable living from self-employment — earning as much as, or often more than, they could expect to earn in formal commerce or industry

Throughout the country, there are thousands of women earning between R50 and R200 a week selling chickens and offal In one of the squatter camps, I met several men who have built up a thriving business repairing punctures — mainly for taxis — earning a net profit of between R1 000 and R2 000 a month

The most successful are running spaza shops and cold-drink wholesale businesses They are turning over between R250 000 and R450 000 a month, depending on the season

They are achieving these levels of income and paying their share of GST and, contrary to popular belief, income tax

Surely, these examples, concerning many thousands of previously starving people, are proof enough that free enterprise works and a foretaste of how prosperous South Africa could be — if only the economy can be freed from the high cost of compliance with the host of laws and regulations that inhibit and restrict growth

Taxi rank a threat to security, say residents

Star 11/9/89. 153A

By Shirley Woodgate, Municipal Reporter

Plans by the Johannesburg City Council to create a black taxi rank and hawkers' market in Illovo have been condemned by some residents as "ill-conceived" and a threat to security."

They are heading for confrontation with their councillor Mr Christopher Newton Thompson and their local residents' association, who have approved the proposals, which are apparently in line with the development plan for the area.

The move envisages the closure of Cecil, Reform, Jameson and Tyrwhitt avenues at residents' request and the development of the park site bounded by Corlett Drive, Oxford Road and North Street for the taxi rank

Several Illovo, Dunkeld, Melrose and Rosebank residents decided at a meeting in August to lodge an objection with the town clerk

Committee convenor Mr C E W Hagley said the proposed rank would become a gathering point for taxis in the area

The committee felt that, together with the hawkers' market, it would threaten security and bring with it a flood of vagrants, muggings, theft and litter with no compensating advantages It also felt the police would not be able to control the situation.

The proposed market was "not only unnecessary but undesirable" as the area was already adequately served by convenience stores, he said.

The council has not commented on the objections voiced by the committee which will decide on further action after studying the official viewpoint

Hawkers urge probe into problems

By JOSHUA RABOROKO

Meadowlands

153A

THE African Council of Hawkers and Informal Businesses has recommended to the QwaQwa Cabinet to look into various problems facing hawkers, spaza shop owners and other informal traders in the territory.

Achib's general secretary Mr Frances Moleko has also negotiated with local wholesalers to give informal traders buying cards and to help them develop financially.

Speaking at the opening of Achib's new offices in Phuthaditjhaba in QwaQwa, Moleko said the organisation had been negotiating with the QwaQwa Cabinet to open its doors to informal traders

"We need to develop the small businessmen so that they can run big ventures in the future The hawkers and spaza shop owners contribute millions of rands to the country's economy and the time is ripe for them to development themselves," Moleko said.

He appealed to the QwaQwa government, the private sector and the development corporation to help hawkers with loans.

Traders are not criminals - Achib

The government should not grant more and more hawkers licenses to trade freely without any harassment, intimidation, arrests and confiscation of their goods in daily operations

Hawkers were people who were trying to earn an honest living and should not be treated like criminals, he said

The newly-formed branch of Achib comprises informal businessmen from Bethlehem, Reitz, Harrismith and other areas in and around QwaQwa.

(153A)

Star
14/9/89

Lenders warned of informal enterprise saturation

Municipal Reporter

The informal sector is already overtraded and banks or other institutions which advance credit are in danger of losing millions of rands, Johannesburg City Council analysts predict

A spokesman said saturation point had almost been reached through the indiscriminate issuing of permits to combi-taxi and trading stall operators

"In addition to the existing taxis, 17 000 permit applications are waiting for approval by the Road Transportation Board

"Each taxi represents an investment of R50 000 upwards, with no chance of these operators doing the necessary business to keep up their loan repayments, said a transport specialist

The fall-off in black commuter queues highlighted the delusion that there was a limitless demand for this type of service The situation had changed to the stage where competitors were prepared to kill for viable taxi pitches and combis touted for passengers at bus stops

UNSOLVED

In addition, analysts indicated that informal competition against conventional businesses had not solved the problem of black unemployment

"In practise the proliferation of trading stalls selling food and drinks coupled with deregulation exempting them from provisions laid down for normal trading licenses threatened the livelihood of shopkeepers in the vicinity

Vendors who no longer had to stay a fixed distance from established businesses were taking trade away from nearby cafes bearing the costs of complying with health, fire, wage, tax and other regulations

"This is counter-productive If cafes are driven out of business by competition from the deregulated informal sector it amounts to a few being put out of work to put one back at work"

Fleamarket gets holiday concession

Fleamarkets at the old market site in Newtown are now permitted to operate on public holidays except Christmas Day, Good Friday, Ascension Day and the Day of the Vow (153A)

Johannesburg City Council has granted the concession for three years to the Market Theatre Association and Independent Visual Arts Council, which will be responsible for clearing Mary Fitzgerald Square after each market day and providing adequate toilet facilities (2...)

All traders must be licensed hawkers and there may not be excessive noise, the council said

Star 22/9/88

ER show opens

153A
Sowetan 22/9/89

BY JOSHUA RABOROKO

THE East Rand exhibition, Expo '89, aimed at allowing small black manufacturers to display their products to the public, is to be staged between September 22 and 30 at the H H Ngakane Hall in Kwa-Thema near Springs

The "mini Rand show" will cater for all sorts of products manufactured by black entrepreneurs in the townships

Organiser Mr Vusi Mashazi said the exhibition was aimed at helping small businessmen display their products

New group

The newly-formed South African Small and Informal Business Association is to hold a meeting at the Dube YWCA tomorrow at 3pm

Founder member Mr NE Mbundu said the meeting will report back on the developments and improvements that have been made to involve the small business in the economy of the country.

Achib marches

153A

Sowetan 22/9/89

By JOSHUA RABOROKO

THOUSANDS of hawkers, spaza shop owners and other groups of the informal sector will march through the streets of Johannesburg to Braamfontein on Sunday to celebrate the victory of the proposed scrapping of business licences as well as to protest the removal of laws restricting black business

The march will start at the headquarters of the African Council of Hawkers and Informal Businesses (Achib), 191 Jeppe Street, and move through to Braamfontein where the organisation will hold its annual conference starting at 10am

In terms of the draft proclamation published in the Government Gazette last week, as from January 1 1990, the only businesses that will require licensing will be those preparing food - the rest will not be expected to do so.

A spokesman for the SAP liaison office in Pretoria yesterday said the people will have to apply for permission to march from the local magistrate or divisional commissioner of police in terms of the Internal Security Act and the Emergency Regulations

153A

HAWKERS IN MARCH

MEMBERS of the African Council for Hawkers and Informal Business yesterday marched in protest against the licensing laws that negatively affect their business.

"A group of about 25 people began marching from 191 Jeppe Street at 8.30am. When they were confronted by a policeman they produced a permit allowing the march," said Major Marius Bonthuys, a liaison officer for the SAP.

SA Press Association

Members of Achib were protesting against certain licensing laws they believe negatively affect their operations.

Bonthuys said the march continued peacefully and the marchers disbanded after reaching a recreation hall in Harrison Street at about 10 25am.

Between 50 and 60 members of Achib gathered at the council's office prior to the march but only half of them decided to continue with the protest march

Small businesses exhibit at Tembisa stadium

153A

Sowetan 28/9/89

ABOUT 120 township exhibitors from the informal sector will participate in the first small business exhibition show to be held at Mehlareng Stadium, Tembisa, starting from October 5 to 10.

The show, which is to become an annual event, will coincide with the Small Business Week to be observed countrywide starting from October 2 to 10.

The chairman of the organising committee, Mr Sello Namane, said they felt that the local businesses needed the exposure and would help develop them and the informal.

He said after several consultations between the Tembisa Industrial Association and the East Rand Industrialists Association a decision was reached to launch an exhibition in the township.

The main aims of the exhibition are:

* To encourage a relationship between Tembisa residents and the business sector;

* To expose residents to business and provide them with entertainment;

* To advertise goods and services that are supplied by local business and are available in Tembisa;

* To make outsiders aware of the great business potential that exists within the township;

* To invite fair criticism from the formal business sector so as to assist in the improvement of local business; and

* To establish informal and formal relationships with business in the neighbouring towns.

He said the show will be a learning process which should see business hosting a bigger and better show next year.

"We have been fortunate to get the support of surrounding corporations who have given time and services for free. From our relationship with big business we hope to grasp the necessary skills that will enable us to become self-sufficient in the future," he said.

VIDEO RECORDING

J.R. Ikaane

ADVERTISING IN A BIG WAY

153A

YESTERDAY was a day of excitement for a number of entrepreneurs who for the first time advertised in *Sowetan* and were able to tell thousands of consumers throughout the country of their wares.

These entrepreneurs were among a growing number that has decided to use the *Sowetan Business* advert at a 50 percent discount scheme. In other words these entrepreneurs paid half the cost of the advert.

For the first time our traders are now into advertising in a big way. They want to fight for market share and even retain their monopoly of business in the townships. Sowetan 29/9/89

If you want to use *Sowetan* to tell the public about your product or service but only pay half the cost of the advert you can do so in next Thursday's *Sowetan Business* But your advert must be in by tomorrow, or Monday before 10 am at the latest. Phone us at 474-0128. The person to speak to is Paul Tshabalala, who handles all discount advertising.

The offer is only open to entrepreneurs in the townships. These include those operating from home, the industrial parks, churches and the many outlets found in the township

Lastly, if you want to make an announcement in our business pages about a coming event or meeting please phone Joshua Raboroko at the above number.

Business Diary, our special service for the business world, is published every Thursday in *Sowetan Business* There is no charge for the announcement

Small Business Week

A Business Times Survey October 1, 1989

S/Times 1/10/89

Red tape still bars the way to free enterprise

153A



IAN HETHERINGTON
even legal is illegal

By Robyn Chalmers

THE commitment of the authorities to deregulation has been well publicised, but huge barriers still stand in the way of would-be entrepreneurs

Many small businesses are thwarted by red tape. One of those pushing for speedier deregulation is Sunnyside Group, a lobby of 40 agencies promoting small enterprise

Gwynne Main, spokesman for the group, believes SA has yet to realise the dynamic potential and job-creating ability of its small business sector

She says the reason is simple — small business is so regulated that it is stifled before it even starts When it does get going, it is squashed, stamped on, fined and sometimes forced out of existance

Engine

Although she welcomes the recent proclamation on licensing laws whereby only food will require a licence, she says many regulations still need to be overhauled

"The informal sector has been subjected to a host of constraints — more so than normal business Yet small business is the engine of job creation

"In Britian between 1979 and 1987 the number of self-employed people rose from 1,9-million to 2,9-million"

Resilience

Small Business Week aims to get SA talking, learning and moving to acknowledgement of the importance of small business and opening opportunities for entrepreneurs

In addition, it will link big business with small, change attitudes to small business and generate interest, excitement and opportunities for potential and existing entrepreneurs

Miss Main says testimony to the resilience, determination and sheer survival instincts of small business is the fact that across the board the operators are quietly working away and creating jobs

"These imaginative entrepreneurs exist in one of the most over-regulated societies on earth An economic professor once said that SA has more laws than Russia

"Many of these businesses operated illegally Anglo American in all likehood is illegal because it does not know all the laws it should comply with

"The renaissance of small business is only possible in a free, just and peaceful society"

Leon Louw of the Free Market Foundation has repeatedly criticised the authorities for the fact that SA has the most over-regulated retail and commerical sectors outside the communist bloc

His reasoning is that a deregulated economy is more likely to promote a more rapidly expanding economy Taiwan has a completely deregulated economy and its size doubled in seven years

He pinpoints three areas in urgent need of deregulation — licensing, health and building codes In addition, he believes the apartheid laws need special attention

Job Creation SA managing director Ian Hetherington says there are so many laws and regulations that free enterprise has become illegal He says it is impossible for anyone to comply with all the regulations because nobody could know them all

The result is that people are forced into the informal sector to survive, and must do so illegally Not only this, but they are denied cash, suitable premises and numerous other things that are the privilege of so-called legal organisations

Initiative

Consultant Taka Mashako says the free-market system entitles an individual to open any business of his choice and to compete in the market with little or no interference from the authorities

Limitations and control of business activity inhibit competition and are inconsistent with the free market

"It is worth noting that the initiative taken by the Lebowa Government in building market stalls throughout the country at strategic corners has created jobs for hundreds

"Unemployment is at a crisis level This is both a cause and a consequence of low economic growth Deregulation should thus be seen as an answer to this problem"

A shove over the hurdles

THAT there has been a resurgence in the spirit of entrepreneurship in South Africa is beyond doubt

Not that it is a sudden happening — it is more a process fuelled by inflation and a general desire to maintain an acceptable standard of living

There are many reasons why individuals start a business Some find it a last avenue for survival, others, almost disregarding the financial potential, discover fulfilment in personal achievement

There was a time when the entrepreneur was considered something of a rarity

Products

S/Times 1/10/89

Perhaps strict definitions may divide entrepreneur from small businessman, but in SA it has become customary to use the terms as meaning the same thing

The truth is that one need not be endowed with all the listed characteristics of entrepreneurship to be granted membership to the club, but it helps if innovation, enthusiasm, drive and determination, perserverance and commitment to enterprise, among others, are present

In the past eight years, the Standard Bank's Small Business Development and Advisory Department (SBDAD) has accumulated a great deal of information about the challenges facing entrepreneurs

Although its managers deal face-to-face with clients, the department has also concentrated on developing a variety of products to meet their needs

SBDAD product development manager Malcolm Meintjes says the department has launched a video-booklet package

The package isolates some of the more common pitfalls encountered in starting a business, even from home, and makes suggestions on how to minimise the risk elements

"The video runs for 90 minutes, and is presented in an entertaining style The accompanying booklet deals in more detail with matters such as start-up options, planning, marketing, legal business entities, sources of finance and control"

On the more formal side of business, the bank offers Business Problem Solvers — 10 booklets on important topics, such as working capital management, costing and pricing and the cycles of one's business

Mr Meintjes says the information complements the video package, although it is more in depth

For the smaller business, a simplified computer cash-flow model designed for use on Lotus 1-2-3 is available for those who find the engineering of planning a bind

The seeds of success

S/Times 1/10/89

THE Small Business Development Corporation stresses that it is not the sole organiser of Small Business Week, but it is a primary one

The week was conceived at SBDC head office as a result of the success of a similar venture in Canada

The SBDC was launched in 1981 with a capi[illegible]f less than the cost of one Boeing 747 — R172-million

It has since become the largest property developer in black townships and other destitute areas, created more than 200 000 jobs and put about 22 000 people in business

153A

'Economy is black political weapon'

Foreign affairs advert boasts of SA change

LONDON — More fundamental change in South Africa is imminent "and it's going to happen", the Department of Foreign Affairs says in a full page anti-disinvestment advertisement published yesterday in the conservative London *Daily Telegraph*

Headlined "How to finance the South African revolution", and displaying pictures of products mainly sold by black entrepreneurs — home-brewed beer, snuff, razor blades and various tonics — the advertisement's theme is that disinvestment robs black people of economic power: their most effective means of negotiation and political leverage.

"To say that disinvestment hurts the people it's meant to help, is to obscure the truth. In reality it's much worse

"If anything it robs South African blacks of their most effective means of negotiation and political leverage: their economic power."

It should be realised that the economy was the people and not the government

Sourcing statistics to the University of South Africa's Bureau of Market Research, the Department of Foreign Affairs says "Consider that in seven years from now — unless the economy is crippled beyond repair — black spending will represent way over 70 percent of the gross national product."

There were 20 000 black-owned backyard shops in the townships of Johannesburg and Pretoria that had achieved a combined turnover equal to that of South Africa's largest supermarket chain.

"Even more remarkable is that they've achieved this turnover selling no more than the basic odds and ends you can see scattered over this page."

The advertisement refers to the SA Black Taxi Association (Sabta) as another example of the power of the emerging "black rand", saying it had in under 10 years become the country's largest private consumer of fuel, motor oil and accessories

"As a transport company it is 20 times larger than its state-subsidised equivalent, directly providing work for 300 000 people, transporting two billion passengers a year and supporting a mushrooming informal business sector so large no one has dared to estimate its size.

"This is the economics of change. The revolution which is putting apartheid out of business."

By supporting the many South African companies and organisations fighting for a free economy, rather than supporting the systematic destruction of the economy, *Daily Telegraph* readers would help South Africa achieve its goal, the Department of Foreign Affairs says.

This goal was the creation of a free and democratic society for all. — Sapa.

SA ad promises more change

B1 Day 5/10/87

153A

LONDON — More fundamental change in SA is imminent, SA's Department of Foreign Affairs (DFA) says in a full page, anti-disinvestment advertisement in yesterday's Daily Telegraph

Headlined "How to finance the South African revolution," and displaying pictures of products mainly sold by black entrepreneurs, like home-brew beer, snuff, razor blades and various tonics, the advertisement's theme is that disinvestment robs blacks of economic power — their most effective means of negotiation and political leverage

"To say that disinvestment hurts the people it's meant to help, is to obscure the truth In reality it's much worse than that If anything it robs SA blacks of their most effective means of negotiation and political leverage their economic power"

Quoting Unisa's Bureau of Market Research, the DFA says "Consider that in seven years from now — unless the economy is crippled beyond repair — black spending will represent way over 70% of the GNP"

Black rand

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This goal was the creation of a free and democratic society for all — Sapa

153A

BUSINESS

Small business — not always as great as the adverts say



The SBDC offers training, low running costs and a 'family' work environment Some entrepreneurs leap ahead but others limp along

By PHILIPPA GARSON

GROWING black participation in small business may offer employment opportunities for some, a chance to make a decent living for others and maybe the road to riches for the lucky few But the notion that small business and the informal sector is the answer to South Africa's problems is optimistic to say the least

A tour this week of the Small Business Development Corporation's projects in Soweto highlighted that 'picking oneself up" and getting ahead" are not that easy — even with the help of the SBDC and with new initiatives on the part of banks and big business to lend a hand

The tour, hosted by the SBDC for business people and diplomats, was one event in this week's Small Business Week, organised by a wide range of organisations involved in small business development around the country

The first stop was Pennyville Industrial Park — the SBDC's most impressive venture Here 200 entrepreneurs produce their wares in a huge factory complex The building is divided into 'cubicles' of varying sizes and rental is charged according to the number of square metres

The idea behind the industrial complex — one of the many converted factories owned by the SBDC all over the country — is that people can conduct their trade in a communal and educative environment where they can share machinery and receive financial help and technical training

Some businesses are one man shows, but most entrepreneurs employ at least two helpers and there are currently 800 people working in the complex, which stays open seven days a week, 24 hours a day

"We are pro deregulation' says SBDC assistant manager Danny Jones, stressing this is a pilot project 'The idea is that people expand and move out We measure our success by the number of customers who leave us Then we know they can stand on their own two feet "

But the fact is that most don't move out They find the rent cheap the conditions favourable and business expansion slow

Even the more successful entrepreneurs like Basil Crawage, who sports a "Millionaire in Training' sign in his large clothing cubicle and has moved from employing two to 20 machinists in two and a half years raking in R6 000 profit a month, has no intention of leaving He manufactures corporate clothing for large companies and says besides the favourable family environment, his overheads are low and with the help of the SBDC he can secure big contracts where he is

Another clothing manufacturer Rosinah Radebe of Rosinah and Margaret Clothing is also positive about the Pennyville environment She says the training she received was a great help We were taught how to run our businesses how to save money I like working here because we help each other "

But Radebe says business is bad and profit at most R500 per month.

All entrepreneurs have prior training They come to the SBDC because they have been retrenched or are tired of going it alone in a backyard environment Most get bridging finance rather than long term loans from the corporation paying back money for materials once sales come through

The SBDC, which buys in bulk for the entrepreneurs who are too small-time to do so themselves, is at pains to rope in big business and initiate links between the two It has developed a sub-contracting scheme whereby large businesses farm out work to the small entrepreneurs

So far mining houses are the only ones to have shown significant interest A contract was recently secured between a textile entrepreneur and Anglo American — the latter ordering hundreds of chefs caps for its canteen workers

With a training and administrative building which adjoins the factory complex, links between the entrepreneurs and the SBDC are evidently good at Pennyville

However at two other complexes, Orlando West and Dobsonville Industrial Parks in Soweto, people seem disillusioned, and less ready to sing the praises of the SBDC

The Orlando West complex has 12 buildings which house a total of 65 diverse small businesses — ranging from Rasta Burglar Proofing to upholstery and panel beating services, clothing manufacture, a video shop, hair product factories and the people behind the "I love Soweto" stickers

Rental here is steeper — one reason for the dissatisfaction expressed by many

Johanna Radebe, who makes bridal clothing, pays R450 per month for a pocket-sized working area Though she received an initial loan from the SBDC for a sewing machine, their follow up support she says is non-existent

Though they showed us long ago to do receipts we need much more help and they have done nothing For example we have no advertising help and have no means to do it ourselves" Radebe said We get orders but have no money to buy the material We haven't got working capital and our business is terrible

A few seamstresses from other enterprises chimed in with We are struggling We are living hand to mouth and we just can't get up "

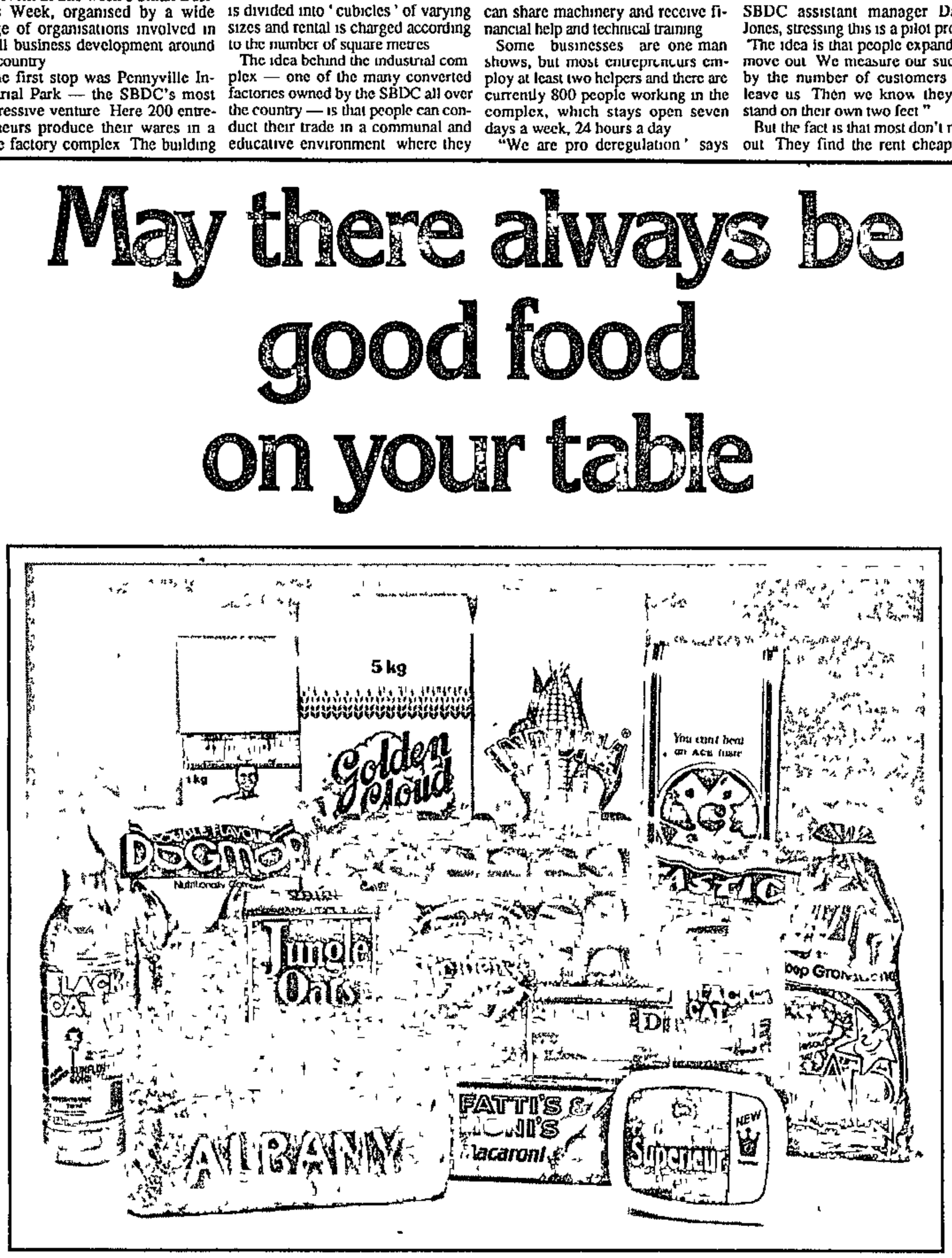
Radebe says she has repeatedly tried to broach the issue of a loan, but to no avail "Either they don't call the meetings they promise, or the manager doesn't show up "

Many say the conditions are not as favourable as "advertised on television" and though people come running to the centre they are not rewarded with viable opportunities

Most have little to do with the SBDC other than renting their premises And the risk of being closed down for not paying rent on time is ever present

Though some businesses are taking off like those manufacturing haircare products — for which there is a growing market among black people — others merely limp along

May there always be good food on your table



TIGER OATS

Shebeen king's life 'not a bed of roses'

By JOSHUA RABOROKO

TWENTY years ago Sam Siphiwe Mkhwanazi (36), sold cans of beer on trains. Today he runs one of the busier taverns in Soshanguve

While trading on the trains he sold everything from matches, peanuts, live chickens, liqour and many other items to have an income of about R700 per week.

This was good training for today he sells an average of 1000 dozens of beers, and litres of spirits and wines which has turned his house into a mini liqour market

Encounters with the police run like a thread in his life While trading on the trains the police were a dreaded sight, they still are today as he waits for his taverners licence in Soshanguve

He left school while doing Standard 5 because "my father, who was an employee on the gold mines, could not afford to support nine of us at home"

He was born in Brakpan's old location and sold peanuts, beer and fruit on trains for a living He quickly mastered the art of purchasing and knew when and how to get the best bargains He was a regular sight on trains with bottles hanging from his arms and neck like ornaments as he whistled popular tunes

In 1976 he started his shebeen

"I have to work very hard to educate my children because I did not have the chance to go to school I do not want them to blame me for depriving them the chance to learn," he said

Strenuous

His working hours are very strenous His business, which normally gets busy at 3pm closes sometimes at 5am depending on how long the revellers want to stay

His family works in turns and they spend sleepless nights to make a healthy turnvover

Licences

As Bophutatswana, which does not charge GST, sells liquor cheaply Mkhwanazi does some travelling for his stocks After all he must make sure his profit margins are comfortable With his fellow taverners they are often stopped by the police on the roads who demand licences from them

"We often hide away from them and take alternative routes, just to avoid being harassed or arrested The life of a shebeen king is not a bed of roses You have to use all the tricks to survive" he said



Business Challenge, aimed at helping small township entrepreneurs acquire money to start business ventures, is to launch a caravan project to assist members of the informal sector to transport their goods conveniently to sell out points. The project will be officially launched at the Dunswart Business Challenge Social Club in Benoni on October 15, starting at 10am. For more information contact Mpho at (011) 29-2944 or Emily at (011) 23-4968.

Contractors in for a windfall

TOWNSHIP building developers and contractors in the Pretoria-Witwatersrand-Vaal complex will get a windfall of up to R360 million in building contracts from early next year, once the Urban Foundation's R3 billion housing scheme gets off the ground

As announced last week, up to R3 billion will be available from January next year in housing loans People who need loans of between R12 500 and R35 000 to improve their homes or build houses, will now qualify

Developers

Of the R3 billion, about 60 percent will be spent in the PWV complex. Of this, at least 10 to 20 percent could go to black developers This means R180 to 360 million could be available to black contractors

Mr Franz Pretorius of the Urban Foundation said that although specific figures could not be given at this stage, black contractors were in for a windfall along with other developers in the country

'There is going to be work for builders, developers, contractors and artisans, although at this stage it is diffucult to give specifics," Pretorius said

He stressed that contractors with poor track records would find it difficult to get building society approval as there have been many complaints about fly-by-night developers who leave people stranded

according to thami mazwai



IN an article describing Zambia's decline in copper earnings, the authoritative British financial magazine *The Economist* summed up by stating that donor countries were 'fighting shy' of rescheduling Zambia's official credits and that of many other debtor countries because, among other reasons, "new beggars" such as Namibia and Poland were now in the queue asking for assistance

Although by and large accurate, the magazine's analysis of Zambia's economic woes is the old story of Africa - her commodities and export earnings, and of course in relation to the foreign debt However what galls about this article is the "what did you expect?" tone of the writer

The use of the word "beggar" drips with derision and contempt, underlining a growing phenomenon in the world's financial centres

Read any overseas financial magazine and the words "beggar nations", "pauper countries", "impoverished economies" and many others simply fall out of the pages.

Perhaps Dr Nthato Motlana's comment at the recent Nafcoc conference, that blacks should outgrow the dependance syndrome, needs to be taken seriously He and others have timeously noticed that South African blacks are fast also being seen as part of the world's beggar community

Our organisations thrive on assistance programmes Representatives leave for overseas countries for the sole purpose of begging. "Please pity us for we are victims of apartheid" is the common battlecry. And the ever-obliging liberals of the world, some for their own nefarious reasons, pour funds into kitties.

When a close look is taken at the income statements of some prominent organisations in the country, donations and subscriptions from members hardly make up 10 percent of the income What a disgrace

What takes the cake is that some of our chambers of commerce survive on sponsorships from this and that company or country

Are we not already even before liberation, potential victims of the notorious international funds trap?

Currency

For the record, debtor countries find that while the debt stays constant in the creditor's books, it grows in theirs. This is as a result of currency devaluations conditional to International Monetary Fund loans. Also, the currencies of the creditor nations appreciate as they compete with each other and this derodes the currencies of poorer nations.

For instance, if R20 million was borrowed when the exchange rate was say 50 American cents to the rand (which meant in world terms the debt was 10 million dollars), when the rand is devalued to 40 American cents, that 10 million dollars converts to R25 million! So, R25 million is now owed instead of the original R20 million

One person one vote will soon be with us, but it will not be of much use if the IMF, London, Washington and even Moscow determine our economic policies because of the money we owe

Many governments in the developing world are now forced to pass laws aimed at protecting multinationals, because these are providers of jobs and government revenue

Unless Motlana's words are taken seriously an ANC, PAC or BCM Government will find itself protecting the BTR Sarmcol's of this world.

Is it not time we started developing our own economic base? We need not stop getting money from overseas, but could we not match each rand from Europe or America with one from Soweto etc.? We would of course have to find ways to create this money. And this may just turn out to be the beginning of the entrepreneur atmosphere so lacking in our communities.

Now back to *The Economist*. The writer seems to forget that his country, Great Britain, peeled Africa and the rest of the developing world of its wealth during the colonial period - all in the name of Christianity and Western civilisation The writer is the last person to talk about "beggar nations" when he and his brood continue to enjoy the fruits of an economy founded on stripping these countries of their resources

Focus on small business legislation

Cape Times 12/10/89 153A

Own Correspondent

JOHANNESBURG — Manpower Minister Eli Louw announced yesterday he had requested the National Manpower Commission (NMC) to investigate SA's labour legislation as it pertains to small business

The proposed investigation appears to represent a major leg of government's deregulation drive, and could lead to legislative amendments, which would wholly or partially relieve small businesses of various legislative obligations they face

The official NMC brief is to examine the influence of legislation on the establishment and functioning of small business, the costs incurred by small businesses as a result of dispute settlement and litigation in terms of the LRA; whether the same principles should apply to them as to large businesses, and the possibility of specific legislative amendments

A statement from the Manpower Department stressed that "fundamental rights of employees and employers will still have to be protected, and the complete abolition of protective measures cannot be considered"

NMC chairman Frans Barker said yesterday he did not envisage the commission recomending, for example, removing from employees of small businesses their rights to unemployment insurance and workmen's compensation

However, it may be that a way could be found to relieve the administrative burden the relevant Acts impose on small employers

The Labour Relations Act and the Basic Conditions of Employment Act would also be under the spotlight

But Barker could not say at this stage whether the NMC would examine only the effect of minimum conditions of employment laid down by the BCEA and wage instruments regulated by the LRA, or whether collective bargaining provisions would also be examined

"It depends on the evidence we receive," he said

The NMC has called for evidence on this matter to reach it by January 10 next year

The Manpower Department also said the NMC was calling for evidence by the same date on its previously announced investigation into the consolidation of the LRA

SMALL BUSINESS

Playing a bigger role?

Big business is increasingly assisting small business development — but less through charity than by "win-win" deals that benefit both parties.

Major groups like Anglo American, JCI, Mondi and Highveld Steel are now involved in profitable subcontracting deals worth millions of rands with small entrepreneurs who, until recently, operated only in the informal sector

The new initiatives are being undertaken in conjunction with the Small Business Development Corp (SBDC) and other aid organisations which provide the business contacts The idea is to emulate the example of the Pacific Rim economies where subcontracting has created millions of jobs and broadened economic growth

Underlining its commitment to the new initiative, Anglo has launched a major advertising campaign.

Says Gareth Penny, co-ordinator of Anglo's small business unit: "Since the beginning of the year we have contracted out orders valued at well in excess of R3m to small entrepreneurs These are not handouts — we also benefit by getting acceptable, quality products and services at lower cost than can be obtained from larger concerns, which invariably have higher overheads."

Co-ordinator of the SBDC's subcontracting programme, Andrew Rolfe, maintains "phenomenal" opportunities could be opened up for small businesses if more large corporations joined in

"This is a non-charitable, win-win programme, with cost-savings for big business and expansion opportunities for the small guys And, while charity does not last forever, a good business relationship can have long-lasting results," he says.

The programme was launched in April and already the SBDC alone has helped sign up manufacturing orders worth R2,5m for various tenants at its "industrial hives" like Pennyville in Johannesburg Service contracts worth a further R500 000 have also been signed While these figures might be small potatoes in national terms, Rolfe sees it as the beginning of bigger things.

"Our challenge is to incorporate the small black entrepreneur into the mainstream of the economy Big concerns like Anglo help to

13/10/89 F Mail

streamline cashflows by paying 15 days after invoice We render administrative, marketing and logistical support," says Rolfe

Part of the exercise involves the SBDC in liaising with the big groups and identifying potential producers and sales opportunities

"We now have a full-time infrastructure at Pennyville to help market tenants' products Through bulk discounting we get better prices for raw materials and we help our manufacturers to establish firm track records Our aim is to make successful businessmen into champions," he says

However, SA has a long way to go if it hopes to emulate the examples of Japan, Taiwan and South Korea In Japan about 67% of the GDP is contributed by the small business sector In SA the figure is a mere 17%

Says SBDC GM, development services, Sonny Tarr "The proof of success would be



Small printer ... getting into the main stream

the number of informal businessmen moving into the formal sector There is a significant imbalance in SA that needs to be addressed"

Trade and Industry Minister Kent Durr also strongly supports the initiative "We need to multiply the successes so that the wealth-creating role of the private sector can be broadened I also started off as a backyard businessman and will do all I can to help. I believe a rising tide will lift all ships," he says

Durr claims that while 75% of all new jobs are created by the small business sector, which employs about 70% of the labour force, its contribution of around 15%-20% to GNP is still too small.

Tarr says the SBDC now operates 19 industrial hives (disused factory buildings and other properties which it buys, refurbishes and divides into operating cubicles, let to small operators) countrywide and another

16 are in the pipeline

"We have already laid out R16,8m and new purchases in the pipeline will cost us a further R44,5m This is funded from the R205m in direct support we have received from government"

With the R205m, four special project funds have been created the emergency fund (R45m), the start-up fund (R65m), the small builders' bridging fund (R30m), and the enterprise and development fund (R65m)

Other SBDC initiatives include the *Contactmaker*, a publication with full details of 1 200 small entrepreneurs, and the Mentor Advisory Programme, involving 157 retired businessmen who offer their services as consultants at R50/day (a similar system in the US has 12 000 people on its books)

"To date, we have granted 23 272 loans totalling R632m, with R211m outstanding We have helped to create 226 000 jobs since inception in 1981 and about 2 323 entrepreneurs have been trained in business basics Investment in industrial parks, hives and shopping centres totals R150m Our 2 173 tenants employ about 20 470 people Private sector investment in shares total R87,1m and our bad debt write-offs were a mere 8,8% last year — a pittance for a high-risk body like ourselves," observes Tarr ■

989

B | Day 18/10/89

US to sponsor Achib legal team in fight

THEO RAWANA

THE US government is to sponsor a legal team which is to represent African Council for Hawkers and Informal Business (Achib) in its fight against laws adversely affecting hawkers

Achib president Lawrence Mavundla said at a briefing session in Johannesburg on Friday there was still a host of restrictive laws that needed to be removed despite the planned scrapping of the licensing laws

Mavundla said Achib's legal team was to be headed by human rights lawyer Raymond Mashazi

Mashazi said he saw his appointment as a continuation of his human rights campaign since the hawker was one of the most defenceless victims of harassment

"We aim to protect the rights of the hawker at central and local government level and are starting a legal training centre where hawkers will be taught their rights and laws they should observe," said Mashazi.

Distributing

Mavundla also said Achib membership had swollen to 20 000 in the PWV, Northern Transvaal, Eastern Cape, Free State and Natal and 1 500 jobs had been created since the council's inception in 1987

Achib Chemicals, a two-month-old project manufacturing dishwashing liquid and fabric softener had started distributing to outlets such as Soweto's Blackchain

Many manufacturers' products had gained access to Achib members through the council's Company Promotions Project, whose in-house calendar lists branches' weekly meetings where products can be exposed.

Achib Trading Company, as the trading arm of the council, was a link between big and small business Getting produce directly from producers and control boards, the company was able to side-step the high handling fees that tended to shoot up prices

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Your home could be the next Owners out after hike in bond rate

By ZB MOLEFE

A DRAMATIC rise in the number of home repossessions this year is making many township homeowners nervous

Alarm has been expressed by the country's major black business federation, the National African Federated Chamber of Commerce

Nafcoc said in a statement the increase would place a heavier burden on the South African community, particularly on black people who are "disadvantaged in real terms"

Property experts quoted this week said repossessions had jumped from 677 in June to 850 in August

These increases could be seen in perspective when they were compared to the 475 repossessions in November last year, said Peter Hibbitt, general manager of a leading building society

Major building societies and banks increased their home loan rates by one percent earlier this month

Interest on most home loans now varies from 19,75 to 21 percent

Property economist Neville Berkowitz was quoted as saying people seeking home loans should seek professional advice on what they could afford – preferably from an independent attorney – before committing themselves to a home loan.

Berkowitz pointed out most repossessed houses had been bought when interest rates were 12,5 percent

The problem of fixed incomes and rising interest rates has killed affordable bonds for many, he said.

Businessmen slam new licence laws

By ZB MOLEFE

THE National African Federated Chamber of Commerce this week blew the whistle on the government's latest move to free business by removing the need for trading licences.

According to Nafcoc public affairs manager, Molefe Mokgoko, the suspension of business licences, announced last week under the Economic Activities Act of 1986, "does not carry with it any protection for the black entrepreneur"

Another pressing question, according to Mokgoko, is whether black business will be protected from the many "predators who have emerged and have seen the lucrative nature of the black consumer"

"But we interpret this as a form of affirmative action whose aim is to allow black businesses to grow to comparable heights and thereby address the socio-economic and political inequalities at the marketplace in South Africa

Mokgoko said protection was needed for both formal and informal black businesses

"Unless some form of protecting or enabling legislation is put in place, all lucrative black business anywhere in South Africa will fall into the hands of whites"

Recent abuses show the need for legislation to protect black business, said Mokgoko

A clear example is the government's 51 percent majority shareholding in the lucrative sorghum beer industry

Black nominees have also been used by whites as fronts to purchase business sites in traditionally black areas, he said

"The question of protection or enablement of black business may be considered by some as un-



Nafcoc's Molefe Mokgoko.

record my ad

Building a business from scratch

(From page 1)

The shack and shop expanded into a mini-supermarket and they and their three children now live above the shop.

A year ago he got a franchise to sell Coke, a product with high demand but "not much profit," he says.

Fellow traders suspect his profit could be better if he did not have to compete against the company's own trucks selling cold drinks directly to his customers.

However, Mr Mbauli manages to sell 10 000 cases a month. His record was 8 000 cases in one week last December

Empty bottles and containers are stored in his "warehouse" — the street, with little security A theft means he must sell 17 cases to recover the cost of one case.

For all his efforts, Mr Mbauli finds time to help local soccer and fellow traders — but to an outsider, this looks like a kind of self-protection He financed Site C United FC — buying jerseys, shorts and boots — after being "leaned on" by town councillors.

He was also a founder of KHABA, the Khayelitsha Business Association, in September — again with the aim of negotiating better conditions for local businesses with the town council and getting better deals from suppliers as competition from white and Indian capital began to be felt.

Uplifting the standard of local business people through business skills training is a most important aim of KHABA, as a result a close relationship has developed between Theo Rudman whose self-employment institute undertakes basic practical business skills training in the townships.

Fifty-five traders went to the initial first meeting and 54 joined. The association has grown to 250 trader-members in a few weeks and Mr Mbauli hopes it will reach a powerful group of 1 000 within six months With Khayelitsha's population estimated at 600 000, he sees this as a good possibility.



MR Victor Mbauli outside his supermarket in Site C Khayelitsha.

KHABA has a passport-type membership card containing each member's photograph for identification Members decided on a logo of a baby crawling — "that is what we are in business, we are learning to grow Not many business people are willing to admit they can learn."

KHABA has also taken on a social responsibility to raise the whole standard of the community Even people outside Site C are calling and asking members to provide work.

"We need more business sites for stalls in locations that can provide business so that people can work for themselves We are trying to work with the councillors about this."

Mr Mbauli received only a standard seven education in the Transkei and built his business without assistance or capital He is self-taught and is attending business skills courses.

Biggest gripe of KHABA members is lack of freedom to create a business and growing competition from outsiders, be it from Guguletu or Cape Town.

They believe trading rights in Khayelitsha should be reserved for the local people, a policy apparently shared by the local council.

"When Khayelitsha was created, we thought these small businesses would grow and some would become big businesses like Pick 'n Pay," said Mr Mbauli

A colleague said "We have never been exploited so much as now White business people have discovered how many thousands live here and see it as a new market to exploit to make up for falling sales in the white areas They want to come in and clean up"

Outsiders, they claim, are going in and using blacks as "fronts"

"We are not sure how much is genuine partnership and how much is fronting They are not coming to help us They are coming to oppress us We cannot compete with people with money who can put up better buildings."

KHABA members feel so strongly that they plan to seek a meeting with the appropriate authority and put their case, said Mr Mbauli.

While voices elsewhere are calling for the ending of the Group Areas, KHABA supports the opening of white areas but not the opening of black business areas — "the outsiders would be too strong for us to compete," says Mr Mbauli.

BUSINESS PERSONALITY OF THE WEEK

Building a thriving business from scratch

w/c Article 2/12/89.

By TOM HOOD
Business Editor

RETRENCHED from his job as a building labourer, Victor Mbauli decided he would not dip into his last pay packet and spend money on train and bus fares to try and find another job

Instead, he ploughed his last few rands into buying stock for the tiny shop his wife ran in Khayelitsha's sprawling Site C.

Now, after four years of seven-day weeks — usually 15-hour days — the business has grown into the well-stocked Abesuthu supermarket with proper tills, record books, fridges powered by his own generator, and nine employees

Grown so well, moreover, that 34-year-old Mr Mbauli is moving into a new R79 000 house and thinking about buying a R130 000 business site in Khayelitsha

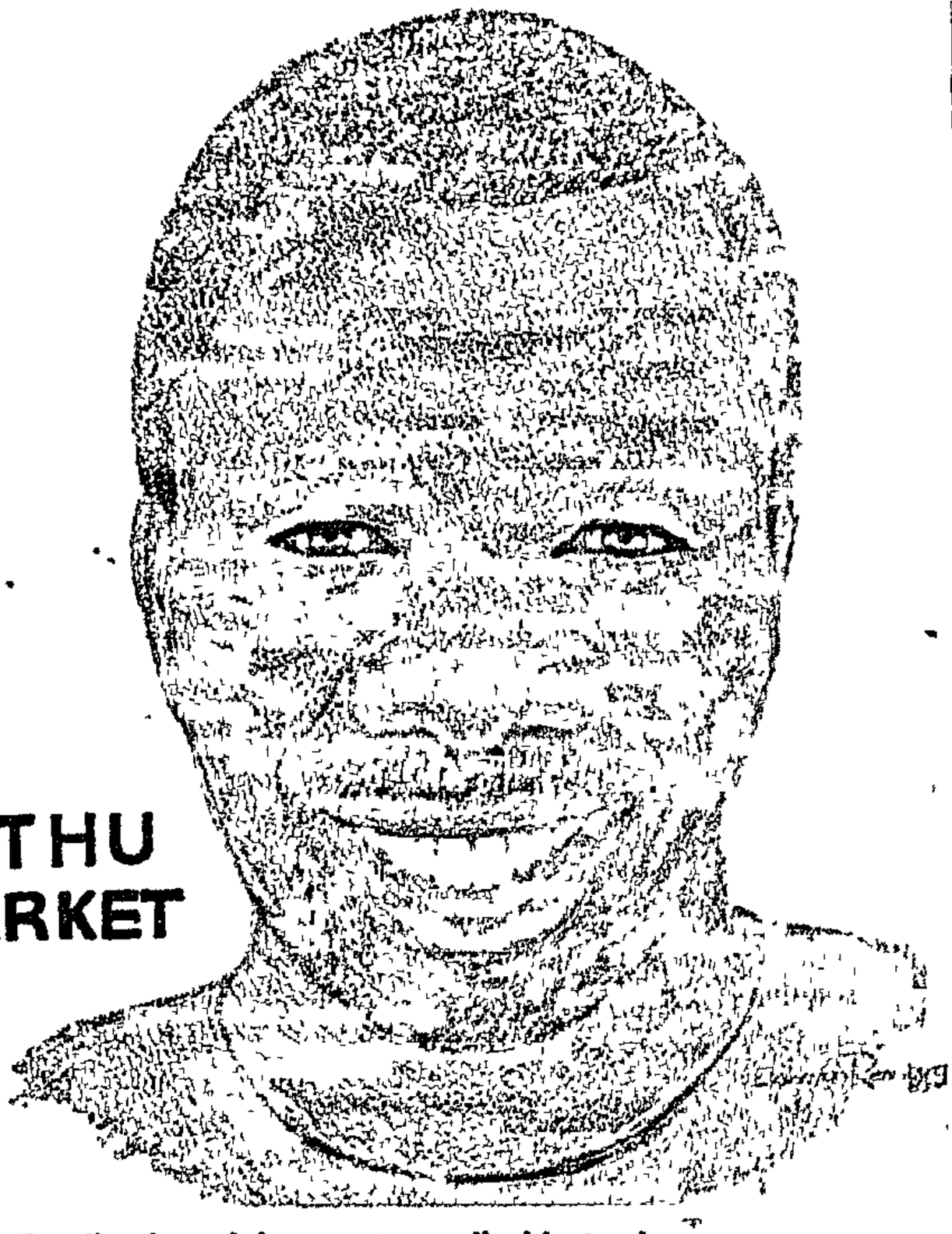
That 649 m² business site, incidentally would cost him R200/m² — more than treble land prices in the more classy neighbourhood of Tokai (R62) and double those of good parts of Grassy park (R82).

His housing site of about 150 m² costs R9 000 — at R60/m² slightly cheaper than Tokai.

He came to Cape Town from the Ciskei 16 years ago and worked with one building company most of the time

Business began with R200 of stock — and his wife Nozuko ran it from their shack. They have been in Khayelitsha right from the beginning in 1985

"I earned R56 a week and it was a big job to get the R200 together" *(See page 3)*



Victor Mbauli . . from labourer to profitable trader.

Informal up-dater

(153A)

A PUBLICATION about the informal sector was launched this week It is sponsored by the Small Business Development Corporation and Avis Lease

Written by University of the Witwatersrand Professor Keith Beavon, it gives a comprehensive account of the place of the informal sector in the economy

SBDC managing director Ben Vosloo says the informal sector should be accepted as an economic fact of the first importance.

The book is available for R20, including GST, from SBDC head office in Johannesburg The telephone number is (011) 643 7351

8 Times * 31/2/89

kets," he said

fears of change and technology

Although many traders were happy with

tracts in interest rate futures hav
from about 1 000 in August 1988 t
September 1989

B1Day 5/12/89

New hotel for Randburg CBD

DAVE LOURENS

THE Randburg Town Council has made land with a market value of R6m available to the developers of a R200m hotel and office complex in the heart of the Randburg CBD for a nominal amount, believed to be around R100

In terms of the deal, development company Gulfcon International is required to provide a relacement for the 540-bay parking lot which will make way for the 29-storey, 117 000m² complex

Management committee chairman Frans Lourens said the project "will not only fulfill a desperate need but will also stimulate further development in Randburg as a whole"

Present

The four-star, 200-room hotel will incorporate conference facilities for about 1 000 people as well as extensive recreational facilities.

At present there are only two hotels in the area

Twenty-two storeys of the building are to be used to provide 32 800m² of office space.

Gulfcon director Rob Parker said a consortium of financial institutions would finance the project, but he would not identify them yet

Bank probes figures for informal sector

B1Day 5/12/89

153A

TO ASSESS the informal sector's contribution to GDP and national employment, the Development Bank of Southern Africa has analysed 44 community-level studies

Development Bank policy analysis director Stef Coetzee said there had been widely differing estimates of the importance and extent of the informal sector

A Central Statistical Service's survey of the PWV area suggested the omission of informal activities from official statistics involved a 3% under-statement of the GDP in the region, while other surveys suggested as much as a 40% contribution to total employment nationwide and a 30% contribution to GNP

Coetzee said the lack of a reliable figure posed problems for the formulation of economic development policies An over-estimation could be as misleading as an under-estimation

He said an over-estimation could lull policymakers into the belief that SA's economic dilemma, particularly the poverty problems of a large part of the population, was less serious than was actually the case

To achieve greater clarity on the importance of the informal sector, Development Bank researcher Marie Kirsten examined 1975-1985 studies in SA, the TBVC states and the self-governing territories

DAVE LOURENS

These studies, directed primarily at black participation in the informal sector, had the advantage of covering the full spatial economy of SA and the self-governing states

The studies were analysed in metropolitan, squatter, urban and rural areas

From this classification Kirsten found 22% (1,72-million) of the economically black population was involved in the informal sector

Output

From the community level studies she calculated the average monthly income of people employed in the informal sector was R350, or R4 200 a year, representing an income of R7,2bn being generated in 1985

The Bureau of Market Research says the recorded personal income of blacks was R20,6bn in 1985, indicating 25,9% of blacks' income went unrecorded This represented 6,5% of SA's GDP for that year

Coetzee concluded the true contribution of the informal sector to employment creation and output generation was impossible to determine in the absence of a representative survey for the country as a whole

Maize crop will need R2,5bn investment

PRETORIA — Farmers will make a huge R2,5bn investment in this season's maize crop, according to the National Maize Producers' Organisation (Nampo)

The bulk of the funds needed will be channelled from the Land Bank to the co-ops, but a substantial amount will come from commercial banks

Some producers claim, however, that commercial banks have become less eager to finance the crop because of what they see as the high risk and the enormous debt burden of most producers B1Day 5/12/89

Interest payments comprise a

GERALD REILLY

major segment of total production costs This season farmers will pay more than 17% for the funds

According to Nampo, about 3,5-million hectares will be planted to maize this season

Last year's costs were about R600 a hectare This year the figure will rise to near R700

For the past two years, since the introduction of the land conversion subsidy scheme, Nampo has been pressing farmers on marginal land to switch to pastures

In the two years the target of 25 000 hectares was passed However, Nampo stresses this is not fast enough

It is hoped the process will be speeded up after the increase in the subsidy from R90 a hectare to R130 a hectare in November

Meanwhile the Maize Board's price scenario for the coming season is a price of R190 a ton on a 10-million-ton crop rising to R261 a ton on a 6-million ton crop

This, says Nampo, is against an average production cost per ton of between R200 and R235 on yields of at least three tons a hectare

Star 19/12/89

Nafcoc undergoes restructuring

By Jabulani Sikhakhane

The National African Federated Chambers of Commerce and Industry (Nafcoc) will gradually phase out its present structure of regional chambers affiliated to the federation in favour of specialist national business organisations categorised according to different economic market segments.

Nafcoc's restructuring follows a major study, sponsored by the US Agency for International Development (USAID), aimed at achieving a greater measure of organisational effectiveness, financial independence, efficiency in administration and increased representativeness of the black business community.

Among recommendations were the restructuring of Nafcoc to enable the organisation to affiliate and give representation to other specialist business organisations; adoption of sound financial and management systems to strengthen administrative capacity and a major fund-raising drive to ensure the financial independence of Nafcoc.

The first step towards a new-look Nafcoc, was taken last week when nine independent taxi associations, including the Southern Africa Long Distance Taxi Association (Saldta) and the Busato (Black Union of Sa Taxi Operators), formed a new national transport body affiliated to Nafcoc.

Others were Nataco, Matlosana Taxi Operators, Majelathoko of Parys, Federated International Transport Organisation (FITO), the Vaal Taxi Owners Federation, Majakathata Taxi Association and the Alexandra, Midrand and Sandton Taxi Association (Amsta).

The Nafcoc transport wing should have close to 40 000 members, with Saldta, Busato and Fito accounting for a very large share.

With an increasing number of associations splitting from affiliates of the Southern Africa Black and Taxi Association (Sabta), Nafcoc is expected to consolidate them into what might potentially be another massive black transport association in South Africa.

Finer details of its workings have not been worked out, but it is understood the new Nafcoc transport wing will concentrate on lobbying the authorities, negotiating discounts and generally acting on matters of national interest. Affiliates will continue with their day to day affairs.

The president of Nafcoc, Dr Samuel Motsuenyane said the unity of the nine transport bodies was a significant event in the history of black business. "This must be seen as an imaginativeand innovative development of black people for their benefit under black leadership."

Franchising could help bridge the gap

CHARLOTTE MATHEWS

FRANCHISING could and should play a major role in bridging the gap between big business and the informal sector, Kessel Feinstein (KF) partner Graeme Victor said in the latest issue of The Bottom Line BIDM 21/12/89

Franchising, which used to be described as a licensing arrangement, combined the infrastructure, skills, training resources and business methods of big business with the flair of small business

"Most successful franchises are businesses where a high degree of personal servce to the customer is important, for instance, retailing, fast food or quick printing, and they require the personal presence and commitment of the franchisee at the point of sale," Victor said

For big business the system offered the advantage that a large injection of capital was not needed to achieve rapid growth as each outlet used the financial resources of the individual franchisee

Franchisees would be more moyivated and eager to minimise costs while maximising sales than a manager.

The parent company did not hold the responsibility for the assets of the trading outlet, which were owned by the franchisee. (SBB) (153A)

But among the disadvantages Victor identified were that the franchisee could become too independent, or that some franchisees were not alive to the opportunities of the business

There could also be problems in enforcing standards consistent with the parent company's image, or poor communication between the two parties

Victor said the overall aim of franchising business should be to simplify control and not to rescue an ailing business

"Another objective must be to provide franchisees with a back-up service and information which no single trader in a business with highly aggressive, low margin competitors could ever hope or expect to match."

Managing money profitably

Wlt ARGUS 23/12/89 (P) 153A

SMALL BUSINESS INDABA

Compiled by the SBDC

THE Small Business Indaba is a bi-monthly column about co-operation between the Small Business Development Corporation (SBDC) and The Argus designed to offer advice to those considering entering business for themselves and to act as a sounding board for those encountering problems or requiring further information. For further details telephone (021) 161 8450.

WORKING capital is the source of funds available for the everyday running of your business. Without it any business will undoubtedly fail within a short time. This column explains how to manage your working capital in a manner which can help ensure the survival and possible expansion of your business.

Components. Working capital is made up of current assets: cash on hand, cash in the bank, debtors and stock.

From this is subtracted all current liabilities, which include a bank overdraft, trade creditors and other short term liabilities such as taxation and lease or hire purchase instalments.

Cash management. Cash flow can be controlled by giving attention to the following elements.

- Ensuring debtors comply with payment terms
- Tightening debtors terms of payment
- Taking full advantage of credit terms made available by suppliers and negotiating more favourable terms with them
- Keeping stock levels as low as practically possible
- Monitoring capital expenditure
- Having additional short-term finance available for crisis
- Not distributing after tax profits in the form of dividends or drawings unless the working capital needs of the business can bear the outflow of funds
- Investing excess short-term funds in more profitable short-term investments
- Insist on prompt payment by indicating on invoices that you are a small business and your survival depends on it
- Preparing short and long-term cash flow forecasts and monitoring these against actual performance
- Banking receipts promptly

Credit control. This means controlling debtors by

- Insisting on trade references for new customers and doing credit checks
- Allocating credit limits to your debtors
- Invoicing promptly and specifying the terms of payment, such as 30 days from invoice
- Having documented proof of delivery on hand
- Re-evaluating credit terms once a debtor starts paying late
- Sending out statements as soon as possible after month end.
- Making sure invoices and statements are accurate and easy to understand. Errors and confusion regarding these give the customers excuses to delay payment
- Giving discounts for prompt payment.
- Ensuring debtors promptly comply with payment terms
- Charging interest on overdue accounts — do not become a cheap source of finance

Taking stock. Stock control is complex. This is merely a simple guide that is applicable to most business. The subject will be dealt with more fully in a subsequent column.

- Keep stock holdings down to a practical minimum level. Excessive stock levels tie up much needed cash in non-interest earning investments. In addition stocks cost money to hold in the form of warehousing insurance and costs of obsolescence.
- Forecast sales.
- Determine lead and delivery times from suppliers.
- Establish what risks may arise from stock shortages.
- Determine possible seasonal fluctuations in demand or supply.
- Attempt to identify changing sales patterns.

All stock movements and their cost prices should be controlled and accurately recorded to ensure that

- Records properly reflect stock on hand and its movement to enable management to set appropriate re-order levels and selling prices
- All movements of stock are invoiced at the correct prices
- Obsolete and redundant sales are identified
- You know which items move fast and which move slowly.

Creditors. Use your own creditors to aid the cash position of your business by

- Establishing favourable terms of payment with them. This includes obtaining the best discounts for early payment
- Paying strictly in accordance with those terms and claiming maximum discounts

Taxation. Use professional help to ensure that your business

- Claims all expenses and maximum allowances to reduce that tax liability as much as is legally possible
- Pays the lowest amount of provision tax legally possible
- Claims the outstanding debtors allowance in its monthly/annual GST returns.
- Is the right type of legal entity for your circumstances — company, close corporation or partnership.

Checklist. Finally, here is a checklist of the sort of basic requirements needed for proper working capital control.

- Keep up to date and accurate books of accounts.
- Have a competent bookkeeper prepare the following on a monthly basis — cash flow forecast for three months, income statement, balance sheet, debtors age analysis.
- Keep on good terms with your bank, suppliers and customers — if you anticipate delays in payment to your customers, inform them in advance; don't issue bad cheques. If you anticipate problems in collecting cash, inform your bank manager in advance. Keep a close eye on possible bad debts and do not overtrade.

Informal Sector — 1990

[illegible] —

Trade may be open to all

By CONNIE MOLUSI

BLACK business will be watching the Johannesburg City Council meeting on Tuesday with great interest.

At the meeting a decision will be taken on whether to open trading areas to all races.

The National Party caucus chief whip Hein Kruger said if the council agreed to the management committee recommendation, this would make Johannnesburg the first South African city to allow blacks to own business property.

Kruger said the decision arose from an approach by the Department of Planning and Provincial Administration.

Most black business organisations have welcomed the recommendation

Fabcos public affairs director Mike Ntlatleng said his organisation would encourage participation by the informal sector in order to bolster black economic muscle.

"We hope this move will set an example to other town councils, who are afraid of accepting black businesses."

Greater Johannesburg Chamber of Commerce and Industry president LB Mehlomekhulu, said the recommendation was a victory for his organisation which had fought for the opening of trade areas to all race groups since it began

However, Mehlomekhulu had reservations that the move would only be significant if it also allowed blacks to own business property in the area.



Soon black businesmen may own their own business properties in Johannesburg.

The cost of 'informal' pension fund

B/Day 30/11/90

CAPE TOWN — An interim report released yesterday by the Mouton committee, which is investigating retirement funding in SA, estimates that R2bn a year will be needed to make pre-funded retirement provision for the informal sector.

The committee's findings are based largely on estimates of the sector's size provided by the Small Business Development Corporation (SBDC) and the state's Central Statistical Service

Its interim report is one of two released for comment yesterday The second deals briefly with the administration of social old age pensions and steers clear of the controversial preservation debate which caused a major uproar when the report of Moutons' predecessor, the Meiring committee, was released in 1986

The investigation into pension provision was instigated by evidence of inadequate retirement planning, especially in the informal sector While research had shown that 70% of the formal workforce had some form of pension, provision for retirement in the informal sector was negligible with most simply providing for their immediate needs

LESLEY LAMBERT

The committee found that while an annual R2bn was needed to provide for retirement in the informal sector, the unrecorded, unregulated and unorganised nature of the sector meant savings were the only means of providing for old age

"If savings have been invested for a pre-determined period of say ten years, and withdrawal coincides with retirement, that would be fine This seldom happens and people turn to the state," the report stated

153A

Increase

The committee's informal sector findings were based on 1988 estimates that the sector employed between three and four-million people out of a total labour supply of 13-million, with 8,5-million employed in the formal sector and about 1,5-million unemployed With the TBVC countries included and subsistence farmers excluded from the statistics, the informal sector was estimated to account for about 23% of the economically active areas

The committee conceded that, given the large increase in the population and the inability of the formal sector to provide adequate employment opportunities, the number of people employed in the informal sector would have increased considerably since the last count It concluded that, in total, the ratio of people employed in the formal sector to that of the informal sector was nearly 2 1

While statistics were hard to come by because of the unrecorded nature of the informal sector, researchers suggested that the sector added about 20% to the annual measured GDP This implied that the sector accounted for 20% to 25% of the 1988 GDP of R195bn

The SBDC estimated that of the one-million business concerns in SA, South Africa, including government and quasi-government corporations, as many as 600 were in the informal sector

Broken down into different activities, the SBDC estimated that the informal sector accounts for 44% of commercial, catering and accommodation business activities, 22% of transport, storage and communications and 17% of manufacturing

Bank supports deregulation

TRUSTBANK supports deregulation and privatisation which promote free enterprise and the development of the informal sector.

The bank says it believes that all South Africans should have equal access to economic opportunities

In his review, the bank's managing director, Mr Kobus Roetz, says part of their Community Development Programme involves the support of job creation organisations such as the Foundation for Entrepreneurial Development, African Council of Hawkers and Informal Businesses, and Triple Trust (which is particularly active in Crossroads and Khayalitsha).

Sowetan 8/2/90

No place for hawkers in free market Bop

"BLACK economic empowerment" is a phrase doing the rounds these days — but it is unheard of in Bophuthatswana.

This much is evident at the bustling Mabopane Railway Station, which stands like a skyscraper on the border of Bophuthatswana and South Africa, at Soshanguve township.

On the South African side of the station premises, dozens of black people are economically empowering themselves by hawking every kind of article to the thousands of commuters who throng the station daily.

By JOHNNY MASILELA

But on the Bophuthatswanan side of the border, not a single hawker is in sight.

The only explanation offered by Mmabatho licencing board officials is that hawkers can acquire a licence only if Mabopane becomes a "municipality", whereas at present it is under the direct control of the Department of Local Government and Housing.

"You dare sell on the other side, you end up in a police cell," says Mogomotsi Selepe, a Bop resident who crosses the "border" daily to sell boiled eggs on the South African side.

Cape Town's not just a dump by the sea

w/Mail 9/2—15/2/90

An upbeat conference presentation argues that the future lies behind Table Mountain. ALAN HIRSCH reports (153A)

AFTER years of pessimism about the socio-economic future of Cape Town, some economists are now painting the future in glowing colours

In the 1980s Cape Town experienced a population explosion that had its economists and planners scurrying for cover After 50 years of economic decline relative to the rest of the country, it looked as if the city could never find jobs for the hundreds of thousands of new residents who had scaled the walls of influx control

Still more people poured in after the pass laws were scrapped, in the depths of the post-Rubicon depression Many feared that Khayelitsha would be nothing but a huge, untapped, explosive reservoir of labour. Worse still, in spite of the existence of Khayelitsha, informal settlements continued to grow from Fish Hoek to Brackenfell

Yet local economists talking to a conference this week on "Development in the Western Cape", were remarkably optimistic about the economic future of the region

If one looks at the central business district and the inner suburbs — the view visitors often get — Cape Town still appears a comfortable, smallish city An aerial view of the Cape Flats, however, tells a different story, that of a sprawling metropolis

Wolfgang Thomas, regional general manager of the Small Business Development Corporation, estimates that in 1990 the population of metropolitan Cape Town is about three million In 1995 it will be about half a million larger, and by the year 2000 more than four million people will fall within the city's functional boundaries

Projections like these led a Cape Town City Council investigation into regional economic trends to conclude that the region could not absorb the growing population and that unemployment would rocket By 2000 two thirds of a million Capetonians would be looking for jobs, guessed the 1987 study

Thomas, in a dizzily upbeat presentation to the conference organised by the Regional Development Association, argued that the City Council projection was totally wrong

The problem was that the model contained static assumptions about the economy and took no account of the informal sector.

Though Thomas projects an even higher population figure, he suggests that of the half a million people out of formal work, only about 200 000 people would be "genuinely" unemployed

Aside from making a (rather large) allowance for the informal sector, Thomas argues that the growth prospects for Cape Town are good, particularly when compared with the rest of the country

When Cape Town slipped from being the economic centre of the country early this century, the reason was the massive production of precious metals in the Transvaal. Now, as South Africa's gold production slips, and as the world market in raw and semi-processed minerals slumps, Cape Town goes steaming on while the heart of the country bleeds

In a related presentation to the conference, Wesgro executive director, David Bridgman, noted that according to the most recent figures available, while South Africa had an annual growth rate of 0,01 percent between 1981 and 1984, Cape Town scored a steady 2,8 percent

Cape Town's appeal for business is obvious. It is attractive to tourists and middle-class professionals It has a strong educational base, a relatively large, relatively skilled, and low-paid manufacturing labour force, a growing number of unskilled workers and an adequate physical infrastructure

Growth can be expected in construction, in the tourism industry, and in manufacturing, particularly those sectors where value added is a major component of the product (high-tech, high-fashion products).

These are all expected to be growth sectors in South Africa in the 1990s

Though there is nothing wrong with a little boosterism, Wolfgang Thomas' figures seem inordinately optimistic. There is little evidence in past trends to suggest a 25 percent increase in manufacturing, construction and tourism employment by 1995, and the factor by which he reduces unemployment through accounting for the informal sector seems much too large Planners and social workers point to the terrible poverty in many townships and on the fringes of the metropolitan region. And Cape Town's black education system is in a complete shambles

Yet it does seem as if Cape Town's position as the economic laggard among South Africa's major centres might already be a thing of the past Whether this indicates the city's strength, or the weakness of the rest of the country, is less clear

SOWETAN BUSINESS
Building the Nation

Honesty must be SA's policy, says SAB chief

By JOSHUA RABOROKO



Mr Meyer Kahn, managing director of SAB.

SOUTH Africa needed honest leadership in business, politics, government, in opposition, in the professions and in selling, the managing director of SAB, Mr Meyer Kahn, said this week

Speaking at the launch of the Holiday Inn Sales Manager of the Year Award in Johannesburg, he said the environment needed honest leaders for the development of the country

He said the country was facing a productivity problem "We all know that relative to all our conventional trading partners throughout the world our productivity is low and declining.

"Meanwhile, there is the popular view that because we are a developing country and because our society is going through substantial change we should sit back and accept a drop in standards

"I find this unacceptable. My reasons are:

"The more we commit ourselves to the maintenance of standards, the less the drop will be, if at all In addition, everyone says the salvation of SA's economic future lies in the development of our Third World economy and informal sector.

"And while I agree to some extent, I must remind you one cannot maintain growth in that informal sector without a very strong formal sector In essence, one feeds off the other."

Mr Kahn said big business inevitably created small business and good small businesses became good medium-sized or big businesses. So the two were totally interwoven - there were big dollops of both

"You cannot have one without the other. We cannot therefore sit back and say 'what will be will be'." Productivity does not diminish job creation - it is the only sure way to long-term prosperity and improvement in living standards."

He congratulated those who received awards and said he hoped they would improve the community in its development.

The Sales Manager and Salesperson of the Year will be announced at an awards banquet at the Sandton Holiday Inn on April 25 - all six finalists and their partners will be invited as guests of honour.

First black broking firm launched

What is believed to be the first Black controlled insurance broking operation was officially launched in Johannesburg yesterday

Named Afsure, it will be helped by an existing broker in the initial stages and is associated to the Foundation for African Business and Consumer Services

The initial target for the first year of operations is premium income of R10 million

The chairman is Mr Gaby Magomola and the managing director is Khehla Mthembu — Sapa.

Threatened squatters deal with lawlessness

(153A)

Squatters have found a way of dealing with alleged criminals — by means of "jungle justice", reports **WINNIE GRAHAM**

They drove into the squatter camp in two cars There were four men who, the residents say had come to rob

As they left their vehicles a silence descended on the shacks The men were strangers to most but those who recognised them were afraid When they came to the camp trouble came too

The men made their way to a flimsy spaza shop and ordered beers The woman served them

The unwelcome visitors settled down near a caravan and started gambling As they played they watched the two little shops nearby

The evening shadows grew long and fewer people moved along the rutted lanes of the camp The spaza owners waited and watched

They had reason to be fearful On December 10, one keeper of a little shop had been robbed and her husband injured when the same men shot him in the arm It was a major blow to the small business

Less than two weeks later, when the store had been restocked for Christmas the men returned again one night, ripped the chain off the fragile door and held up the youths guarding it They stole the cash and, taking the young men s blankets, emptied the contents of the shelves on to them

The owners, left penniless, had a bleak Christmas In January they restocked their shop again This time, however, the community had mobilised its resources to protect residents

The unity among the people is a new phenomenon It emerged when the authorities started demolishing the shacks early this year By standing together the squatters found they had been able to prevent the further destruction of their little homes

Encouraged, they decided, too that something had to be done to protect the people who were becoming increasingly vulnerable to robbers and rapists

No police action

A spaza owner said "If you are kind and hand the robber to the police they release him after a few hours and he returns to steal again"

A system was introduced whereby anyone in trouble had only to blow a whistle to signal for help

On Tuesday, January 30, the people in that particular corner of the camp moved round uneasily The men they knew to be robbers had not made a move and it was late At 8 30 pm, the owner of a spaza shop started to close her business The four men objected

"Stay open," they commanded "We have not finished drinking"

A man produced a R50-note and asked for a cigarette (They are sold loose at 15 cents each in the camp) It was a ploy the owner recognised If she produced her box of money she would be robbed

"I have no change

They were not easily deterred They had been watching the coming and going of customers Now, as the shacks quietened and people settled down for the night, the woman knew they were about to strike A revolver appeared The men grabbed the young man who lodged with her She screamed

'People in the street heard and knew I was in trouble, she said They blew the whistle"

Within minutes, dozens of men armed with knobkerries were on the scene The 'robbers fled, but they had no chance One got away The other three were beaten to death by enraged squatters Their cars were set on fire

The bodies of the dead were removed 24 hours later There was no report in the newspapers

But, the people believe justice had been done No-one would come in a hurry to rob them again

● Asked to comment, a spokesman for the police said two bodies had been found in the veld near the squatter camp on January 31 One, a man identified as "Gabriel" had a stab wound in the chest, the other had burns on the back The matter is being investigated

Black business divided over nationalisation

WILSON ZWANE

INFORMAL sector spokesmen last week rejected an economic system which does not encourage free trade B109 26/2/90

Responding to ANC hints that sections of a future SA economy may be nationalised, many black entrepreneurs approached by Business Day were non-committal and said they wished to study the matter further (153 A)

However, African Council for Hawkers president Lawrence Mavundla said his council was in favour of free trade because it made people more competent through competition.

"We have fought against laws preventing us from operating freely as the informal sector — a clear indication that we are committed to freedom to trade.

"And we don't want to go back to where we come from," Mavundla said.

Other businesses, among them, the SA Black Taxi Association, were non-committal.

Sabta's projects co-ordinator Tebelo Radebe said on Friday that the issue had not been sufficiently discussed by Sabta's members.

"We understand the reasons why Nelson Mandela and the ANC called for nationalisation but we don't want to debate the matter in the media before meeting with various political groups," Radebe said

Majority

Black Management Forum's (BMF) Johannesburg Branch chairman Lot Ndlovu said the forum had not met to discuss the issue.

However, it was in favour of an open and fair economic system from which the majority of the people would benefit and which would work for the country

"If the majority of the people opt for nationalisation the BMF will fall in line with them," Ndlovu said

Richard Maponya, a black businessman, was quoted last week by a Johannesburg newspaper saying the ANC's nationalisation policy was the organisation's bargaining strategy, a trump-card, to take to the negotiating table and with which it hoped to win concessions.

Maponya was also quoted as saying he did not believe the ANC would make the same mistakes as SA's neighbouring countries

Business Report

Informal sector rejects restrictive economic system

Cape Times 26/2/89

1534

Own Correspondent

JOHANNESBURG — The informal sector yesterday rejected an economic system which did not encourage free trade

Responding to ANC hints that sections of a future SA economy may be "nationalised", many black entrepeneurs were non-committal and said they wished to study the matter further

However, African Council for Hawkers president Lawrence Mavundla said his council was in favour of free trade because it made people more competent through competition

"We have fought against laws preventing us from operating freely as the informal sector — a clear indication that we are committed to freedom in trade — and we do not want to go back to where we came from," Mavundla added

Other businessmen, among them, the SA Black Taxi Association (SABTA), were non-committal

Sabta's projects co-ordinator Tebelo Radebe said on Friday that the issue had not been sufficiently discussed by Sabta's members

"We understand the reasons for Nelson Mandela and the ANC's call for nationalisation but we do not want to debate the matter in the press before meeting with various political groups," Radebe said

Black Management Forum's Johannesburg Branch chairman Lot Ndlovu said although the forum had not met to discuss the issue, it was in favour of an open and fair economic system from which the majority of the people would benefit and which would work for the country

"If the majority of the people opt for nationalisation the BMF will fall in line with them," Ndlovu said

Richard Maponya, a black businessman, was quoted last week by a Johannesburg newspaper saying the ANC's nationalisation policy was the organisation's bargaining strategy, a trumpcard, to take to the negotiating table and with which it hoped to win concessions

Maponya was also quoted as saying that he did not believe the ANC would make the same mistakes as SA's neighbouring countries

Nelson Mandela issued statements shortly after his release reaffirming the ANC's adherence to a "nationalisation" policy

However, when concern reigned in the business world Mandela compromised saying the issue would be negotiated with all interested parties

Sowetan Business

Spaza shops depress



Mr Ntsiki Mbundu.

MR Ntsiki Mbundu, founder of the South African Small and Informal Business Association, is to distribute the Sowetan to spaza shops on the West Rand.

Sasiba was formed in August last year and now has a membership of 500 in the PWV area

The association has also established a wholesale distribution company Ntsiki's Spaza Distributors to help owners of spaza shops buy goods at reduced prices

Mbundu said every member of Sasiba would qualify to become a shareholder at NSD

Active

"This company has been formed to help the spaza owners and for it to become successful, the owners must play an active role " said Mbundu

He said the NSD would help the owners with buying goods at reduced prices, warehousing, distribution, merchandising, promotions, general advice, and general advice

"We are also planning to provide a saving scheme, loans insurance and personal funeral schemes to all our members " Mbundu said

The cause

The mushrooming of spaza shops in black township has been mainly caused by unemployment Mbundu said

"In an attempt to make a living, people have turned part of their homes into spaza shops serving the local community "

By MZIKAYISE EDOM

There are about 20 000 spaza shops in the country grossing an income of about R2 billion a year These shops provide convenient shopping for basic commodities and have been aided by the lack of conventional modern shopping centres

Failures

Mbundu said The inability of these shops to organise themselves into a modern trading arm has resulted in many being unable to purchase products at competitive prices

They also lack the knowledge to run a profitable business There is room for improvement in the spaza shop business **Sasiba hopes to** close this gap by helping the owners improve their businesses by offering training," he said

Mbundu is the second black businessman in the Witwatersrand to be given a contract by the Argus Printing and Publishing Company to distribute its newspapers

Excited

The first was Mr Sydney Mavimbela who is based in the East Rand He is responsible for townships like Katlehong, Tokoza, Vosloorus and Tembisa.

Mavimbela has been distributing the newspaper for more than 15 years, dating back to the days of the now defunct *World* and *Post*

Mbundu said he was excited to be involved with *Sowetan* and would ensure that its readers get their copies everyday

Achib to create new jobs

153A

By JOSHUA RABOROKO

THE African Council of Hawkers and Informal Businesss is to start a "financial" institution to help small business create jobs, the association's president, Mr Lawrence Mavundla, said in Johannesburg this week

Speaking at the launch of the association's new publication, "Traders Talk - The magazine for Informal Traders," he said the private sector has promised to inject R100 000 into the project, although he would not disclose the names of the companies

He said that the financial institution would give loans to hawkers as well as other people who wanted to start small businesses, help create jobs and earn a decent living

A life insurance company was now offering Achib members burial insurance benefits through comprehensive insurance cover Members can pay fees directly to the company by a monthly bank transfer This entitles members to an immediate cash payment of R3 500 within 24 hours of a reported death

Achib was also encouraging traders to keep their premises clean The aim was to improve the hygienic conditions of hawkers and spaza shop owners and the surrounding environment.

He said that Achib had created awareness and economic interest in the marketplace about its entrepreneurial members The association was dedicated to fighting for the rights of informal business people to earn a living free from harassment

The removal of restrictions and the heavy fines which hawkers were subjected to has now become a thing of the past The removal of these laws had propelled the growth of the informal businesss sector in the future

At present the informal sector is flexing its economic muscle and research shows that they contribute up to 20 percent of South Africa's GDP



SBDC director Ben Vosloo seen with West German economist D Lösch at the Pretoria University conference on economic development yesterday. Picture: ROBERT BOTHA

Small business 'can help'

GERALD REILLY

PRETORIA — Current economic inequality would be a potent source of political instability in SA if it were allowed to persist, Small Business Development Corporation director Ben Vosloo warned here yesterday.

Speaking at a Pretoria University international conference on economic development in a changing socio-political environment, he said the informal sector had a vital role to play in improving the socio-economic prospects for millions of South Africans.

(153A)

The current environment was smudged with high unemployment, skill shortages, high population growth, shortages of foreign capital and housing and retarded rural development

He said as much as 40% of SA's total economic activity went unrecorded.

This would include a large amount of understated economic activity for tax purposes.

It also suggested, however, the informal sector or the second economy was much more significant than most people realised, he said.

This led to major distortions and inaccuracies in official statistics and distorted perceptions of economic reality.

Vosloo said although progress had been made there was still too much regulation, a taxation system unresponsive to the value of hard work and innovation and unnecessary bureaucracy.

However, it was not all government's fault, he said.

Retailers sought to fend off competition from the informal sector and whole sectors of the economy were rife with uncompetitive practices, from blatant cartels to more subtle restrictive practices. BIDAY 2/3/90

Vosloo stressed there was a need for a specialist agency with government financial backing to make capital available for promising small businesses.

He said excessive government growth had to be cut back and a tax system provided which would encourage equity investment.

Hawkers are trading in a freer climate

B1 Day 5/3/90

PIERRE DU PREEZ

HAWKERS traded in freer conditions than in the past, African Council of Hawkers and Informal Business (Achib) president Lawrence Mavundla said last week.

This was because police could no longer confiscate goods, traders did not have to pay licence fees and had access to legal protection, Mavundla said in an interview.

Achib, which began with 250 members in 1986, now claims more than 26 000 members at more than 70 branches. Last week it launched a magazine called Traders Talk.

Mavundla said some hawkers lived from hand to mouth, but others could make as much as R300 a week. Achib's objectives this year were training members and provision of loans through a guarantee fund. (245)

He objected to nationalisation, saying people who called for such moves "had never run an economy before". (153A)

Monopolies were not what was needed to create a freer economic society. The redistribution of wealth was of paramount importance as SA moved towards a new future.

Huge exhibition by retailers planned

RETAILERS from the formal and informal sectors will together meet with manufacturers at the National Exhibition Centre (Nasrec) in Johannesburg in the retailers exhibition being organised by Exib-it for the week of June 13 - 17.

The exhibition has been endorsed by Get Ahead, the National African Federated Chamber of Commerce, the Traditional Healers Council of South Africa, the Johannesburg Chamber of Commerce and Bureau for Market Research.

Said Mr Israel Skosana of Get Ahead: "We fully support what the retailers exibition are trying to do. There has been little communication in this country between big and small business and there is a desperate need for this kind of direct interaction.

"With the new spirit of development in South Africa, the timing for such an event is right," Skosana said.

According to Mr Tim Reilly, chief executive officer of Exib-it, the idea for the large scale exhibition was sparked off by the relaxation of the stringent legislation which previously inhibited the growth of black entrepreneurs.

"As legislation is relaxed, so too is the lid being lifted on a sector of the business community which for many years had operated in the dark for fear of official reprisal," he said.

He quoted the example of the spazas - small grocery shops operating from garages, kitchens or backyard shacks in the townships.

"Manufacturers and suppliers want to get closer to these customers but don't know how. The retailers exibition will be the first step in bridging the gap. 153A

Support

Sowetan 15/3/90

This support is proving vital in terms of reaching the greater part of the formal as well as the informal business community.

"Combine this with the visitors that the companies already exhibiting will attract and we're gearing up for South Africa's biggest interface between buyers and suppliers," said Reilly.

Although the turnover of these spazas range from as little as R100 up to R31 000 a month, the combined buying power of the about 20 000 spaza shops on the Reef is estimated by the African Council of Hawkers and Informal Business to be in the region of R3,5 billion.

1538

Trade must be on equal terms — Magomola

WILSON ZWANE

ECONOMIC freedom for all meant the ability for everyone to trade on equal levels without restrictions, Gaby Magomola of the Foundation for African Business and Consumer Services (Fabcos) said yesterday.

The "new economy debate" started when ANC deputy president Nelson Mandela stunned local big business and potential overseas investors by stating — shortly after his release from prison — that the ANC's policy was to nationalise SA's key sectors, such as mines, as a means of restructuring the economy

Magomola said that to achieve economic freedom for all, obstacles like laws restricting black businessmen and inferior education for blacks should now go Bldg 15/3/90

He said "Such obstacles prevent black businessmen from competing on an equal footing"

However, he conceded it would take time before real economic freedom was achieved

African Council of Hawkers and Informal Businesses president Lawrence Mavundla has said previously that the informal sector has reaffirmed its economic stance by saying it rejects nationalisation and that it is in favour of an economic system that favours free trade

He said he was totally against any system that stifled freedom to trade.

"We have fought the laws that impeded us as the informal sector, and we don't want an economic system that will push us back to where we come from

"We want freedom to trade and people should not be forced by government to work

"They must want to work themselves. That bolsters competency," Mavundla said

ZILLA EFRAT

SBDC to spend R40m of its grant on job creation

THEO RAWANA

THE Small Business Development Corporation (SBDC) would direct the R60m cash injection from the Budget towards its five-year programme of job creation and erection of buildings in underdeveloped areas, GM development services Sonny Tarr said yesterday.

Tarr said R40m would go towards the Programme Funds set up for job creation projects and R20m would be allocated to the Pioneer Project Fund, used for erecting buildings in underdeveloped areas.

Using a growth base of 20% a year, the SBDC projected in November last year that R196,6m would be needed for job creation funds over a period of five years.

One of the job creation projects was the Support Fund, established to help businesses out of financial trouble. "Since March 1985 this fund has granted 2 035 loans worth R92,2m and created 41 600 job opportunities," Tarr said.

The Small Builders' Bridging Fund for small builders had given 5 058 loans to date worth R105,1m, creating 86 000 jobs. BD Bang 16/3/90

The Entrepreneur Training and Development Fund had done much to improve the skills of new entrepreneurs in industrial areas like Pennyville in Johannesburg and Wadeville near Benoni.

"The R20m allocated to the Pioneer Fund will be used for the erection of buildings and much-needed infrastructure in underdeveloped areas. These are high-risk, low-yield areas that could not be financed through normal financial programmes," said Tarr. He said the fund would grant mini-loans "to provide simple and fast finance up to R5 000 for very small developing businesses".

153A

Advertorial

Cut prices for hawkers

Sowetan 16/3/90 15:3A

By JOSHUA RABOROKO

THE launch of a chain of cash and carry outlets for hawkers and spazas is a milestone in this embattled sector's struggle for recognition

This was said by the executive director of Business Challenge, Mr Phil Khumalo, after it was announced that Metro Cash and Carry is to open Siyakhula, the first wholesale outlet to cater for the needs of informal traders

If it is successful - and Metro's research shows the market is big enough to warrant this - Siyakhula will open in all major urban areas

Research

Neither license nor GST certificate will be needed to apply for a buying card

Khumalo, who is to open the store, says this is victory for informal traders "We have battled for years with wholesalers over the need for a licence to get a buying card Free enterprise should mean everybody who wants to sell should be given the opportunity to And it is gratifying Metro have heeded this," he said

Metro has conducted extensive research to determine the needs of hawkers and spazas

"It was evident that wholesalers could not offer the service smaller traders need, especially as products were packed together in large pack sizes," said Mike Solomon, informal sector manager at Metro. "This meant the trader had little money over to extend his product range "

Among the special services Siyakhula will offer are

* Smaller pack sizes,
* Product lines not normally available at wholesalers such as ice cream, fruit and vegetables and bread rolls,
* A monitoring service to ensure the right products are being sold;
* Year-round promotions with drastic price-cuts,
* Informal sector organisation offices on the premises,
* Free product-advertising posters and stands,
* Competitions with large prizes, and
* A mailed leaflet telling customers about price-cuts.

Hawkers and spazas are not the only ones who can buy at Siyakhula There will be stock for hair saloons, shoe-shiners and other small-scale operators.

Siyakhula's name, its logo and wall murals - which depict the hawkers' and spazas' struggle - were all designed in a brainstorm session with spaza owners, hawkers and black artists.

"*Siyakhula*, which means 'we are growing together', is symbolic of the relationship between hawkers, spazas and Metro," says Solomon, adding, "We need the hawkers and spaza trade to expand our markets and they need us to expand theirs "

Sorting the myths from the facts on the informal sector

B/Day 23/3/90

GRETA STEYN

153A

MYTHS and realities about the informal sector emerged this week with the release by Central Statistical Service (CSS) of a survey of unrecorded economic activities.

The survey, believed to be the first of its kind in the world, found unrecorded activities amounted to R16bn in 1989, or 8% of GDP. Other estimates of the sector's size have been much higher.

The reason for the focus on the size of the informal sector is obvious: the sector provides relief from official unemployment. A rough estimate of a realistic unemployment rate is about 20%, according to the Urban Foundation's Charles Simpkins.

SA needs real economic growth of an average 5%-6% a year to avoid a major unemployment problem. But economic growth at the peak of the business cycle in 1988 was below 4% and 1% for the 1980s as a whole. The informal sector will provide a living to some workers who cannot be accommodated in the modern sector.

To what extent is the informal sector taking up the slack? UCT's Prof Brian Kantor's claim that unrecorded economic activity could represent as much as 40% of GDP is well known He based his view largely on the relationship between cash in circulation and official spending figures.

The CSS survey, although somewhat narrow in its definition, seems to disprove the claim that the informal sector accounts for 40% of GDP.

Reserve Bank economists have for some time now tried to dispel the myths and put the informal sector into its proper perspective They were key speakers at an Economics Society seminar on informal sector issues in Johannesburg this week.

Bank economist Bernie de Jager said he was there "to defend the integrity of the national accounts".

He said. "Some pseudo national accountants arrived at the scene with estimates on the size of the informal economy amounting to as high as 40% of the officially estimated GDP This is obviously a very ambitious estimate that casts a shadow over the accuracy and validity of the entire set of national accounts"

De Jager pointed out that if the level of SA's GDP was underestimated to such a massive extent, it implied that government spending as a percentage of GDP was only 16% in 1988 (instead of 22,4%) — and SA emerges as a country with a very small government sector. The case for a slowdown in government spending and lower taxes would simply disappear

De Jager's colleague Joseph van Dyk pointed out that not all informal economic activities are excluded from the national accounts The official statistics combine the formal sector figures with other information into a comprehensive set of accounts covering formal and informal activities. He also stresses that care should be taken not to compare turnover in the informal economy with measured GDP.

According to the Reserve Bank's calculations, informal activity cannot amount to more than about 10% of GDP.

Van Dyk bases his calculation partly on the "statistical discrepancy" method of measurement (the deviation between the GDP calculated from the production/income side and the GDP calculated from the spending side) This yields about 5% of GDP that remains unmeasured by the national accounts, while the measured informal activity is also about 5%.

De Jager uses the difference between the number of blacks who are officially "economically active" and the number who participate in the formal economy By subtracting the figures, he arrives at the number of blacks active in the informal economy (2,45-million people) Assuming the average wage is well below that of the formal economy, he draws the conclusion that the black informal economy amounts to about 5% of GDP

"An estimate of this magnitude is well within the margin of acceptability set by national accountants," he said.

However, Free Market Foundation executive director Leon Louw held the view that estimates of the size of the sector depended on how one defined informal sector.

"The CSS findings, read with other research, suggest that the unrecorded sector — depending on how it is defined — may contribute an additional 15%, 25% or even 40% to the country's economy."

The CSS survey had established an absolute minimum but not an estimate of the actual size of the unrecorded sector Louw regarded the CSS definition as narrow, although this did not imply a criticism of the survey. A wider definition would have included the TBVC states, white unrecorded activity, blacks living in white areas in SA, and grey money-lending activities of the "stokvels" (communal groups contributing to a central fund for the members' benefit)

"The problem in quantifying economic activity can be illustrated by asking whether do-it-yourself tasks at home, including domestic work, should not also be included in the figures?"

Louw said the debate on the size of the informal sector had, to all intents and purposes, come to an end

"As we move towards a freer economy, the need to prove the importance of the informal sector has diminished Stressing the size of the sector was relevant when we were trying to persuade government to deregulate The intention has never been to discredit the national accounts," he said.

Louw said he hoped his well-known stance on the size of the informal sector had not been misinterpreted

"I do not see informal sector activity as our saviour Its encouragement cannot replace sound macroeconomic policies It is a foul-weather friend."

De Jager said elevating the informal sector to the status of the leading employment-creating force in SA was tantamount to claiming that the formal economy was failing dismally as a wealth-creating engine

"Even if our national accountants decide to adjust their estimates of national income by 40% and we end up statistically much more affluent than we are now, this country will still have to face high inflation, a foreign debt problem, a balance of payments constraint and, most important, abject poverty in many regions."

C/Press 25/3/90 153A

Black business has poor record

Now it's acting to put house in order

By PATRICK MAFAFO

TRACK records of black businesses are not impressive Take the story of African Development and Construction Holdings (ADCH), formed by black entrepreneurs in 1977

The company incurred losses from the start and when it closed last year it was owed R200 000

What happened? There were three basic problems The first was capital It took eight years to raise R300 000 from its 400 black shareholders For blacks to acquire a meaningful stake in this sector, capital guarantees will be necessary

Secondly, the company lacked quality management and thirdly, falsely assumed that since the company was black owned, the entire management had to be black.

Realisation is dawning that to be taken seriously, black business has to get its house in order And rhetoric is being replaced by action

Taking the initiative is the African Builders' Association (ABA), an affiliate of the newly-formed Foundation for African Business and Consumer Services (Fabcos)

The strategy is four pronged addressing management skills through training, creating a cash pool through its membership, lobbying government to simplify its systems of allocating land for black township development and also to dismantle economic policies tied to political policies in the building and construction industry

Baker Mogale, spokesman for ABA and president of its Transvaal affiliate, Taba, says many large companies now give preferential contracting to black business, coupled with assistance in costing and pricing, ordering, delivery and similar tasks

There are, however, serious drawbacks "The main one is that it is not really their job and they might get tired of the effort and the cost to themselves "

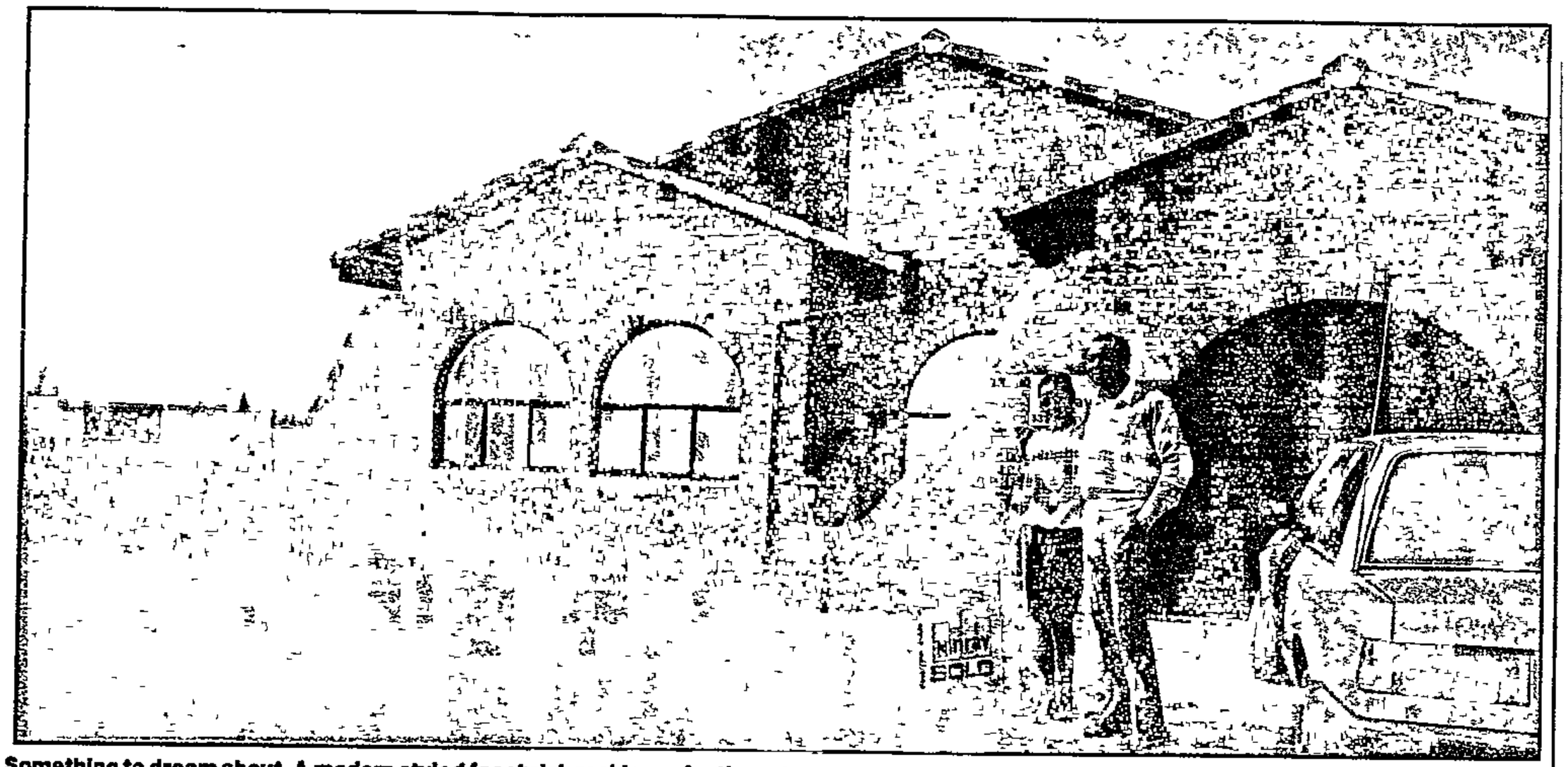
To overcome these problems, says Mogale, the training process will have to be intensified.

But are organisations such as the Urban Foundation and the South African Housing Trust not providing these services?

Mogale says so far they have failed In their own right they have become property developers and financiers Typically liberal, they are doing for blacks, instead of doing with blacks, he says

"Instead of laying the foundation for the black master builder to enter the lucrative property industry, through their actions they serve to curtail such development "

He says it is for this reason that ABA has secured



Something to dream about. A modern styled facebrick residence for the entrepreneur with plenty of room for the whole family – including the Merc.

Choose the right paint to brighten up your home

NEVER bought paint before? Don't know a high-gloss from a non-drip or a vinyl from a matt? This simple decorating guide explains which sort does what and why

Most paints fall into two categories· oil-based (gloss) or emulsion. Each offers a different sheen, texture and coverage.

LIQUID GLOSS This paint has a hard sheen finish and is best for skirting boards, window frames and doors For exterior use, pick a range that is formulated to withstand the weather Always use a primer base paint under gloss

NON-DRIP GLOSS is a gift to the first-time decora-

FANTASTIC BARGAINS
New and shop soiled stocks to go
Baths
from only R85.00
Doors from R1000
Basins
Leading brand name enamel

HOMELA
BUILD
Homeland
Get started
building co
GET YOUR
SMA
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He says it is for this reason that ABA has secured sponsorship from the US Agency for International Development (USAID) The grant of over R500 000 is subject to review every three years and will be used to develop a training programme for its members The organisation's membership is estimated at 5 000 and includes architects, plumbers and bricklayers

Mogale says the programme will cover tendering, drawing of plans, assessment of quantities, finance, ordering and delivery and site management These can be grouped into getting the job, financing the job and carrying out the job

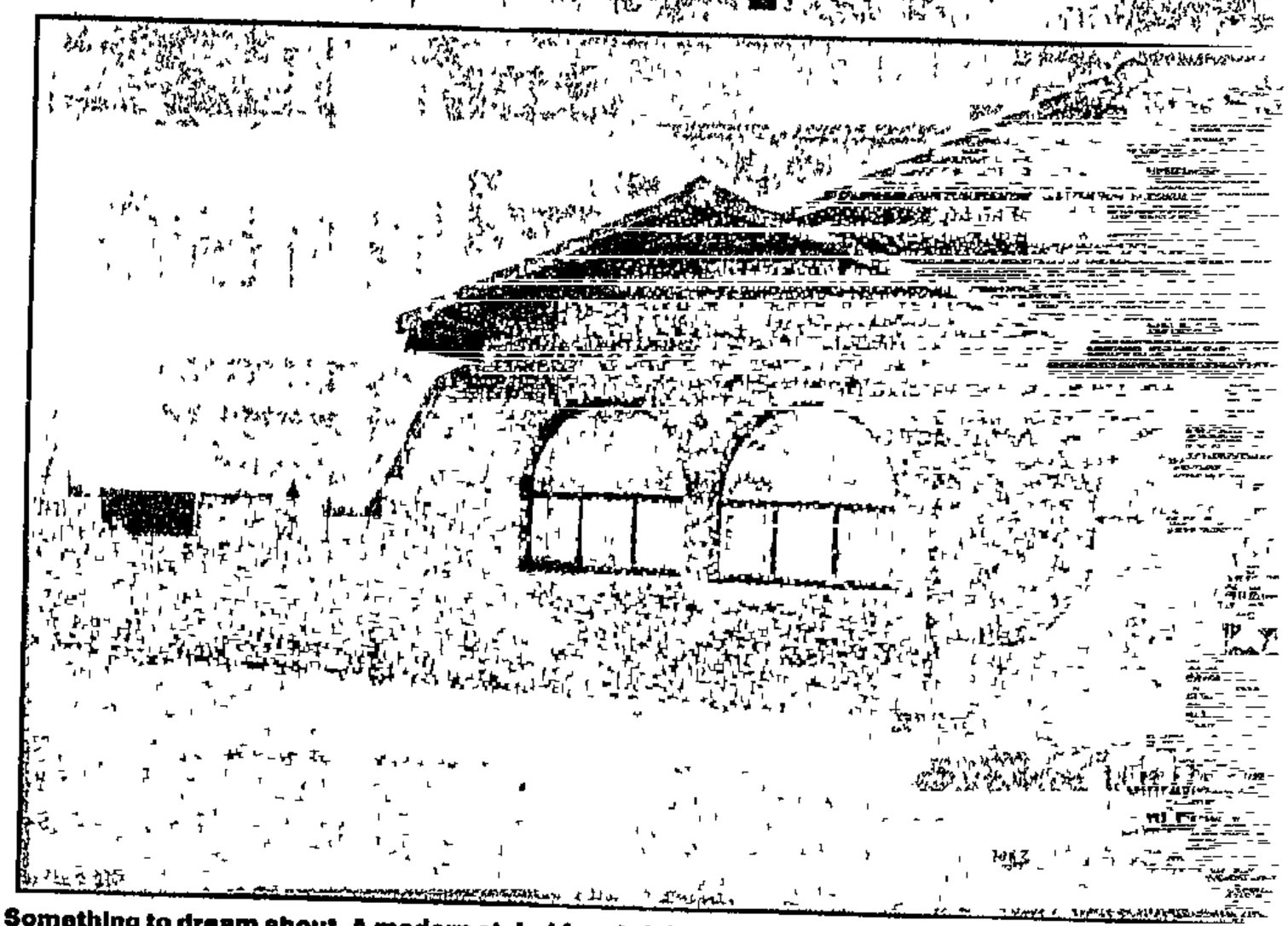
The problems in getting the black building industry into the mainstream is not the lack of technical or craft skills, he says, but the lack of business skills

"There are thousands of black master builders in South Africa Regrettably, few work for themselves They often are employed by white-owned building firms The black builder may do everything in respect of the actual building operations with little or no input from the owner of the business Why, then, does he find it difficult to strike out on his own as an independent builder?"

To finance black operations, Mogale says, the organisation is to adopt the Sabta Foundation model, which creates a finance pool A percentage of profits from projects completed by each member will go into a trust fund, which will be used to finance projects

International aid will also be sought, particularly from the World Bank

He says that during the fourth stage, besides concentrating on economic policies which are tied up with unworkable political policies, investigations will concentrate on the Department of Development and Planning, particularly the National Housing Commission which allocates about R500 000 to housing projects



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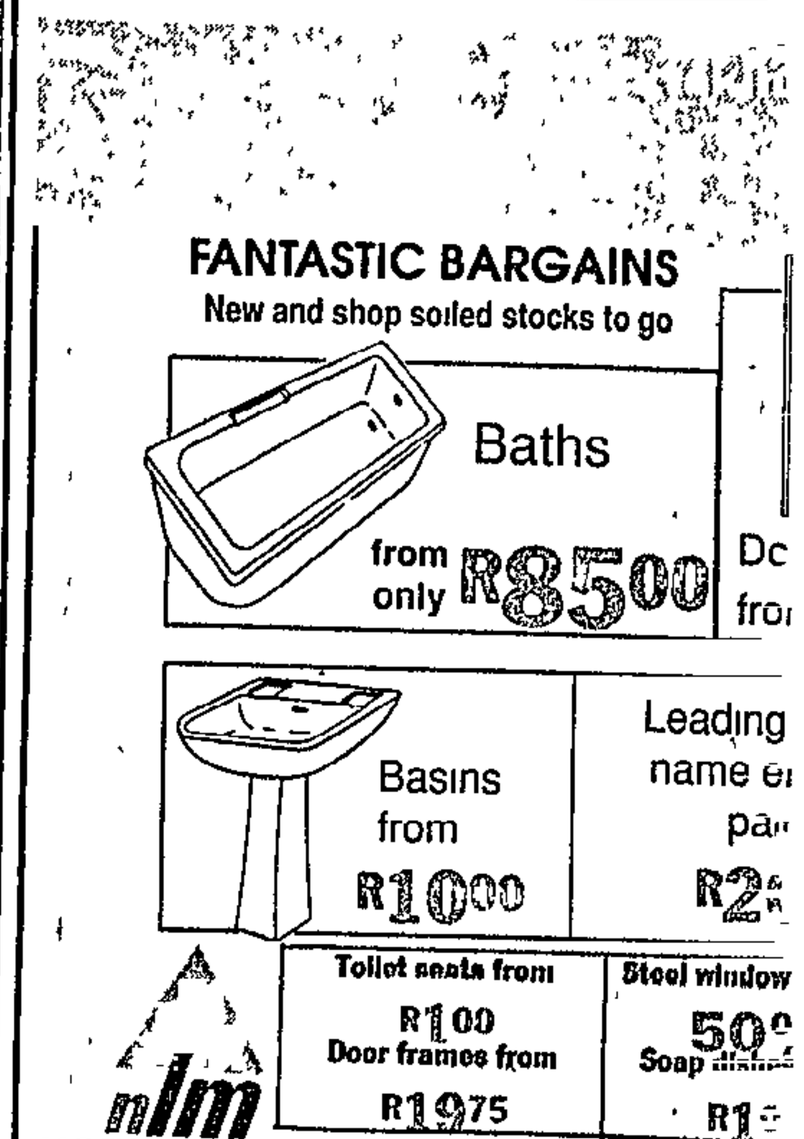
NON-DRIP GLOSS is a gift to the first-time decorator Its consistency, like not-quite-set jelly, makes it very easy to use An undercoat is not necessary as long as the surface has been well-prepared Do not "overbrush", as you'll leave streaky marks on the surface Non-drip gloss is suitable for doors, window frames and skirting boards.

MID-SHEEN OIL-BASED PAINTS Better known as eggshell and satinwood These paints have a more subtle sheen than gloss and are suitable for walls, wood and metal Ideal for bathrooms, kitchens and techniques such as marbling and rag-rolling

VINYL EMULSIONS come in silk or satin finishes The vinyl ingredient makes the finish more hardwearing and easy to wipe clean Use only on walls, ceilings and over relief wallpapers such as wood-chip and anaglypta Don't use over rough plaster It highlights the uneven surface

MATT EMULSION is good on rougher surfaces as its soft, velvety finish helps to disguise flaws Use on internal walls and ceilings Use two coats Not suitable for wood or metal

SOLID EMULSION comes in a tray It has a thick, soft, cheesy appearance and is non-drip – ideal for ceilings. Apply with a roller, but use a small brush for neatening up edges and corners





From poor mechanic to transport tycoon

c/press 25/3/90 153A

Hard work pays off for bus owner

By BONGANI HLATSHWAYO

ONE would never guess Johannes Cheou was once a backyard mechanic when you walk into his enormous executive office in Chloorkop near Kempton Park.

Cheou now owns a fleet of 25 luxury coaches which transport workers from Soweto, Tembisa, Alexandra and KwaThema to their places of employment, but he is no stranger to hard, dirty work.

He talks modestly about his business success "I'm publicity shy," he explains

He lives in Kelvin, near Sandton, where he owns a large R250 000 house situated on half an acre

Simplicity is Cheou's motto He says he chose to stay in the white suburb of Kelvin because back home in Tembisa two years ago he was threatened by taxi operators who claimed he was running them out of business with his fleet.

"They felt I was taking business from them and as a result attacked one of my drivers at night, killing him with stones "

Cheou says the crunch came when he was threatened on three occasions by a gunman who came to his R150 000 mansion at Esiziba Section in Tembisa.

"I got so unsettled that I eventually had to sell my house for next to nothing It went for R75 000 because I was desperate to get out of the area."

Today Cheou operates his business from offices in Chloorkop and from his home in Kelvin where his wife Rose does the company accounts

The road to success for Cheou was not an easy one He was born in 1939 in the district of Mamabola, Pietersburg, and has three brothers and a sister Ironically, he grew up in Kelvin on a farm owned by a Mrs Campbell

He attended school at Witkoppen and went to Alexandra in 1946 after the farm was sold. The new owners said they didn't want tenants on the farm.

He was taught at primary school by the well-known Alexandra community worker, Marone Manganye. He had to leave school in Std 6, but studied at home until he obtained a Std 8 certificate

"My first job was with JL Viljoen Transport. There I trained for six months as a mechanic before getting into the field.

"This job took me to places like the then Belgian Congo, Zambia and other African states from 1955 until 1967 "

He got tired of travelling and struggled as a backyard mechanic in Alexandra. After that he joined Coca-Cola as a driver and was later promoted to sales supervisor He left the job in 1979

"I ventured into the transportation business in 1980 when I operated a taxi for two years while I accumulated money to buy a 25-seater bus.

"I did some marketing for my business and clinched a few contracts with companies to ferry their employees

"It was tough then as I had to compete with Putco We used to fight with Putco as I had no permit. I eventually acquired one and the business grew in leaps and bounds."

Cheou reached the top by entering into lease contracts with bus companies

He is also not frightened by competition "as it urges you to do your best and improve all the time"

He is one of the few successful black bus fleet owners who has survived competition from white fleet owners

"Service to the people has to come before anything else and I pay my drivers a lot. If you pay peanuts, you should expect monkeys," he says jokingly

Part of his profit is ploughed back into the community – especially in Tembisa and Alexandra.

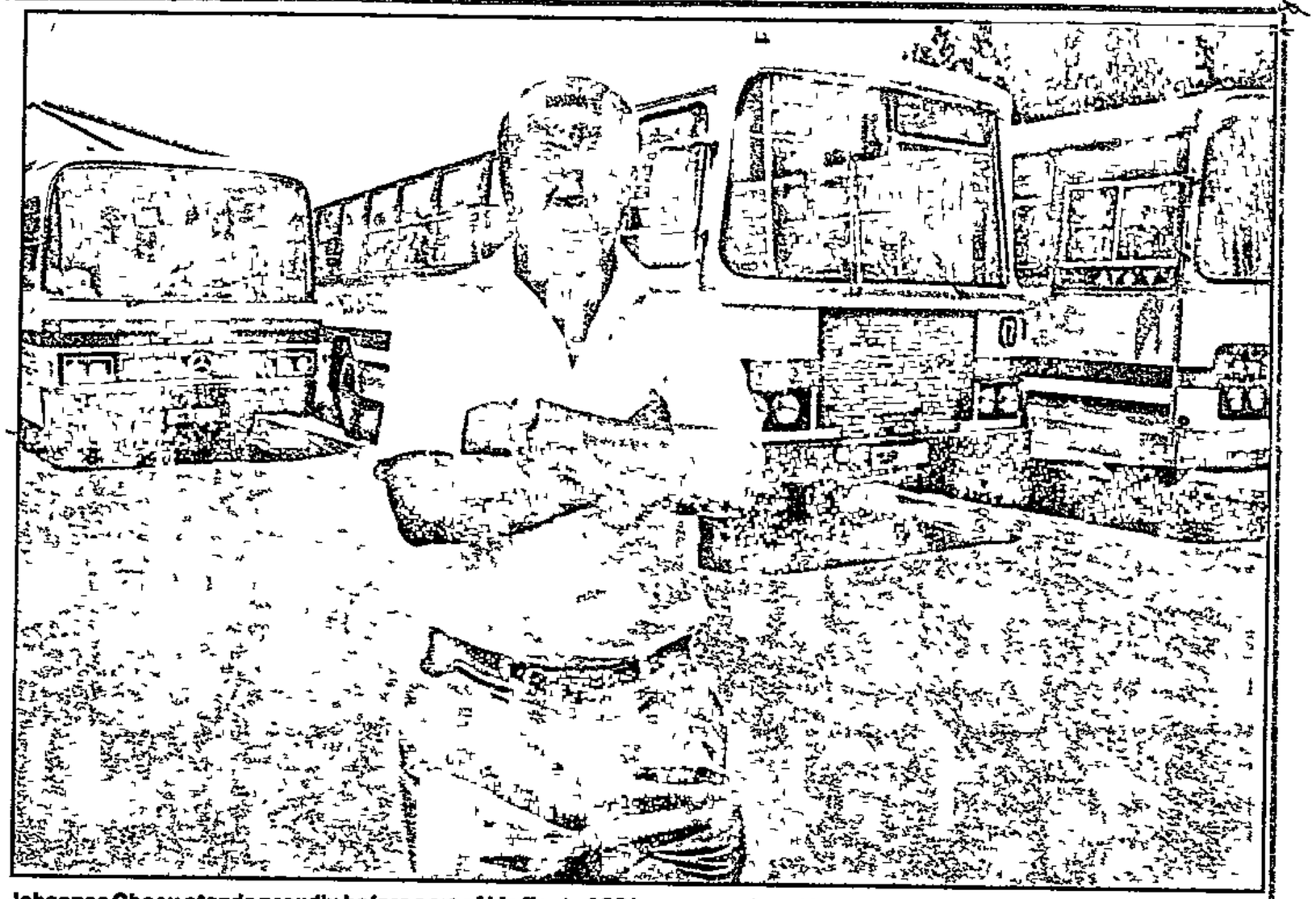
This year he has sponsored prizes worth R2 000 plus trophies for the Alexandra Football Association's Under-21 League.

The Itumeleng Association for the Physically Disabled also benefits from tours he organises for them each year, and he has started educational tours for schoolchildren.

Cheou has also formed a new company, Goodhope Promotions, with music promoter, Sam "Jiza-Jiza" Mthembu and will be staging festivals throughout the country

"The whole idea of festivals is not to make money, but to generate money for charity organisations," he says.

"As black businessmen we should also do something for our communities, not wait for whites to do it for us."



Johannes Cheou stands proudly before part of his fleet of 25 luxury coaches Many envy his business successes.

CHARLIE PARKERS
Charlie Parkers
Charlie Parkers
3 WEST STREET Cnr Anderson
233a BREE STREET (between Wanderers and KingGeorgeStreets), Johannesburg
WOW!
WOW!
LOOK AT THESE CRAZY PRICES
PRICES, FOR THIS WEEK ONLY
TCB
Sof 'n Easy
BLACK LIKE ME
HAIR PIECES

MR MONEYBAGS!

The amazing rags-to-riches rise of millionaire who owns half a town

By ANDREW MOLEFE

SIX hundred kilometres from Johannesburg, on the edge of the Kalahari Desert, swelters the town of Taung This hot, dry and inhospitable place in Bophuthatswana is home to 160 000 people, many of whom live in mud huts and poverty.

It is here you will find Joseph Mothusi, the rags-to-riches millionaire who now owns half the town

Joe, as he is known to most people, has sparkling eyes They are like two balls of fire The hair, cropped short, is silky and shiny, the face young-looking and shrewd It's a look adopted straight from TV commercials

His gold wristwatch is studded with diamonds The designer shorts and matching top could come from anywhere in the world – except Taung In fact he looks out of place in this dusty town his is a face you'd expect to see at the Johannesburg Stock Exchange

Tracking down the man who owns the major chunk of this town is difficult. He operates a business empire that spreads like an octopus across Bophuthatswana and beyond, yet his telephone number cannot be found in any directory – it's a secret known only to business associates and a close circle of friends One has to cajole, sweet-talk and do a little arm-twisting to secure an interview

Around the Northern Cape, Joseph Mothusi is an enigma. He is more myth than man His name evokes fiery discussions and arguments

Rival businessmen and critics dismiss him as an egotist, a semi-literate, prancing peacock whose business empire is founded on shifting sands Their guns blazing with acrimony, they also accuse him of being a heartless monopolist whose love for power and money knows no bounds

But Mothusi's admirers adore him to the point of worship In him, they see a role model for black businessmen. He is proof that, given half the chance, the black man can claim a place for himself in the economic sun of this country.

Despite his considerable achievements, they say Mothusi is a generous man who always has a friendly wave for everyone

But how much myth and how much man?

"Well I have never been interested in what people say about me I do what I think is right for me and for my business," he said

The son of a messenger and a washerwoman, Mothusi struggled into the marketplace

He was born more than 50 years ago in Taung His parents moved to the Vryburg township of Huhudi when he was five or six When he reached school-going age, he was enrolled with the St Paul Catholic mission school where he did his primary education before proceeding to another mission school, the famed St Boniface, in 1953 He completed matric with an impressive pass in mathematics There was an urge to go further

■■■■■■

"In those days," he recalled, "the system of education was tailored in such a way that blacks should not go further than matric The National Party had already set a station in life for us Our education system was designed to produce hewers of wood and drawers of water"

Despite a matric certificate safely tucked under his arm, it was difficult for Mothusi to land a suitable job Many advised him to be a policeman or teacher but he refused because at that time, those careers were the highest a black person could aspire to Joe Mothusi was more ambitious

After combing the tiny town of Vryburg without success, Mothusi finally accepted a job as a petrol attendant It was a 12-hour day, six-day-a-week job that rewarded him with just two pounds a week

Three years later he became a sewing machine salesman In 1960 he joined a furniture store, also as a salesman

"It was crazy Racism forced me out of salesmanship because blacks were never allowed to sit inside the store You had to wait outside come rain or sunshine We were not even allowed to sit on the furniture we were selling"

In 1963, Mothusi started a small grocery shop in Hududi but apartheid laws made it difficult for him to succeed as a small township entrepreneur

He closed shop and operated a taxi service using his personal car But it turned out that a taxi in those days was a luxury the poorly-paid township folks could not afford

Come 1970, opportunity knocked and Mothusi answered

The Bophuthatswana government, then still the Tswana Territorial Authority, placed all bottlestores in its area on sale Mothusi had not a cent to his name, but was interested in the bottlestore situated in his birthplace, Taung

After going through vigorous examinations and interviews, he outclassed 40 other competitors The business cost R17 000, and he obtained R4 000 bridging finance Six months later, he had paid off the loan and the asking price, and the Mothusi legend was born

"From then on I snowballed I bought businesses like crazy," he said

In one fell swoop, he bought four businesses in Ganyesa, 200km south of Taung and also in Bophuthatswana They were a filling station, bottle store, supermarket and a general dealer

In 1977, he returned to Taung where he set up a hypermarket next to his bottlestore Six months later, he reinforced his Taung interests with a restaurant, filling station and bar lounge

Ten years after his humble business beginnings, he moved into the big time by buying what was then the only hotel in Taung, the Oasis Hotel. It set him back R200 000, including the off-sales outlet

However, his appetite was far from satisfied He set his sights across the borders of Bophuthatswana and found Kimberley a good bet. "The local provincial administration placed their liquor outlets under the hammer and I bought the lot," he said For these Mothusi signed away a cool R3 million

This was followed by another R250 000 bottle store in Vryburg Today, the man has invested heavily in farming and property His buildings – some of which he leases to big corporations and even the Bophuthatswana government – occupy half of the Taung central business district He sells everything from shoelaces to property

His home is a millionaire's dream Two Mercs dominate his garage There are trucks, panel vans and a multitude of workers roaming around his empire

And would Muthusi tell us what he is worth?

"My worth?" he giggles, "Gee wiz, you want to set the taxman on my tail?"

As hard as it is to estimate his real worth, it's a safe bet that Mothusi is a multi-millionaire

But in recent months Mothusi has had sleepless nights – he fears South African-based giant corporations moving into Taung There are huge shopping complexes rising a stone's throw from his empire the multinationals are moving in

"It's unfair for multinationals to compete against us small men Firstly, multinationals are white-owned. The white man owns banks and so he has access to loans A black has a short hand to finance.

■■■■■■

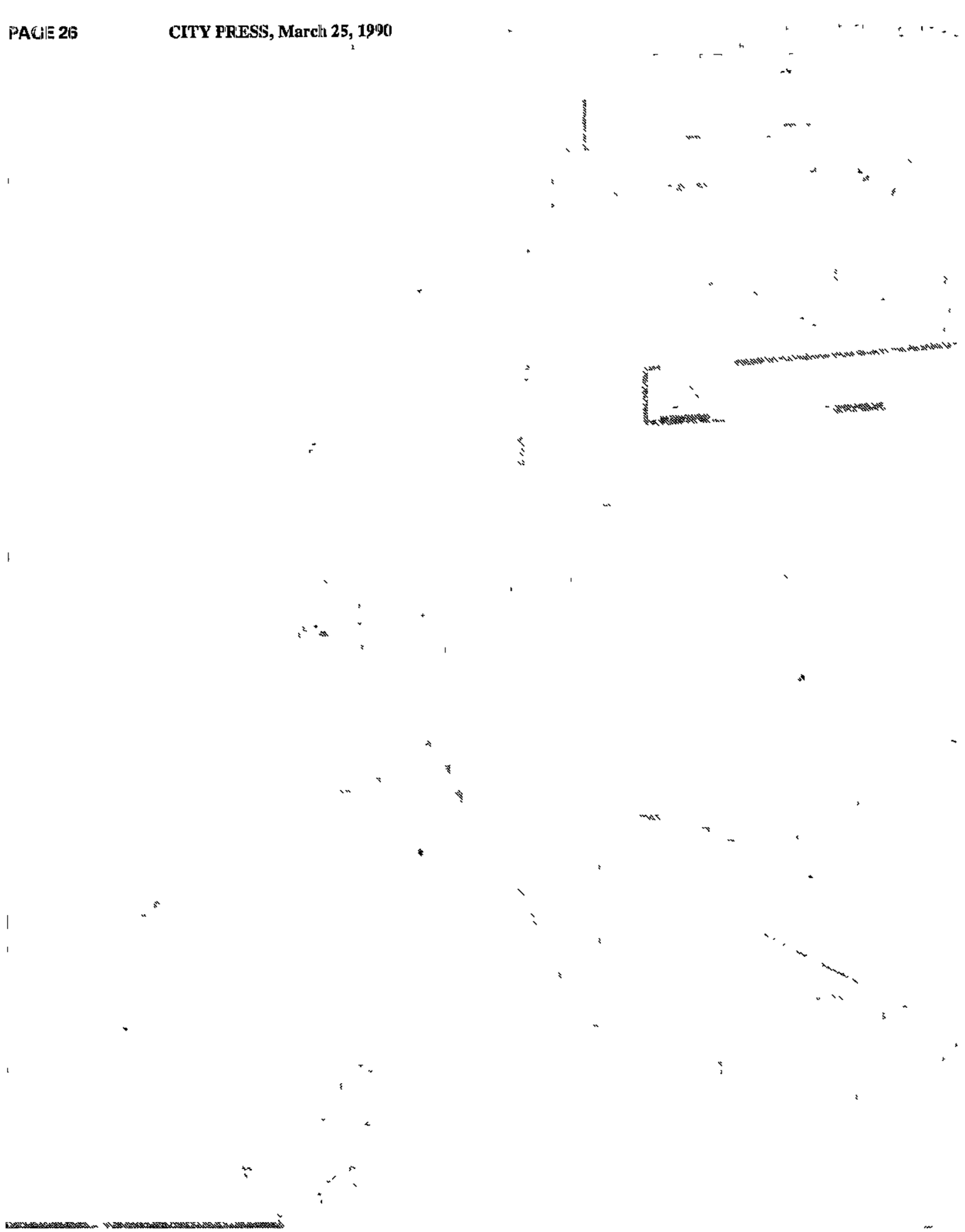
"For instance, I wanted to build the same type of shopping complexes When I needed a loan of around R30 million, the white man at the bank asked me if I owned land that could be pledged as security Bank officials know too well that no black man owns land in this country This 99-year lease is not land ownership They know that no black man makes the rules Why can't they look into the individual man's performance in business?" he asked

Asked about the current positive steps taken by the government in South Africa, he said only majority rule in a unitary, non-racial South Africa would bring about the best from black entrepreneurs

"Politics determines the atmosphere of the economy. Being given freedom is like being rejuvenated with fresh blood We as black businessmen will be able to work towards our goals and towards the goals of our country because, as a free man, you learn to love your country You say 'this is mine and I've got to work for it'. If a black man can say that, nothing will stop him from playing an economic role in this country," he said

In the meantime, Mothusi plans to expand his business interests even further, regardless of competition from the big corporations.

Reprinted, with permission, from Black Enterprise.



Joe Mathusi, multi-millionaire entrepreneur of Bophuthatswana, is wary of white-owned "mega-businesses" muscling in, aided by close, powerful connections with the big banks.

Business programme in danger of collapse

Star 26/3/90 153A (153A)

By Winnie Graham

The Sowetan Business Development Programme is in danger of collapse through lack of financial support.

Though hundreds of would-be entrepreneurs are desperate for training, few companies have been prepared to sponsor the programme, adopted last year by the Sowetan as part of its nation-building campaign.

Mr Mel Stamelman, managing director of the Workwise Business Development Group, said he was dismayed at the limited response from the private sector.

HAD TO WITHDRAW

"Until recently, the course was sponsored by NCR who have regretfully had to withdraw," he said. "Despite great enthusiasm for the courses and appreciation of their necessity, few companies have been prepared to put their money where their mouths are."

One corporation, he added, was considering sponsoring the finance and administration section, and firms such as JCI, Mobil and the Trust Bank, along with a few other companies, had made welcome donations.

The progamme, initially launched to help bridge the gap between black and white business and to help create one single, effective work ethic, needed R400 000 a year to operate effectively.

Mr Stamelman added. "The Sowetan has poured its heart into this programme.

"The editor, Aggrey Klaaste, agreed it is essential that all South Africans have a common work ethnic in order to facilitate economic growth and self-empowerment.

"If businessmen are not talking the same language and operating within the same parameters, what hope is there? Unless sufficient sponsorship is received within the next few months, the programme will have to be terminated."

HOME IMPROVEMENTS



Members of a womens'group enjoy themselves at a stokvel.

Stokvels may be used to advance home loans

153A

THE popular stokvel and joint saving system can be used by the private sector and financial institutions to advance housing loans to those in the lowest income bracket. This is according to the manager of Group Credit Company Christine Glover at the seminar on low-income housing which was recently held in Johannesburg.

Glover said the high risk factor had kept financial houses away from helping the market that needed most help and comprised 60 percent of the overall population

By PHANGISILE MTSHALI

"The challenge to the private sector is, therefore, to develop a financial product that is firstly responsive to the realities of the needs of that market section and that is also sustainable and economically viable as a financial mechanism," she said.

"Local research shows that in this country, like in most developing countries, money lending and the Rotational Credit System (RCS) - better known as the stokvel - is one of the most common forms of financing popular among low income groups."

Rates

Glover argued that high interest rates paid to money lenders, and which range between 100 and 300 percent, show that the market is already used to paying high interests

And the fact that the RCS is controlled and administered by participants themselves can help reduce administrative costs, which keep the private sector from giving out small loans.

"It might therefore appear to be entirely feasible to release money to individuals through RCS at the interest rates which are appreciably lower than those charged by money lenders but higher than those charged on hire purchase agreements by formal institutions," she said.

The Group Credit Company - a subsidiary of Urban Foundation - was launched in August 1989 as a pilot project to test the feasibility of channeling finance to individuals through the RCS.

Project

The pilot project is financed by Urban Foundation and the Development Bank of Southern Africa.

According to Glover, the method has been successfully tried in India.

Sdor 29/3/90 153A



Women queue outside the Foundation for Entrepreneurship Development to learn skills that can earn a living.

● Picture by Alf Khumalo.

Skills training for small entrepreneurs

By Winnie Graham

The men at the Tokoza Advice Centre knew something had to be done about the unemployment

With 2 000 people wanting help in finding jobs, there seemed only one solution they would have to organise skills training for the more desperate

Mr Mafatshe Mokoena and Mr Fandile Mntamba started in a small way. With the help of the Foundation for Entrepreneurial Development in Rissik Street, Johannesburg, they invited four young women on a six-week sewing course

They would be taught to sew without charge if they could find their way to town every day The Tokoza Advice Centre paid half the cost of the course and the Foundation the other half.

Last week, Puleng Maloi, Francina Makahetha, Ellen Mondonsela and Lindiwe Mondonsela graduated. They are now qualified needlewomen — with Lindiwe voted top student. But the end of their instruction did not mean they were being abandoned to make their own way

"We will help them establish a small co-op," Mr Mokoena said this week. "But, first, they must learn how to run their own business"

The men will help the women with money to buy sewing machines, which they will repay when their business begins to take off.

In the meantime, Mr Mokoena and Mr Mntamba have negotiated with a Reef company to train artisans The firm is willing to take matriculants with science as a subject and train them in a range of skills without charge.

Excited at their initial successes, the Tokoza men have now embarked on a major fundraising project to raise money to train others.

"We looked around the township and saw plastic everywhere," Mr Mokoena said. "So we approached Nampak and asked if they would buy plastic and cardboard from us for recycling"

The company agreed. Now everyone in Tokoza is collecting — and using their homes as storage points. Because Nampak knew the people have no transport, it agreed to collect at regular intervals

If the campaign is a success, Mr Mokoena will approach the town council for a collection site

"After all, we are helping to keep Tokoza clean at the same time," he added

INFORMAL SECTOR (153A)

Taxi trove

Roots of the vicious war between black taxi associations can be clearly traced to the income generated by the industry It is disproportionately high compared with that derived from other occupations outside the formal sector F1M 30/3/90

A Central Statistical Service (CSS) survey of the informal sector, made in October, confirms a pilot survey a year earlier, which showed three categories — trade and hawking, crafts and transport — generate most revenue outside of formal employment By far the highest average net monthly income is in transport.

- ☐ Blacks R2 827 (compared with an overall average in the informal sector of R534),
- ☐ Indians R2 022 (R785), and
- ☐ Coloureds R1 776 (R426)

This puts it well ahead of all other work categories. For blacks and coloureds, closest is trade and hawking with average net monthly income of R489 and R460 respectively, and for Indians, services, with R1 046

Moreover, it is one of the few routes to affluence, with 18 000 blacks, 106 Indians and 306 coloureds earning over R6 000 (working on own account) in the informal sector.

So incentives are high in an environment providing few opportunities to these groups

Of the R1,3bn estimated monthly contribution of the informal sector to GDP, the three top categories contribute more than R1bn (respectively R429m, R367m and R291m or, as a proportion of total contribution from the informal sector to GDP, 32,1%, 27,5% and 21,8%). Of the 2,7m people working outside the formal sector, these categories provide work for more than 1,7m (965 000, 602 000, 161 000)

Because of the high income earned from transport, there is no correlation between the number of people involved and money earned.

In terms of numbers, the category which ranks third is home crafts with 326 866. It is followed by services 249 000, other jobs 237 000 and scavenging 164 000

This research revives the debate on the contribution of the informal sector to GDP It has been variously interpreted Some see the results as supporting the argument that its value may be as high as 40%, others that it is more likely to be as low as 10%.

So it provides no conclusive evidence on whether the informal sector can be a meaningful substitute for jobs in commerce and industry, or only complement employment opportunities in the formal economy What it does is give a useful insight into a world previously ignored in official statistics, except for the pilot project in 1988

That related only to blacks in the PWV area, while the latest research extends to coloureds and Indians and nationally Neither includes whites, or other population groups in white urban areas

CSS estimates a total of 2,7m in the informal sector, in the following groups

- ☐ Blacks 2,5m out of a total 21,3m,
- ☐ Coloureds 117 000 of 3,18m, and
- ☐ Indians 55 000 of 931 000

More than 2m of them are self-employed ■

SA's economic potential underestimated — study

SYLVIA DU PLESSIS

SA's informal sector expanded by at least 10% last year over 1988, compared with "flat" growth in the formal sector, a survey by research organisation Business & Marketing Intelligence (BMI) has found.

It implied current gross domestic product (GDP) growth rates were incorrect and that the potential of the country's economy was being consistently underestimated, BMI MD Jonathan Harrod said yesterday.

The survey, conducted last year into four key segments of the sector, follows a recent study by the Central Statistical Service (CSS) which found informal sector activity amounted to nearly 8% of GDP in 1989.

Harrod, who headed the BMI study, said in an interview the major difference between it and the CSS study was that BMI had not viewed overall size as an issue.

"If the informal sector is not growing faster than the formal economy, it's irrelevant how big it is What is important is the picture that has emerged about growth in the informal sector and the needs of communities where informal business is prevalent," he said

Undertaken in eight black urban areas, including Soweto, Khayelitsha, and Tembisa, the study found the share of informal activities in overall economic activity varied widely.

"In motor repairs and building materials distribution, for instance, the informal share is less than 10% In food distribution to black consumers it is between 10% and 20% and in liquor distribution to black consumers it rises to about 40% "

Researchers had detected a groundswell of new business activity in black urban areas, Harrod added

"Twenty percent of those questioned actually work in such areas. Of all foods disseminated throughout the economy, half are distributed by businesses in black areas, as opposed to being 'imported' from the formal sector outside these areas.

"And of this 'internal distribution', 20% to 40% is done through informal channels such as spaza shops and hawkers."

Harrod said black city dwellers had shown they wanted more business facilities closer to home, but many lacked the necessary capital and skills.

Black traders getting bigger slice of market

By Jabulani Sikhakhane

Politically-motivated consumer boycotts, improving black lifestyles and higher transport costs have helped black traders increase their slice of food distribution to black urban consumers to about 50 percent or R5 billion per year

This figure is expected to grow by another 20 percent within the next five years, according to a study by the Business & Marketing Intelligence (BMI) among 1 200 self-employed people and more than 3000 consumers in eight black urban areas.

Of the total figure of R5 billion, sphaza shops and hawkers accounted for between 20 and 40 percent

The BMI estimates that the retail food distribution industry is worth some R25 billion, with black urban households accounting for R10 billion and rural households contributing another R5 billion

Boycotts

Project leader, Jan Strauss said that black consumer buying patterns had changed because of forced circumstances, particularly consumer boycotts.

BMI chairman, Jonathan Harrod said black city dwellers have shown that they want more business facilities close to home

"They are not concerned whether these are formal or informal They are prepared to pay, provided these facilities offer the right quality," he said.

The impact of the change in food buying patterns of black consumers means that big food retailers have to seriously consider going into joint ventures with black entrepreneurs in the black urban areas.

Joint ventures might benefit black traders more because of their current problems of lack of capital and skills to develop their businesses

The study also found that in motor repairs and building materials, the informal sector share is less than 10 percent, while in liquor distribution to black consumers it rises to around 40 percent

Shot in arm for black entrepreneurs

By Frank Jeans

Blacks entrepreneurs can now operate industrial enterprises at Alrode South in Alberton, which was a white preserve until it was deproclaimed by State President FW de Klerk last month.

This breakthrough has been welcomed by East Rand industrial township development company, Investron, which has been advocating open industrial areas for the past 10 years.

Managing director Allan Goldring says "This deproclamation heralds a new era for the black entrepreneur who wants to develop a strategically located factory.

"He can now enjoy the privileges and advantages of white industrialists"

Alrode South is one of the major industrial growth points on the Witwatersrand and is ideally located near major residential townships with their labour resources

The black businessman is now able to buy land on a freehold basis and then build his own factory, or secure a ready-made workshop

Mr Goldring believes this latest government move on reform will have a ripple effect across established industrial areas and create not only more opportunities for black business, but also more jobs

"Traditionally," he says, "there have too many restraints on black entrepreneurs who have to invest in proclaimed black industrial areas, most of which are too remote from established markets

"The black industrialist, too, has also had too little contact with other industrialists, many of whom would, in other circumstances, have become important stakeholders — either as suppliers, associates or customers."

Investron is now in the process of arranging total financing for black industrialists

Sata flexes its financial muscle

By PATRICK MAFAFO

THE sleeping financial giant that is the South African Taverners' Association (Sata) is starting to wake.

Projects worth close to R40 million are planned for this year, and these will be owned by an estimated 30 000 Sata members. Membership includes licensed and unlicensed taverns as well as bootleggers.

First of these projects is a R4,2 million two-star hotel and nightclub at Tumahole, Parys, in the Free State.

Construction on the project, to be developed by Quantum, will begin in June and be completed in November. The loan was provided by the Cape Investment Bank.

Sata deputy chairman Sydwell "Four Boys" Molefe said ownership of the development would be through a member-share scheme.

He said capital would be collected from members only when the project was complete as most shebeeners had been ripped off through share schemes.

Molefe said negotiations were at an advanced stage for a multi-purpose entertainment centre at a well-known, but as yet undisclosed, resort in Johannesburg.

City Press understands that a major white liquor wholesaler is planning a joint venture with Sata in the townships. This follows a recent meeting of the wholesaler, the Sata chairman and the Cape Investment Bank.

There are about 100 000 licensed and unlicensed shebeeners in the country.



Sydwell Molefe

New move on hawkers helps cut red tape

Sloan 19/4/90

MATTHEW CURTIN

HAWKERS with valid licences would no longer be convicted of licence offences in terms of the small business deregulation moves ushered in by the President's Proclamation 208 (1989), a prelude to the Businesses Bill before Parliament this session.

Small Business Development Corporation development services GM Sonny Tarr said yesterday hawkers were now issued with licences — valid indefinitely if issued after 1988 — as a formality. 19/4/90

The move has cut through red tape and Law Review Project executive officer Prof Louise Tager said hawkers arrested with a valid licence now had good grounds for legal defence.

Tarr said the recommendations of the Licensing Board, in consultation with the SBDC and the African Council of Hawkers and Small Businessmen (Achib), to Johannesburg City Council had eased the position of hawkers further. In particular the Traffic Department's Hawkers Squad was no longer entitled to confiscate hawkers' goods.

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Appeals

But yesterday Achib legal officer Raymond Mashazi said hawkers in the rural areas were increasingly victims of ruthless implementation of local by-laws.

Achib has lodged appeals with magistrates in Klerksdorp, Groblersdal and Rustenburg on behalf of arrested members this week.

Mashazi said Johannesburg's progressive deregulation approach had not been followed by other local authorities.

Tager said while Johannesburg's by-law modifications in conjuction with the proclamation were a genuine step forward, hawkers were still open to severe restrictions under existing council by-laws in the rest of the country.

Tilt towards recession now apparent

THE economy's downward tilt into recession has become glaringly apparent in several key consumer-sensitive industries.

They have suffered from the low growth in real private consumption expenditure — nearly 3% in 1989 compared with 1988's real growth of 5% The situation worsened towards the end of the year when spending on durables nosedived.

The subsequent heavy drop in imports has substantially lifted the balance of payments into surplus, providing further evidence of a slowdown

Total new vehicle sales for the first quarter of 1990 declined by 1,7% compared with the same period in 1989 and manufacturers expect difficult conditions to persist.

In 1989 the lack of personal disposable income also hit the SA hotel industry with

LINDA ENSOR

top hotels experiencing a 3% decline in total real sales.

Major clothing retailers report dampened sales, while road construction companies are suffering from cutbacks in the allocation of contracts by government authorities These fell by a year-on-year 8% for the three-month period from December 1989 to February 1990.

The home building industry, strangled by high interest rates on mortgages, is also looking towards a 20% to 50% drop in turnover in 1989 over 1988.

An indication of the state of the household appliance industry is indicated by the 139% drop in earnings by Picardi Appliances for the six months to end-December.

● See Page 3

Wholesale outlet for informal sector

By JOSHUA RABOROKO 1538

IN the first significant move by a wholesale giant to do business with the informal sector, Metro Cash and Carry has opened one of an anticipated chain of wholesale outlets for hawkers and spaza shop owners in Johannesburg.

The chain, to be called Siyakhula (we are growing), is a response to the growing informal trade sector and the need by suppliers to find effective distribution, Metro's informal sector manager, Mr Mike Solomon, said during the opening of the chain Sowetan 12/4/90

He said Metro had invested a large, but undisclosed amount of money in the venture. A shrink-wrap machine was bought to wrap the smaller pack sizes preferred by informal traders.

According to him the launch of Siyakhula was a risk as accurate information on the informal sector was scarce.

Informal traders, who are small-scale buyers with specialised product needs, are not being properly serviced by wholesalers.

Other Siyakhula services include: special product lines, condition-free buying cards and year-round promotions.

New store to meet hawkers' needs

153A

By JOHNNY MASILELA

WHOLESALE giant Metro Holdings has added a subsidiary company to its fold aimed at cashing in on the informal sector traders

The company, Siyakhula Cash and Carry, has opened its first branch in Newtown, Johannesburg, in premises which used to house a Metro branch w/Mail 12/4-19/4/90

Metro informal sector manager Mike Solomon believes the Newtown store will soon generate a turnover four to five times that which used to be generated by the Metro branch.

Siyakhula opened with an initial stock of R1,5-million

Solomon said the new venture, which aims to serve hawkers and spaza shop operators, was started because existing Metro branches were too big and their packaging unsuitable for the small dealer.

"For instance, at Metro stores a big dealer can spend around R200 on two to five big packages of a specific product but for a hawker, he needs that R200 to spread it thinly to order anything from 10 to 50 small packages in order to service a wider spectrum of clients," Solomon explained

Siyakhula — which means "we are growing" — is the first store of its kind to be launched by a major public company. Further stores are planned.

The new store has also undertaken to set up a training centre in the near future where small business people will be given lectures on subjects such as merchandising, stocktaking, selling, auditing and banking

INDIAN MARKET FIM 13/4/90

A touch of spice

It's been a long time coming but at last Durban once again has a purpose-built Indian market for hawkers and traders

The original market, established in 1910, was destroyed by fire in 1973 and this hit the livelihoods of hundreds of small traders Rumours of arson were rife at a time when the market was in financial difficulty and an irritation to Durban Corporation

An inquiry found, however, that a tailor, warming himself on the pavement, lit newspapers that blew into the building

The market has operated from Warwick Avenue, on the fringe of the CBD, for the past 17 years but the arrangement was never satisfactory Controversy surrounding relocation has led to many squabbles involving trader associations, the House of Delegates and municipality

Now the R22m new Indian market is virtually complete Shopfitters have moved in and the market opens officially in June

The project, financed by the SBDC, is a joint venture between it, Grinaker and J H Isaacs on the original 9 318 m² site The market is bounded by Victoria Street, Cemetery Lane, Russell Street and Queen Street at the western tip of the city It is accessible by train and road from the CBD and a new link bridge from Berea Road railway station

The Victoria Street Market is the biggest single investment by the SBDC Developers believe the location is right because an estimated 240 000 people cross Russell Street each day

The market is almost under the main N3 route to the city and has a high profile The council's brief called for special design attention for the roof The dozen domes, turrets and 3 m high golden spires are built with brilliant green sheet metal with golden guttering

Grinaker started work early last year and completed construction two months ahead of schedule The market will house more than 180 traders Provision has also been made for vendors and informal traders

Leasing agent J H Isaacs says it has been flooded with applications for shops and all but three have been let Gross rentals are about R55/m² with 12% escalation

The market seems assured of success and could work well as a tourist attraction Its brightness and exotic atmosphere help to contribute to Durban's Oriental charm though, with only 180 bays, parking could be a problem

Two new magazines boost black economic empowerment

W Mail 20/4 – 26/4/90

By JOHNNY MASILELA

PERIODICALS aimed at black business people in the formal and informal sectors are springing up as publishers respond to the call for black economic empowerment.

Two full-colour monthly magazines have been launched within the last two months, bringing the total number of black business journals to five in the Transvaal alone.

The latest additions to the newsstands are *Traders Talk*, a Tristar publication aimed at the informal sector, and *Travellers Friend*, mouthpiece of the South African Long Distance Taxi Association. Both are distributed free of charge.

And another journal, targetted at black tavern owners, is said to be on the drawing board.

The mass circulation daily, *The Sowetan*, also recently introduced a weekly business section.

Both *Traders Talk* and *Travellers Friend* seem to be attracting healthy amounts of advertising — something which would have been unheard of just a few years ago in black business publishing. But with the rapidly increasing purchasing power of black consumers, the trend is changing.

The success of the two new publications is likely to be judged against the well-established *Black Enterprise*, *African Business* and *Drive-On* magazines

Travellers Friend is competing directly with *Drive-On* for advertising, since both target the black taxi industry. *Drive-On* is the official publication of the Southern Africa Black Taxi Association.

On the other hand, *Traders Talk* finds itself sandwiched between the successful *Black Enterprise* and the oldest of them all, *African Business*.

Traders Talk managing editor Dee Sinclair, who claims a pilot circulation of 20 000, believes the market is wide open for growth "With the emergence of the (black) informal sector, the possibility of more black business journals coming up cannot be ruled out.

"Our long-term target is to reach a circulation of 100 000 copies," she said

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153A **BOLTING DOORS** 256

Johannesburg City Council claims to have adopted a new tough stance over dealing with people who operate businesses illegally from private houses.

Planning & Development Committee chairman Eddy Magid says that from the beginning of April the city has been issuing spot fines of about R300 (set by Johannesburg's chief magistrate) to those "who blatantly ignore the bylaws and cause intrusions into residential areas."

The council has been severely criticised in the past by organisations such as the Parktown Association for its apparent inability to take action against businesses operating illegaly from dwellings.

Molefe is a man in a hurry

c/press 22/4/90 153A

Young businessman going places

By PATRICK MAFAFO

IN 1976 students disobeyed their elders and took to the streets The cause? A language forced on them But where are the causes in the 1990s?

Many are still trying to better their education, or at least complete matric. However, there are those who managed, against all odds, to graduate Then there are exceptions like Eric Molefe of Kagiso, near Krugersdorp.

He may have had the advantage of having inherited one of his businesses from his late father, but he has managed within two years to add more than his father achieved in his lifetime.

At the age of 26 – that would have made him 12 in 1976 – he already sits on the board of the promising Road Runner Crisp Chicken

A Road Runner franchise, the first in the West Rand, became an addition to Molefe's service station

A bakery, another first in Kagiso, will open by the end of this month He tells *City Press* that another Road Runner franchise, to be owned by him, will open its doors next month in Mohlakeng, Randfontein

A young man in a hurry, Molefe has wasted no time in seeing potential in the fast-growing South African Taverners' Association (Sata) Together with a white liquor wholesaler, he is the initiator of the planned township-based joint venture liquor distributor with Sata reported in *City Press* last week

He recently flew to Cape Town to meet the management of the Cape Investment Bank The chairman of Sata was also present at the meeting According to research unregistered businesses are responsible for 40 percent of the distribution of liquor to blacks And 80 percent of the SAB beer market is black

Molefe is left with a few third year courses to complete his law degree He holds a journalism diploma and many business diplomas



Eric Molefe... has seen the growth potential of the South African Taverners' Association.

Workers await strike response

By S'BU MNGADI

WORRIED staff of the KwaZulu Department of Justice in Vulindlela, Maritzburg, this week apprehensively awaited the official response to their two-week long strike which ended on Wednesday.

The civil servants called off the strike after the department did not respond to their demands. They are now waiting for a response to letters sent to KwaZulu Chief Minister Mangosuthu Buthelezi and the KwaZulu Public Service Commission.

The civil servants fear the department might transfer them to other magisterial districts as punishment. They also fear their strike might have contravened the mandatory pledge of loyalty to the KwaZulu government.

The civil servants, ranging from general cleaners to magistrates, went on strike earlier this month – an action unprecedented in the history of the homeland's civil service. They demanded, among other things, intervention by the KwaZulu government to calm the situation in strife-torn Maritzburg.

In a memorandum sent to the Secretary for Justice, they said: "Until the KwaZulu government addresses the situation in and around Maritzburg which has caused mass destruction and loss of life, we will not continue with our duties."

An alternative demand was for staff of the Vulindlela office to be transferred to South Africa or "the KwaZulu government service be reincorporated into South Africa".

They also demanded a halt to victimisation of those involved in work stayaways. They said such protests were due to the escalation of violence in the region.

The staff said they were members of the Maritzburg community and therefore felt bound by its decisions.

According to the spokesman for the workers, only the security police and one white clerk declined to sign the memorandum. He said Vulindlela staff received several solidarity messages from other departments of the KwaZulu government.

He warned that if the homeland government failed to address the problems it would head for a showdown with its civil servants.

Secretary for the Department of Justice CG Jordan declined to comment.

Meanwhile, about 10 000 teachers in the Durban, Hammarsdale and Maritzburg regions are poised to embark on a "chalks-down" strike. They claim their demands have been ignored by the KwaZulu government.

Pensions for informal sector investigated

WAYS of incorporating the estimated 4-million people in the informal sector into retirement schemes are being examined, says Professor W L Mouton, chairman of the Mouton Committee investigating the SA pension situation

The unemployed would have to look to the state for a pension, he added in a speech at the Pensions Institute Conference in Durban last week

Retirement schemes covered nearly 80% of formally employed people (including the self-employed) which was much higher than in most other countries The committee had established that in 1987 there were 12 000 retirement funds with membership of 6-million, compared with 700 000 in 1960

"According to our calculations more than one-million of the nearly eight-million people working in the formal sector do not belong to retirement funds."

LINDA ENSOR

The industry, he said, had shown a growth of 9% in the sixties, 12% in the seventies when many funds extended membership to semi-skillws and unskilled workers and 3% in the eighties. Membership remained almost static for the years from 1982 to 1986

Of concern, however, was the low level of pensions

"One of the factors that has contributed to low pensions has been job swopping without retirement assets being conserved"

Mouton said it was accepted that the State would make limited provision for those, especially the aged, who could not provide for themselves

"On the other hand the percentage of the population of certain groups above the age of 65 was increasing at a greater rate than the population between the ages of 15 and 65"

Another aspect under investigation was the means test used for old age pensions, Mouton said

It "is a disincentive for low-income and short-service people to belong to pension funds Contributing to a pension fund could result in disqualification from a state old age pension and possibly being in a worse financial position than they would have been It has also led to the demand for provident funds".

14 black SA manufacturers for Botswana

By Jabulani Sikhakhane

In an attempt to penetrate markets in neighbouring African states, 14 black manufacturing companies will display their products at Botswana's annual industrial trade exhibition this week.

The 14 companies will display products ranging from clothing, furniture to car tyres and beadwork's in Bitex'90 show at the Gaberone show grounds, under the banner of the National African Federated Chambers of Commerce (Nafcoc).

Gabriel Mokgoko, Nafcoc's public affairs manager, says Bitex'90 represents the first attempt to build bridges between black business in South Africa and neighbouring countries with a view to establishing an economic relationship in preparation for a post-apartheid SA.

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Developing small business

One of the crying needs within the ceramics industry is for skills and making a major contribution to providing those skills, mainly in the design field, is the Witwatersrand Technikon.

Ceramics department head Mr Eugene Hon says the main objective is to train people to open small businesses To this end students are taught a wide range of ceramic skills from brick carving to pottery and sculpture

"Our students are trained to a high level to be ceramic designers, producers and marketers of their own wares One of the things we are looking for in our students is entrepreneurial spirit which usually means attracting more mature students

"Over the past three years all the students who have passed our course have gone on to open their own businesses - and done well," he says

He cites the example of Miss Janita Nelson who left the technikon about three years ago She now has her own business, supplying curio animals to game farms, hotels and other tourist targeted outlets

Mr Hon points out that other professions tend to be trained to join an established firm

"After three years they would still be working for someone else and be towards the bottom of the salary ladder.

"Janita is self-employed and earning considerably more with the potential to grow even further"

Students are given a basic overview of the different techniques and materials They are taught to formulate ideas and experiment

Mr Hon says students are encouraged to develop in a fine arts sense, such as sculpture, but there is a strong practical current underpinning the course

For the exam at the end of the second year students are required to design one item for production purposes Students are marked on the design and how many units can be produced in one month

He says "The item chosen will often be one which was designed in the course of the year However, usually the design is not practical for batch production purposes and the student will have to adapt the design — an important lesson for any artist Usually the students sell the products afterwards at one of the markets This gives them an indication of market response to their idea"

Mr Hon. "It is not just pottery but includes techniques such as brick carving for creating murals and crests"

One of the problems facing both the technikon and the studio ceramic artists it produces, is that South Africa does not tend to have the consistant quality of raw materials required.

"Our students tend to move into catering for exclusive niche markets. But the raw materials available are not generally up to standard for the more sophisticated applications, such as making high-quality studio ceramics like plates and teapots

"Different batches of materials will respond differently producing product which warps or cracks under the same conditions as previously produced quality finished items.

"There is a need to set industry standards coupled with consistant and reliable testing. There is also a need for materials aimed at the studio market. For example, unlike overseas, at present there is no South African company producing a clay and a glaze designed to suit that particular material," he says



The Witwatersrand Technikon's ceramics department aims at encouraging spirit.

Thatcher, during a previous visit to Britain



Working in the informal sector street traders in South Africa now have an annual sales turnover of almost R10 billion

Plea to harness the power of a R10-bn informal sector

By MICHAEL CHESTER

New figures from the Self Employment Institute on the phenomenal spread of the informal sector have underlined the growing role of the small black entrepreneur in business and the emergence of a potential new economic power house

Mr Theo Rudman director of the institute who has battled with the bureaucrats about red tape hindering black enterprise ever since the informal sector peeked over the apartheid barriers in the 1980s has disclosed that the sales turnover of black street traders is now running at almost R10 billion a year

He puts the precise total at R9 84 billion and says if all business operations are taken into account — spaza shops back street workshops, shebeens and home industries — the informal sector now handles as much as 33 percent of the total spending of the black urban community

Moreover Mr Rudman reminded a small business conference in Empangeni last night the dramatic progress by the informal sector had been in spite of obstacles erected by police and municipal officials in many towns and cities

What could be achieved he wondered if harassment were converted into active encouragement with sweeping initiatives to allow the informal black business operations to flex their full muscle as a new economic powerhouse"

The result, he argued would at last be a solution to the gradual erosion of living standards of all South Africans over the past 10 years

Impossible target

The dilemma was made loud and clear in simple statistics Between 1975 and 1985 South Africa's gross domestic product measured on a head count sank by 8 5 percent — all as a result of the population growing faster than a feeble economy It dropped another 2 7 percent in 1985/86 alone while politicians and bureaucrats held the brakes on black enterprise

Mr Rudman believed many economists had been staring in the wrong direction for solutions What had alarmed them were calculations that the formal sector if it had to carry the full load faced the impossible target of ploughing R800 billion in new investments in fixed capital to wipe out unemployment over 15 years

The real need, Mr Rudman insisted was to recognise that it was informal not the formal sector that had by far the best chance of pushing the economy into the faster tempo that had become crucial

There was a huge reservoir of hidden wealth to be tapped if SA allowed the unrestricted integration of the Third and First World elements of its economy

It would turn our black population from what many people see as a huge liability into an enormous asset he said

In turn by freeing small businesses and removing the monopolistic protection of control boards and marketing boards big business would be forced to be as productive and efficient as possible

Big companies would see that it would be vital to their survival to use small enterprises as an important part of their activities and in the process reduce their capital and running costs

Training programmes

Many large retail businesses had now dropped their initial opposition to hawkers and were using street traders as new sales outlets

Now the time had come for them to consider programmes to train the hawkers in modern business methods

Financial institutions also needed to become more involved by allowing new and simplified lines of credit to informal sector businessmen

And South African manufacturers were urged to follow the lead taken by Japan and Taiwan in bringing the full potential of both big business and small informal operators into harness.

Both of the Far East economic giants owed their successes to a system of encouraging large factories to form central core operations that concentrated on assembly of final products and relied on a network of small satellites run by the informal sector to supply components

Even high technology industries could use the system In Japan more than half of all components in Sony TV sets were produced by small businesses In Taiwan, no less than 99 percent of all manufacturers were classed as small or medium-sized firms.

In South Africa the system could be adapted to the production of everything from furniture clothing and footwear to engineering products

Foreign as well as local investors would soon spot the economic merits of helping to finance whole networks of satellites when they realised the cost of creating a new job in a handcraft trade cost as little as R500 — compared with around R2 200 in big steel and engineering companies

Nationalism shakes the foundations of the Soviet empire

The Soviet May Day demonstrations erupted from the gathering storms of unaccustomed political feeling, reports **QUENTIN PEEL** from Moscow

The sight of Soviet demonstrators openly defying President Mikhail Gorbachev and his ruling Communist Party on a May Day parade before the hallowed tomb of Lenin, was symbolic of the explosion of political debate across the Soviet Union.

It was not just anti-communist slogans which were bellowed by radical protesters in front of the mausoleum

The supposedly loyal trade unionists paraded their own hostile criticism of the economic reform process demanding a national referendum on the plan to switch to a market economy In the end that challenge may be far more of a threat than the denunciations of the Communist Party

The event illustrated dramatically how Mr Gorbachev s attempts to promote a genuine devolution of power from the centre have set off an often chaotic debate

The plethora of nationalist flags at the parade, including dozens from rebellious Lithuania showed the clamour for national autonomy

The political decision by the Baltic republic of Lithuania to secede was clearly a rebellion against the power of Moscow, although perfectly legal in terms of the Soviet constitution as it stood on March 11 The effect was compounded by President Gorbachev's decision to impose an effective economic blockade on the republic in order to bring it to heel

Yet Lithuania is only an extreme example of a process now under way in many parts of the Soviet empire

The rule and the laws of Moscow are now being more or less openly defied by everybody from individual republics to regions cities enterprises and workers organisations

All the Baltic republics now impose restrictions on the goods and foodstuffs that can be bought by non residents on their territory and taken to other parts of the union

They have imposed what amounts in efect to an economic blockade of the rest of the Union

On April 20 the Central Asian republic of Uzbekistan ruled by a loyal Communist Party suspended deliveries of many vegetables fruit and dried fruit to the rest of the USSR until June 1 in an effort to stabilise its domestic market"

Exports of locally produced goods including furniture cars and electrical appliances have been drastically cut

The Western Ukraine now ruled at the local level by dedicated Ukrainian nationalists is contemplating doing exactly the same

In Azerbaijan railway workers have been imposing a blockade on the neighbouring republic of Armenia in total defiance of Moscow for months

Mr Gorbachev and the Supreme Soviet in Moscow have ordered that it shall cease A law was passed outlawing any strike action on the railways and other essential services All the power of the ministry of the interior's troops has failed to lift the action

In Armenia protesters have been dismantling all road signs bearing the name of Lenin In Georgia they have demolished every statue of Lenin in every major town except Tbilisi itself, where it is under permanent guard

The average number of workers on strike each day this year has reached 130 000 compared with 100 000 a day last year, in spite of legislation which sought to outlaw such action

The Financial Times News Service.

Black street traders show huge growth

By Michael Chester

The turnover of black street traders in the main urban centres is now close to R10 billion a year.

This phenomenal surge by the informal sector is revealed in estimates released last night

Studies by Mr Theo Rudman, director of the Self Employment Institute, put the total at R9,84 billion, equal to 40 percent or perhaps even 50 percent of total sales of similar goods by retailers in the formal sector.

In Johannesburg alone, the number of licensed hawkers has mushroomed from 1 000 four years ago to well over 14 000 now, without counting traders not on record

If all business operations were taken into account — township spaza shops, backstreet workshops, shebeens and home industries of all sorts — the informal sector now handles as much as 33 percent of the total spending power of the entire black urban community

Harassment

Mr Rudman told a small business conference in Empangeni that the dramatic spread of the informal sector had been scored despite extreme harassment by the police and municipal officials.

There was a huge reservoir of hidden wealth to be tapped if South Africa allowed the unrestricted integration of the Third World and First World elements of its economy

"It would turn our black population from what many people see as a huge liability into an enormous asset," he said

● See Page 11.

SOWETAN BUSINESS

Business training course for traders

By MOKGADI PELA

THOUSANDS of black entrepreneurs in the informal sector will benefit from a pending project aimed at improving their economic performance.

"One-Up Business Training," unofficially known as Township MBA, will offer training to people in business practice. Nothing will be taken for granted.

Modules

The programme consists of modules covering all aspects of informal sector business management, starting at the most basic level, according to its director, Mr Tony Davenport. Market investigation, purchasing, costing, merchandising, capital requirements and management of weekly cash flow and stock control, are all covered.

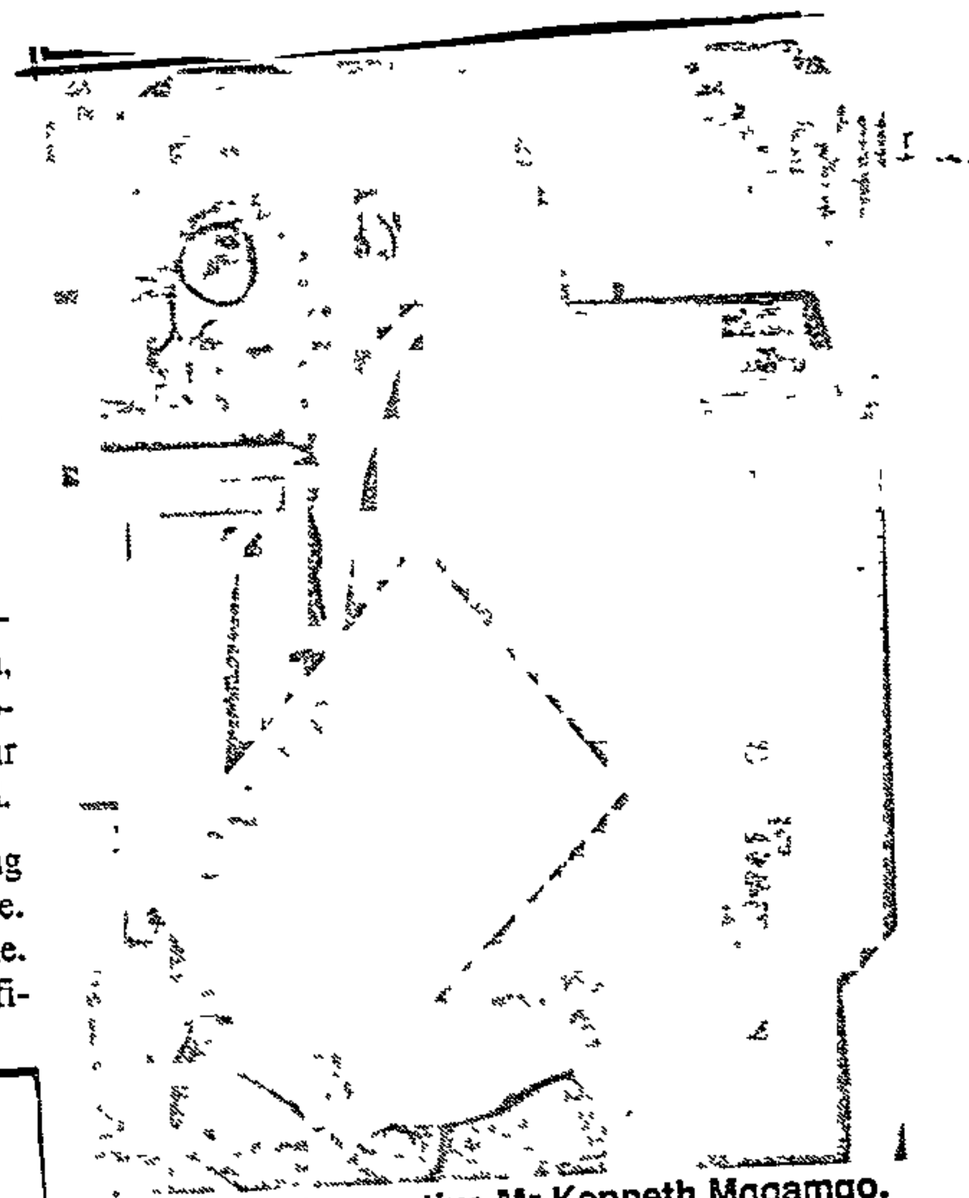
"Particularly useful is a one-page bookkeeping system which has been described as brilliantly simple," said chief executive officer of MBA, Mr Kenneth Mgqamqo.

Davenport said training would be available to anyone interested The carefully evaluated venture, he said, had been tailored to meet the needs of trainees "who come from a severely disadvantaged background" Sowetan 4/5/90

Correspondence

In conjuction with the Small Business Development Corporation and Get Ahead Foundation, hundreds of people have completed the programme in Cape Town, where it originated. Their businesses have improved greatly, Mgqamqo said.

Davenport said they were considering making the course available through correspondence. Township MBA should be launched before June. The course will extend for 40 hours and certificates would be issued to successful candidates.



MBA chief executive Mr Kenneth Mgqamqo.

Informal activities adds 50% . . .

New estimates for blacks' per capita incomes

Own Correspondent

JOHANNESBURG — Informal sector activity could add as much as 50% to blacks' per capita incomes — reducing the racial income chasm somewhat, according to Stellenbosch University academic Servaas van der Berg

In a paper delivered to a symposium on the production and use of socio-economic statistics in Durban at the weekend, Van der Berg used a recent Central Statistical Service (CSS) survey on the informal sector to arrive at new estimates for black per capita incomes.

"Black compared to white per capita income (R16 531) rises from 8,5% to 12,7% when provision is made for unrecorded activity"

The informal activity raises black incomes from R706 a year to R2 105

Although Van den Berg believed unrecorded economic activity provided some relief from poverty, he agreed with conference delegates that it did not alter the fact of a heavily skewed wealth distribution to any significant extent

Van der Berg added his voice to the Reserve Bank in criticising overly optimistic estimates of informal sector activity

"If the (extreme) free-marketeer view is correct, there is reason for much optimism about SA economic growth, and then poverty reduction and improved income distribution is a mere matter of waiting for further growth along free market lines In such circumstances, policy attention to matters such as employment and poverty . . . becomes superfluous"

Van der Berg's paper noted the Small Business Development Corporation's Wolfgang Thomas had admitted the danger of overstating informal sector job creation potential "as much of the informal sector is merely a fall-back position ('survival entrepreneurship')"

Van der Berg notes that estimates of labour force participation in the informal sector varies from 6% to 31%, with a median estimate of 19% The CSS survey, which excludes whites, found that 21% of the labour force (2,7m people) were involved in informal sector activity

UCT's Professor Brian Kantor came in for criticism for his well-known claim that unrecorded activity could amount to as much as 40% of Gross Domestic Product (GDP).

Kantor responded during discussion time by pointing out the figure was an upper limit

He stuck to his view that the discrepancy between GDP calculated from the expenditure side and GDP from the income side indicated substantial levels of unrecorded economic activity

However, Van der Berg was also critical of the Marxist view that "the informal sector was of little consequence and was only a means to hide poverty or not to address its consequences"

Black income: a new perspective

GRETA STEYN

INFORMAL sector activity could add as much as 50% to blacks' per capita incomes — reducing the racial income chasm somewhat, according to Stellenbosch University academic Servaas van der Berg.

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Achib sets up marketing arm

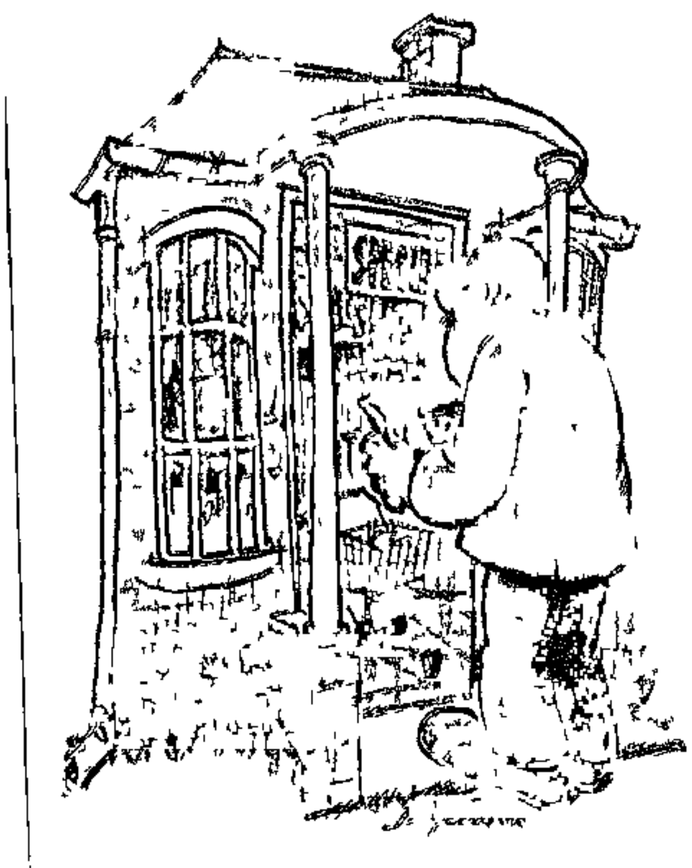
THEO RAWANA

THE African Council for Hawkers and Informal Business (Achib) has established a marketing arm to facilitate trade between established business and the informal sector.

Achib Marketing was founded as one of Achib's satellite companies which would, besides generating finance for the council, link big business with the 26 000 members of the council, MD Gerhard Visser said yesterday.

"Through Achib Marketing services the corporate world gets a chance to penetrate the black market and the hawkers and spaza shops are introduced to companies which are prepared to offer discounts and sponsor the little man," said Visser.

FM 11/5/90 (153A)



people running home businesses

Two Johannesburg traffic officers have been trained to issue spot fines to transgressors of the town planning scheme; all they're waiting for is their pink tickets to be printed

Instead of patrolling the city streets in search of parking offenders, these law enforcement officers will seek out homes that are being used illegally for business They have the authority to issue spot fines of between R300 and R1 000

Johannesburg planning director Rudi Erasmus explains the use of traffic officers is part of a campaign to understand better and control the problem of businesses operating from dwellings

Public participation

"We plan a clampdown on illegal home businesses but also seek public participation and guidance on home businesses and, if so, to make the legalisation of operating from home easier"

Planning committee chairman Eddy Magid says the objective is to discipline the town planning scheme "The council is being taken for granted People are causing intrusions into residential areas and complaints from neighbours tend effectively to stave off council action while the complaint is being dealt with

"The result is that until April 2, those operating illegal businesses from their homes had between a year and 18 months' grace before being brought to book Now spot fines can be issued followed by further fines for persistent offenders"

Erasmus says the council wants to clamp down on unauthorised use of dwellings for business while streamlining procedures for gaining permission for activities which are acceptable home businesses

He says traffic officers are being used because they have the authority, under the Criminal Procedures Act, to issue spot fines, whereas town planning inspectors (for the time being) do not ■

TOWN PLANNING FM 11/5/90 (153A)

Just the ticket

"Please sir, can I see your authority to park your business in this house?" That could well be the tenor of questions soon to be asked of

A showcase for black business

By PATRICK MAFAFO

BLACK businessmen will exhibit more than 30 different categories of industrial goods and services at the fifth Matchmaker show at Nasrec near Johannesburg from May 16 to 18.

The show aims to help small black-owned firms establish contacts and increase business with American subsidiaries and other large companies in South Africa.

The event is sponsored by the US Foreign Commercial Service with support from a working group comprising the Anglovaal Business Trust, the Get Ahead Foundation, the Small Business Development Corporation, Sullivan Signatories Association and the Urban Foundation.

Since it started in 1986, the event has drawn company buyers and contacts and this has led to important business for small black-owned companies.

According to Matchmaker Services executive director, Zuko Tofile: "From 50 stands in 1986, the event has grown to include more than 100 exhibitors. Many of them are regulars. Others have grown too big for the event."

Sat 15/5/90 (153A) (CD)

The Star
Finance

'Human resources our greatest assets'

Last night The Sunday Star and Ernst Young honoured those selected as "Business Personalty of the Week" during 1989 at a banquet in Sandton. The two main speakers were David Shapiro, senior partner at stockbroking firm Max Pollak and Freemantle and the Editor in Chief of The Star, Mr Harvey Tyson.

"South Africa's assets lie not so much in its mineral wealth, nor in its factories, nor in its roads and bridges It vests with its people — people of the calibre we have in this room tonight," Mr Harvey Tyson, editor-in-chief of The Star, told the guests

"If we cast our minds back over the past few decades, retrospect reveals that we have blundered.

"Had we played our cards right we would today be boasting an economic growth rate to rival those being achieved by the Pacific Rim countries We blew it because we failed to unlock the productive power of all our people," he said

"Hopefully, it isn't too late to correct our mistakes The politicians must do what is necessary, but they can provide only the framework for a possible solution"

He said a crucial factor in achieving full potential — and he had no doubt that South Africa had enormous potential — was for business consciously to adopt new strategies, new attitudes and new policies for what was increasingly emerging as the New South Africa

"You, as prominent business people can, indeed must, show the way

"Small business — in particular, black business — has to be given the necessary breathing space and encouragement, not only to survive, but to thrive For our salvation lies in participation," he said.

"This is what I meant when I referred earlier to the need to unlock the productive power of the people

"Yet it is a process that goes further — a lot further Not every black South Africa is an entrepreneur, just as every white South African isn't an entrepreneur."

He said he was convinced that there were thousands of black South Africans who, given the chance, would develop into outstanding business managers — right across the spectrum of the management hierarchy

"The mindset that tends to exclude our black people from advancement within large corporations has to be destroyed — never to return

"I appeal to all businessmen to devote their efforts and energies to helping ensure that such a departure from the old habits of a bygone era becomes part and parcel of business practice — and that the momentum is vigorously extended into the future

Nationalisation

"We've all heard a great deal about the ANC's policies of nationalisation and land redistribution

"Understandably, the ANC wants a greater slice of the economic cake Given the conflicting factors in our nation emanating from that desire, confrontation seems highly probable"

Mr Tyson said one of the solutions lay in the creation of new owners of wealth, at every level, from managers to trade unionists

Individual businessmen had to create a system that would allow all South Africans to participate in the process of wealth creation

"The magazine Black Enterprise quotes a Russian ministry official as saying in Moscow recently 'In 1917 we made a mistake — we went for the creation of jobs and the distribution of wealth We should have concentrated on the creation of wealth and the distribution of jobs'

"Everyone, whether he be an owner, manager or worker, has a responsibility to take part in this process"

The special business of the business community was not only to create wealth, but to distribute jobs, he said

The challenge was to apply imagination and determination to achieve what would surely be an end that would satisfy the aspirations of all the people

The business community must not only educate potential managers and administrators — it had the task of re-establishing a work ethic among South Africans who felt they had been dispossessed and were therefore owed a living

Nobody was owed a living, he said Everybody was owed an opportunity to make a living

That was what the business community needed to ensure

He said it was a daunting task, but had no doubt that members of the business community were the very ones who were equal to it

Angie wants to help others

By Winnie Graham

Angie Makwetla started Ultimate Computer Training — a firm that teaches secretarial and computer skills — against all odds.

After 15 years with a big company, she felt she was ready to pass on the skills she had acquired

So last August she went into business She had her problems

"One was the lack of capital," she said "It is not easy for a black woman to get assistance from a financial institution. My husband still has to co-sign documents with me"

Ms Makwetla decided to start on her own to make computer training more accessible to black people

Her courses include business English, effective communication, secretarial practice, assertiveness, public relations, time management, wardrobe co-ordination, skin care and etiquette.

She helps her students prepare CVs and prepares them for interviews with prospective employers

She has four reasons for taking part in the Matchmaker Fair She wants to establish a working relationship with big business, gain maximum exposure for the services she offers, demonstrate that black women can be as professional as men and encourage women to venture into business.

BOOSTING small BUSINESS

Matchmaker Fair

May 16 - 18 at Nasrec

Fair generates business goodwill

By Winnie Graham

One of the biggest generators of goodwill between black and white business in South Africa — the annual Matchmaker Fair — opens at the National Exhibition Centre (NASREC) tomorrow

Designed initially to help small black-owned businesses wanting to do business with large (white) corporations, the Fair has succeeded in bringing together the two dynamics of business in our country the expertise and established success of the white business world, and the eager fast-learning new generation of developing black businessmen

Zuko Tofile, director of Matchmaker Services, the non-profit company behind the successful annual Matchmaker Fair, said this week he had been bowled over by the number of big companies wanting to get involved with small businesses

"It's incredible," he said "Big business — which in this country means white business — has indicated it wants to do more than just give money It wants to get involved in helping small business which, of course, is invariably black business."

The three-day fair, he added, was generating an enormous amount of goodwill because a growing number of companies were showing their willingness to "walk that extra mile"

Not only that, but white businessmen were showing an increasing interest in going to the townships to see how black people lived

New mood

Since the State President, Mr F W de Klerk, had made his opening of Parliament speech, there was a new mood in the country Many hearts had been opened

"If this is what the new South Africa will be like, I am most heartened," he said "However, we must realise when apartheid goes there will be no magic wand — we will still have to fend for ourselves.

"Job creation remains a major issue, so do the teaching of skills and the acquisition of a business culture."

If every company did what it could to create more wealth in the community, the jobs so desperately needed would follow, and with stability in the country.

Mr Tofile outlined the importance of the work big corporations were doing to assist small business Apart from giving them contracts, big business was helping them to "deliver the goods"

The Anglo American Corporation, for instance, had realised that some of its small suppliers could produce what it needed but was having difficulty getting the goods to its warehouse To solve the problem, Anglo had acquired a van to collect stocks directly from them

In the same way AngloVaal was helping certain of its suppliers by buying the raw materials for them

Quite a few companies had established outlets to buy directly from black business

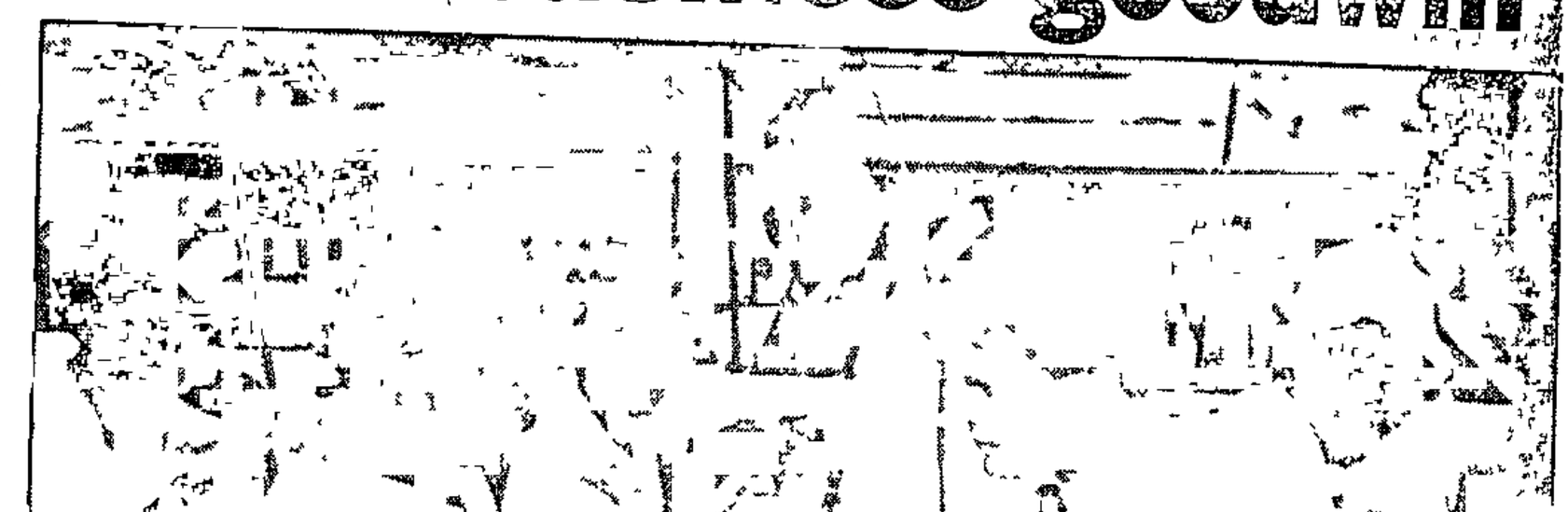
Mr Tofile said this year Matchmaker Services would follow up after the fair to ensure that business was transacted It would keep a check of the 1990s results

"There is much that can be learned from joint ventures,' he said "I dream of the day when we no longer talk of 'black' business, but simply of business"

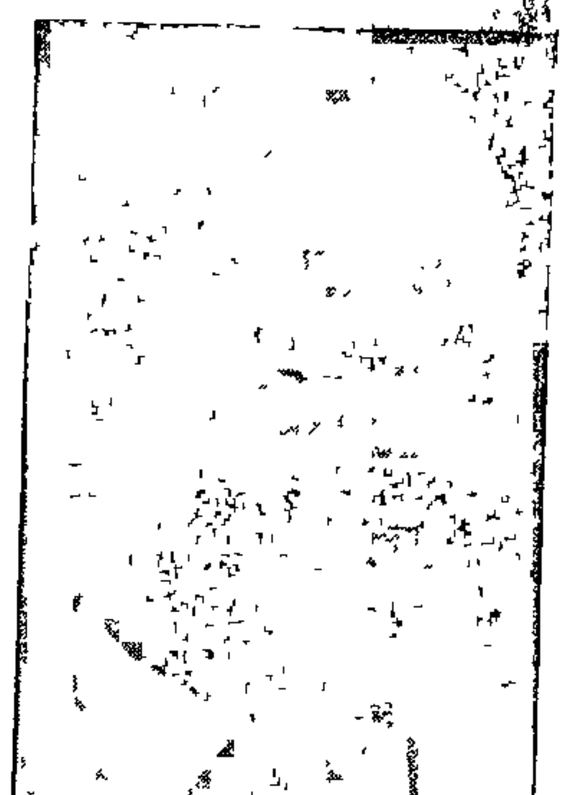
Those taking part in the Matchmaker Fair include white-run companies looking for products and services black business might be able to provide and black-run businesses who offered products and services their associates in the white business world can use

Mr Tofile added "If you are looking for new sources of supply and service, Matchmaker may be able to introduce you to black suppliers whose prices and quality may be just the news you want to hear -- suppliers who, because they don t have the marketing budgets of comparable white-run firms, may not otherwise come to your attention"

Matchmaker is regarded as an important and positive contribution to the development of a prosperous new South Africa anchored in a healthy and open free-enterprise economy



An example of Matchmaking success Gareth Penny, co-ordinator of Anglo American Corporation's small business division, chats to Basil Crawage, a manufacturer of protective clothing.



Zuko Tofile, director, Matchmaker Services.

US ambassador to explain policy

The United States Ambassador to South Africa, William L Swing, will talk on "US economic policy in a changing South Africa" when he visits the Fair at 10,20 am tomorrow

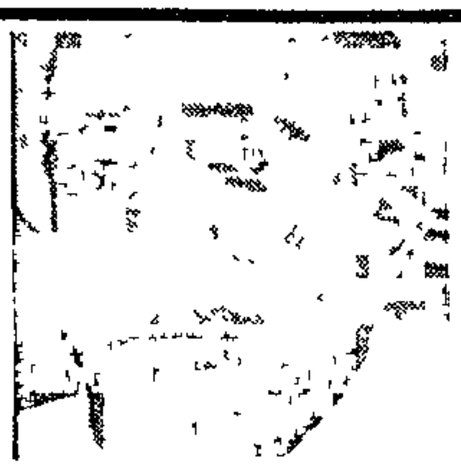
The Matchmaker Fair will be open to the public from 1 pm to 5 pm tomorrow, and again from 9 am to 5 pm on Thursday and Friday.

The annual Matchmaker Fair is just five years old It came into being in April, 1986, when the Soweto Chamber of Commerce and Industries and the American Chamber of Commerce held South Africa's first business-to-business show in Johannesburg

In contrast with trade promotions, the Matchmaker Fair was designed to assist small black businesses establish contacts and develop increased business opportunities with American subsidiaries and other large companies in South Africa

The first event was planned and organised by the sponsors under the auspices of the US Foreign Commercial Service with the support and participation of a working group, including the Get Ahead Foundation, Joint Business Developments, the Small Business Development Corporation, the Sullivan Signatories Association and the Urban Foundation.

Klerksdorp hawkers are invited back



FRANCIS MOLEKO

MORE than 66 hawkers who were hounded out of the Klerkdorp's Central Business District can now trade in the western Transvaal town, but only from designated areas.

Town clerk Mr Jan Muller yesterday confirmed that the decision was taken after a meeting between the council and the African Council of Hawkers and Informal Businesses (Achib) last week.

Developer

Muller said the parties agreed that a developer would be appointed to look at possible spots where the hawkers could erect their stands in the city centre. He emphasised that the process would take some time and "not a matter of days".

The move has been welcomed by Achib's marketing manager, Mr Francis Moleko, who confirmed that their members were earlier restricted from

By JOSHUA RABOROKO

trading in the town. They were arrested, harassed and their property confiscated by the authorities.

He said that the council had agreed to suspend the fines - ranging from R50 to R100 - which were imposed on hawkers for trading.

"We are happy that the council has at last allowed our members to ply their trade in the town. Some of them are unemployed people trying to earn a decent wages," he said.

Warned

He said they had also asked the council to investigate complaints about harassment and intimidation from black local authorities on the East Rand, and warned of possible legal action if this continued.

Recipe for restructuring aid

Star 18/5/90 153A

The main ingredient is a boost for small business

The misdirection of Western development aid to Africa is legendary. In an International Freedom Foundation publication, author Richard Sincere suggests how assistance programmes could be restructured to achieve their aim of building a more secure, more prosperous and more humane world. Political Reporter ESMARÉ VAN DER MERWE reports

People like to think they are doing good, providing development aid assists them in this. But foreign investment is much to be preferred

So says American author Richard Sincere, a long-time Africa-watcher, in his new book, "Sowing the Seeds of Free Enterprise The Politics of US Economic Aid in Africa"

His analysis of US aid programmes in seven sub-Saharan countries — South Africa, Botswana, the Ivory Coast, Kenya, Senegal, Ghana and Swaziland — resulted in a conclusion often reached before that the programmes, essentially government-to-government transfers, are mostly doomed to failure

Noting that these programmes are for political reasons here to stay, he examines the question: What can aid programmes do in Africa that will not constitute a transaction of decline and will encourage genuine economic development and prosperity?

Drawing from the experience of the industrialised West and Japan, Sincere argues that the developed world prospered without the assistance of foreign subsidies

What the developed world did have was the gradual growth of conditions that made development possible — including legal regimes that respected private property, the free movement of labour, freedom to negotiate contracts, relatively low taxes and tariffs, people who were willing to work hard, and a political climate that encouraged foreign and domestic investment

"This implies that the most useful role donor agencies can play is the transmission of the values and policy prescriptions that make democratic capitalism possible."

Donors should play a "watchmaker's role" in the booming informal sectors of Third World countries — providing the gears and wheels, setting them in motion, and then leaving the watch alone

Sincere suggests three ways in which the informal sector can be tapped at relatively low cost

- Training and skills that small-scale entrepreneurs need should be provided, with additional education as they move up the scale to become medium- and large-scale producers or service providers

A more important educational function, however, is persuading African elites to accept the fundamental concepts of free enterprise. Although the free market is indigenous to Africa, the idea of capitalism has been sullied by association with colonial (and still, in South Africa, apartheid) rule.

- One-time grants of start-up capital should be given to entrepreneurs who lack funds.

In South Africa, for example, a hawker needs barely R260 to get his business started. This sum is even less in other African countries.

- The organisational skills of African businesses should be improved through private organisations. This could facilitate the exchange of information necessary for a prosperous free-market economy, and could serve as a counter-weight to excessive government by providing mediating structures

In his analysis of Western aid to South Africa, Sincere notes that money is mainly channelled through politically motivated organisations

He warns agencies to look out for "unworthy organisations and unscrupulous persons who are seeking self-aggrandisement rather than trying to build strong communities that can resist apartheid"

Sincere is pessimistic about the impact of reform in South Africa on sanctioneers

Rather sarcastically, he says: "Given the political complexion of the Western democracies, whose parliaments and congresses are hardly the best-informed on the facts and trends of South African politics and society and react instinctively rather than rationally when 'apartheid' is mentioned, an emphasis on the carrot instead of the stick is unlikely in the future."

He concludes that South Africa has to pull itself up by its bootstraps, creating an economic climate that promotes internal prosperity (through deregulation) and invites foreign investment (in spite of sanctions)

"Without economic growth, black unemployment will become unmanageable, and the dark cloud of revolutionary violence will grow ever darker."

Financial aid for the small black business



Guarantee Trust chairman Jeff van Rooyen (left) with managing director Michael Johnson.

By PATRICK MAFAFO

ONE of the biggest impediments to the growth of black business, besides capital, is lack of skill

It has been noted that while the black entrepreneur might have the makings of a great businessman, he falls short in areas which demand a high level of financial expertise

To fill this gap a joint venture company, with offices nationally, has been formed to provide financial services to black business

Chaired by Jeff Van Rooyen, Guarantee Trust (GT) has introduced an innovative franchising concept to southern Africa

The company provides a comprehensive range of financial and administrative services to small and medium-sized businesses

It also provides pension, medical aid and insurance benefits to individual businesses for their employees

Emerging companies which do not have a full-time financial director, but which have a financial function and require overall control and direction, will find GT's services indispensable, says Van Rooyen.

"We provide computerised accounting, bookkeeping and all-related financial management services required in these businesses."

Van Rooyen says prospective franchisees must have accounting qualifications such as B Compt, CA, CIS, CMA or IAT.

"A franchisee can elect to pay R7 500 and settle the balance over five years. The full franchise fee is R25 000."

Besides gaining access to group facilities, expertise and pooled research, the prospective franchisee will also benefit from GT's advertising power, bulk buying abilities, access to an overseas company, trust services and money desk facilities.

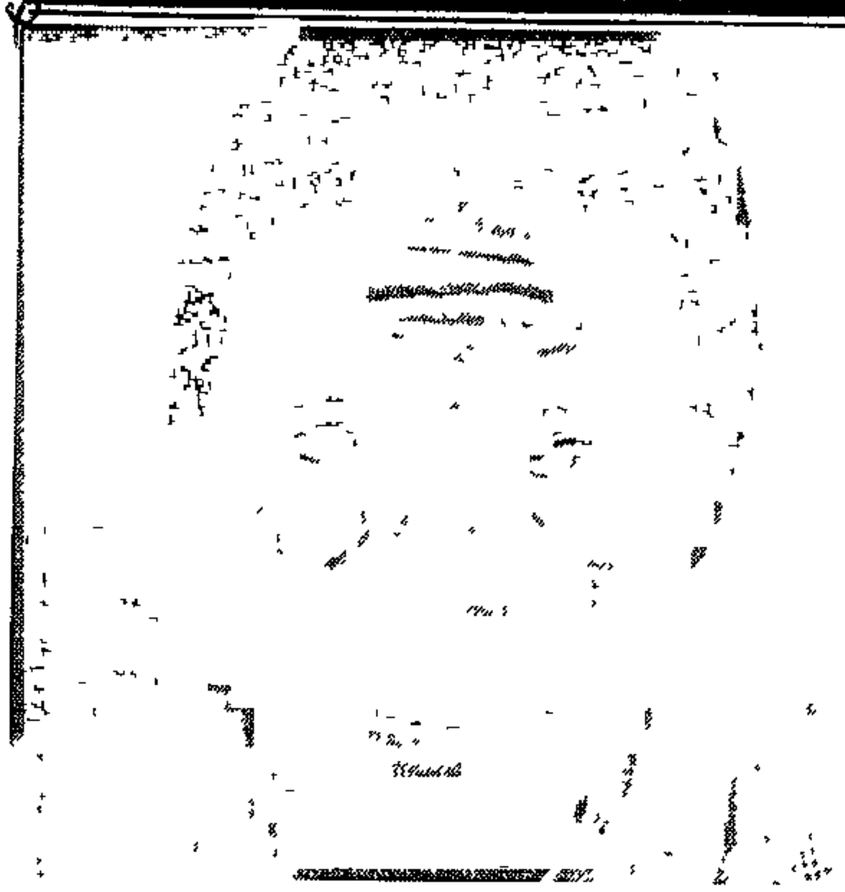
Included in the franchise fee is marketing training and orientation.

Van Rooyen is a chartered accountant and founder president of the Association of Black Accountants of Southern Africa (Abasa). His scheme is backed by Abasa executives, including current president Israel Skosana and founder member Willie Ramoshaba.

Self-made man makes top profits with store

1534 C/from 3/6/90

By PATRICK MAFAFO



Pep Reef chief Reggie Hlongwane

IT HAS been said the biggest hindrances to black business advancement, from township retailing to the mainstream of the economy, are capital and skills

What has been ignored is the failure of black businessmen to collectively mobilise their capital

But there are rare cases Take Reggie Hlongwane for instance At 39, he has been in business for himself for 20 years

A graduate of a fish and chips cafe, a norm in black business, he says, he was the first to open a clothing store in Soweto

From clothing he moved to the hair business Again, he says, he was the first to open a formal salon

From that he moved to distribution Again, he says, he was the first to obtain distribution rights from Revlon for their hair-care range

Hlongwane is presently director and principal shareholder of Pep Reef, an associate company of Pepkor, comprised of retail outlets in black townships

The company has posted outstanding results this year Turnover increased by 168 percent to R3,768 million, while profit increased by 407 percent to R142 000.

The additional outlets were financed from retained income and further issues of shares. The black controlling interest of Pep Reef is represented by 1 200 shareholders.

Hlongwane says the company plans further expansion in the coming year.

He says the expansion programme, which will make the company a national chain, will have a favourable impact on profits in the long term despite an increasingly competitive market.

Being 'small' is now big business

ST Times 3/6/90

153A

A NEW-LOOK central business district for the new South Africa is springing up in downtown Johannesburg.

Once the domain of retail giants, swanky head offices and corporate blocks, the city centre is being occupied by small black businesses

Landlords of buildings that housed corporate tenants — most moved out of the area surrounding the railway station because of security and parking problems — are taking advantage of the trend

They are encouraging budding entrepreneurs to take space at low rents and are turning buildings that stood empty for months into hives of money-making activity

Apart from generating income from rent in otherwise unlettable buildings, the new pattern has opened avenues for businessmen starting with little capital

Letting agent I Kuper & Co — in the Investec stable — is responsible for several buildings close to the station

I Kuper has let Automutual Mutual House — sold for R4,5-million after the AA Mutual short-term insurance company was liquidated — by using this tenant base

For nearly a year, much of the building stood empty after advertising efforts failed to draw suitable tenants

I Kuper broking division chief Steve Grupel says "We tried to let it as a school, but the building was unsuitable

"Finding a single tenant was impossible We thought that by broadening the tenant mix we could fill the building It's working well

"When the owner bought the building, he had an 8% return — from rent paid for the ground and first floors, taken by a clothing retail company



THEMBISILE NHLENGETHWA . . a specialist in stylish clothes for girls

BY CHARMAIN NAIDOO



DEFT FINGERS at work perm time in Dudu's hair salon

Needs

"Now that we have opened up the other eight floors to small businesses, he is assured of at least a 16% return"

Many little shops are open 24 hours a day, seven days a week, to meet the needs of commuters using the nearby taxi rank and station

Automutual House's second floor houses a taxi-training service, a licensing office for the Taxi Association, five hairdressing salons, two dressmaking academies, a herbalist and a cash-register training school

Then there are hawkers who use the offices to store stock Three small trade unions have also rented space

Mr Grupel says a 24-hour security service — for which the tenants each pay a small fee — has been introduced

Tenant Gladys Nonca and four of her friends got together to open five hairdressing salons side by side. She says that being able to rent affordable space in the heart of one of the busiest areas in the city has enabled her to expand her business — she now has two CBD salons

Mrs Nonca, proudly showing her mirror-bedecked salon, says there is healthy and friendly competition among the five women who are "loyal to one another"

"As long as they don't allow any more hairdressers to operate here, there's enough work for us all"

Letting agent Adrienne Carriger says "The women chipped in for a hot-water geyser and basins

"They are industrious and it's a pleasure to watch them develop their little businesses"

Rent in the upper floors is R12 a square metre Space on the ground and first floors costs big retail outlets up to R100/m²

Cash

Mr Grupel says "This means that the average office costs about R125 a month with an additional R25 for security"

He admits that for the first few months, until the new tenants settle in and begin making money, there is sometimes a problem with late payment of rent

"But as soon as business improves, they pay — in cash We insist on two months' deposit and the first month's rent upfront so that the owner is covered if anyone defaults"

Most leases are for three years, but there are some monthly tenants

"We discourage monthly agreements because the owner prefers stable tenants"

The area is ideal for a differing tenant mix, especially because parking space is at a premium and few tenants or their customers have cars

Many blocks of flats in the area are also being converted to take hawkers, fast-food outlets and other small businesses

Mr Grupel says "Some blocks of flats have long waiting lists In others, we have stripped out the baths and basins and turned the bachelor flats into offices and storerooms for hawkers and non-retail tenants"

Shares in new brewery project offered to shebeen owners

Special Correspondent C/Press 10/6/90

153A

BLACK liquor retailers and shebeen owners will be offered shares in a small German brewery to be established soon in South Africa.

The brewery is not revealing its identity yet, but discussions have already been held in Germany with South African engineers.

The German company will not clash directly with South African Breweries by building large breweries serving large areas.

It will start with a R50 million plant – a small amount compared to SAB's latest R200 million Pietersburg brewery.

Although a majority interest will be offered in the company, technical control will remain in the hands of the German holding company.

It is believed the new brewery will attract loyal support from black traders who want to be independent from SAB.

Blacks consume about 85 percent of the country's beer production.

The German company intends expanding from its initial brewery by building several small breweries in various parts of the country. Each will have the same shareholding structure.

The company is aware that it will cost more to produce its beer than its costs SAB, because of lower production volumes, but this could be offset by lower transport costs. The smaller breweries would be closer to their markets than SAB plants.

Managing director of SAB's beer division Graham McKay said he was aware foreign breweries were investigating the local market, but that lower transport costs of a small, well-placed brewery could not cancel higher production costs.

South Africa has drawn the attention of foreign breweries because it has one of the fastest-growing beer markets in the world. But since the market has only grown 10 percent a year in the past two years, SAB managing director Meyer Kahn expects a small increase in volume of four to five percent this year.

Beer sales in developed countries tend to stagnate due to anti-alcohol groups which have lobbied to enforce limits on liquor advertising.

The World Health Organisation is campaigning to reduce the world's alcohol consumption by 20 percent a head.

Heineken of the Netherlands and Guinness of Ireland are other breweries apparently interested in entering the South African market.

Guinness has recently opened up in Namibia. Kirin of Japan is apparently also interested, but its plans could be thwarted by Japanese laws which limit investments in South Africa.

One observer said the time was ripe for competition because the local market was growing and the political climate now made it possible. A year ago, when Amstel in the Netherlands was embarrassed about its links with SAB, the establishment of a foreign brewery was unthinkable.

An official involved in the new project said it has been introduced in the manner in which blacks have succeeded in other markets – by thinking small.

"The collective turnover of black spaza shops is now larger than that of certain chain stores. Small taxi operators are successfully challenging giants like Putco."

He said SAB's programme of continuous expansion discouraged large competitors, but would not prevent entry by a number of smaller breweries.

"Should SAB be allowed to maintain its near monopoly, it could be pressed by a future black government to nationalise the white-controlled industry which has made a fortune."

Star 12/6/90 (153A)

The Star
Finance

Small businesses hit by slow payers

By Jabulani Sikhakhane

Big corporations are pushing an increasing number of small businesses to the wall by slowing down on payments in order to improve their cashflow positions.

With prevailing high interest rates, big companies are turning to trade credit which is the cheapest form of borrowing. But this impacts negatively on the cashflow of small companies, which in most cases, lack large cash resources

Slow payers lead to reduced profitability for small companies, slower growth and increase the number of companies going bankrupt, says Information Trust Corporation chairman, Paul Edwards

Research by the ITC shows that some 80 percent of small businesses have either a medium or high exposure of credit sales to large companies

A significant 42 percent of these small companies say they have problems getting paid on time by large companies and half of these claim that their cashflows are then significantly affected

Most worrying, says Mr Edwards, is that some 66 percent of the respondents say the future of their companies could be threatened by slow payments

ITC estimates are that if a R10 000 30-day account is delayed by a further 30 days, the bottom line profit loss of a small company is R416 with a borrowing rate of 25 percent

If delayed by 90 days, the loss increases to R625 and where margins are small the loss can wipe out all profits on the deal

When large companies are contacted about outstanding accounts, some 25 percent of the small businesses say the large groups are disinterested and unsympathetic while 11 percent reckon they deliberately avoid paying timeously

"Large companies and sometimes government offices seem to be breaking their trade contracts with impunity by not paying promptly and small companies are disadvantaged if they try to negotiate interest on overdue accounts," Mr Edwards said

He notes that in the European Economic Community (ECC), companies are now allowed to claim interest on overdue accounts

"We rely on small businesses to fuel future economic growth and to create urgently needed employment. They need protection to claim prompt payment which is clearly their right"

● Small businesses can write to the ITC's marketing department at PO Box 4522, Johannesburg to receive free "Prompt payment please - support small businesses" stickers for placing on their invoice statements

Politics clouds the black market

THE formidable power of the black market has roused the interest of developers and retailers alike — but they are being held at bay by vested interests within the urban black community.

Retailers have responded to the political resistance to "putting township money into white pockets" by offering partnerships to black businessmen, while developers have offered participation to private investors within the community.

But the general attitude within the property industry is optimistic.

Leadenhall partner Philip Vermeulen says: "Once the political situation is normalised a lot of resistance will fall away.

"Local shopkeepers would prefer to keep competition out, while the taxi industry stands to make a lot of money as long as people have to travel into white CBDs to shop.

"But the consumer wants brand names, and he wants them in convenient locations."

Scrapping of the Group Areas Act is expected to have little impact on shopping trends in established centres, where retailers and developers pitch their products at an income-based market rather than one defined by race.

Black retail trade a developer's dilemma

BDay 12/6/90

153A

THE black consumer holds the key to the future of SA's retail trade, yet development for this market is a minefield of contradictions

The developer sits on the horns of a dilemma On the one hand, he has a social obligation to help meet the aspirations of the black retailer — and sometimes political pressure is brought to bear on him to do so

On the other hand, he must satisfy consumer demand, which strongly favours the national trader

McCormick Property Developments MD John McCormick says "The philanthropic approach would be to develop a centre entirely tenanted by black entrepreneurs — but it would be a guaranteed failure"

McCormick has built nine successful shopping centres in rural areas during the past seven years.

"I aim to achieve a balance By bringing in the brand-name retailers, I draw people to the centre — and they flow over into the shops owned by local traders

"We also encourage the informal sector to come in and at Isithebe have provided washing and storage facilities for them There is no reason why their presence should conflict with the standards of a First World retail centre"

Watchword

First World quality is the watchword in such developments It is a condition of tenure for his food major, for example, that it offers a full range of services, such as a bakery, butchery and delicatessen

In addition to constructing new centres, McCormick is involved in reviving a number of unsuccessful developments

"Some rural shopping centres are built like fortresses They are uninviting and their facilities — such as ablution blocks, public telephones and open spaces where people can relax together — are either non-existent or totally inadequate

"Black people living in rural areas are accustomed to travelling as much as 150km to shop They would have no hesitation in boycotting a centre which failed to bring them the right products or which they believed was of inferior quality," he says

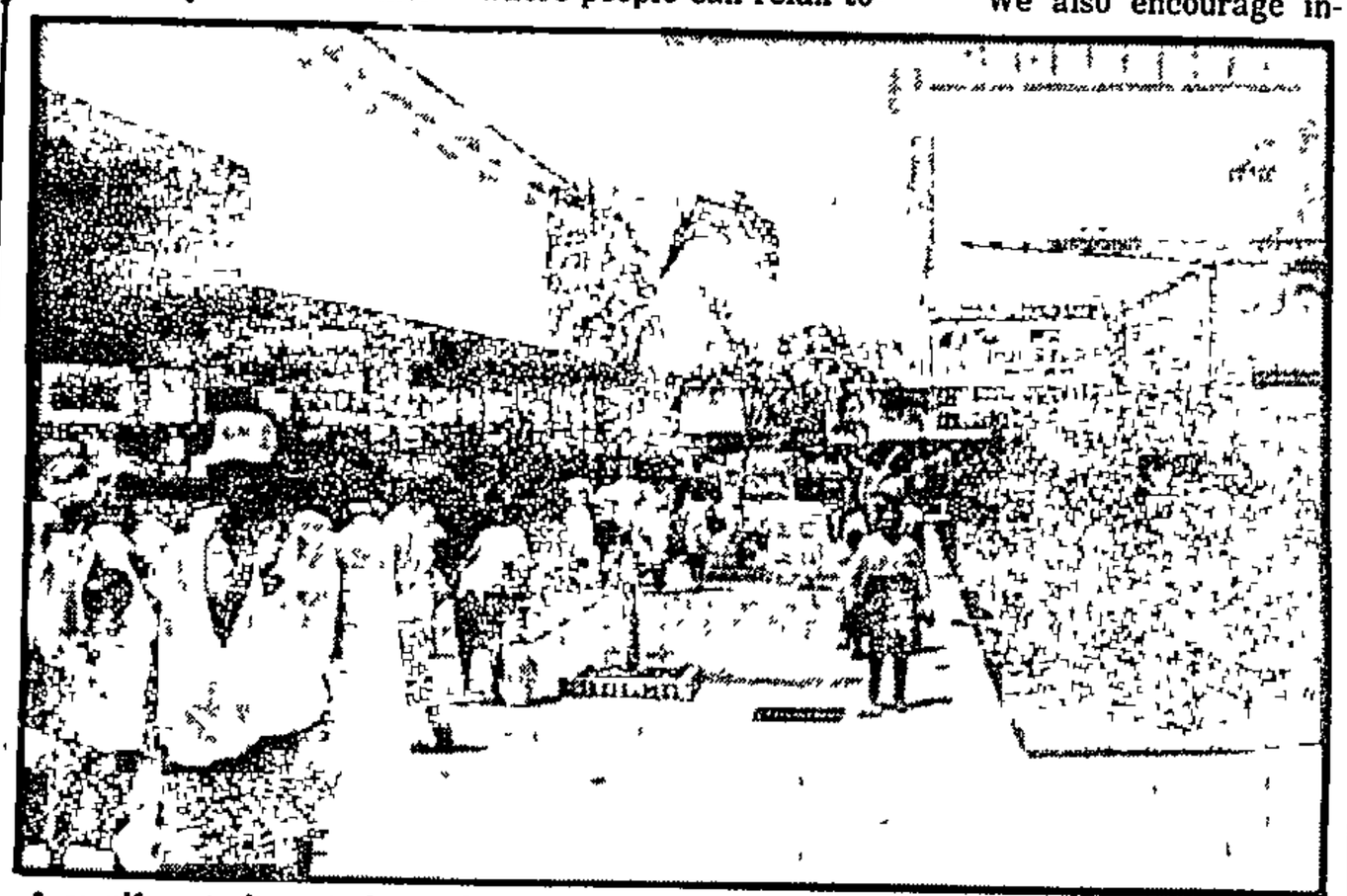
The market does not only have immense buying power, it is also exceptionally sensitive to political pressure The developer of retail centres in rural areas needs to be a skilled diplomat seen to be bringing at least as much into the community as he is taking out of it

"In many of our centres, the national tenants effectively subsidise the smaller traders — in a reversal of the usual situation They recognise that for a local business to fail because the rent is too high could be disastrous for the entire centre," says McCormick

"We also encourage involvement in schemes aimed at upgrading the community For instance, my company is active in developing schools and promoting education

"Centres like ours provide an opportunity for First World traders to share their knowledge with their Third World counterparts," he says

"We are increasingly seeing partnerships between local businessmen and national chains All our fast food tenants are local franchise holders and the trend is developing in the liquor and hardware lines"



A significant characteristic of rural shopping centres is their open plaza-style design.

Stokvel crackdown row brews

153A
Sowetan 14/6/90

THE National Stokvels Association of South Africa is up in arms over a demand by the police that when a member gets his turn, he must first get police permission to sell liquor to club members.

By JOSHUA RABOROKO

Many stokvel members claim that they are being harrassed and their liquor confiscated during raids by police

The president of the National Stokvel Association of South Africa, Mr Andrew Lukhele, yesterday confirmed that hundreds of members have paid fines ranging between R50 to R100 for selling liqour during their stokvels.

Offence

A spokesman for the Police Liaison Office in Pretoria, Lt N Bartehuizen, yesterday said that anybody who bought liquor for the purpose of selling without permision was committing an offence.

The spokesman said that it would be advisable if the people obtained permission from the local police station to avoid police action

This was also confirmed by Soweto's Police Public Relations Officer, Captain M Ngobeni, who said even if stokvel members sold liqour for a day, they still needed permission

He advised their organisation to make representations for them.

Lukhele said that their members normally buy liqour to sell to their colleagues during stokvel meetings.

"These people earn decent money at the time when the country is faced with high unemployment. The police should be looking out for evil-doers and lay their hands off our members," Lukhele said

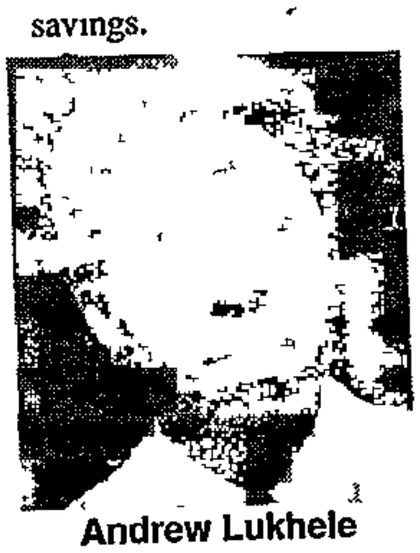
According to a survey conducted through Markinor Reseach last year about 680 000 black adults - a quarter of the black metropolitan population - are members of a stokvel, or communal buying group.

The stokvel can be formed either as savings club or a burial society.

The stokvel movement has developed a significant pressure with the formation of NASASA, comprising some 7 000 stokvel groups. Of the estimated 24 000 black stokvels in the metropolitan areas, 41 percent are savings clubs and 29 percent burial societies

An average of 80 people belong to a burial society, while there is a average 16 members in other types of stokvels About 60 percent of stokvel members are female, and in most are employed in the higher income bracket

Meeting procedures of stokvels vary from one type of group to the next. Institutions involved in investing ventures meet most frequently. Two thirds of stokvels meet once a month, while one third involved in savings for major items meet once a week Liqour is normally sold by members to make extra savings.



Andrew Lukhele

153A

Conference highlights black achievement

THE extent of black achievement in the face of apartheid was highlighted yesterday at a conference organised by the SA Institute of Race Relations

Entitled Winning Against Apartheid and Surviving in the Future, the conference featured speakers who "beat the system" in the areas of mass media, art, mixed suburbs, squatters, mixed schools, shebeens, hawkers and black taxis.

It was part of an initiative by the institute to inform the business community of successful strategies used to bring about practical change in SA, while outlining difficulties and possibilities for the future.

Sowetan newspaper business editor Thami Mazwai told of the black Press's resilience in the days of "granite apartheid" and problems faced by black journalists over the years.

He said the pressures were from "government, elements in the liberation movements, the newspaper proprietors, and

DANIEL FELDMAN

self-censorship".

He estimated that "more than 60% of what was happening did not reach the public" during the most restricted years

New Era Schools Trust director Steyn Krige called for the formation of a single education department.

"We need to start from scratch. To try to reform our existing education system is like trying to reform apartheid"

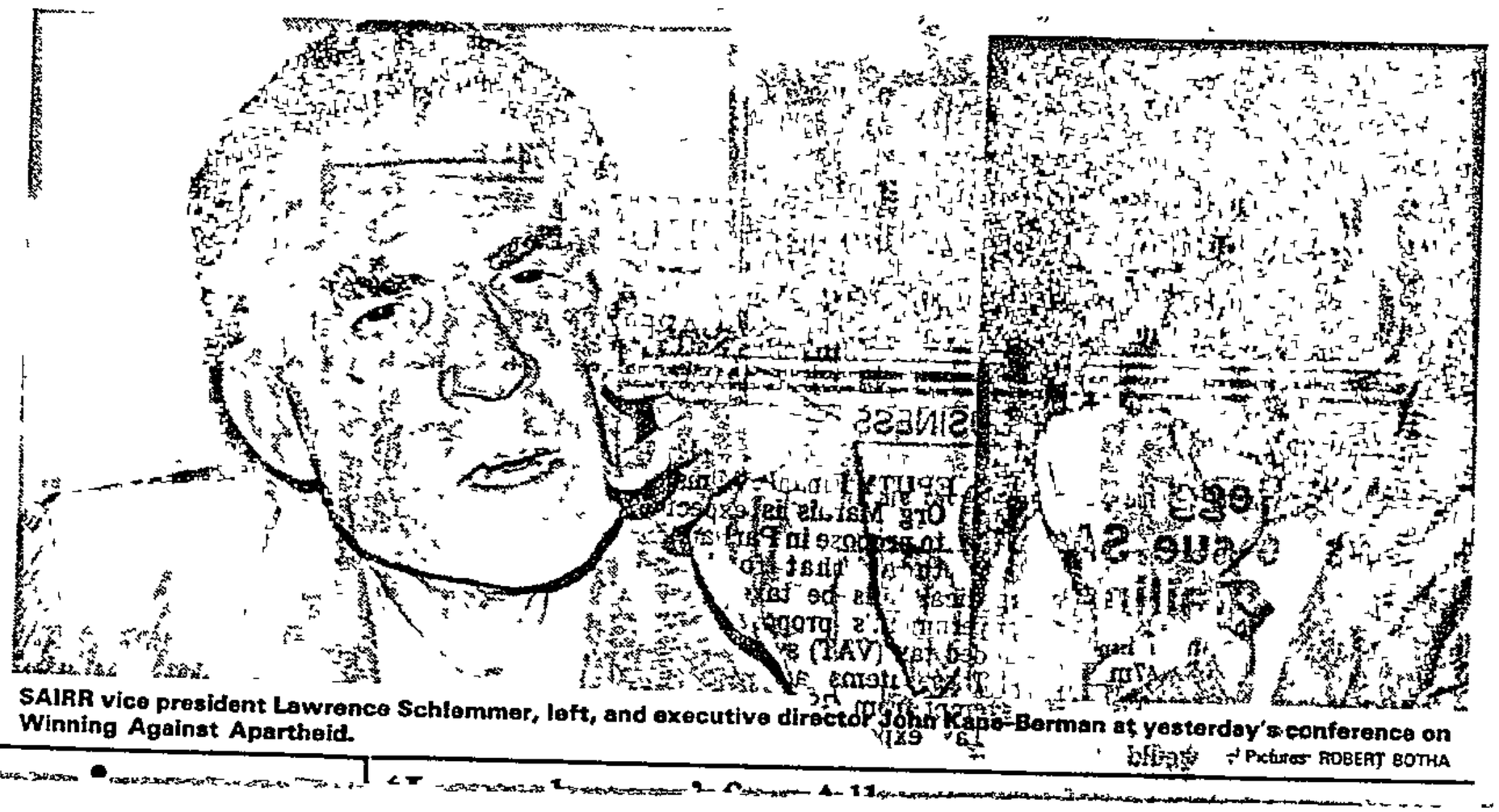
Other speakers included African Council of Hawkers and Informal Businesses president Lawrence Mavundla, Southern Africa Black Taxi Association executive member Knox Matjila, SA Taverners' Association president Sam Tuntubee, writer Kaiser Nyatsumba, Weiler's Farm Residents' Committee chairman Olga Lutu, and spaza owner Sydney Themba.

● See Page 6

(51) TANIA LEVY (52)

another squatter site in Midrand In that instance provincial authorities had under-

ishing the shacks, it should not have been granted without giving the families notice



SAIRR vice president Lawrence Schlemmer, left, and executive director John Kane-Berman at yesterday's conference on Winning Against Apartheid.

Pictures: ROBERT BOTHA

US firm pulls out seeds, despite reform

W/Mail 15/6 - 21/6/90

Although South African is nurturing reform, there isn't always growth — an American company has just withdrawn its seed operation from the country, reports MZIMKULU MALUNGA

DESPITE reforms and hopes that the political and economic situation in the country will improve, yet another American company has disinvested

This week Upjohn Limited announced that it was selling its South African seed operation, Asgrow South Africa, to the local management

However, Upjohn will continue to operate its South African human pharmaceutical and animal health business

Asgrow's managing director, Pieter Jansen, said the change of ownership was prompted by "constraints experienced by American companies operating in South Africa"

He mentioned two laws which made it difficult for American companies to operate efficiently in this country

One was the Rangel Amendment to repatriation of earnings and dividend (no tax benefit — which means the investor is taxed both in South Africa and the United States) The other was the comprehensive Anti-Apartheid Act which prohibited American companies from investing in South Africa

Jansen said the fact that Asgrow's products were banned in the US also contributed to change of ownership.

He said the company will continue operating as Asgrow and will not stop serving its clients, who are mainly farmers in South Africa "Nothing has changed, we will still carry on operating as Asgrow"

As a local company, Asgrow will now be in a position to borrow money from local banks

The executive director of the American Chamber of Commerce, Wayne Mitchell, says there are still 130 American companies in this country

The bigger ones included Caltex, Johnson & Johnson, Caterpillar, Masonite, Colgate/Palmolive and SA Cyanamid

on people with Aids

W/Mail 15/6 - 21/6/90

to carry the burden of acting fairly to any one except those who have an existing interest in it, those being its shareholders and policy holders.

By entrenching an agreement, the LOA creates a unified approach to a matter, and there are good reasons why a cartel should be required to show greater circumspection towards individuals than a single company operating in a freely competitive market

The exclusion clause gives rise to the possibility of injustice of such a type that should not be permitted of organisations which enjoy economic power and favourable tax treatment.

The alternative of requiring a negative HIV test is fairer but presents different problems. The test is only one part of the process of assessing the risk the insurer is undertaking You will be asked if your lifestyle, past or present, puts you in a high risk category.

If your answer is negative and it is discovered that you did fall into such category, then the insurer may be entitled to declare the contract void The application you sign will contain a declaration permitting a doctor, medical institution or any other person to disclose information relevant to your health and which permission will remain in force after your death.

Three positive HIV tests using the same blood sample must be recorded before an applicant will be declined on the grounds of Aids Such a person's name will be entered on a register along with those of anyone who refuses to take a test In its pre-test information leaflet, the LOA disingenuously fails to mention that latter fact. It is a cornerstone of the agreement that confidentiality must be maintained. Where group schemes are involved this could prove impractical.

When a person is declined for reasons other than a positive HIV test it must be recorded on the acceptance form that the test was negative. Insurers should be able to enter into contracts with the knowledge that the risk they accept is the risk it appears to be

Some blame lies with the government in allowing such monopolistic action but what is at fault is the insurers' laziness in meeting the challenge. They have survived two world wars, an influenza epidemic and civil unrest, each of which has presented unquantifiable mortality experience

The exclusion clause demonstrates a primitive approach to underwriting whereas the requirement for a negative HIV test and anti-homosexual underwriting present something more insidious If you test positive it may take 10 years for full blown Aids to develop In that time you may die from a motor accident, heart disease, a stroke or cancer You will not be able to insure your life against these risks with any insurer in this country and, if the insurers' approach is logically extended, all high risk groups will be excluded until life insurance is the privilege of married, middle aged whites

Get off our case, stokvel body tells the police

153A

W/Mail 15/6 - 21/6/90

By MZIMKULU MALUNGA

THE National Association of Stokvels (Nassa) of South Africa is demanding that police stop "harassing" its members for selling beer at stokvel parties

Nassa president Kehla Lukhele said while government and big business were putting emphasis on the informal sector, calling it the market of the future, participants were still being harassed

A recent study by Markinor indicated there were an estimated 2 400 stokvels in major metropolitan areas, generating more than R52-million a month.

Were stokvel members arguing for the legalisation of their liquor sales?

Lukhele said. "It depends how that legalisation is enacted If it interferes with the culture of stokvels, then it is out

"The authorities have to recognise the existence of stokvels and accept the role they have to play"

Police representative Captain Peet Bothma said squads would continue to raid stokvel members because it was illegal to sell liquor without a licence

He said the only way stokvel members could evade arrest was to apply for temporary licences at the offices of the local police commissioner

SA can lead new Africa, says publisher

16/6/90 WINNIE GRAHAM

SOUTH Africa has the leadership abilities and resources to lead a new African economic movement which would make this country "the queen on the world's chess board," Ted Sceales, publisher of Black Enterprise, writes in the June issue.

He believes South Africa can light a massive economic flame which will spread like wildfire and galvanise the continent. He writes: "All that is required is a desire to help ourselves, share our ideas and resources and show commitment to a new African economy by creating a property and equity owning democracy."

Europe, he says, is uniting into a massive trading bloc, America "sneezes and the world catches an economic cold" and in the Far East the mighty Economic Commission for Asia and the Far East grows more powerful by the day.

In Africa, however, "we are plagued by civil strive and economic stagnation and threatening Aids".

He asks, "Are we going to stand around like passive spectators while the richer nations and trading blocs get richer and we sink into the quick sands of poverty, self-pity and even death? The answer is yes: unless we wake up and realise the only thing that separates Africa from economic growth and greatness is our attitude."

He says the solution to our problem can be found in the 1,7 million entrepeneurs who "refused to lie down and die" when big business failed to create jobs for them. Most emerged in the past decade at a time when the formal sector was reducing the number of people it employed

They helped themselves and each other. Not only did most of them have no access to capital or business training but they were hindered by legal and bureaucratic obstacles

One of the most exciting mechanisms used was the African concept of collective responsibility. An outstanding example was the taxi industry's giant R60 million Sabta Foundation. The fund is used as collateral and has helped tens of thousands of new taxi businesses.

Citizen 17/6/90 153A

AGAINST ALL ODDS

Stalwarts of the informal sector tell how they beat apartheid laws

THEY were taxi owners, shebeeners, squatters, hawkers, educationists and journalists with a story to tell: how they took on and are winning against apartheid

Any future South African government would have a fight on its hands if it tried to take away their hard-won and painful victories, said Institute of Race Relations (IRR) executive director John Kane-Berman.

"It has been a non-violent process which has had a profound effect. It has not been brought about by political elites, but by unsung heroes and heroines."

Speakers went to great, often painful, detail in describing how they and their colleagues managed to circumvent and overcome apartheid.

This week an unusual conference took place in Johannesburg. A number of visionaries gathered to talk of how they beat the old apartheid system. They included spaza shop owners, shebeeners, squatters and taxi owners. The conference convened by the Institute of Race Relations provided a rare platform for these economically, socially and educationally less privileged people who have established themselves in business in spite of apartheid restrictions. ZB MOLEFE reports.

Delegates sat spellbound when chairwoman of the Weilers Farm Resident Committee, Olga Lutu, told how her squatter community fought bureaucracy, influx control and police raids in early 1981

"I do not want to think about those sleepless nights. All of us had to face bullying officials, threats and intimidation.

Some of us stood by helplessly as government officials destroyed their shacks and belongings," said Lutu as she recalled those days at the squatter settlement 30km south of Johannesburg

Headmaster Steyn Krige told of the struggle he and a number of dedicated colleagues fought against great odds when they defied apartheid education to lay the foundation for the non-racial New Era Schools Trust (Nest)

"We face an exciting and challenging era In the sphere of education we must not merely meet the challenge, we must anticipate it and prepare our youth to meet it," said Krige, whose schools are seeking to help build "the sort of society which South Africa is going to become in post-apartheid days"

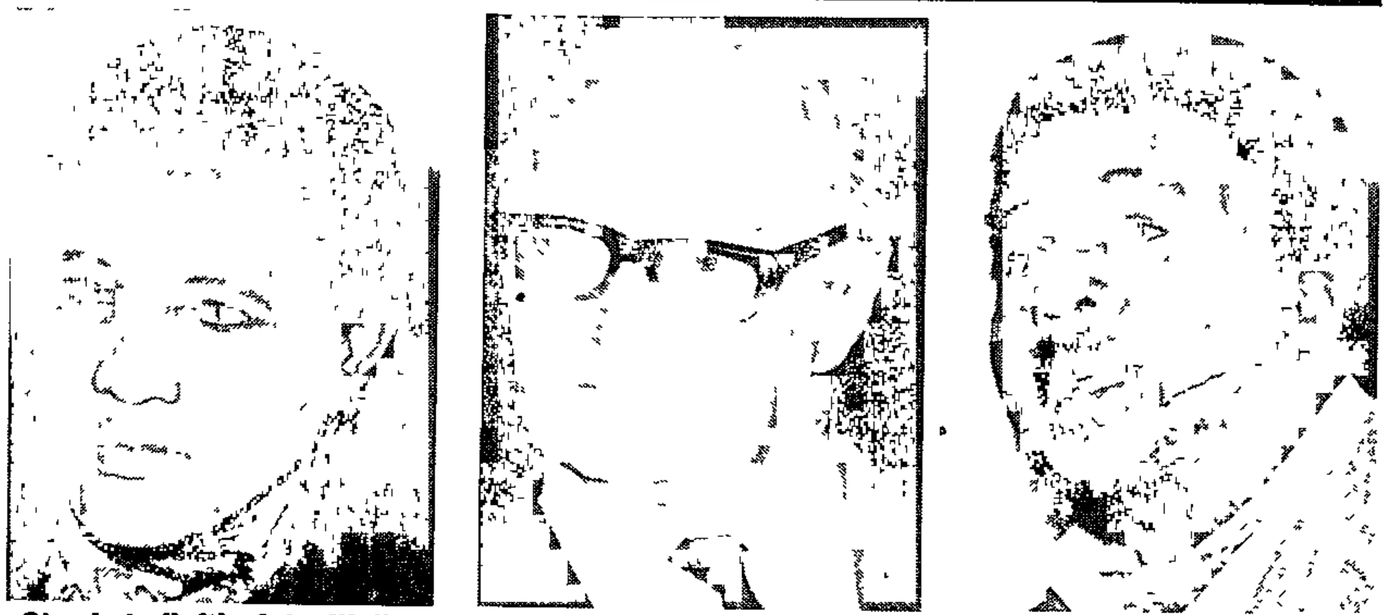
Southern Africa Black Taxi Association (Sabta) executive memeber Knox Matjila told of the struggle the black taxi industry fought to establish itself in the transport industry which was heavily regulated against newcomers

Matters came to a head in 1983 when the Welgemoed Commission recommended that black taxis be "phased out by the simple expedient of not issuing any more permits for vehicles of over four-passenger capacity"

"This proved to be an impossible recommendation to implement The (black) taxi industry had, in the two years during which the commission had been sitting, more than doubled in size"

"I am not going to pretend there are no problems They are, luckily, the problems of success A vast informal sector industry has emerged This is a great success story

"Sabta offers this experience to those who wish to see the new South Africa develop quickly In return it looks for a real and genuine desire on the part of the government and business to see the emergence of a black transport business," added Matjila, who is also chairman of the Transvaal Taxi Association.



Olga Lutu (left) of the Weilers Farm squatter community, educationist Steyn Krige (centre) and Spaza shop owner Sydney Themba have all won against great odds. ■ **Pic: ANDRIES MCINEKA**

South African Taverners' Association president Sam Tuntubele described the fascinating and often risky life of the "Kings and Queens of the Night" – the story of shebeens

The industry came of age in the '70s – amid heavy competition from the government, which had monopolised the sorghum beer sector – when daring Soweto taverners Lucky Michaels, Ephraim "Peggy Bel-Air" Senne and Ray Mollison established the Taverners' Association

"I want to pay tribute to them because they made us (shebeeners) realise that through weight of numbers we could fight government competition," said Tuntubele

The world of spaza shops came to life when Sydney Themba said the will to win was the driving force behind these unorthodox business people.

"To raise capital to start the ball rolling this person will use the little money separating him from starvation, borrow from friends, or – worse still – go to loan sharks," said Themba, 37, a GaRankuwa spaza shop owner who was retrenched from his electronics job three years ago

President of the African Council of Hawkers and Informal Businesses (Achib) Lawrence Mavundla sounded the battle cry for hawkers who have suddenly mushroomed in most South African city centres "Let the government leave us alone We will grow on our own"

Mavundla pointed out how hawkers had survived on the streets, in spite of facing restrictive laws and unfriendly established busineses who saw them as a threat

"If all along we had complied with the laws restricting us, today we could still be in the '60s when authorities wanted to hear nothing of hawkers"





"Leave us alone," say hawkers who now operate in all city centres. **Severe restrictions could not halt growth in the black taxi industry.**

"One, we were expected to ignore news concerning certain organisations, while highlighting those of others Secondly, we were expected to publish atrocities of the one and ignore those of the other," said Mazwai

Thirdly, this was a period of class boycotts and necklacing Criticising these acts was taboo, as reprehensible as they were to our community."

This, added Mazwai, led to his newspaper being accused of sowing division in black society when it refused to abdicate its responsibility in reporting these events. Later, increased pressure on his newspaper was called for and a boycott of it launched.

Black community pressure on his newspaper was whipped up in meetings, resulting in trucks carrying the newspaper being barred from some townships

"Interestingly, those carrying *The Citizen* were allowed in." Simultaneously, *City Press* also suffered similar pressures Strong sentiments were expressed against *The Weekly Mail* and *New Nation,*" Mazwai said

Meanwhile, government pressure was mounting against the alternative Press with threats of closing down some of them, Mazwai told the conference

"Come to think of it, this was quite laughable. We had played right into the hands of the government. Stoffel Botha wanted these newspapers closed down and now his job was being done by blacks themselves

"It must be stressed that pressures did not come from one political tendency, but from the ANC, PAC and Black Consciousness Movement (BCM) supporters. When reporting on the violence in the townships we stopped quoting names of organisations.

"This was for the safety of our reporters, but the reader was the sufferer, for he was given incomplete information"

There was also naked violence facing black journalists, said Mazwai. In one incident, a black reporter and photographer were cornered by a group of activists and were to be necklaced

"Fortunately, some of the comrades intervened and saved what could have been an ugly situation"

There was also pressure from newspaper owners on black reporters, said Mazwai.

What of the future? Mazwai noted that the black-on-black violence which was the black journalists' lot during 1986 "is once more with us. It involves Inkatha, ANC, PAC and BCM members".

Black consultants help big business

Sowetan 21/6/90

153A

By JOSHUA RABOROKO

THE burgeoning black consultancy business has become the modern muti for business survival in South Africa.

Until a few decades ago, black businessmen used traditional doctors, herbalists and even 'prophets' in an attempt to inject adrenalin for the prosperity of their businesses.

However, modern times have forced them to change this archaic practice as they have resorted to black consultants for business advice.

The importance of seeking consultants for blacks when starting business will be effective and efficient if they are to compete favourably with their white counterparts who are experienced and have the expertise

Black consultants, few as they are, are undoubtedly today the main source of increasing black participation in the economic mainstream and encouragement towards economic empowerment.

The few that are already in existence include the Coordinated Marketing, Ebony Management, Consumer Behaviour, Manchu and Associates, Perfect Malimela and Associates, S M Communications, Goza Business Consultancies, W R Consultants and Thembalethu Financial Services.

Most started their operations in the mid-1980s.

Several others are mushrooming as there is a increasing desire for people to get into big business while the informal sector is also playing a leading role in the country's economic growth.

One of the cardinal things they have done lately is to go through a re-education programme to gear themselves for the black market which has taken a long time to recognise their importance.

Director of S M Communications Mrs Suzette Mafuna says blacks notion of the herbalist has become a relic of the past.

Blacks are now seeking the help of consultants before engaging in business, adding, "this has become a challenge to us."

Mafuna, who started her own business in 1985, says public relations in business has replaced the usage of traditional doctors Blacks are slowly realising the intricacies of modern business and engaging special consultants in different fields.

Mr Joe Manchu, of Manchu and Associates, says they focus on strategies and changes in various business sectors. His business helps to provide management skills for black and white business, although he started with small entrepreneurs three years ago

"I am hopeful that black business is on the way up the ladder and given the opportunity they will contribute more to the country's mainstream economy"

Mr Willie Ramoshaba, director of W R Consultants, says the wheels of knowledge are turning the modern black businessmen. When he started as director of Ebony Management in 1982, they ran around knocking at the black businessmen's doors to explain the importance of their services.

Today, they are running after consultants because they have realised their worth.

Mr Eric Mafuna, of Consumer Behaviour, says the issue of black consultants is becoming a "hot potato" as many are mushrooming, apparently for the sake of making a "quick buck."

He says just like in the taxi and spaza shops business every available person is running for this job, and he expresses fear that "this may lead again to the failure of black business."

Mr Samuel Baloyi, of Goza Business Consultancies in Giyani, says although their operation started this year, they are reaching many emerging black businesses in the area They help to provide them with finances, prepare their financial statements and advice on many issues. "The business is good," he says.

Inflation rate dips but battle is not yet won

Star 22/6/90 (153A)

By Sven Lünsche

Reserve Bank Governor Dr Chris Stals is reaping the first benefits of his tough monetary stance

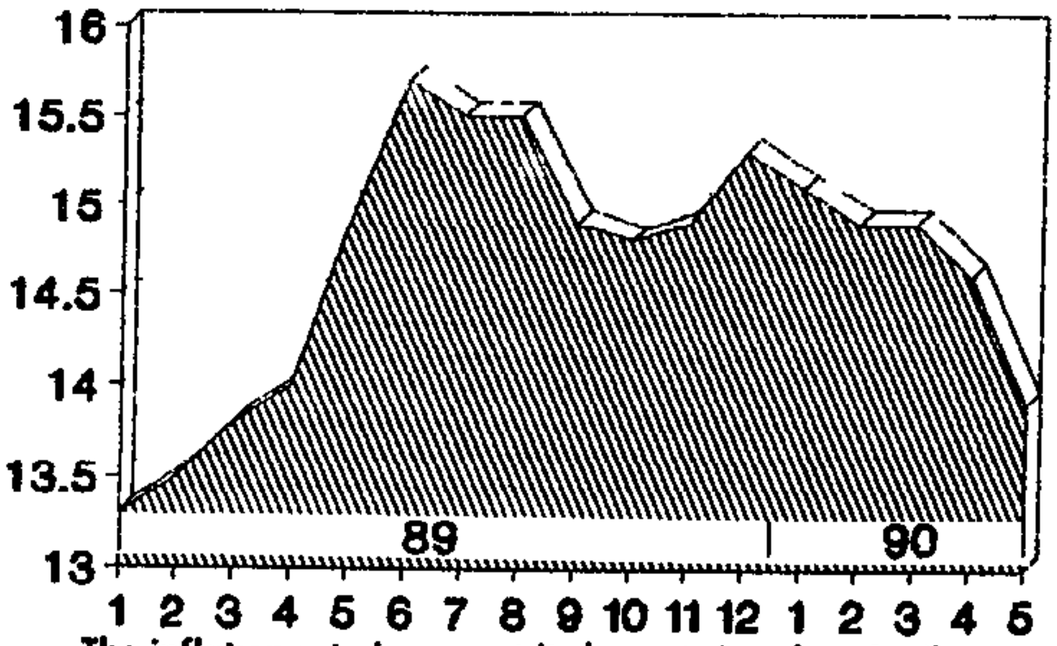
The news that inflation in May fell to 13,9 percent from 14,6 percent in April is certainly a result of his persistent tough economic policy, but economists warn that the tough measures will have to persist if the back of inflation is to permanently broken

However, it now seems that the Reserve Bank's indicated policy to lower rates again towards the end of the year is on track, despite warnings by some economists that the lower gold price could delay this move until 1991

The news came too late to affect the financial markets but it is likely that long-term gilt rates on the capital market will reflect the fall in inflation when the market opens today

The decline in inflation had been expected for some time, but rising food prices had forced the rate to hover around the 15 percent levels for almost a year.

The fall in inflation, as measured by year-on-year rises in the Consumer Price Index (CPI), to 13,9 percent is the first time the rate has broken through the 14 percent level since April last year



The inflation rate is now at its lowest since last April

Dr Stals used the two major monetary tools at his disposal to keep a tight rein on price increases interest rates and exchange rate policy

The fact that interest rates were kept at high levels and liquidity in the money market kept tight despite resistance by commercial banks certainly had the required effect

Price increases in most retail sectors, with the notable exception of food, have slowed down

On the exchange rate front the rand has held remarkably steady in the face of the falling gold price. The rate of increase in imported producer prices has fallen from an average 16,3 percent last year to 10,1 percent in April this year

The overall producer inflation rate in April fell to a remarkably low 11,6 percent and these benefits should filter through to the consumer level in two to three months, albeit with a less drastic effect

Despite the decline in May economists are sceptical that inflation will decline significantly towards the year end. Forecasts vary from about 13 to 13,5 percent, which would result in an average inflation rate for this year of just under 14 percent compared with 14,7 percent last year.

This does not seem significant but if the Reserve Bank can convince the government to keep as tight a control on public sector expenditure as it has over the past few months further declines are on the cards.

The crucial question now is whether the private sector (employer and trade unions) responds to repeated calls by both Dr Stals and Finance Minister Barend du Plessis to keep wage and salary increases as low as possible

Economists agree that a combination of the three crucial factors — a tough monetary stance, fiscal discipline and low private sector wage increases — will break the back of the vicious inflation cycle.

● The inflation figures released by the Central Statistical Department yesterday show that on a monthly basis consumer prices rose by 1,1 percent from April to May.

Food prices continued at a high level rising by a year-on-year 15,6 percent in May compared with 16,8 percent in April.

On a monthly basis food price increases slowed to 0,9 percent (April: 1,6 percent) with large contributions from seafood (4,8 percent) and fruit and nuts (8,4 percent).

Other large monthly raises were registered for clothing and footwear (2,4 percent), textiles (1,2 percent) and vehicles (5,4 percent).

SOWETAN BUSINESS

Informal sector now gets support

153A

Sowetan 3/12/90

THE Transvaal Provincial Administration has been called upon to caution Black Local Authorities' law enforcement units on the new legislation cancelling licences affecting majority members of the informal sector.

The Foundation of African Informal Business Sector (Faibs) made the call after receiving numerous reports from hawkers and spaza shop owners that the local authorities have continued unabated to clamp down on them by arresting, confiscating their goods and generally harassing them on their market places.

Variety

Faibs, the rapidly growing small business organisation, made the call at its conference that was attended by a variety of personalities, including TPA's John Mavuso, former Daveyton mayor Mr Tom Boya, law review expect Professor Louise Tager, SBDC's economist Mr Edwin Basson and Premier Milling's Mr Phillip Mayeza

The foundation's general secretary, Mr Mhlangabezi Ngebulana, said that after several representations were made to the Government it was decided that the majority of small businesses did not need licences to carry out their ventures, except in few operations that included selling of foodstuffs.

The move was hailed by members of the informal sector who were making an honest living at the same time creating employment opportunities for thousands of people at the time when the country was faced with large scale unemployment.

However, Ngebulana added that despite these reforms by the Government some of the local authorities were still arresting hawkers and spaza shop owners His organisation had held talks with most of the authorities, who were ignorant of the law.

By JOSHUA RABOROKO

Decision

It was in the light of these facts that the conference took the decision to caution their law enforcement units to stop treating hawkers as if they were criminals and to concentrate on curbing crime, especially in the townships and cities

Ngebulana also made an appeal to the State President, Mr FW de Klerk, to be serious in taking a new look at the financing of small business development in order to use limited resources more effectively

Discussions were under way to merge the activities of the small business support organisations - both private and public - to obtain better cost-effectiveness in the application of State and private funds

He called for all informal sector organisations to unite in an attempt to develop business, adding, such unity would be needed if "we are to forge ahead with the black economic empowerment"



SAHT's Small Builder of the Year competition winners: Mr Fesi, Mr van der Colt and Mr Glyose.

R16m extra loans granted by SBDC

(1-S3-A) THEO RAWANA

THE SBDC board would allocate a further R16m to small business loans until the end of March, senior manager (development promotion) Dawie Crous said this week.

Crous said the allocation was over and above the normal allocation of R20m a month to small businesses.

"Of the amount voted, R10m will go to small builders, and R6m in mini-loans to the more informal sector."

Since its inception in 1981, the SBDC had granted loans to the value of R914m to 27 798 entrepreneurs, he said.

Security requirements for the informal sector were not as stringent as in the more formal sector: the entrepreneur, his viability and a commitment to repay the loan were the important factors in granting loans "since the SBDC sees the need to promote those who are excluded from the mainstream of the economy" B|Day 6|12|90

He said the bad debt ratio was higher in the mini-loan section, but this was offset by increased interest in the more formal loans.

The total bad debt was 8% in value of all borrowings, he added.

B Day 7/12/90

Informal sector 'will not solve Africa's problems'

SELF-employment in the informal sector can be only a partial solution to African countries' unemployment problems, says the International Labour Organisation (ILO)

(153A)

This is because the sector's share of the total urban labour force is declining steadily, it says in a review of studies of the sector in Africa, outlined in an International Finance Corporation discussion paper.

It found working conditions in the sector were "extremely poor".

The traditional apprenticeship system did not facilitate evolution towards more efficient organisation of the enterprises.

Training was imparted on the job, and no theoretical backup on the use and maintenance of machines was given.

SYLVIA DU PLESSIS

The typical informal sector manager could not perform a correct cost-pricing exercise Only a third of informal enterprises kept records of any kind This resulted in an average enterprise life expectancy during the past decade of five years

Furthermore, "the lack of accumulation of experience in specific activity has kept the quality of the products at relatively low levels".

These factors helped to explain the informal sector's declining share in the total urban labour force in African countries.

That share had dropped from 60% in the 1970s to 58% in 1988, and projections for the next decade reflected a further decline of the total urban labour force to 56% in 1990 and 51% in the year 2 000.

SOWETAN BU

Achib plans huge survey in Vaal

153A

Sowetan 7/12/90

ACHIB will conduct a census survey that is aimed at collecting information on informal businesses in the townships, with a view of creating effective communication channels between the informal and formal businesses.

By ALI MPHAKI

Called "Project Who is Who", it will be conducted on a house to house, street to street basis in order to identify traders, the nature of their business and the product ranges being traded

The first phase will be launched in the Vaal Triangle, specifically in Sebokeng and Evaton, in January next year

Said Gerhard Visser of Achib Marketing "Often informal traders do not know where to find a product or company They also do not know how to contact them

"In the same vein, the formal business sector experiences great difficulty to launch promotional and marketing campaigns aimed at the informal traders and manufacturers," he said.

Private companies, institutions and associations will be in a position to subscribe to the project

Subscription will imply the following

* Access to the mailing list of informal traders;

Valuable

* Access to the Achib data base on the informal business sector; and,

* The opportunity to include questions in the questionnaire.

Visser believes this project will be of particular interest and value to anyone who is serious about business.

"As a community based organisation, we have the infrastructure to supply interested parties with the most comprehensive information database system ever introduced in this country," he said.



Mr William Mahlangu (centre) is R1 000 richer after predicting the winners of the *Sowetan*/Sanlam Entrepreuner of the Year award. Making the presentation is *Sowetan* business editor Mr Thami Mazwai and Sanlam PRO (Southern Transvaal) Mr Fannie Terreblanche. Pic PAT SEBOKO

Home industries project gets underway in Soweto

153 R

4/12/90

Sowetan

By PEARL MAJOLA

CAKES, cookies and other delicious home-baked edibles will be on sale tomorrow at Tubatsi Enterprises in Diepkloof at the launch of the first home industry in Soweto by Snowflake

The concept of home industries has developed overseas and in the white community and it is now being launched among the black community.

It basically is about helping women to make some money out of baking by providing them with a place to sell their cakes and cookies on a regular basis.

The project will benefit mainly unemployed women, but employed women can also use it to make extra cash.

They can bake at night and deliver their produce on their way to work and the grannies staying at home can bake all day long and have someone else to sell for them.

Workshop aims to start new venture

By ESANN van RENSBURG
Staff Reporter

AN Atlantis workshop for the handicapped and disabled could become the only manufacturer of wooden golf tees in South Africa if it could buy an expensive German lathe.

The lathe is at a shop in Parow and is waiting to be returned to Germany on December 14.

Director of Orion organisation, Mr Melville Segal, said: "We have R30 000 at the moment and the Small Business Development Corporation is willing to lend us a few thousand rands.

"But we need another R30 000 to pay for the machine."

THREE FACILITIES

The Orion organisation runs three facilities for handicapped children and adults in Atlantis.

Acquiring the lathe would boost the income of the workshop, which has 130 handicapped employees

"It would be so good if we would hear from one of other businessman who would help us bring our production into a whole new dimension," Mr Segal said

Anyone who wants to donate money can contact Mr Segal at ☎ (0226) 72801/2.

Who's Who for hawkers

THEO RAWANA

153A

THE African Council for Hawkers and Informal Trading (Achib) will soon launch a Who's Who of the informal sector. BDem 14/12/90

The organisation's marketing arm, Achib Marketing, will gather information on small businesses on a door-to-door basis, identifying traders, the nature of their business and products.

Achib marketing director Gerhardt Visser says one of the main problems experienced by the formal and informal business sectors "is a perceived lack of effective communication channels".

"Achib, being a community-based company, has the infrastructure to supply interested parties with the most comprehensive database ever introduced in this country."

Project Who Is Who will be launched next month with the first phase in the Vaal Triangle

Subscribers will have access to the mailing list of informal traders and the Achib data base on the informal business sector.

Stokvels gaining more clout

By Malcolm Fothergill

In the past, joint ventures between the formal business sector and black business tended overwhelmingly to be a one-way street in which black funds were channeled into white projects, says National Stokvels Association of South Africa president Andrew Lukhele.

However, he says in a new book, Stokvels in South Africa (Amagi Books), this is about to change.

Stokvels are mutual aid and savings associations

Mr Lulhele says "The stokvel movement, formerly unorganised and powerless, is now united and strong, and can deal with the formal business sector on an equal footing, thus ensuring that blacks as well as whites benefit from all mutual undertakings in the future" Star 14/12/90 153A

He quotes research by Markinor showing that in October last year there were about 24 000 stokvels in major metropolitan areas.

"These have developed significant purchasing power, with contributions totalling about R52 million a month.

"About 680 000 blacks — a quarter of the black adult metropolitan population — are members of a stokvel or communal buying group.

"Of the estimated 24 000 stokvels in metropolitan areas, 41 percent are savings clubs and 29 percent are burial societies On average, 80 people belong to a burial society, while other types of stokvels average 16 members."

Dealing with the different types of stokvels in South Africa, Mr Lukhele says that in the Western Cape townships, members of umgalelo clubs can expect fairly big sums of money.

One member in a group received R149 000 on his turn and bought six buses and nine small businesses Another received R147 000 and bought a farm.

In Diepkloof, Soweto, there's even a stokvel, the Tiger Society, for children between the ages of four and six.

On the relationship between stokvels and big business, Mr Lukhele says "It is not enough just to tinker with the existing culture and procedures of the big financial institutions.

"They require changes so profound and radical that minor adaptations will not suffice.

"Successful lending to the rapidly emerging black entrepreneurial sector requires local, on-the-spot, in-depth knowledge."



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

Sechaba - a story of success in aid

Sowetan 19/12/90 1531

By SIZA KOOMA

FROM a backyard room to a modern training centre, that is how the Sechaba trainiing 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, sewing and fabric printing.

The products, school uniforms, ethnic attire and traditional hand-crafted 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 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

Sowetan 21/12/90

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 Ntukwana, Godfrey Ndaba and David Mbele at an exciting exhibition of African art at the Rural Craft Centre, 18 Admirals Court, Tywhritt 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.

Violence hits black business hard, says report

BLACK entrepreneurs reported massive losses after the political violence that swept through SA's townships and rural areas this year, according to Job Creation SA's (JCSA's) year-end report

JCSA, a consulting firm specialising in entrepreneurial development, said the economic downswing was also taking its toll and, until things settled down, the future for township entrepreneurs looked bleak.

Civic structures in townships were no longer in place, adding to the confusion and making it impossible to run businesses

More than 500 000 businesses were

MARC HASENFUSS

suffering because suppliers refused to enter strife-torn townships, and if supplies were bought outside the townships entrepreneurs ran the risk of hold-ups.

JCSA's Ian Hetherington said many of his clients in the townships had been victims of youths who dictated the hours when businesses should operate

The Small Business Development Corporation reported a sharp decline in larger loans to small enterprise businesses

However, National African Federation of Chambers of Commerce's (Nafcoc's) Mofasi Lekota believed that there was closer co-operation between black business and political organisations.

Five years ago the black businessman was perceived to be a sellout, working within the system.

Today, Nafcoc had forged close contacts between its local representatives and political organisations, resulting in a reduction in damage to business property during riots

"Politicians are beginning to understand that it is when there are consumer boycotts that black business has the greatest role to play"

INFORMAL SECTOR

1991

JANUARY — OCT.

BUSINESS

No jacket required in this line

By FERIAL HAFFAJEE

FOR many South Africans the informal sector means poor and black But for others, the growing informal and small business sectors are the beginnings of bigger things

The informal sector is generally regarded as the unmeasured or partially measured economy, while small businesses are licensed businesses with less than 50 employees.

Myra Alperson, writing in the latest edition of the *Innes Labour Brief*, found poverty and prosperity in the informal sector. A study of the informal sector in Durban found that "opportunities to rise above subsistence levels are very limited and opportunities for upward mobility are nil".

Economists Bobby Godsell and Jabulani Maphalala find a middle ground instead — they say that the informal and small business sectors reflect both poverty and entrepreneurship.

They point out that while taxis and spaza shops are thriving, street vendors and child-minders are, "clearly at the bottom of the well-being ladder".

For Alperson, the task ahead for South Africa is black empowerment Support of the informal sector by big business is a step in the direction of empowerment, she says

But Stephen Gelb of the University of Durban-Westville says the emphasis on the informal and small business sectors is misplaced Instead, to "shift the locus of power in the economy, banks need to start taking more risks, to invest in black businesses of more substantial size than the street hawker".

Estimates on the economic clout of the informal sector vary — studies have put it at anything from five to 40 percent of gross domestic product But the most common figure is 10 percent of GDP

While its exact contribution is foggy, its growth is clear Every street in South Africa's urban centres is filled with hawkers, and taxis are replacing subsidised bus services as the major form of transport in townships.

Big business is paying increasing attention to these developments

Last month the South African Chamber of Business launched a Small Business Forum. The forum will provide for the exchange of expertise and information and includes the SBDC and Standard Bank's Small Business Development Department as members

First National Bank also recently launched a project with the African Council for Hawkers and Informal Businesses (Achib) to teach hawkers basic banking concepts

Alperson says that "according to First National Bank, the Achib programme is a purely business decision: they see a huge market of informal entrepreneurs who are making money, but currently have no way to bank it"

The Perm has set up a scheme with the National Stokvel Association to provide members with some banking services — at the same time tapping into the R200-million the association holds

Zuko Rwaxa, of African Bank, points out that his institution is a pioneer in providing finance for the informal and small business sectors

Other organisations have also mushroomed alongside the informal sector.

Achib is the biggest and the first of these initiatives Under the hand of Lawrence Mavundla, its ex-hawker president, the association has grown to a paid up membership of 40 000 It provides legal advice, training and arranges discounts for its members

Another major force is the taxi associations. Together they boast more than 100 000 members and have a ripple effect on the formal economy. The South African Black Taxi Association says its members use "800-million litres of fuel, 3,5-million litres of oil and R800-million worth of spare parts" annually.

And the taxi associations are attracting the attention of American investors The National African Federated Transport Association (Nafto) has close links with Pegasus International, an American company formed specifically "to provide a US base for Nafto once sanctions are lifted and trade increases with South Africa"

Alperson also questions "the extent to which black entrepreneurs control their own destiny Thus far, they have had to draw on white expertise — and financial backing — to get more skills".

Achib offers free stalls

Sowetan 18/1/91

153A

THE African Council of Hawkers and Informal Sector (Achib) is offering free stalls for enthusiastic people and companies to sell and promote their products in Tembisa's Tshepo Section.

The project is very similar to a flea market and is adopted for the needs of informal traders and to ensure marked progress in ways of running business.

Achib's marketing spokesman, Mr Fighter Moloantoa, said the flea market is open to everybody who manufacturers goods in their homes, including those who operate at industrial parks.

Fee

A minimal fee of R1 a day will be charged for each stall for the hiring out of tables, chairs and an umbrella.

The flea market will open on February 2 and those who would like to register can contact Moloantoa at (011) 23-0542/3 or Adeline Phiri at the same number between 8.30am and 4 30pm daily

Women need to flex business muscle

South (Business) 26/9 - 2/10/91. (153A)

If small businessmen find the going tough at times, what about the women who are venturing out to start up their own businesses? **LYNDA LOXTON** spoke to some of those who have fought to succeed, and won the battle

NOT ONLY DO women have to deal with the legal, financial and other hurdles facing any small business, but they have to operate in a sexist society where women have difficulty in getting banks loans in their own name and men don't always like the idea of having women bosses

But, according to several successful businesswomen interviewed, its all a matter of the "power of positive thought."

"If people see problems for women in business, this will become a self-fulfilling prophecy," said conference and tour organiser Pam Herr.

"If women have a good idea, pour time and energy into it, don't expect to do just the traditional women's things and don't let their husbands dominate them, then they will succeed

"Anyway, with the African National Congress' awareness of gender issues, maybe women's battles might be over soon and the white male who has so long dominated the business scene might become an endangered species!"

Company director and head of the Cape Town branch of the National Association of Women Business Owners, Margarett Macfarlane, agreed that one of the biggest problems facing women in business was their own opinion of themselves.

"They think they can't do as well as men in business, but if they do think like that, it will be even more difficult for them to succeed They have to aim high and act with confidence."

Once they get over the self image hurdle, the next most common problem facing women in business is finance.

Bank managers are often wary of lending to women who want to start their own business But the secretary to the management committee of the Women's Bureau and company director, Dorothy Reid, believes that this is

"One of the biggest problems facing women in business is their opinion of themselves. They think they can't do as well as men, but they have to aim high ..."

sometimes the women's own fault

"Women do not always start out with complete business plans," she said "They just get an idea and go for it, hoping for the best. But they need to sit down, organise their thoughts and set targets in a business plan This need not be a 20-page document, but it should contain basic information on the equipment needed, target markets and the like

"If you don't think things through, you could, for example, end up selling goods for less than the real cost of making them — and never make a profit to pay back your loans or survive as a business.

"You won't get finance if you go in on a wing and a prayer. You won't look professional and will not be able to 'sell' your ideas to the people who count — the banks."

Macfarlane said it might be worthwhile for businesswomen to employ a good financial adviser to help them prepare a financial package to present to the banks.

Women were generally more compassionate as employers, said Reid. "This is probably because they have had to work their way up the hard way

"But, once they do get to the top, they can meet resistance from men, especially the older ones Very often, especially when unpopular decisions have to be made or if they really want something to be done, women bosses have to adopt strong-arm tactics, saying · 'You WILL do this'."

Several groups have emerged to provide women with support and advice. The Women's Bureau is an umbrella organisation that acts as an advice fiflbureau and reference point. It can put women in touch with the organisation that can best help them.

Further details can be obtained from Women's Bureau on 45-8911 ext 2297/8. This is aimed specifically at women who own their own businesses, be they one-woman operations or more established small to medium-sized companies.

News and Advice

SMALL BUSINESS ISSUES

Small businesses create jobs

South 28/2 - 6/3/91 (1538)

THE most testing challenges facing South Africa, is the problems generated by unemployment of which the most serious are poverty and a high rate of population growth

According to some estimates, close to 30 percent (some 4-million people) of the country's economically active population are unemployed or underemployed.

In addition, the South African population is expected to double over the next 25 years, necessitating the creation of almost 2 000 jobs every working day if a major unemployment crisis is to be averted.

In recent years the importance of encouraging small businesses as potential employers has been recognised as the most viable means of combatting large-scale unemployment.

At present over 800 000 small-scale businesses operate in South Africa — that is, those with assets of less than R1,5 million, an annual turnover of under R5 million and less than 100 employees

These enterprises which comprise more than 90 percent of the country's businesses, make up almost half of South Africa's economic activity and generate about three quarters of new jobs in the country.

Small businesses can be split between enterprises operating in the formal sector and in the informal sector — those not recorded in the country's national accounts.

Small businesses account for around 35 percent of employment in the formal sector.

Informal sector businesses include subsistence farmers, hawkers, street vendors, home businesses, back-yard mechanics, taxi-owners, craft and curio makers, moonlighters and even black marketeers.

An estimated 70 percent of South Africa's labour force is involved in some form of small business or informal sector activity.

Policy-makers have invariably taken the view that the informal sector — consisting often of one-person operations which do not pay taxes — contributes little or nothing to general economic growth.

This short-sighted view does not take into account that the informal sector is an important factor in easing the problems of unemployment.

Every person conducting his or her own business has created another job Family members and friends are often drawn into the enterprise, further easing the burden on the economy of creating jobs

The Small Business Development Corporation, established in 1981 to promote the creation of small-scale enterprise, defines a small business as one which is independently owned and managed, with a simple organisational structure and a relatively small influence on the market.

Besides addressing the problems of poverty and increasing unemployment, small businesses also benefit the economy in various other ways.

They ensure that products and services are available in areas out of reach of larger enterprises and in places ignored by big business By satisfying specialised needs and increasing the range of products and services available, they add flexibility to the market place.

Small business also contribute to the dispersal of economic activity and thus counter the concentration of industry and population.

Additional wealth and income is generated in the economy through the activities of small businesses. In South Africa, where 40 percent of the population receive less than five percent of the national income, small businesses ensure a wider spread of prosperity.

Small businesses further ensure innovation and creativity, often not competing with larger firms on price but on service and technology

Black entrepreneurs, who have been denied free and equal access to participation in the South African economy, are provided with a logical starting point by small businesses.



Max Godlo, owner of Max Supermarket in Mbekweni, near Paarl, started out as an informal backyard trader. A SBDC loan of R60000 as well as a lease at the SBDC's building in Mbekweni, assisted Godlo to build up a turnover in excess of R2m

SBDC can help in many ways

South 28/2 - 6/3/91

THE Small Business Development Corporation (SBDC) offers a variety of services to encourage and assist entrepreneurs

It finance businesses by means of loans, share capital, instalment sale agreements, hire purchase and credit schemes in co-operation with commercial banks

The SBDC also provides business premises such as industrial parks, factories and shopping centres in necessary and economically viable areas at reasonable rentals, or, under certain circumstances, by selling to the entrepreneur

Certain development services are also offered by the SBDC.

Qualified personnel in the corporation's countrywide information offices and it's head office data bank provide advice and information services to small businesses on practically any aspect of business financing, marketing, the law, general administration and management.

Consulting services are also provided by external consultants and mentor advisers to complement the SBDC's service to the business community

The SBDC further offers various training courses dealing with topics from starting to improving a business and developing the managerial skills of the entrepreneur

Removing restrictive legislation which hampers the development of small businesses is actively advocated by the SBDC The corporation also promotes sub-contracting by large business to smaller enterprises and is actively involved in upgrading the informal sector.

Pretoria cracks down on fruit and veg vendors

(53A)

ARGUS 26/6/91

The Argus Correspondent

PRETORIA — A City Council blitz on vendors has resulted in an almost total absence of the fruit and vegetable sellers from the city centre A council spokesman announced that 36 had been arrested and held until they appear in court

This has resulted in the vendors not returning to Vermeulen and Church streets, declared forbidden areas

Pretoria's traffic chief, Mr Rob Ehlers, said the arrests seemed to be the only effective way of getting vendors out of the central parts of the CBD There had been complaints of untidy streets.

Members of the public have contacted The Pretoria News complaining about the absence of the vendors, who they said were selling quality goods at reasonable prices

Training plan for hawkers

Sowetan 28/3/91 153A

By JOSHUA RABOROKO

THE Johannesburg City Council's high regard for the role of the informal sector in creating jobs and wealth for thousands of people made it imperative to implement a training programme for hawkers, the council's director (markets), Mr Peter Venter, said this week

The objective of the programme was to create an environment in which hawkers could trade without lowering acceptable health standards and in harmony with the formal sector, he said.

He added that by implementing the programme the council hoped to tell the informal sector that the maintenance of health and environment standards was of major importance to the city and community.

The council wished to explain to the formal sector that the economy desperately needed the informal sector to exist and grow, Venter said

The training programme started this week with the distribution of 30 000 pamphlets to hawkers all over the city Graphics illustrate to hawkers how the council would like them to operate

Officials of the markets department will distribute the pamplets by hand. At the end of April a team of trainers would take to the streets to check on the progress made by hawkers and to start "hands on" training.

Training will be done by specialists from many council departments, who themselves are undergoing a training course at the moment on the council by-laws, handling of complaints and training methods

The council has initiated a project to publish a monthly newspaper for hawkers. The first issue of this newspaper, called *Street Talk* will be distributed to the hawkers by the markets department at the of April.

Business links forged

A MEETING of the SA Chamber of Business and the Foundation for African Business and Consumer Services on Wednesday recognised the need for closer co-operation between the formal and informal market sectors.

The meeting in Johannesburg acknowledged the vital role business had to play in meeting the challenges of a post-apartheid South Africa.

The parties agreed to set up a joint committee to identify areas of common ground. - *Sapa*

Business Times Reporter

Informal jobs rise by 23%

ST Times (Bus Times) 5/1/91. 153A

THE INFORMAL sector produces an average rate of employment growth of 23,9% a year

This is one of the findings of a survey commissioned by the Get Ahead Foundation, an organisation promoting small black business, and supervised by Michigan State University Small-scale enterprises in the townships of Mamelodi and Kwazakhele were surveyed

The survey tried for the first time to obtain a complete list of all small enterprises in specific research areas

Investigations into the informal sector have been few in number and based on limited samples

A third of households surveyed were found to be involved in informal activity, providing 11 150 people with jobs

This, however, is only half of that in comparable urban areas of other African states

Although the informal sector contributes to more than half of the household incomes in the surveyed areas, in Maseru and the surrounding area, its activity accounts for more than 75%

Another finding of the Get Ahead survey is that trading is the dominant activity, manufacturing accounting for only 16,9% Dressmaking, brewing and shoe repairing are the leaders in manufacturing

Informal manufacturing in SA accounts for half of that found elsewhere in Africa, for example in Maseru and Nigeria

Street vendors make up about 36% of all enterprises in the surveyed townships The next 10 most common activites are shebeens, spaza shops, brewing, shoe production and repair, traditional healing and knitting

Another finding is that more than half of the small-enterprise labour force consists of women

The enterprises employ an average of 2,1 workers — about the same as in Lesotho, Nigeria and Zambia

However, what is unusual in SA is the size distribution There are relatively fewer at the extreme upper and lower ends of the small enterprise scale Most are in the two-to-10 worker range Only 2,8% have six-to-10 workers and 0,5% employ between 11 and 50

About 70% operate from home, typically without any outward sign of activity

The survey found the most frequent problems and constraints facing the small businessman relate to finance, market difficulties, government policy, work space or location inadequacies and transport

Most businesses rely on some form of credit to start. Almost a fifth of the owners received loans for business

Stokvels (informal savings schemes) generate a surprisingly large pool of funds — at least 20% of respondents were stokvel members

Many of the underlying distortions reflected in the survey can be attributed to earlier regulatory and legislative restrictions For example, until 1975 it was illegal for blacks to manufacture anything

The informal sector a vital player in SA

MUCH debate surrounds the contentious issue of the size of the informal — or unrecorded — sector of our economy Estimates range from the discredited eight percent of the CSS, to as high as 40 percent in some instances.

Ian Hetherington, managing director of Job Creation, a firm of management consultants specialising in entrepreneurial development, argues that there are at least four elements making up the so-called informal sector

He breaks these down as

- The morally legitimate but unrecorded segment
- The huge and often ignored DIY element
- The immoral and unrecorded element (such as dagga dealing and prostitution)
- The barter trade

Mr Hetherington says the DIY phenomenon is spreading through all sections of society and not only among the poor, who have always practised it

Mr Hetherington says that if all four elements are included, an educated guess of 25 percent as the informal sector's contribution to the GNP is probably too low "But leave out DIY and it's getting closer"

Leon Louw, director of the Free Market Foundation, said this figure related only to the informal sector in black townships and did not include any financial market transaction — so stokvels, burial societies and money lenders were all excluded

He argues "The informal sector accounts for — using their figures and extrapolating them conservatively to include everything they have excluded — at least 25 percent of GNP Others have said it could be as high as 40 percent This is the degree to which the size of our economy is understated.

"This is good news because it means there is not as much poverty or unemployment as the national accounts suggest"

Mr Louw estimates that there are about a million informal — or semi-informal — enterprises providing livelihoods for some four to five million people and constituting 25 percent or more of economic activity

Creators

Professor Louise Tager pointed out that "small businesses" employing up to 20 people accounted for by far the major proportion of all business enterprises in South Africa

"Small businesses are the main job creators A proliferation of small business and the development of entrepreneurship are very important for our economy Big business is capital intensive and it is expensive to create new jobs But small businesses are labour intensive and job creation opportunities are much greater This has been demonstrated throughout the world"

South Africa was in reality a dual economy.

The real issue is that there is a whole economy operating outside of the law, maybe not qualitatively large but quantitatively involving thousands of businesses of all kinds The economy is much bigger than spaza shops and backyard traders and hawkers It includes shebeens and what might be termed the informal banking sector

Skills guidance for small business

W/L-AR645 2/3/91 153A

THE Small Business Development Corporation (SBDC) has embarked on a nationwide initiative to provide management guidance and skills training to new entrepreneurs and small business to help them in making a success of their enterprises

The counselling scheme is known as the Mentor Advisory Programame (MAP), and is available not only to SBDC loan clients and tenants, but also to other small businesses which may require guidance on any aspect of business management.

An objective of MAP is to harness the specialised expertise and experience of established business executives, many of whom may also be retired personnel, with the purpose of

- Stimulating local entrepreneurship and job creation projects,
- Improving productivity and management skills of new and infant enterprises,
- Providing a reliable counselling service which will encourage entrepreneurs to seek advice from outside experts,
- Assisting clients in preparing applications for finance, and providing problem-solving advisory services during the application of the funds,
- Identifying the training needs of small businesses that can be solved by using part-time counsellors

The SBDC's Western Cape region currently has some 32 MAP counsellors throughout the area, and has an ongoing recruiting drive to increase that number, particularly in the rural towns Volunteer mentors prepared to provide a part-time consultancy service are paid a consultancy fee by the SBDC

Fields in which these MAP counsellors are currently active include marketing/sales, importing/exporting, material/inventory management, product development, financial management, accounting systems, costing/budgeting, labour relations, viability studies, credit control, taxation, store layout, quality control

MAP counsellors are still being sought who have expertise in the areas of marketing, store layout and merchandising, factory layout, and building disciplines

A particularly vigorous recruiting drive has been launched in the field of accountancy and bookkeeping, in the knowledge that most small entrepreneurs do not always have the time or ability to maintain a good set of books, and make it even more difficult to interpret his results and take remedial action timeously

The SBDC has chosen to tackle its recruiting campaign by first approaching the various professional accounting bodies to encourage their members to participate in the project, which has been labelled the "SBDC (Western Cape) Accountancy Scheme"

The specific aims of the project are to

- Introduce and maintain efficient and easily understandable accounting systems in small businesses,
- Provide feedback to the small entrepreneur on a regular basis on the financial position of his/her business in order to achieve efficient management,
- Train the small entrepreneur in the need for accounting discipline

It is stressed that applicants should preferably be members of a professional body; have the ability to understand the problems of the small entrepreneur and be able to communicate with him, and be able to provide financial statements on a regular basis

An annual registration fee of R20,00 is to be levied which will entitle participation in the scheme

Those interested can contact Dawie Thirion or Tonie Roux at the SBDC in Cape Town at ☎(021)462-1910, or write to the Manager, SBDC, Support Services Department, PO Box 4295, Cape Town 8000

A further project launched by the SBDC in the Western Cape is the "Rebate Consultancy Scheme", which is aimed at appealing to professional people such as lawyers and accountants who are still in active practice to offer their expertise and advice to small business

As the name entails, the SBDC is prepared to pay a proportion of any consultancy fee, with the remainder for the account of the client

The aim is to provide the smaller business with the means of accessing proper professional advice

Supportive of the direct counselling services offered to the small entrepreneur by the SBDC, the corporation has also begun to build up a comprehensive data bank of all the useful information a small businessman is likely to need

Located at the SBDC's head office in Johannesburg, it is immediately accessible through all the organisation's regional offices

Described as a "treasure trove" for entrepreneurs, the Information Bank is being created with the assistance of organisations such as UNISA's Bureau of Market Research, Central Statistical Services, BM Industrial and Commercial Registers, which include mines, industrial, construction, trade, hotels, financial and insurance institutions, business services, the public sector, dry cleaners and importers

The Information Bank also sponsors the Personal and Household divisions, which entitles it to free copies of all research reports published in those divisions, and encompass income and expenditure patterns for all major areas of South Africa and the independent states

The bank is also able to put clients in touch with a company which has developed a database of records on more than 28 000 companies within the country, offering information on

- Their corporate or trading name,
- Name and title of the principle decision-maker and other key personnel,
- The company's physical address, telephone and fax number,
- Type of business,
- Number of employees,
- Its bankers and fleet size

SMALL BUSINESS INDABA

Compiled by the SBDC

THE Small Business Indaba is a bi-monthly column, a joint venture between the Small Business Development Corporation (SBDC) and The Argus. It is designed to offer advice to those considering entering business for themselves and to act as a sounding board for those encountering problems. For further information contact ☎438 7019

Black businessmen suffer heavy losses

ST Times 6/11/91

LAST year was grim for black entrepreneurs.

Ian Hetherington, managing director of management consulting firm Job Creation SA, says: "Caught in the turmoil following political change, businesses in townships and rural areas have been burnt, looted, boycotted or run out of town."

The economic downswing is also taking its toll. Until things settle down, the future looks bleak for entrepreneurial development.

Banner

Mr Hetherington says "Only recently, economic empowerment was an important banner behind which thousands of black businessmen rallied. Development organisations burgeoned and the informal sector was placed squarely on the economic map

"Big business began to court small business Entrepreneurs seemed poised to grab for the blacks the economic freedom they had been denied Nobody was waiting for apartheid to end Then came February 2"

Mr Hetherington says that today politics and macroeconomic issues occupy centre stage

"Talk of black economic empowerment through entrepreneurial development has faded and notions of nationalism, redistribution and socialism versus capitalism rule."

By CHARMAIN NAIDOO

"Violence has swept through townships and rural areas and businesses have suffered heavy losses"

The SA Special Risk Insurance Association estimates that two days of rioting cost business R130-million in damages — including losses through looting — in Ciskei in March 1990.

"About 90% of commercial businesses were destroyed In a one-day protest about reincorporation in Bophuthatswana in March, millions of rands were lost in damage to council property, two financial institutions and shops"

Mr Hetherington believes that in spite of the difficulties experienced by small businessmen, the spirit of free enterprise will prevail in 1991

The small-business explosion was a response to the lack of jobs.

"In the recorded sector, growth in jobs has been minimal while the informal sector has boomed — out of necessity

"Last year was marked by the collapse of law and order, upheaval and turbulence in the townships and small black businessmen who are in the eye of the storm suffered greatly"

Inappropriate overregulation compounds the problems

The breakdown of law and order, which has affected the economy in general, will adversely affect the chances of people finding jobs.

Powerful

"The small-business sector is a powerful job creator. In England, for example, a decade-long effort to encourage small business has resulted in the number of self-employed people rising by 50% to more than 3-million

"By 1986, 36% of all employment in Britain was in small firms employing fewer than 20 people

"In that year, 310 000 jobs were generated. Firms with fewer than 20 people generated 290 000 of them

"We have to learn from overseas models and adapt them to suit our conditions"

SOWETA

Turbulent year took heavy toll

Soweten 3/1/91

153A

1990 was a turbulent year for small business. Lives were lost; so too were millions of rands in destroyed property and disrupted markets.

In its end-of-the year brief, Job Creation takes a look at the grim year for black entrepreneurs who were caught in the turmoil following political change. Business in the townships and rural areas was hit by arson, looting, boycotts or traders run out of town

The economic downswing is also taking its toll and until things settle down, the future looks bad for entrepreneurial development, according to a number of articles by key players in the field

Only recently, economic empowerment was important banner behind which thousands of black entrepreneurs rallied Development organisations burgeoned

The informal sector was placed sqauarely on the economic map.

And big business began to court small business Entrepreneurs seemed poised to grab for black economic freedom they had been denied. Nobody was waiting for apartheid to end

Then came February ...

Today politics and macro-economic isssues occupy centre stage Talk of black economic empowerment through entrepreneurial development has faded and populist notions of nationalisation, redistribution and social versus

By JOSHUA RABOROKO

capitalism rule the Press.

Violence has swept through townships and rural areas of South Africa and businesess have taken massive losses.

In Ciskei in March, the SA Special Risks Insurance Asscіation estimate that two days of rioting cost business R130 million in damages - this included losses through looting Ninety percent of commercial businesses were destroyed

In one-day protest about reincoporation in Bophuthatswana in March millions of rands' damage was caused when council property, two financial institutions and various shops were damaged and looted.

Trend

A trend in 1990 when violence has caused damage to business is that local civic associations have come out strongly against such action and in some cases assisted the police in arresting looters, says Colleen McCaul, survey research manager at the Institute of Race Relations.

However, business still remains skittish about political involvement.

Job Creation asked players in the black economic development field to give their views on the impact of political change on entrepreneurial development and the role of black entrepreneurs in the economic debate.

Executive Director of Business Challenge, Mr Phil Khumalo, says: "Yesterday we could talk about a glorious future for black entrepreneurs Today we are battling to survive."

"Violence, which is usually sparked off by a political issues, has an immediate effect on businesss If there is trouble in the townships, businessses close down. And violence can flare up anywhere."

He says his members' businesses are suffering because suppliers are not coming into the townships. If members buy their supplies outside the townships, when they bring them in they run the risk of hold-ups

Job Creation managing director Ian Hetherington says many of his clients in the townships have been victims of unruly youngsters who seize cars during political funerals, dictate when businessses should close and demand donations for organisations

According to the Small Business Development Corporation's James Scott, applications for larger loans have declined sharply this year.

Sabta president Mr James Ngcoya says stayaways on Fridays and Mondays - the busiest days for taxis - are detrimental to businesses. When they organise political marches, taxis are stoned."

According to Gaby Magomola, chairman of Fabcos Marketing, the phenomenal political events of 1990 have, understandably, eclipsed all other events. Issues relating to black economic advancement, in comparison, are unfortunately, regarded as peripheral

Violence would continue to be a hurdle for entrepreneurs in the townships But the informal sector would not go away Most affected would be formal business who, dicouraged by the turmoil, would be cautious about expanding their activities.

For Mr Peter Morrison, director of the Small Business Advice Centre in Empangeni, violence in Natal has given him more work than he can cope with

Flee

"Unrest in the rural areas has forced many people to flee their homes and urbanise With three out of four households in the rural areas economically active in the informal sector, these skills are being transferred to Durban, Pitermaritzburg and Empangeni"

The result is a boom in hawking and other informal activities Trading conditions have sharpened, especially for hawkers and spazas Increased competition has sometimes led to lower turnover and profits

But Morrison believes the informal sector is resilient "When politics and the economy come right, the informal sector in Natal will be poised for a massive take-off."

Bill allows those in informal sector to enter business

153A

Star 15/3/91

The Government was committed to a policy of deregulation aimed at ensuring ease of entry into the economy for all South Africans, **Deputy Minister of Trade and Industry Dr Theo Alant** said in Parliament yesterday

He was speaking as a joint sitting dealt with the second-reading debate on the Businesses Bill

The House of Representatives, which has now suspended its action of boycotting debates, was also present

The reason for the boycott was to put pressure on the Treasury for additional funds from Wednesday's Budget This action has resulted in 23 Bills waiting for voting

Consensus

Dr Alant said "Deregulation is not merely the repeal, or deletion of, existing measures It is a systematic and thorough analysis and review of existing provisions," he said, introducing the second reading of the Businesses Bill

There was international consensus that there could be no progress in the endless struggle to convert poverty to prosperity unless there was the maximum private sharing and participation and the minimum State intervention in the economy

"This requires the identification and elimination of unnecessary or excessive restrictions on entry into, and participation in, economic activity"

Controls, indispensable in the interest of order, the health and safety of the country's inhabitants and the protection of the environment, would always be important

"But control, which exceeds, or is more embracing than, that which is absolutely necessary impedes entry into the economy Cumbersome systems of control and often multiple controls inhibit development"

Deregulation could be viewed as a process of modernisation designed to ensure that necessary regulation would work cost-effectively and efficiently

"When deregulation helps to reduce the direct and indirect costs of government regulation, it makes a contribution towards economic progress," Dr Alant said

The four provincial licensing ordinances were being replaced and consolidated into a single Act by the Businesses Bill

"The fact that four systems are being replaced by one will in itself reduce costs"

Both people in business and consumers would benefit from the Bill, he added

It introduced a fundamental departure from the existing system of control over business activities, and the business community had fully supported it

The Bill standardised the procedures in the four provinces and reduced the number of businesses required to obtain a licence Licensing boards would be abolished

Dr Alant said "I emphasise the essential measures will be retained The Bill is therefore anything but a green light for disorder and licentiousness"

It confirmed the derestriction of business hours during the week and Saturdays Existing controls over business hours on Sundays remained

The chairman of the Ministers' Council in the House of Delgates, Dr J N Reddy, said the Businesses Bill made it possible for those in the informal sector to enter into business

He said the licensing laws had been created to deny certain sectors of society from competing in business

"The cost of licensing applications effectively barred any hope of the small man from entering into business"

The Bill would promote economic growth, provide employment and contribute to the reduction of inflation

Challenges

The Solidarity Party supported the Bill

Brian Goodall (DP Edenvale) said his party believed one of the greatest challenges facing South Africa was how to reduce the tremendous economic inequalities in the country without destroying its economic growth potential

He said he hoped political apartheid would not be replaced by economic apartheid

Until such time as blacks felt they also could enjoy the benefits of the market system, they would have no reason to support it

The DP supported the Bill

S P Barnard (CP Hercules) said it was not possible to have a healthy economy without laws The Bill was aimed at easing entry into the economy, he said — Sapa

SBDC plans big Cape expansion

CAPE TIMES 12/1/91

By PIETER COETZEE
Financial Editor

THE Western Cape branch of the Small Business Development Corporation (SBDC) has strong expansion plans for 1991, regional GM Wolfgang Thomas said yesterday

This includes expanding and strengthening the small industry hive network and related services, providing a range of small business support services in sub-areas of greater Cape Town and in the towns and villages in the region.

Thomas said: "Aside from expansion plans currently underway in the Paarl and Blackheath hives much of our attention during 1991 will go to the development of the newly acquired Philippi hive

"In addition, a wide range of possible hive structures are considered in smaller towns in the Western Cape (including places like Prieska, Ceres, Montagu, Wellington and Lwandle/Strand) and in metropolitan suburbs with insufficient industrial infrastructure (including Khayelitsha, Atlantis, Retreat and Blue Downs/Delft)"

Sub-regions

Thomas said to achieve this goal two sub-regions will be formed — False Bay and Tygerberg.

"Furthermore individual business advisors or small teams will assume responsibility for all the support and catalytic functions within clearly demarcated local areas in the sub-regions such as Khayelitsha, Mitchells Plain, Guguletu/Nyanga, Atlantis, Bellville and Stellenbosch

"At the same time, care will be taken to maintain sector specialisation skills in all the key industries of the regional small business scene including clothing, tourism, hi-tech industry, boat building, jewellery, retailing and catering."

Six countryside branch areas have been identified for business support — Namaqualand (Springbok), West Coast (Vredendal), Boland (Worcester), South West Cape (Caledon), Central Karoo (Beaufort West) and Lower Orange (Upington)

"In addition to the existing office and hive in Springbok a new, fully-fledged branch office is scheduled to open in Upington by mid-1991, existing hive activities in Beaufort West and Worcester are to be expanded, new hives are envisaged for Vredendal and Caledon, and the current practise of monthly information days is to be expanded to include all centres on a regular basis," Thomas said

He said the SBDC will also work towards attaining a new "balance" between informal and formal retail and service activities in the black townships

"Not only do we have to expand our support for spaza-shops, hawkers and other informal sector operators, but we may once again be called upon to play a catalytic role in the development of modern shopping centres inside middle class suburbs of black townships

Institutions

"The prime task will be to mobilise institutional investor funds and negotiate partnerships between black entrepreneurs and the national chains and franchise groups

"Several potential projects are under consideration and it is our hope that private as well as institutional investors will support this move," he said

"Given the relatively recent move of Africans into the Western Cape, training, business infrastructure, finance/accommodation and individual mentoring as well as networking needs are particularly urgent if growth, job creation and capital accumulation aspirations of black entrepreneurs are to be met

"In particular, we have to focus on non-exploitational partnership arrangements between big/small and white/black enterprises, with franchises, subcontracting relations and contract financing as some of the priority instruments," Thomas said

In the past year the regional loan portfolio grew from R83,7m to about R110m spread over 3 400 loan clients There was also an increase of 7% to 162 000m² in the total rental space to 760 small business tenants

SOWETAN BUSINESS

Small businesses get a boost from Britain

153A Sowetan 2/5/91

By ALI MPHAKI

THE British Minister for Small Firms, Mr Eric Forth, will address the first AGM of the newly-launched National Industrial Chamber (NIC) next month.

The meeting is scheduled for Jan Smuts Holiday Inn on June 19.

Forth will share ideas on how Britain nurtured small businesses over the last 10 years and will speak under the theme "Promoting Small Firms in Britain and their impact on unemployment".

Over the past decade, the British government, wherever possible in partnership with the private sector, has introduced a comprehensive range of support services for small firms.



Mr GABRIEL MOKGOKO

These include more than 400 local small business advisory agencies, a Freefone telephone advice service, deregulation units in most Government Departments, tax concessions for small businesses and campaigns to encourage sub-contracting of small businesses by local authorities, big business and Government.

Speakers

Another aim of the meeting is to put manufacturing on the map as it is usually assumed that black business is only associated with retailing and taxis.

Nafcoc's organising secretary, Mr Gabriel Mokgoko, will speak on manufacturing—and the problems encountered by small manufacturers in South Africa.

Other speakers include Nafcoc president Dr Sam Motsuenyane and Mr S Khuvhulu, a manufacturer from Gazankulu.

NIC is a successor body to the old Industrial Committee of Nafcoc



David Mulaudzi and Pat Magadze...challenge the odds and make an impact.

A new breed to challenge all odds . . .

By ALI MPHAKI

IT'S not easy to keep your head held high when you're poor, young and black But occasionally, there comes a breed of young, gifted, and black men, who believe nothing is hopeless and there's always a rabbit somewhere in the hat

This is a breed that challenges all odds and make an impact in society Such is the stuff that David Mulaudzi and Pat Magadze are made of

The two are joint directors and owners of a scrapyard in Meadowlands, a spares shop in White City and a up-market hair salon/beauty parlour in Tshiawelo.

On entering their plush salon, aptly called Padavee, acronyms of both men, one can instantly recognise that David had already become a part of Pat's life

How large and important a part, one could not estimate, but it was obvious this was no casual affair But the extent of their mutual confidence and respect was evident in the manner with which they answered questions during the interview.

From an association which dates back in 1985, when they met at a fashion show organised by Pat in Venda - at the time Pat had a clothing boutique near the Venda Sun - the two have never looked back

It was after Pat relinquished his clothing shop and moved to Johannesburg that the two opened a scrapyard in Meadowlands Zone 3 in 1986

"The money is here in Johannesburg, not in Venda," Pat said.

The next step for the duo was to open a motor spares parts shop, which was a natural move, considering that they already had a scrapyard

With the entrepreunerial bug causing havoc inside the two, they bought a hair salon franchise from Alex Hair

"Subsequently, we carried a survey and realised that we could still operate succesfully without being part of a franchise. This was the beginning of Padavee beauty parlour,"said David.

Both Pat and David altogether employ 28 people.

Their future plan is to open a fully-fledged gymnasium in Soweto

Book on new wave of black managers

CAPE TIMES 28/3/91

ERIC CHAROUX'S *Coaching and the Black Manager*, published by Juta and available from leading booksellers. Price R39,95

This book stresses that fundamental social and economic changes to our society are prerequisites to successful black advancement in business.

Charoux writes: "We are the witnesses of a unique phenomenon, one of unparalleled importance and significance in the history of South African leadership the advent of the black manager on the South African organisational scene"

South African organisations have reached a stage where they have no option but to accelerate the upward mobility of their black employees

The book graphically illustrates the "macro environment" in which business operates and details its impact on the organisation.

It paints a futuristic picture of the "new South Africa" from a corporate perspective It gives an updated overview of the current status of black advancement and proposes an invigorating strategy for its effective implementation

It takes an in-depth look into what it is like to be an "upwardly mobile black potential manager" by means of a detailed case study, spells out step-by-step the coaching process and provides the line manager with a method of coaching his or her potential manager

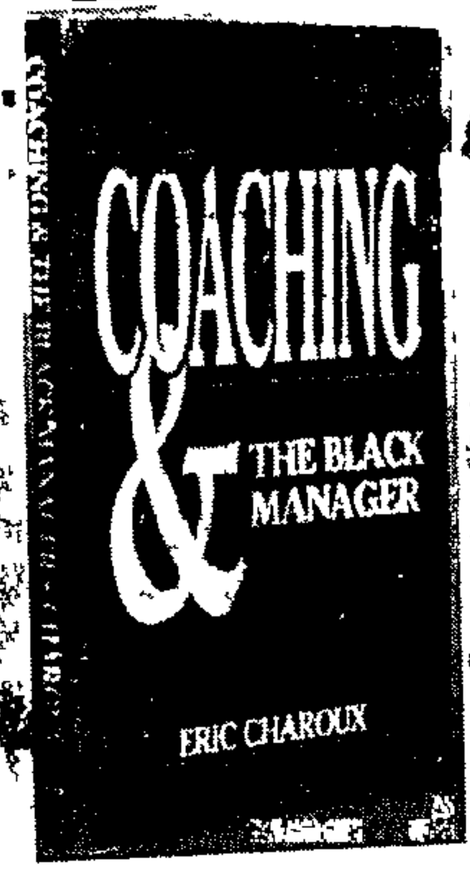
The book provides a list of selected readings which a newcomer to the field would have to digest in order to acquire expert knowledge.

Charoux writes: "Coaching has its place It must be part of a carefully defined and orchestrated strategy

"Managers have a fundamental role to play in managing the change process, thereby helping to create a new society. The so-called black advancement area will become increasingly of major importance — a strategic necessity to ensure the survival of companies in a new South Africa."

This is an important book for commerce, industry and the black manager, offering easily accessible, expert knowledge.

Dr Charoux is an author, a registered industrial psychologist and a consultant to national and multinational organisations in black advancement, assessment and career management. He has held senior positions in industry and has published papers on the identification of leadership potential, training and development.



Eric Charoux's book, "Coaching And The Black Manager", takes a close look at the training of black management.

Creating jobs

Star 15/6/91

GARNER THOMSON

153A

LONDON — Next week South Africa may be shown some innovative ways to solve unemployment — a growing and worrying problem for the country as it moves cautiously towards an uncertain future.

When UK Small Business Minister Eric Forth arrives on Monday for a five-day visit, he is expected to bring with him some encouraging statistics and a clear picture of the way to create jobs.

Worrying spectre

In Britain, as in South Africa, unemployment has become a persistent and worrying spectre in recent years.

In Britain it forced the Conservative Party government to devise a number of creative, and sometimes controversial, ways to slash the figures

Regular redefinition of what constituted unemployment was perhaps the one that caused the biggest fuss, the development of a flourishing programme to encourage small businesses has been one of its most adventurous and successful.

Some 96 percent of all businesses in Britain are small firms by definition, employing fewer than 20 people.

Between 1985 and 1987 small firms created more than 500 000 jobs, compared with larger firms which created just 20 000

"It is no exaggeration to say that small firms are the engine of our economy," says Secretary of State for Employment Michael Howard. "They are characterised by a remarkable flexibility and adaptability and it is significant that, despite the difficult trading conditions of the past year, the number of small firms has continued to grow"

The Department of Employment admits that the reasons for these changes are complex and the result of many interrelated developments. General economic growth, changes in economic structures, increased sub-contracting by larger firms and growth in services and technological developments have all been credited

But Government policies and action have played a significant part.

Weekly allowances

A key part of its strategy to date has been the work of the Training and Enterprise Councils and the Local Enterprise Companies in Scotland — launched by Mrs Thatcher in 1989 — which offer a range of training programmes and services.

Allied to these are the Government's Enterprise Allowance Scheme, which pays new small businessmen a weekly allowance during their early months of trading, a loan guarantee scheme to help people who would otherwise have difficulty in raising finance, and the Small Firms Service which handles inquiries

Speaking at a small firms conference in London last week, Mr Howard outlined further policy developments.

These included new strategies to help people start up, greater coherence in the advice and support groups for the small firms sector, improvement in the accessibility to finance for small firms wishing to expand, new ways that owner-managers can be supported, and a programme to help small businesses invest in people.

"Although this is a formidable challenge, we must accept this is a battle we must win," he said.

Small business is the beautiful

Govt votes R75-m for the SBDC

Star 13/6/91.

An amount of R75/million was being made available to the Small Business Development Corporation to enable it to continue and expand its important activities, it was announced in Parliament yesterday

But during the debate on the Supplementary Budget, **Dr Frans Jacobsz (NP Helderberg)** said the Government should give attention to long-term financing of the corporation The ability of the SBDC to grow depended on the amount of funding it received from the Government and the private sector

The Government was making its contribution, and he hoped that the private sector would continue to provide funds so that the SBDC could expand its activities

"The potential market it serves is far larger than it can meet with the finance it has available," Dr Jacobsz said

This was ascribable in large measure to the uncertainty in the SBDC over the availability of financing in the long term, a matter which should receive the attention of the Government

The more business undertakings that were created among less privileged people, the more rapidly would there be success in distributing wealth according to merit and raising the living standards of all —Sapa

Magomola to head venture

Stokvels to underpin new black bank

153A

BIDay 25/6/91.

A NEW bank, aimed at competing with major existing banks by drawing billions of rands from black businesses, trade and consumer organisations, is to be launched in August and is expected to open for business in October.

The bank is a joint venture by Wesbank and the Foundation of African Business and Consumer Services (Fabcos) It will be headed by Gaby Magomola, former African Bank CE and current chairman of Fabcos Marketing

The Fabcos link opens huge potential business for the bank — from taxi associations to taverners and savings organisations

The 24 000 stokvels affiliated to the National Stokvels Association — a Fabcos affiliate — are expected to channel their R7bn funds through the new bank

The stokvels association is one of 14 black trade and consumer organisations affiliated to Fabcos. All are likely to support the new venture

It is understood the bank's corporate offices will be at Bank City, First National Bank's new headquarters under construction in Johannesburg. Wesbank is a wholly owned subsidiary of FNB

Branches of the new bank will be set up in major centres throughout SA, a move which could sideline the African Bank which has failed to make any impact in its natural market, the townships

The new bank will also be a formidable opponent for national banks operating in

THAMI MAZWAI

the black community

Magomola was cagey about the venture when he was approached for comment last night

"We have reached an advanced stage of a project started over a year ago We are not yet in a position to make any disclosures," he said

Wesbank spokesman Neville Watchurst said yesterday that nothing had been finalised, and refused further comment Fabcos media manager Fanyana Shiburi said only Magomola could comment on the issue and he was not available

It is understood, however, that Magomola and two Wesbank officials, Ronnie Watson and Watchurst, have worked on the project for 14 months

Sources say the bank's operations will aim at using stokvel money and black savings to stimulate entrepreneurship in the townships The Fabcos affiliates with a membership of 1,3-million will be the core of the bank's client base, while the stokvels provide the cash to make these loans

Its main and guaranteed business will be the funding of blacks to buy minibus taxis. The SA Black Taxi Association is Fabcos's main affiliate, and is solidly behind the establishment of the bank.

Other Fabcos affiliates include the African Builders' Association, the SA Taverners' Association (shebeens), the Foundation of African Informal Business Sector, the

☐ To Page 2

Red tape still blocking small business ventures

Star 153A 21/6/91

Finance Staff

Although racial laws were disappearing, a "rat's nest" of red tape still existed which created barriers for people starting businesses, president of the National Industrial Chamber (NIC), Johannes Mogodi said in Johannesburg yesterday

Mr Mogodi was addressing members of the Nafcoc-aligned NIC on small manufacturing, at the chamber's first national conference.

He said his organisation had for many years fought for the elimination of licensing requirements which hindered many people from starting businesses

"About two weeks ago, a new act was passed in Parliament eliminating the requirements for most licenses (from) next year", he said

There were also many kind of subsidies and protections enjoyed by big manufactures which were not available to small manufacturers

Another of the chamber's campaigns was to get entrepreneurship taught in schools, colleges and universities.

Such education, he said, would help school leavers start their own businesses

Nafcoc's president, Sam Motsuenyane, told delegates that small manufacturers had an important role to play in creating employment

There were many opportunities for export for black businessmen especially in Africa, he said

"Our destiny is in our hands Crying about the oppressive sytem and not doing anything about it will not help us

"I hope that if the country does attain freedom, it will find itself in free enterprise", Dr Motsuenyane said

New bank to target on black business

~~58~~CT 25/6/91
~~50~~ 153A

Own Correspondent

JOHANNESBURG. — A new bank, aimed at competing with major existing banks by drawing billions of rands from black businesses, trade and consumer organisations, is to be launched in August and is expected to open for business in October

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The Fabcos link opens up great potential business for the bank — from taxi associations to taverners and savings organisations

The 24 000 stokvels affiliated to the National Stokvels' Association — a Fabcos affiliate — are expected to channel their R7 billion funds through the new bank.

The stokvels association is one of 14 black trade and consumer organisations affiliated to Fabcos All are likely to support the new venture

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Branches of the new bank will be set up in major centres throughout South Africa, a move which could sideline the African Bank which has failed to make any impact in its natural market, the townships

The new bank will also be a formidable opponent for national banks operating in the black community

Wesbank spokesman Mr Neville Watchurst said yesterday that nothing had been finalised, and refused further comment. Fabcos media manager Mr Fanyana Shiburi said only Mr Magomola could comment on the issue and he was not available

It is understood, however, that Mr Magomola and two Wesbank officials, Mr Ronnie Watson and Mr Watchurst, have worked on the project for 14 months.

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Its main and guaranteed business will be the funding of blacks to buy minibus taxis. The SA Black Taxi Association is Fabcos's main affiliate and is solidly behind the establishment of the bank.

Banking could go back to grassroots

By Jabulani Sikhakhane

Informal financial structures such as stokvels, credit unions and the co-operative banks could in the future be accommodated under the new Co-operative Banking Act, which the Department of Bank Supervision proposes should be based on the principles of the Mutual and Building Societies Act of 1965

Dr Nico Marais of the Office of Deposit-Taking Institutions confirmed yesterday that the idea of replacing the Mutual and Building Societies Act was being considered

He said the idea was not to stifle informal financial institutions, but to develop banking from the grassroots

The concept being explored was one of self-regulation, whereby associations would lay down guidelines for members

Information on the number of stokvels, average membership and size of contribution from each member would, for instance, be collated.

Dr Marais said informal structures could be the solution to financing the informal business sector.

He cited the Grameen Bank of Bangladesh as one example of an informal financial arrangement, which had developed into a bank for rural people

A study by Markinor found that about R52 million changed hands within stokvel groups in the major metropolitan areas

It also found that about 680 000 black adults — one quarter of the black metropolitan population — were members of stokvels

The use of informal financial arrangements to finance business was one of the suggestions in the World Bank's Development Report 1989.

The report suggested that informal financial arrangements should be upgraded and linked to formal institutions

The report said formal financial institutions were often not well suited to the needs of the informal sector

SBDC hands out more merit certificates

(153A) **WEEKEND ARGUS SMALL BUSINESS INDABA** (3B)

ARGUS 13/7/91

IN a second major "graduation" ceremony of its kind to be held in the Western Cape, the Small Business Development Corporation (SBDC) has just awarded certificates of merit to 55 aspirant small business entrepreneurs

The certificates indicate that these winners have demonstrated the potential to fulfill their desires of successfully taking on the often daunting challenge of going independent and becoming self-employed.

They declare that the holders have successfully completed a training course on "How to Start Your Own Business", run by the SBDC Since its introduction two years ago, the course has attracted an increasing number of candidates from all walks, and with a variety of skills and disciplines More than 370 individuals have in fact been certificated in that time

The common element among all participants generally is that overwhelming desire to move out from the cacooned and relatively safe environment that often accompanies the lot of the wage or salary earner — whose lives are dictated by the decisions taken by others.

In some instances, there have been candidates who — perhaps facing retrenchment — have to seek alternative ways of making a living imposed by the failure of their employers' inability to adequately counter the contractions taking place within the economy.

Students who came top of their courses included:

☐ **Jean Pierre Rossouw:** A civil engineer with three years experience He came on the course after deciding to use his interest in amateur photography to start up a supplementary career making videos for small businesses He reckons the programme gave him an insight into how to calculate the potential of his proposed new business, carry out a realistic market projection, and create a business plan Since going on the course he has started Videotique Productions and, as sole proprietor, is building a living from premises in the City Bowl

☐ **Chris Harris:** A chartered accountant, who once ran his own accountancy practice, set up a dealership, Infinity Business Systems, selling computer hardware and software business systems He took the course to learn a bit more about running a business. His partner and brother believes he has introduced new elements that have improved the efficiency of the operation, and plans are now in the pipeline to expand

☐ **Lita Futeran:** Started preparing for her career at Stellenbosch University, dropped out and went to secretarial college. Her jobs ranged from receptionist to personnel recruitment She decided to set up on her own providing a bookkeeping service to small businesses. The took the SBDC course not knowing quite how to get started After completing the programme she set up shop in Sea Point working from home After three months in business she has employed two other people and believes the business is already reaching a point a position of "going into the black".

☐ Cindy Pearce. Personal Assistant in her mid-20s, who took the SBDC course after deciding she couldn't see herself working for someone else in a mundane job for the rest of her life. She recognised she had some organisational ability, and got excited about weddings and functions A perfunctory market survey revealed there was demand for someone to organise weddings, from booking a venue through to catering. The SBDC course indicated her ideas were potentially viable, she has since opened up a part-time business World of Weddings, which extends to arranging functions for companies and others requiring her particular organisational services

For further information concerning the SBDC course programme contact Rosebelle Riese at (021) 462 1910

SOWETAN BUSINESS 1991

SOWETAN B

Move to assist informal sector

New bank may be launched

Sowetan 27/6/91. 1539

A STRONG institution with a financial base estimated at R2-billion aimed to assist the rapidly growing black informal sector is to be launched in South Africa, possibly in August this year.

By JOSHUA RABOROKO

The bank - believed to be financed by local and foreign investors - is a joint undertaking by the Foundation of African Business and Consumer Services (Fabcos) and the West Bank

It is believed that the new bank will be an important milestone in the history of Fabcos which is a major re-alignment of economic sources taking place in South Africa, that will profoundly affect the course of events in this entire region.

No official confirmation has been received from the Fabcos and Westbank ranks on the issue, but sources have said that the planned move will probably take place in August, with implementation in October after the Sabta - an affiliate of Fabcos - conference in September.

Westbank Managing Director Mr Neville Watchurst yesterday said that they held discussions with Fabcos on the issue in the past, but was not prepared to comment at this stage because the matter was still under consideration

Tipped

He would neither confirm nor deny that the "intended bank" would start operating this year

"If there is anything about the bank, we will call the Press to announce it," he said

Fabcos marketing chairman Mr Gaby Magomola, who is tipped to head the new financial institution, was not available for comment, nor was any official of the organisation available to cast light on the move

However, it is a well-known fact that Fabcos has been planning to establish its own bank that will rival the African Bank, previously headed by Magomola

The African Bank is a brainchild of Nafcoc

Nafcoc's executive director Mr Mofasi Lekota said that he did not see the new bank as a problem because it would serve as competition.

He did not believe there was any rivalry between Nafcoc and Fabcos, he said, adding, "in fact we have held talks on many major issues with them"

Agents

"We will continue this discussions in pursuance with what is in our agenda to develop our economic development," he said

The manager of the Bank Supervision Department of the Reserve Bank, Advocate Johan de Jager, said that three applications from agents, including one Future Bank Limited, were still to be approved within three weeks.

It was procedural that the Reserve Bank would normally not divulge the name of the applicant before authorisation

He would not say whether Fabcos was one of the applicants.

It was difficult to ascertain whether the applicants were black or not, he added

In order to understand the significance of the task facing Fabcos, it is necessary to show how the balance of economic power in South Africa is shifting steadily and irrevocably towards blacks

Success

The key to Fabcos success, however, is unity Without it, the black businessman and consumer will continue to struggle alone in disparate groups against the historical corporate interests of neo-colonial wealth and self-interest

Central Statistics reports show that between 1973 and 1999, the income of blacks grew from 20 percent as opposed to 15 percent for whites

Between 1986 and 2000 earnings growth is projected to average 50 percent for blacks as against 10 percent for whites

It is estimated that by the year 2000, blacks will constitute 84,1 percent of the economically active population, and 10 years later, will hold some 80 percent of the disposable income.

Case for appropriate rules

B/Day 17/9/91. 153A

KEITH FOSTER and GWYNNE MAIN

IT WAS gratifying to see Eric Louw take a shotgun to the enemies of entrepreneurship ("Mollycoddling will not breed entrepreneurs", Business Day, September 12), but he hit one of his own men in the process

Louw implies that the drive for appropriate regulation goes hand in hand with subsidised loans, he also links it to negative economic policies like import substitution, protection and subsidisation

The fact is that appropriate regulation has nothing in common with these discredited policies, and rather promotes all the desirable factors he discusses. Most of the parties who have been arguing in favour of appropriate regulation in SA have also argued against such false "incentives".

To evaluate SA entrepreneurs' performance, Louw draws comparisons with successful provinces in northern Italy It may be true that Italy has a "chaotic bureaucracy" and is fairly heavily regulated But a closer examination would reveal that Italians have effectively deregulated themselves by ignoring the rules For example, Milan, which is the fashion world's leading producer of leather goods, especially shoes, has only one officially registered shoe factory.

The complete absence of regulation is as undesirable as excessive regulation The goal is appropriate regulation — a level of regulation which maintains standards where necessary, provides protection against sharp practice, and lubricates the relationships in business.

But the Italian example does illustrate the need to re-examine obsolete regulatory frameworks. When legitimate businessmen in great numbers resort to civil disobedience (and we have plenty of this in SA) they are showing us that the regulations are inappropriate

Italy is a sophisticated, educated, relatively wealthy country with a developed commercial infrastructure more or less equally accessible to all in a homogenous population. Black SA entrepreneurs, by contrast, are emerging from three centuries of deliberate undereducation, artificially imposed poverty and unfair obstacles in business

Yet, in asking for appropriate regulation, they are not asking for privileges or compensation, they only want equality of opportunity and the removal of bureaucratic obstacles which mostly have their origin in an ideology which no longer applies

This will have positive effects for the economy as a whole. Appropriate regulation means that an inefficiency in the economic system is eliminated, state expenses are reduced and resources previously tied up in non-productive and counterproductive policing become available to be employed usefully

Louw says "it is a tough, competitive world out there. Firms in the more successful countries have spent the past few decades sharpening their claws " Once again, he is unwittingly making a strong case in favour of appropriate regulation, because this stimulates the competition he recommends for SA.

Much of the existing regulation inhibits the establishment of a new small enterprise, and in so doing, protects established businesses from competition

If our small enterprises were relieved of all the inappropriate regulation that strangles them, the very wolves Louw calls upon to shake up the sheep of the existing business community would emerge from their ranks

Finally let us address the successful specialisation and global marketing he refers to. We are a little vague on the Danish furniture industry, but certainly the example of Silicon Valley supports our case The personal computer boom began with one person, Stephen Jobs, who dropped out of college when his garage business, Apple Computers, started to succeed Apple, as well as the rapidly emerging software companies, had the advantage that their industry was developing faster than anyone could hope to regulate. It is the classic example of the potential of individual entrepreneurship and small enterprise

In Hernando de Soto's book The Other Path, which has become a widely used "bible" on Third World development, there is a photograph which perfectly captures the essence of what the drive for appropriate regulation is all about. It shows a group of research students holding up a printout of the procedures to set up a small industry in Peru The printout is 30m long.

We have plenty of local examples. before deregulation started in SA, Nafcoc showed that a black businessman had to go through more than 40 processes before he could start a retail business. Bureaucratic absurdities like this have no useful purpose They are the product of regimes which generated regulation in huge volume to give themselves a purpose, to defend ideological principles, or to create advantages for those in or allied with power

The removal of these costly, unproductive restrictions is not "molly coddling", it is simply bulldozing the rubble of previous structures before starting afresh.

☐ The authors are chairman and coordinator of the Sunnyside Group, a coalition of 50 agencies actively lobbying for the introduction of appropriate regulation for small enterprise.

LETTERS

Goliath loves David

(153A) Sowetan 20/9/91

The closeness of links between corporate giants and budding mini-business ventures has played a major role behind the economic miracles of countries in the Far East South Africa is being urged to follow the pattern, reports MICHAEL CHESTER.

ONE phenomenon common to the economic miracles of several Far East nations has been the close interdependence between the giant corporations and the thousands of mini-business operations that have been spawned

Dr Ben Vosloo, managing director of the Small Business Development Corporation, found one of the most spectacular examples inside the Sony electronics empire in Japan

He discovered that the Sony production lines relied for the supply of no less than 70 or 75 percent of all components on scores of outside mini-factories, which handled orders on a sub-contract basis

Combat

Rather than engage in competitive combat the Davids and Goliaths were pooling their particular roles and talents to develop new products that regularly take world markets by storm

'They have discovered that brain power and the best production methods are not the exclusive preserve of industrial giants, says Vosloo

"Small informal and semi-formal businesses have a lot to contribute as well '

The joint approach to production exercises was similar at most if not all of the big corporations in Japan The pattern has now been copied with success by neighbours who form a growing list of economic tigers emerging around the Pacific rim - from Singapore and Taiwan to Hong Kong and South Korea

Secrets

"Every time one delves into the secrets of success, says Vosloo, "the identical pattern is found a central business core, packed with research and marketing know-how, surrounded by scores of small companies that act as supplier satellites

"It's significant that virtually all the Western industrial nations from the United States and Canada across to Britain and Germany are now following pattern •



Industrial giants and small businesses are working together

"The formula, of course, is ideally suited to South Africa now that bureaucratic red tape is being removed to release the full potential of the latent talents of a new generation of small entrepreneurs "

The first impetus has been provided by the SBDC with the creation of a special unit at its Pennyville industrial hive, between Johannesburg and Soweto, to concentrate on developing closer links between big and small business and more sub-contract work

The order books are already fattening as the corporate giants learn the value of the budding entrepreneur, especially an increasing number of black small businessmen struggling to find a toe-hold in the economic mainstream

SBDC central region chief Mr Jo Schwenke can immediately name such business titans as the Anglo American Corporation, Barlow Rand, Anglovaal, Iscor, Eskom Gencor, JCI and Anglovaal among the new customers coming to small business operators with sub-contract orders

"The concept is spreading with enormous speed, he says

"On recent counts the value of sub-contract orders has already climbed as high as R36 million - and it seems the sky is the limit

"Our projections show the total could soar into hundreds of millions of Rands inside the next few years There is even talk of hitting a R1 billion jackpot by the mid 1990s "

Schwenke says the list of subcontracts already stretches from overalls and maintenance services to engineering components and transport networks

Exchanges are so brisk that the SBDC now produces special publications such as its own *Contactmaker* and *Business Link up Directory* to encourage more contact between big and small business

The potential of sub contract work has been selected as one of the main themes of the Small Business Week that starts on September 30 with a nationwide programme of events to highlight the role of the informal and semi formal sector

Experts from both the Anglo American and De Beers conglomerates who have formed their own small business initiative unit will be joining SBDC executives to run special workshops in Johannesburg to examine ways of cultivating many more small/big business links

The first workshop will be held at the SBDC City Hive on October 1 and a second will be run at Pennyville on October 3

business links

Big and small are now looking for

Star 19/9/91

The closeness of links between corporate giants and budding mini-business ventures has played a major role in the economic miracles of countries in the Far East. South Africa is being urged to follow the pattern reports MICHAEL CHESTER.

ONE phenomenon that has always struck South African researchers as common to the economic miracles of several Far East nations in recent years has been the close interdependence between the giant corporations and the thousands of mini-business operations that have been spawned

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He discovered that the Sony production lines relied on the supply of no less than 70 to 75 percent of all components from scores of outside mini-factories handed orders on a sub-contract basis

Rather than engage in competitive combat, the Davids and Goliaths were pooling their particular roles and talents to develop new products that regularly take world markets by storm

"They have discovered that brain-power and the best production methods are not the exclusive preserve of industrial giants," says Dr Vosloo "Small informal and semi-formal businesses have a lot to contribute as well"

The joint approach to production exercises was similar at most, if not all, of the big corporations in Japan The pattern has now been copied with success by neighbours, who form a growing list of economic tigers emerging around the Pacific rim — from Singapore and Taiwan to Hong Kong and South Korea

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Mr Schwenke says the list of sub-contracts already stretches from overalls and maintenance services, to engineering components and transport networks

Exchanges are so brisk that the SBDC now produces special publications such as its own "Contact-maker" and "Business Link-up Directory" to encourage more contact between big and small business

The potential of sub-contract work has been selected as one of the main themes of the Small Business Week that starts on September 30 with a nationwide programme of events to highlight the role of the informal and semi-formal sector

Experts from both the Anglo American and De Beers conglomerates, who have formed their own small business initiative unit, will be joining SBDC executives to run special workshops in Johannesburg to examine ways of cultivating many more small/big business links

The first workshop will be held at the SBDC City Hive on October 1, and a second at Pennyville on October 3 □

The Star

Vat threatens jobs in small businesses

153A

Business Times 22/9/91

Business Times Reporter

VAT in its present form will cost thousands of jobs in small businesses

This is the view of the National Industrial Chamber (NIC), which represents emerging small manufacturers and service businesses

It has joined the Cosatu-initiated Co-ordinating Committee on Vat to bring the effects of Vat on small business to the Cabinet's attention

NIC executive member Ian Hetherington says "A cost-benefit study in the UK showed that proportionally, it cost small businesses up to 30 times more than larger enterprise to comply with Vat No similar study has been done here"

Complex

Mr Hetherington lists the main disadvantages of Vat

- The Act is complex and difficult to understand
- Penalties for non-compliance are draconian and could close some businesses
- The threshold level for Vat registation is too low Small enterprise have to register if their sales exceed R3 000 a week Many hawkers, spaza owners, builders, taverners and backyard manufacturers will be hurt
- Corporate customers cannot reclaim Vat on supplies from non-registered entrepreneurs although these businesses pay Vat on inputs

Several corporations say they will deal only with registered vendors This is a blow to the sub-contracting bridge being built between big and small business

- The UK cost-benefit study showed it could cost the Government up to 90p in the pound to collect Vat from small businesses No estimates have been disclosed for SA

Mr Hetherington proposes these solutions

- Raise the annual turnover threshold for Vat registration from R150 000 to R500 000 a year
- Compensate small business for compliance costs by a monthly cash rebate against verifiable claims on a sliding scale for owner-managed businesses only so that it falls away altogether for those with taxable supplies of more than R5-million,
- Soften penalties for non-compliance

He also proposes that goods and services bought by Vat-registered businesses from non-registered small ones (which do not levy Vat) should be deemed Vat rebatable by the Receiver of Revenue

'Mentor' plan for small businesses

1538
CT 26/9/91

By MAGGIE ROWLEY
Deputy Business Editor

A MENTOR programme to train consultants to meet the needs of the small business sector in the Western Cape has been launched by the Triple Trust Organisation

Mowbray-based TTO, a non-profit organisation formed in 1988 to focus on job creation in the informal sector, providing skills training, mini loans and the marketing of goods produced by trainees under its guidance, has so far trained 86 consultants and aims to increase this to 200 within the next eight months

TTO's Margaret Malloys said they aimed to recruit volunteer community business consultants who would meet on a one-to-one basis with community businesses.

"Consultants help evaluate the business and assist self-employed people — mostly those who had passed through other TTO courses — to identify problem areas and possible solutions."

To date about 24 companies and organisations have sent representatives on the Community Enterprises Service (CES) courses

"CES provides companies with an ideal vehicle to fulfil their social responsibility programmes

"Rather than giving charity handouts, companies can make a very real contribution to bridging the great divide between the formal and informal sector by allowing employees to do the course and follow up consultations with clients during office hours and thereby help to create employment."

Malloys said the only qualifying criteria for participation was a privileged background — both educationally and environmentally — and a desire to share this privilege

"We are not just looking for those with specific skills Very often much of the information required by clients is practical advice and ideas Having a privileged background gives a person access to information people in less privileged circumstances have not had — including simple things such as how to use the Yellow Pages or have electricity installed"

The orientation course for consultants takes between 12 and 16 hours over three days Consultants are then expected to visit clients every two weeks for three to six months

The training programme includes an introduction to Xhosa, basic accounting, interviewing skills and discussions on bridging different cultures and backgrounds

After hours courses will be arranged if necessary

Unemployment

Virginia Ogilvie Thompson, executive director of Southern Foundation which is sponsoring the TTO's initial CES courses, said unemployment levels in the Western Cape were estimated to be about 40% and the formal economy was unable to accommodate these people

"With the large influx of unskilled labour from neighbouring areas and the expected return of exiles, there is a great need for job creation and skills training in the informal sector

"However job creation alone is not enough and the business community needs to empower these unemployed and unskilled people," she said

The next course is to be held on October 7 to 9

● Malloys appealed to the textile industry to donate waste materials and offcuts to the organisation which could then be passed on to train-

Irresponsible estimates by State — free market leader

AEG 4/10/91

(163A)

MICHAEL MORRIS
Political Correspondent

GOVERNMENT statisticians have been accused of "irresponsibly" underestimating the size of South Africa's informal sector, causing "massive inaccuracies" in economic planning

In a sharp criticism, author and political analyst Mr Leon Louw said the Central Statistical Services' assessment that the informal sector amounted to no less than eight percent of the economy was helping to "perpetuate a myth" and was undermining economic planning

"This is irresponsible. The underestimation of the informal sector has harmful policy consequences," Mr Louw, director of the Free Market Foundation, said last night

His research had shown that the informal sector amounted to between 15 and 25 percent of the economy

Mr Louw was speaking after giving an address on black empowerment at the inauguration of a regional council of the Free Market Foundation.

He cited the rapid growth and vitality of the informal sector as an example of the high degree of self-stimulated empowerment in the black community

Research indicated that economic empowerment was a natural product of a free market and the best contribution a government could make was to cease intervening

Mr Louw said the CSS figure created the impression that a "sophisticated statistical analysis" had been used to establish the extent of the informal sector.

However, the CSS research was deficient because of:

- The exclusion of the multimillion rand informal money-lending industry — including burial societies and stokvels;
- The fact that it took account of informal activity only in the townships and excluded widely divergent and successful activities in the rural areas, in white areas and activities such as fleamarkets and hawking in cities,
- The fact that it did not take account of the lie factor when much of the research involved illegal or irregular economic activity; and
- The exclusion of the extensive rental and boarding sector.

Mr Louw said one of the consequences of the underestimate was a dismissive attitude in government circles to the need for further deregulation in the informal sector

"When we lobby them they say: 'Why bother — the sector's negligible' However, they would be much more inclined to scrap unnecessary regulations if they were aware of the importance of this sector," Mr Louw said.

Another speaker, US businesswoman Dr Ophelia Jatta — an aide on President George Bush's campaign and White House transition team — urged South Africans to "stop feeling sorry for ourselves and making excuses for being unsuccessful".

South Africa had a rich potential for economic development It was up to South Africans to grasp whatever opportunities arose to prosper.

"Let's stop being a nobody and get out there and make as much money as we can."

SBDC panned for neglecting blacks

South 3/10-8/10/91. (153A) (Business)

IS the Small Business Development Corporation doing enough to assist black entrepreneurs?

Definitely not, said many of the delegates to the Small Business Week conference held at Sun City this week.

At the three-day conference, which had the theme of "Unlocking Hidden Opportunities", the SBDC was criticised for having "unlocked" business opportunities for mainly white entrepreneurs.

Black entrepreneurs said the SBDC had not provided the same scope for black businesses.

Said SOUTH business manager, Mr Hilton Veldsman: "What was particularly telling about the criticism was the fact that about 70 percent of the conference delegates were black."

The attack on the SBDC came immediately after its managing director, Dr Ben Vosloo, had spoken about the development strategy for small and medium business enterprises.

Said Veldsman "Management consultant Eric Mafuna criticised the SBDC for giving loans to black entrepreneurs and then letting go of their hands immediately they are out of the starting blocks."

He said development agencies also came under fire for not properly tracking the performance of black entrepreneurs.

"It was also raised that when black businesses failed it merely confirmed the perception among certain agencies that they were a high-risk group," said Veldsman.

'Management consultant Eric Mafuna criticised the SBDC for giving loans to black entrepreneurs and then letting go of their hands immediately they are out of the starting blocks'

"The thrust of the argument was that the SBDC was not doing enough to develop strategies to assist black businesses," he said.

About 60 percent of assistance provided by the SBDC goes to white entrepreneurs and black businesses are generally considered by the SBDC to be a high risk, said Veldsman.

In his address Mr Eugene Nyati of the Centre for African Studies said one of the fundamental flaws to current development of enterprise in South Africa was the inadequately thought-out structural support to small business, particularly those in the public sector.

"Partly because of its unstructured nature, but also because of institutional prejudice, financial lending to the informal sector remains constrained," said Nyati.

"Most of the development agencies are apartheid artifacts that have failed to adjust to the changing times and remain frozen in terms of their focus."

He said while some development agencies could be restructured or modernised, many more may need to be scrapped.

Nyati called for the appointment of an independent body to review the relevance and desirability of the many development agencies that exist in South Africa.

Growth prospects unlimited

S/Times (Bus) 6/10/91. (153A)

THE hawking and vending community is the very baseline of the South African economy — the backbone of what is loosely termed the "informal" sector

It is represented by Achib (African Coüncil of Hawkers and Informal Business) No one knows with any certainty how many of these street vendors there are. But, according to Achib president Lawrence Mavundla there are probably around 850 000 across the country

If each of these in turn employs an average of one to three people in the enterprise the number of people working in hawking alone is between 2,5 and three million — compared to about 1,4 million in the manufacturing sector, for example

There are far more people employed in the informal business sector than in any other facet of the economy yet they do not have a government minister to represent their interests in Parliament, Mr Mavundla points out.

provide access to finance.

Achib is negotiating with the Development Bank of Southern Africa and other banking institutions about the difficulties of access to finance and fundamental banking facilities The majority of hawkers, says Mr Mavundla, still keep their money stuffed under mattresses or hidden in cupboards

Training and the lack of infrastructure is also a major problem Perhaps only two percent of all hawkers have ever attended training courses, he says

He argues "If one opens these avenues, the prospects for growth in the informal sector are unstoppable About 30 000 of today's black retailers all started out as hawkers This is a clear indication that, given a chance, hawkers can become a force to be reckoned with.

"Once we have access to funding and training, and restrictive laws go, then we will have the resources needed to redirect these informal businesses and encourage others to get involved in wealth creation"

Mr Mavundla says there are still local authorities, especially in CP-controlled cities, which are practising and imposing restrictions and applying outdated Group Areas laws There are also problems in the homelands — Bophuthatswana for one — where, Mr Mavundla alleges, restrictions are still being imposed and hawkers prosecuted

Hawkers have also been directly hit by the current recession Mr Mavundla believes that up to 50 000 "mine hawkers" have been put out of business as a result of retrenchments on the mines

Mr Mavundla believes the government should put money into the further training of existing informal businessmen who have an infrastructure in place and so realistically create jobs

Exposed

Achib recently established the first black-owned wholesale outlet in Sebokeng and has followed up with four more — at Reitz near Bethlehem, Qwaqwa, Kroonstad and Secunda.

This is significant, says Mr Mavundla, because blacks have not previously been exposed to ownership — they have only been workers and customers It also gives them a tangible reason for seeing that the new South Africa's economic structure is not destroyed.

Mr Mavundla is the author of a book just published called *Freedom to be Enterprising* which catalogues the history and the struggles of South Africa's hawker community

"Mr Mavundla says the growth of the informal sector was traditionally inhibited by the large number of legal restrictions Now restrictive laws are being addressed through deregulation but he believes financial institutions are still doing too little to

VAT will be 'nightmare' for some

JOB CREATION managing director Ian Hetherington believes the introduction of Value Added Tax (VAT) will be "a nightmare for the disadvantaged and the small"

"We are introducing an extremely pure form of VAT which has not been tried anywhere else in the developing world The basic problem is the compliance costs for the small people They would have to keep, for them, relatively sophisticated records

"This will involve them in hiring at least part-time bookkeeping help, purchasing books and filing cabinets and finding storage space to keep all VAT records for five years It is unlikely to cost less than R5 000 a year

"VAT is going to split the economy permanently into two — with very little interface between the two The small and legally unregistered, and the large who want tax invoices or a price that is 10 percent lower than the VAT inclusive price" The SBDC's central region chief, Jo Schwenke, said that as the cut-off for VAT registration was R150 000, it was highly unlikely that a business not doing a turnover of R12 000 a month would be in a position to satisfy big business in any case.

"However, if there were a case where a small business wasn't going to get the contract solely because he wasn't registered for VAT purposes, we would intervene somehow by registering a special marketing company for that purpose by negotiating with big business, or ensuring that the three conditions for registration are fulfilled

"We believe that even the smaller business, that is one with a turnover below R150 000 which is involved in sub-contracting, should register — and can register with our aid"

Bringing the Japanese miracle to SA

INTERACTION between giant corporations and many thousands of small businesses has been part of the driving force behind the economic miracle that is Japan

Instead of engaging in fierce and futile competition, big and small businesses in Japan — with other Far Eastern countries taking the cue — have pooled their particular talents and resources to mutual advantage In the process, they have often scooped rival competitors by successfully exploiting gaps in the world market

In a bid to develop business interaction between group companies and smaller businesses on the lines of the Japanese model, Anglo American and De Beers' Small Business Initiative was set up as a joint venture in January 1989

The SBI, as the initiative is known, has three aspects to it, says Philip Baum, divisional manager in the chairman's office at Anglo American

"The first is contracting, whereby smaller businesses supply a wide range of products and services to the group Then there is Litet, an investment company owned jointly by Anglo and De Beers, which takes minority equity stakes in emerging businesses and provides them with financial and managerial assistance

"Thirdly, there is an advice and assistance programme in which smaller businesses interacting with group companies are mentored and assisted

"Group employees are encouraged to share their expertise with smaller businesses in an effort to bridge the country's skills shortage This is done by identifying potential business opportunities, assisting with feasibility studies, helping with production techniques and costing and bookkeeping"

Mr Baum says that currently well over 100 small businesses are involved in doing business with Anglo and De Beers through the SBI In 1990 alone, the total value of contracts placed amounted to R22-million

Mr Baum says "Of course there were problems in establishing the programme However, once commercial advantages had been noted, they often initiated their own schemes"

...FOR THE SERIOUS INVESTOR

MENT DECISION SUPPORT SYSTEM

NEWS FOCUS

Informal sector is the key to job creation — Sacob

B | Pay 24/10/91

SHARON WOOD

DEVELOPMENT of the informal sector was the key to job creation, new SA Chamber of Business (Sacob) president Hennie Viljoen said in an interview yesterday

While trade prospects for the country in the year ahead were exciting, Sacob was concerned about the unemployment situation.

"Sacob is concerned at how we can, through our initiative and support, ensure new opportunities for job creation," Viljoen said

"We have to think about the wonderful opportunities which are creating jobs in the informal sector"

Sacob would like to help members start expanding into those areas where there were opportunities.

"It is important to develop the existing business structure in SA. The process can now get off the ground because for so long there wasn't business confidence and that is what counts," Viljoen said.



● VILJOEN

Prospects for an export-led recovery were brighter and SA was definitely going to witness an economic upsurge in the first quarter next year.

"Sanctions are yesterday's problems and we now have to ensure that we are up and going," he said

The green light given by Japan when it lifted sanctions was the most positive thing that had happened to SA recently

Over the last six months 59 trade missions visited Sacob offices and people had indicated that they were not interested in viewing SA in isolation

"They see SA as a key player and a gateway to southern Africa," Viljoen said

People were inclined to underestimate the buying power of Africa, but there could be so many trading opportunities which weren't there when sanctions were in place.

"SA will have to ensure insure its industrial strategy is in place SA technology and productivity must be of such a high standard that it can be competitive in world markets," he said

Sacob would be critical of both the government and the ANC if they did not recognise the important role of business.

Viljoen took over from John Hall of Barlow Rand as Sacob president at the chamber's annual convention last week.

He is a director of National Beverages Services, the company that succeeded the Coca-Cola Export Corporation. He was president of the Witwatersrand Chamber of Commerce and Industry and the Transvaal Chamber of Industries

FOR THOSE

Banks strict lenders for sake of clients

IN seeking loans to set themselves up in business, potential entrepreneurs often complain that they are confronted with a seemingly unsurmountable wall of bureaucracy

But what are the criteria which banks and other financial institutions consider in screening credit requests from applicants with little or no financial track record?

Rod Cusens, senior manager of First National Bank's Small Business Unit says: "We look closely at the viability of any proposed venture, in addition to the collateral and security required in terms of normal banking criteria

"We also look at the contribution which the individual is prepared to make towards the proposed business venture, what his qualifications are and whether he is able to make the sacrifices required of an individual who goes into a new business venture

"This is particularly so bearing in mind the competitive nature of small businesses, many of whom are duplicating existing services in the market. One also has to look at the proposed location of the business and the demand for the product or the service.

"We would rather decline an approach where we see that the competition is already too advanced and the players in the market place already suitably equipped to counteract any new entrant."

Reacting to criticisms that banks were sometimes too inflexible in considering applications for credit, Roy Polkinghorne, a senior manager of the Small Business Development and Advisory Department (SBAD) of Standard Bank said: "Banks are often criticised for hindering the development of small businesses by being too strict in lending. The assumption is that this stops small businesses from growing.

"Our research shows that small businesses need more than capital and sometimes the need for capital masks a need for better management. Throwing money at the problem is counter-productive.

"Our aim is to help growing small businesses keep growing If the management is defective, they need support and advice and that is one of our roles"

BUSINESS

Rent boycott at SBDC premises

(53A) wlmail 25/10 - 31/10/91

The Small Business Development Corporation has run into problems at its Dobsonville Industrial Park in Soweto, with tenants refusing to pay rent because of the adverse conditions.

By FERIAL HAFFAJEE

SOWETO entrepreneurs in the Dobsonville Industrial Park have refused to pay rent because they say conditions in which they have to work are ruining their businesses.

The industrial park, owned by the Small Business Development Corporation (SBDC), is not insurable and some tenants lost all their equipment in two fires this year

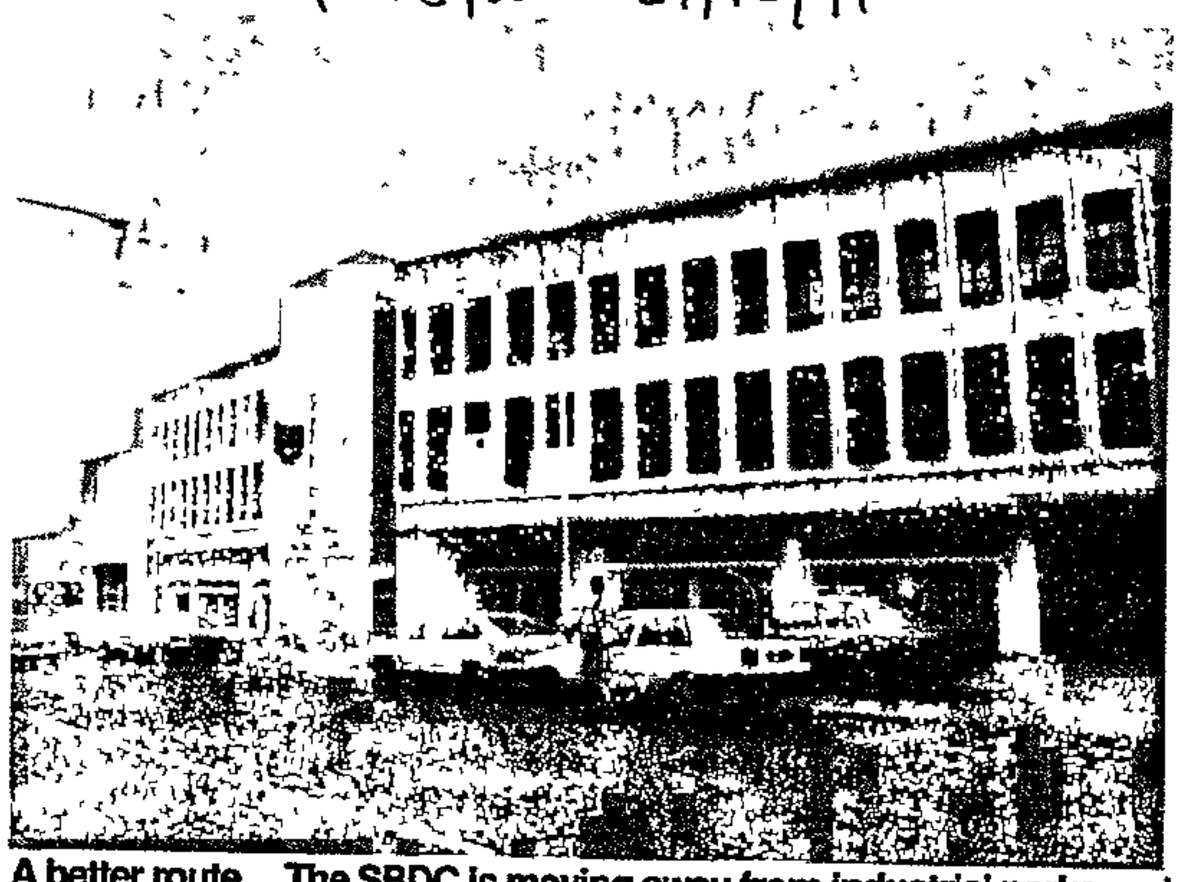
They also claim many of the small businesses located there are going insolvent because the SBDC provides no back-up services to the tenants after they take up occupancy in the park.

Ike Diale, who manufactures sorghum beer, lost printed plastic, equipment and sorghum in the first fire. His business took a battering which saw production slide from 400 tons a month to the present 60-70 tons.

A second fire in August this year damaged cars which were at the panelbeaters which hire space in the park.

Diale says many clients lost cars in the fire and they are hesitant to come back to the park panelbeaters The word has spread and park leaseholders are losing clients every day.

When the tenants complained to the SBDC they were told that there was nothing that could be done and that they should have secured insurance.



A better route ... The SBDC is moving away from industrial parks and concentrating on the hive idea of sub-divided warehouses

But Diale complains that no company will insure the park. It is a high risk because the partitions are made of corrugated iron, there are no fire hydrants, no hoses and no firewalls

The insurance company told them that premiums would be too high to be a viable contract.

SBDC general manager for the Witwatersrand Joe Schwenke admitted that the industrial park presents insurance difficulties He says that to ensure rentals were kept as low as possible, the buildings were built cheaply.

He says the SBDC can change the structures but tenants would have to pay higher rents. He adds that he offered to find insurance for tenants by using SBDC shareholders, many of whom are insurance companies.

After the first fire, four of the tenants started a rent boycott in protest at the SBDC's refusal to compensate them. They owe the SBDC some R100 000 in arrears

After the second fire, they were joined in the rent boycott by the remaining four tenants who now owe R70 000.

The SBDC took the rent boycotters to court where judgment was given against them, compelling them to pay their rent and arrears. Schwenke says that the SBDC is hesitant to evict the Dobsonville tenants. Instead he has set up a meeting with prominent businessman and SBDC board member Nthato Motlana which he hopes will solve the crisis.

Both the tenants and Schwenke agree that the only way out of the acrimony is for the park to be sold to the tenants. He says that the SBDC offered to provide 100 percent loans to the leaseholders but that this offer hinges on them settling their rent arrears

But Diale and the other small business owners also complain that many of their colleagues in the minifactories have gone bankrupt. "The SBDC says that it is interested in developing business people but developing someone is not just providing them with money," complains Diale

He says there is no back-up for the renters after they take up occupation in the parks "They are people who only know how to work with their hands, they have no business sense," he adds.

Schwenke admits that this has been a problem at Dobsonville. He says that the SBDC is moving away from the industrial park concept and increasingly using the hive idea.

Hives are warehouses sub-divided and rented to small businesses and have a full time adviser on the premises. But the parks only have a business adviser who is supposed to visit each tenant once a week and help them to sort out their problems.

"We understand clearly that loans alone are not the answer. But ultimately, the SBDC can only assist, the client must ultimately run the business. Whether that business makes it depends on the entrepeneur," concludes Schwenke

Sowetan Business

Wits Business School

Talking Business is a weekly column in which experts from the University of the Witwatersrand School of Business deal with problems that worry businessmen. Readers are invited to send in any question regarding business and businessmen.

Write to Talking Business, Box 6663, Johannesburg 2000.

While not every question can be answered individually, our experts will try to pick up on themes.

VAT a blow to informal sector

Sowetan 31/10/91. 153A

MOST small businesses have been hit by Value Added Tax and are facing closure.

By JOSHUA RABOROKO

Organisations representing the informal sector, including hawkers, spaza shops and dressmakers, intend to make representations to the Minister of Finance, Mr Barend du Plessis, about their plight.

Most said they were unable to register for VAT because they did not have sufficient funds and demanded the Government reconsider reducing requirements to register

In terms of VAT regulations, the informal sector should be able to buy stock/goods valued at R12 500 a month in order to make a profit margin of R4 000 a month

"Failure to meet this requirement means that you cannot charge VAT on goods you sell," said Mr Mhlangabezi Ngebulana, secretary of the Foundation for African Informal Business Sector.

He said the irony was that the informal sector was expected to pay VAT when they bought goods from the big corporations

"This is killing most hawkers and spaza shop owners who cannot afford to pay."

Many hawkers and spaza shop owners - the majority of whom were unemployed people trying to earn an honest living - have been forced to close their operations and to seek work at a time when the country was ravaged by large-scale unemployment.

The director of the National Industrial Chamber, Mr Ian Hetherington, said because of severe educational disadvantages many small and family business proprietors were unable to cope with the "rat's red tape" arising from complex economic laws, including the tax laws

As a result many were forced to operate in the so-called informal sector

He said small business organisations have been making proposals for simplified tax laws for small business, since 1987; and for realistic modifications to VAT, but these have fallen on deaf ears

The proposals made include.

*Modifying the present draconian penalties, which give the Commissioner of Inland Revenue the effective right to close down non-complying small businesses,

*Permitting registered buyers to claim input credits against invoices from legally unregistered small suppliers,

*Compensating small businesses in full for their extra costs in acting as the State's tax collectors;

*Lifting the VAT registration threshold from its present level of R3 000 sales a week to R10 000 sales a week; and

*Launching, at the State's expense, a massive educational and practical assistance programme to help the thousands of disadvantaged to comply.

A leading Soweto tax consultant suggested a reduction from R150 000 to R50 000

SOWETAN
Building the Nation
PRO FOCUS

'Stokvel' plan to boost builders

Sowetan 24/10/91 153A

SIGNIFICANT progress could be made in alleviating South Africa's dire housing shortage if a plan to empower black builders comes to fruition.

By JOSHUA RABOROKO

Devised by Johannesburg-based Promatra training Services, the plan involves a combination of Third World "stokvels" and First World trusts to financially enable thousands of black builders to learn the finer points of the building trade.

According to Mr Tjaart van Staden, Promatra's managing director, the stokvel and trust concept will be merged to form a "trustvel" which will finance black builders.

"Many black builders have poor credibility and are denied access to funds because their management expertise does not match their building prowess," he said

"We have developed a totally practical training course that enables black builders to earn a diploma after they have come to grips with the administrative side of contracting."

The course includes tendering, estimating, planning and executing contracts; marketing, finance, general administration, and manpower.

Van Staden envisaged that initial funding for the scheme would come from sponsors, including quasi-Government entities, members of the private sector and foreign sources wanting to assist in upgrading the country's housing situation.

"Sponsor bodies will pay for the builder's training. The builder will pay back the sponsor, who will in turn pay into the trustvel, which will also receive some bridging capital," he said.

"Access to funds in the stokvel for building purposes will be strictly controlled as it is in the traditional stokvel system."

Promatra's training courses hinge on the competency-based modular methods which ensure that students only graduate once their practical understanding has been thoroughly evaluated

Apart from enabling black builders to gain easier access to capital, the course is also designed to equip them with business discipline and controls

"Our aim is to develop specific competentcies and at the same time provide valuable collateral security," Van Standen said

"We have already had many inquiries from black builders wanting to undergo our training courses," he added

Going to pot

Sowetan 21/10/91 (153A)

Women

By PEARL MAJOLA

THE homely environment inhabited by the 16 workers at Phylby's Potteries in Bramley may soon be a thing of the past.

The two-month-old pottery business will have to close down, sending the workers back on the streets if sales do not pick up

Equipped

Phylby's, in Bramley's industrial area, was started by two British women, Phyl Liquorish and Janet Chadderton, who have both settled in South Africa

It is fully equipped with kilns and moulds. The workers, who did not know anything about pottery, have been trained well They make beautiful coffee mugs and pots, ornaments and vases, starting from an affordable R2

"We wanted to do something different and we decided on pottery This would also give us the chance to help those who cannot afford to buy coffee sets or ornaments because they are too expensive in shops," said Chadderton.

However, it has not been all that rosy for the struggling pair and their team of 13 women and three men

"We are going to have to close down soon, because we just have not had the support from the people We suspect that this is largely due to the fact that people do not know about us We put out pamphlets, but that still did not help us much," she said.

Support

"The support that we do get from the people who know about us and come to buy here occasionally is not enough to pay the salaries of these men and women, who work so determinedly here "

As a result of the situation, Chadderton and Liquorish have to keep evening and weekend jobs. But that does not seem to bother them much

"We want this place to continue and, if we have to do extra work, we will. In the short time that we have all been here we have grown close to each other.

"This is not a factory, we are all like family and we all enjoy being here This morning Gilbert, one of the workers, came in and announced that his wife had had a baby girl You should have seen the great excitement in all of us," Chadderton said

Cash flows in the back roads

Star 21/10/91

Experts have long pondered the real potential of local black business initiative New studies claim success stories galore, reports MICHAEL CHESTER

THE SEARCH for a new economic formula that will guarantee black society a bigger role in the business world has started to draw a remarkable profile of black initiative that has long been blurred by deliberate camouflage.

The camouflage was often considered vital to escape the bureaucratic red tape that always threatened to stifle the first glimmer of black enterprise with an endless list of rules and regulations imposed by apartheid.

It was the bustle going on under all the disguises that inspired Theo Rudman, executive director of the Self-Employment Institute, to entitle a 1988 book on the whole issue "The Third World — South Africa's Hidden Wealth."

He had made one of the first real explorations of what was still an underground economy in embryo as budding black businessmen cut through apartheid harassment and fleets of black taxis joined the commuter traffic, more and more street traders and hawkers appeared in shopping areas, and backyard motor mechanics started up

Anglo American Corporation director Clem Sunter who introduced the phrases 'high road" and 'low road" into the vocabulary of economic planners, also spotted the trends as black entrepreneurs found a route of their own into the economic mainstream

"There are major entrepreneurial forces hidden below the surface waiting to be unleashed,' he wrote as the first cracks appeared in the walls of the apartheid fortress "Another world exists out there — a vibrant Third World metropolitan market — which could naturally cure many of South Africa s ills No First World medical prescriptions are needed"

The Government mandarins, relying on formal and official business documentation were baffled because their economic statistics never seemed to balance. The missing element was the mushrooming growth of the informal sector — unrecorded because most operations were unlicensed and technically illegal in apartheid terms

By the dawn of a post apartheid era at the start of the 1990s, the Small Business Development Corporation, which had chipped away at obstacles all through the 1980s, was drawing the shape of the South African economy in the form of a pyramid

The SBDC counted the actual number of businesses in operation and put the total between 1,4 and 1,6 million By number alone, the few hundred giants listed on the Johannesburg Stock Exchange took no more than the tip of the apex Unlisted and medium sized companies in the formal sector took a thicker middle layer But the massive foundations — 70 percent of the pyramid — were formed by mini business operations perhaps as many as a million of them.

The newest assessment of trends has been made by Ian Hetherington managing director of Job Creation SA in the latest issue of the South Africa Foundation Review

He found the exercise all the more necessary because the inevitable question asked in the current socio-political transition — by potential investors aid missions and researchers — has been about the size and nature of the black business sector everyone wants to encourage

Unfortunately he admits. there are still no hard and precise statistics

The Central Statistical Service which long ignored the informal sector has so far had three stabs at it, with estimates growing each time In its most recent estimate, the CSS reckoned that the sector accounted for about 8 percent of total economic activity

Mr Hetherington, who has kept a closer ear to the ground, argues that the share now taken by mini-businesses in the informal sector is more likely to be nearer a formidable 25 percent — with no fewer than 4 million adults at work in jobs that often still go unrecorded in official figures

He suspects that researchers sometimes look in the wrong directions such as the Johannesburg Stock Exchange where finding black-owned business is like looking for a needle in a haystack

They may discover that the only JSE-quoted company regarded as black-owned is an investment trust called Yabeng — which turns out to be controlled by the Bophuthatswana National Development Corporation, a parastatal owned by the Bophuthatswana government.

Mr Hetherington believes that what must be considered is the handful of non-quoted public companies under black ownership — such as the Africa Bank and Black Chain both initiated by the National African Federated Chamber of Commerce and Industry

Then too come the close corporations that were allowed to emerge in 1984 — business ventures that operate within the limits of no more than 10 owners but have flourished because they have been able to weave through all sorts of red-tape entanglements The number under black ownership, he estimates, must run to a few thousand by now

However Mr Hetherington reckons researchers would be far more impressed by the scale of black business initiative if they found the jackpot — black-owned businesses in the form of sole proprietorships or else informal partnerships

'There are about 700 000 of them — some say as many as a million, he reveals They span the whole spectrum of business activity Their combined throughput is as big as the country s largest chain store group

Mr Hetherington digs deeper beneath the surface He puts the number of traditional healers and herbalists at more than 100 000 Taxi-owners make up another 100 000

Yet to be counted is black involvement in the financial sector — largely represented by informal (and theoretically illegal) money-lenders called mashonisas" with a combined turnover running into hundreds of millions a year Next come the stokvels social savings clubs that the bureaucrats could never stifle

And what about the tens of thousands of backyard manufacturers repair workshops taverners shebeeners entertainers, handicraft and knitting circles hairdressers bookkeepers

all pressing on with business with little or no mention in official statistics? □

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emigration to the West resulted in an especially nasty trick

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ruling party, is frequently critical of the government.

Nigeria has some of freest

tion to fit the outlook of his journal He finds himself reject

vately owned journals expressing a contrary viewpoint or

flicting aims The Arabs want land if possible all the land Israel has been occupying

Ship's journey



KNITTING NOVICES . . . trainees at Nyanga's Zolani Centre learn to use a knitting machine during a training course which has helped boost the income of unemployed people in the townships Picture: AMBROSE PETERS

Learning money-making skills

153A ST Times 28/10/91

By KURT SWART

UNEMPLOYED township women are keeping their families clothed — and selling garments to improve their income — after gaining skills at training workshops run by the Triple Trust Organisation

The TTO, founded three years ago to stimulate self-employment in the informal sector, is a non-profit body providing skills training, mini loans, marketing support and ongoing monitoring of trainees. It works among the most destitute communities of the Cape Peninsula

"Over 2 000 people have been trained by the TTO at 13 centres around the townships of Cape Town, including Noordhoek. We will soon start working in Hout Bay," said TTO spokesman Mrs Jill Ritchie

She said the most obvious results when new entrepreneurs started producing goods and supporting their families were monetary gain and improvements to their standard of living, but equally vital were gains in self-esteem and self-worth

"For many this represents their first experience of stability — opening previously unimagined opportunities of home-ownership, education for their children and much of what white South Africans take for granted," she said (CM-BUS)

The TTO was formed from three separate trusts The Neighbouring Training Trust (NTT), the Self Help Financing Trust (SHFT), and the Africa Trading Co-operative Trust (ATCT)

Through the NTT unemployed people are selected and trained — in their own language by members of their own communities — in an appropriate skill as well as in basic business administration

Successful trainees are provided with mini loans through the SHFT to buy the equipment and material needed to get started in business The loans are repayable over one or two years.

The ATCT undertakes the bulk buying of raw materials and marketing of the finished goods, which pass through stringent quality controls

Stokvels and trusts joining forces for black builders

Star 20/10/91 (153A)

SIGNIFICANT inroads could be made into SA's dire housing shortage through a locally developed mechanism to empower black builders

Devised by Johannesburg-based Promatra Training Services, the mechanism involves the combination of third world "stokvels" and first world trusts to financially enable thousands of black builders to learn the finer points of the building trade

According to Tjaart van Staden, Promatra's managing director, the stokvel and trust concepts will be merged to form a "trustvel" to provide finance for entrepreneurial black builders.

"Many black builders have poor credibility and are denied access to funds because their management expertise does not match their building prowess. We have developed a totally practical training course that enables black builders to earn a diploma after they have come to grips with the administrative side of contracting."

Course contents include tendering and estimating; planning and executing contracts; and the management of marketing, finance, general administration, and manpower Mr van Staden envisages initial funding for the scheme coming from sponsor bodies including the Government, quasi-government entities, the private sector, and foreign sources wanting to assist in upgrading the country's housing situation

"Sponsor bodies will pay for the builder's training, the builder will pay back the sponsor, who will in turn pay into the trustvel, which will also receive some bridging capital Access to funds in the stockvel for building purposes will be strictly controlled, as it is in the traditional stokvel system.

"We have already had many enquiries from black builders wanting to take our training course but we feel that the sponsored trustvel route will enable many more individuals to benefit and become more effective builders."

It's bedtime at the station

Sowetan 17/10/91 153A

The destitute find a home at 'Parkie'



Time for bed... Zimbabwe women prepare for bed at a Park Station waiting room. Pic LEN KUMALO

By PHANGISILE MTSHALI

A FRESHLY "bathed" woman saunters casually to the just-cleaned toilets, with her long white gown sweeping the filthy floor of the mainline passengers waiting area of Park Station.

A giant Okapi knife is tucked under her arm There has been a lot of fighting and ambush lately

A few minutes later she leaves the toilet with the same knife menacingly held in her right hand.

My attention is rudely dragged from this figure to the far end by the sudden blare of music from a portable cassette player The boozing session is underway.

In one corner vagrants fight over a pile of flattened cardboards which suffice as beds

This is Johannesburg station at night.

At the entrance a group of Hare Krishnas in bright orange attire try to brighten the gloomy area as they gyrate to their singing and spiritual chants.

A young man serves a hot meal from a gas stove not far from the scores of Zimbabwean women who have made their beds on the cement floor

This is the scene that greets you on entering the mainline waiting area of "Parkie" You feel as if you are entering a township with a life of its own and its own special residents.

Shebeens

The famous Johannesburg Railway Station is fast becoming skidrow.

As dusk falls shebeens open up, fast food vendors prepare supper for the "permanent passengers" At the same time scores of Zimbabwean and Swazi women hawkers gather to prepare their beds

Some are there by choice, other just don't have anywhere to go

Most are there to earn a living for their children

Mama Mamba is one of them

Every month for 14 days Parkie becomes her home She is one of the hundreds of Swazi women who flock to *eJozi* to sell their handicrafts

Peddle

Since 1987, she has been leaving her two children in their grandmother's care while she comes to Johannesburg to peddle her wood and grass work.

She starts her day by washing herself with toilet water from a soft-drink can.

"This is a dog's life but we cannot do otherwise because we need the money," she lamented.

However, Mama Mamba thinks the life she lives half the year at Parkie is much better than starving to death at home.

She also rejoices because the days of police raids, being blasted with teargas and the seizure of their goods seem to be gone This year, they have not been raided at all.

"There were times when we went without sleep for up to a week because every time we tried to sleep police poured water all over us and we would be up and running until 5am," she laughs as she re-lives their misery

"I do not care that people look at me as if I am nothing. I am doing it for my children," she says.

There are Zimbabwean women who have turned their bartering trips to Johannesburg into something like an annual pilgrimage

Selling

Fifty-one-year-old Mrs Rosemary Malinganiso has been undertaking the journey to these shores for six years

Unlike their Swazi counterparts, Malinganiso and her countrywomen usually spend 21 days in South Africa every year During those days they move all over the country, selling their knitwear to locals

"People do not want to pay us," she said.

Malinganiso says things are so bad at Parkie that they sometimes have to go for days without washing and eating proper food.

Sometimes she has to wait for days before she can get a place in the bus, which is always booked in advance. But even then, the bus is better than the train The train is delayed by customs officials but it is not the same in the bus, because there are whites as well.

And tonight, as thousands of people bustle about rushing to their homes on the underground platforms of the station, hundreds of others who are less fortunate head for the upper level, where they will spend a night on a flattened cardboard box

Kretzel a champion of small business

(153A) ARGT 12/10/91

WILLIAM BARKER
Business Staff



□ **GAME FOR FISHING:** Paul Kretzel, MD of Plascon (Cape) looks to the sea for relaxation.

PAUL KRETZEL is managing director of Plascon Paints (Cape), a company which is owned by Barlows, in turn owned by what he calls "one of the handful of oligopolies which owns most of industry in South Africa"

But *Suprise Number 1.* Mr Kretzel is a fervent supporter of small business

"Seventy percent of people in successful economies are employed in outfits with 10 or fewer employees," he says.

"We should learn from their efficiency. But in South Africa the big companies would rather buy up a competitor than compete with them What you have at the end of the day is reduced efficiency, because there is no competition

"We would like to make more use of small companies with special expertise, but it's a chicken-and-egg problem because there are very few of them."

Mr Kretzel has just completed his first year as MD

A youthful-looking 39-year-old, he emigrated to work in a Germiston factory in 1973, but his point of entry to the country was Cape Town, and he never forgot the beautiful beaches, and laid-back cosmopolitan society — heightened by the culture shock of the East Rand industrial town.

After six months he joined Plascon Cape as a laboratory chemist, and rose to technical director in 1986, the operations director and the MD a year ago.

The company has achieved a six percent volume growth in the past year — which Mr Kretzel says is "incredible" given present market conditions "Even our own group companies elswhere have not done as well," he says.

There are two Transvaal companies, one in Natal and one in the Eastern Cape. The Cape Town factory is unique — Mr Kretzel believes in the world — in that it manufactures products across the board, in the industrial, domestic and contracting markets

The 12 million litres produced each year are divided between over 2 000 different packs and colours. Sales exceed this litreage, because the company imports some specialised product from its other South African factories

But Mr Kretzel sees future growth as the biggest challenge ahead.

"We have to make everything, because we serve such a small market, about one-thirtieth the size of paint factories in Europe or America To sustain growth we are looking at export markets in sub-equatorial Africa and the Pacific, including Taiwan. Our strategic plan calls for 15 percent of our product to be exported in five years' time."

Political changes have launched South Africa into the world, he warns, and some industrialists are ill-equipped to handle the challenges this has brought Others, he predicts, will take the gaps and leave the competition standing

***Surpise Number 2·* Mr Kretzel wouldn't mind having to compete with overseas paint manufacturers, who might be able to land some products here at very competitive prices**

"Protective tariffs should all be scrapped, immediately Industry has sheltered behind them — if a 30 percent import tariff was slapped on a commodity, the first thing the local maufacturer would do would be to put his prices up by 30 percent.

"Protectionism has been a disaster — it fostered inefficiency. Some was necessary, to reserve foreign capital outflow for strategic materials such as oil, but much was self-inflicted, the price we paid for 40 years of Nationalist rule Towards the end, Botha-ism brought industry to its knees

"What we need now is a lifting of just about all import controls We must do business with the world, or we are sunk South African industry must be measured against world standards"

The only area where South African industry is generally on a par with that overseas is in financial control, he says "We have the accountants, but we don't have the technicians, and we don't have the competition which would make our factories efficient"

Plascon could meet this challenge, he says In spite of sanctions, the company had fostered and maintained contact with international manufacturers The company had had to employ some 150 foreign technicians In some spheres, such as in the move towards formulae containing no volatile organic compounds, they were up with, or ahead of world leaders.

Apart from export growth, Mr Kretzel sees Cape Town's dockyard repair service as a major potential new market, particularly in the specialised field of anti-corrosion coatings — they have already felt the effects of a loosening-up of trade with South Africa

A problem here will be the shortage of technical skills.

"There are virtually no qualified artisans in South Africa to speak of We just don't have the skills we need, in any technical field"

This retards the proliferation of small, efficient businesses, because there just aren't enough skills to go round, and big manufacturers corner the limited resources of skills, just as they corner raw materials and market share"

The culprit, says Mr Kretzel, is primarily an education system biased in favour of a university education, and the fact that technikon education for most young people only starts once they have already done 12 years at school.

"Overseas, most students specialise after eight years of school, and by the age of 20 they are already qualified, although they may lack practical experience Here they waste four years By the time they have finished matric, the last thing they want to do is start an apprenticeship"

But while enthusiastic about the export and new industrial markets, Mr Kretzel sees the domestic market remaining the core of Plascon's business, boosted by growing urbanisation In the Western Cape alone, they have 440 retail outlets, and spending on advertising outshines their nearest competitor by 2 to 1

***Surprise Number 3* I thought all they made was paint. "Oh no — we surface everywhere" says Mr Kretzel. "Allied companies make the coating on your cheese, your shoes, the inside of your beercan We are a coating company — we make much more than paint."**

For relaxation, Mr Kretzel loves nothing better than hunting game fish, mostly tunny — around Cape shores, in his tunny-boat called, unsurprisingly, *Amadeus*

Cape Time

Trade unit to promote smaller businesses

1538 CT 9/10/91

Own Correspondent

PORT ELIZABETH — A special unit will be established in the Department of Trade and Industry to promote small and medium-sized businesses in SA

Deputy Minister David De Villiers Graaff will be given specific responsibility for the unit

This was announced in Port Elizabeth last night by Trade and Industry and Tourism Minister Org Marais in his opening address at the annual congress of the Afrikaanse Handelsinstituut

He also disclosed that other sectors which would receive attention were the motor industry, tourism and the beneficiation of minerals A draft white paper on tourism was already on its way to the Cabinet

He said the most important function of the small and medium business unit would be the co-ordination of the activities of the different interest groups Among others it would have to liaise with

- Legislative bodies about the possible altering of laws which affected those businesses negatively,
- Training bodies in the public and private sector for the provision of market related education and training,
- Financial institutions for the provision of risk capital for economically viable projects, and
- Trade unions to obtain their co-operation

so that a specific growth rate could be attained

"It is further envisaged that the proposed unit will investigate and make recommendation about specific incentives for concerns involved like tax concessions, interest rate subsidies, where possible exemption from trade union requirements and exemption from minimum wage legislation and rent subsidies"

He said he hoped that more finality about certain facets in the local content programme for the motor industry would be reached soon. Other growth industries were also being identified

The functions of Satour were described in detail in the draft white paper on tourism The paper also contained proposals aimed at establishing improved coordinating structures at regional and local levels

In addition attention was also being given to deregulation, overseas passengers, travel costs and possible assistance to national parks by the Industrial Development Corporation

'Resources being squandered'

Own Correspondent

PORT ELIZABETH — A plea for increased exports and a reduction in the waste of scarce production resources was made in Port Elizabeth yesterday by National Productivity Institute executive director Dr Jan Visser

In a paper delivered at the AHI sectoral trade conference he said SA's living standards were low and declining because its productivity was not up to standard As a result, inflation was high, growth was low and unemployment rising

"Successful concerns do not prosper easily in 'losing' countries A successful country, on the other hand, creates the right climate for successful concerns which, in turn, assures successful countries

"It is clear that we in SAhave squandered capital and equipment in a disgraceful way"

He said the outcome was that productivity declined by more than 10% between 1970 and 1990

Jump-start for hauliers

THE South African Hauliers' Association (Saha) this week received a R250-million boost from Finansbank – a Nedfin subsidiary – to finance black hauliers

Saha president Sydney Mahlangu said the pilot scheme would benefit at least 700 members

It was hoped to increase membership to 2 000 with hauliers from all over southern Africa.

Finance would be offered to potential truck owner-drivers and contracts would then be negotiated on their behalf with big business. Existing small haulage firms would also be helped.

Anyone wanting to join the scheme had only to join Saha

SMALL BUSINESS DEVELOPMENT

Bureaucratic shackles slowly being shaken off

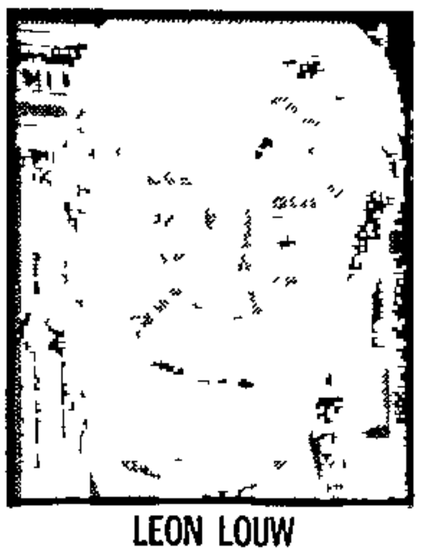
ST Times (Bus) 6/10/91

153A

THERE has been a considerable shift in the deregulation of small business since the mid-1970s, in spite of enormous resistance to change from various lobbies and vested interests.

Leon Louw, director of the Free Market Foundation, says that on a scale of 0-100 (100 being the starting point in the mid-1970s and zero being the ideally deregulated situation), the shift has probably been from 100 to 50

The executive officer of the Wits Law Review Project, Professor Louise Tager (currently chairman of Vatwatch), said the new Businesses Act, recently passed by Parliament, would abolish all trading licences, except in certain instances relating to the preparation of food where health and safety issues were at stake. She described this as "a major step in the deregulation process"



LEON LOUW

Order

But Professor Tager cautioned "The process of deregulation has just started It is not something that can happen overnight. What has to be achieved are appropriate laws. We obviously need some basic legislation in order to have an ordered society

"But there is a tendency in health legislation to write laws that prescribe aesthetic standards, when it is necessary only to look at cleanliness and hygiene"

Conversely, every shop owner is entitled to hawk and vend on his or her shop front — with the same rights as every hawker and vendor

The one remaining adverse control, says Mr Louw, is that relating to food handling These provide opportunities for inspectors to harass and fine traders and vendors on the streets

Mr Louw says conventional restaurants are a potentially greater health hazard, because food is stored overnight whereas hawkers and vendors do not have storage facilities and sell out their entire stock every day

Hawkers

Restrictions on small businesses, other than hawkers and vendors, vary in degree.

Taxi regulations have been relaxed but not abolished Mr Louw observes. "Black taxis have succeeded — despite restrictions, lack of subsidies, harassment and obstruction — in smashing protected monopolies such as Putco It is the classic David versus Goliath scenario All those who hanker after nationalisation should observe that with the small amount of freedom granted to the poor, they have smashed a big white, subsidised and protected monopoly"

Road haulage has been almost totally deregulated to the extent that virtually anyone can now get a road haulage permit, says Mr Louw

With regard to businesses that occur on properties, such as backyard operations, small service industries and the like, much remains to be deregulated

The main constraints on these businesses are not licencing laws, but zoning laws, building standards and occupational licencing laws

Mr Louw says zoning laws are being used by local authorities who are reluctant to deregulate, as a means to reregulate small business by not allowing them to carry on business — except on properties approved by the local authority These in effect are "licencing laws in disguise"

Mr Louw argues that these should be replaced with the common law of nuisance, or "neighbourhood law" This should be strictly enforced by courts, easily accessible to the ordinary man, which would hear complaints in the form of a summary hearing, without legal costs and without being subject to the limitations which obtain in the small claims courts

Building codes had been extensively relaxed, but there were still considerable constraints on small businesses, especially those operating in townships

There remained about 250 professions and occupations with unreasonably restrictive entry laws For instance, a motor mechanic requires either a standard 7 or 8 education, plus three or four years of formal apprenticeship regardless of competence

Entry

Mr Louw notes "This immediately excludes 80 percent of all blacks from the prospect of lawfully becoming motor mechanics" However, in some industries, such as construction, formal entry requirements had been replaced with a competency test

The simple law of contract and fraud, whereby anyone who misrepresents himself as being suitably qualified will be deemed to have committed fraud and breach of contract, would do away with the apparent need for occupational licencing barriers, says Mr Louw

He says there is room for much more deregulation in traditional professions such as medicine, law and architecture These professions should be allowed to advertise and to specialise

Para-professionals should be permitted, for example, to collect debts A practitioner would not require an LLB degree but a debt-collecting certificate at a technikon

The stokvel system basis of success story

ST Times (Bus) 6/10/91.

153A

A UNIQUE blend of First and Third World financing, which offers credit to aspirant black businessmen without the traditional credit criteria, is provided by the Pretoria-based Get Ahead Foundation.

It draws on the traditional stokvel system, a form of township "co-operative" consisting of family members or friends who contribute cash into a pool on a monthly basis to fund mutually agreed projects, or special social occasions.

Thabo Makgabo, credit manager of Get Ahead, says loans ranging from an average of R500 up to a limit of R1 000 are granted to individuals who form part of a group numbering between five and 10 people.

"We do not get into details of credit checks and such like. We depend basically on peer pressure between the people themselves We say all the group members are jointly and severally liable for the whole debt"

Mr Makgabo says that if the recovery rate for a particular area drops below 90 percent, Get Ahead will consider stopping credit to that particular area until such time as the situation improves. But the recovery rate is more than 95 percent

Mr Makgabo says Get Ahead considers applications from groups which were formed for "income generation and business-related purposes" who would multiply their initial outlay, very much on the five loaves and five fishes principle

"Peer pressure is our security which we would like to strengthen by forming established stokvel associations Then we believe our recovery rate could be 100 percent."

The basic interest on stokvel loans is 32 percent. But 10 percent of that is a compulsory "savings initiative" that Get Ahead has introduced for the client This 10 percent is put aside for the client and once the loan is re-paid the money is refunded — so the effective interest rate is 22 percent.

If Get Ahead believes the products are good enough, it will initiate contact with big business on its client's behalf The foundation also has a business loans programme, with loans ranging from R1 000 to R20 000, negotiated by Get Ahead through the Standard Bank.

Championing the cause of all SA's little people

ST Times (Bus) 6/10/91. (BO) (153A)

SOUTH AFRICA has seen a very close association between the State and big business and it is about time that the policy-makers in the State discover the remainder of the team.

THIS week some 60 organisations participated in the fourth annual Small Business Week, the purpose of which is to highlight the potential of small business development in South Africa But what is the true state of affairs for the small entrepreneur? Is he still hampered by rules and regulations? Is access to finance any easier? What opportunities does he have to train further in his chosen business? DAVID JACKSON reports.

. The man speaking is Dr Ben Vosloo The typically forceful champion of small business has been managing director of the Small Business Development Corporation for a full decade now

Ten years on, there is a renewed sense of urgency Entrepreneurship and small and medium enterprise development (SME) have become the leading themes of world development economics in the 90s But South African decision-makers, Dr Vosloo explains, are dragging their feet.

"In this country's command positions there is a total lack of realisation of the key role to be played by SME entrepreneurs in building a prosperous future

"People do not seem to realise that all the other production factors — labour, natural resources and capital — are of no avail if you do not have entrepreneurial drive and talent behind them The entrepreneurs are the people who mobilise the production factors to produce the goods and services for which there is a market

"Somehow this basic truth, call it the ABC of economics, is not properly understood by policy-makers and politicians They are expert in spending money, but not in creating wealth

"This is a tragedy, and if we don't realise it, if we don't start giving recognition to this factor, future generations will pay a very heavy price"

Share

Dr Vosloo hammered home this point during the Small Business Conference at Sun City

He said that of the about 800 000 formal business entities in South Africa, an estimated 85 percent — or 700 000 — can be classified as SMEs Their estimate share in terms of the GDP is about 30 percent and they employ about 2,4 million persons, which is about 17 percent of the economically active population of 14,3 million

These figures exclude the informal business sector which, Dr Vosloo says, probably involves an additional 4,4 million people, accounting for more or less another 15 percent of the GDP That brings the total SME contribution to the GDP to 45 percent — as well as accounting for the employment of about 6,8 million people

Hence Dr Vosloo's call for an SME development strategy an equal opportunities policy that would provide equal opportunities to all businesses "in making use of the opportunities, but also in keeping a share of the rewards"

Dr Vosloo told Business Times: "In the new South Africa, hopefully, the governments of the future will be more sensitive to the needs of the small and medium enterprise sector of the business pyramid, because one has to be careful that the State is not captured again by big business"

Does he derive a sense of achievement from the past 10 years?

"We have done a number of things of which we are proud in that we assisted in the rediscovery of the importance of small business entrepreneurship We have assisted in the deregulation process in the sense that people who used to be prosecuted are now allowed to earn an income for themselves all over the country

Need

"We have assisted more than a million enterprises with some form of guidance and counselling and more than 31 000 businesses with financial assistance"

And the next 10 years?

"We should continue to assist black entrepreneurial development because that's where the need is greatest, but we also have to act as a conduit for skills transfer Many of the skills are still in the hands of the modern sector and we have to mobilise it

"I would like to see more partnerships developing between black and white as a means of technology and skills transfer, and I would like to see us focusing more on extended skill development programmes.

"The only way to overcome these problems would be to look at adult skills development programes to help people to acquire the skills necessary to find employment and to find self-employment"

T

Sabta's breakthrough success leads to an economic evolution

FABCOS (the Foundation for African Business and Consumer Services) was quick to take advantage of the evolution which followed the success of the South African Black Taxi Association (Sabta), now one of its main affiliates.

This evolution became a veritable explosion of black enterprise

Once the other informal business operators saw the success of Sabta they sought to go the same route

There was a proliferation of black organisations — including the African Builders' Association (ABA), the African Hair and Beauty Association (Abasa), the Black Travel Agents' Association (Batasa), and the Black SA Insurance Brokers' Association (Sabiba). This latter body has established a broking company called Asure (153A)

Also formed was the National Association of Stokvellers, based on an informal financing scheme that blacks traditionally evolved by virtue of being deprived access to institution funds S Times(Bus) 6/10/91.

Says Fabcos secretary-general Joas Mogale "We asked ourselves that if Sabta could mobilise alone and become the success it was, how much more could we succeed if we brought the entire black informal business sector together?"

So AIA, under Mr Mogale's presidency, together with the National Black Consumer Union (NCBU) which is the umbrella body of grassroot womens' organisations, joined forces with Sabta to found Fabcos — which became the overall umbrella body of black business organisations

Its objective was to mobilise a force of black business, focusing particularly on the informal sector

Mr Mogale says "We realised there was a need for massive intervention of capital and skills because that was the constraint on the growth and development of black business, more so in the informal sector.

Initiate

It targeted the need for training programmes, to train the individual business operator on business management, and on marketing of his products for example, because historically blacks had been deprived of acquiring business management skills and even a basic education.

And it saw the need to initiate programmes aimed at upgrading skills for those who had a basic knowledge

The third element in the Fabcos strategy was to widen the scope of black business That meant seeking opportunities for black business by way of joint ventures, partnerships, franchises and so on through the linking up of small business with the big corporate sector businesses

Fabcos participates in a sponsorship programme whereby companies second a senior executive to Fabcos to provide it with "mentorship" — co-ordinated through a corporate advisory council

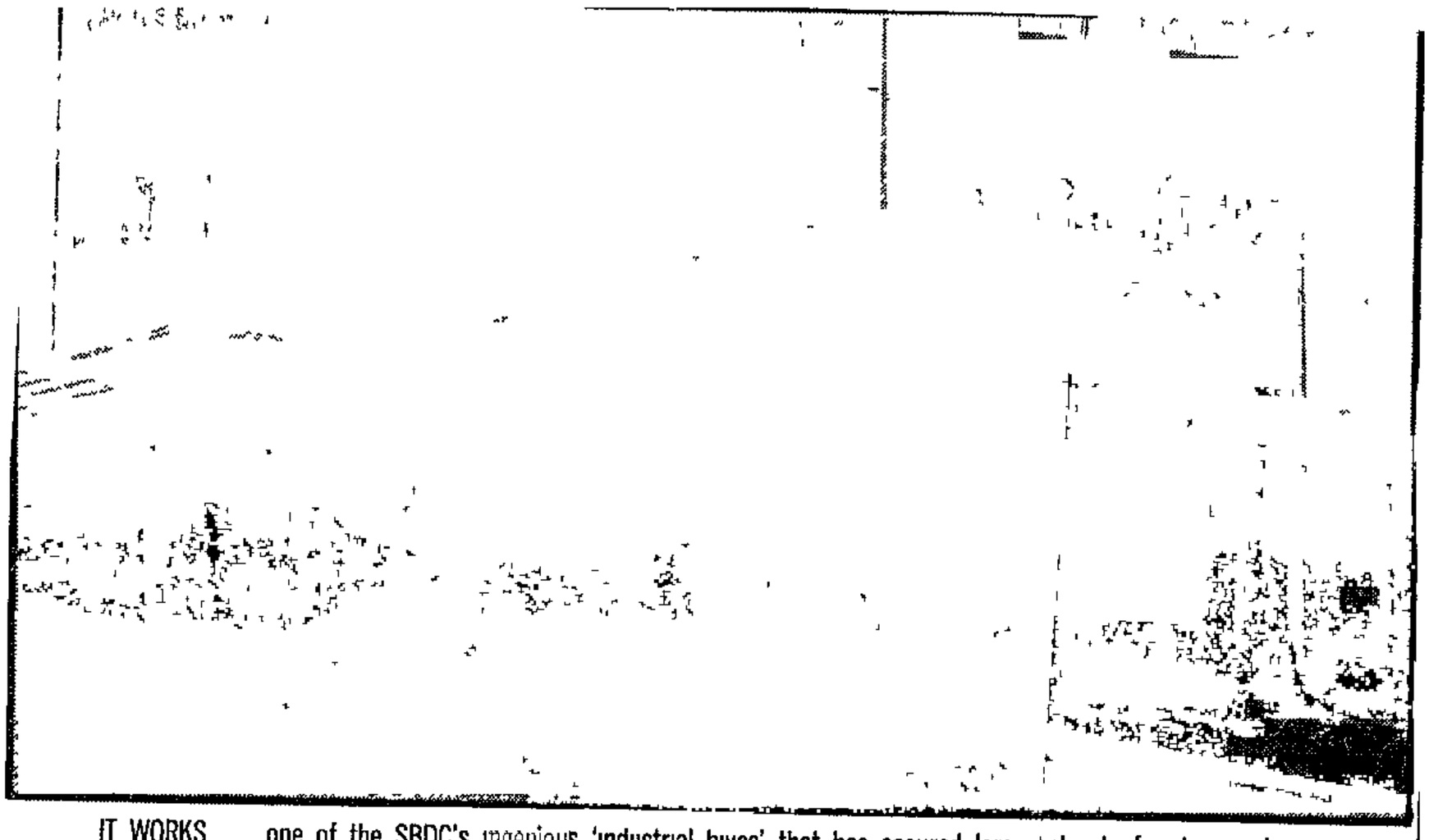
Strength

"We identified a critical need for seed funding, or start-up capital On the other hand, these were largely rule-of-thumb operators without any formal training, of any kind in business, to say nothing about business management This also inhibited growth and development and access to markets

But the strength of the informal sector, as Fabcos saw it, was its bargaining strength Its mission now was to mobilise the forces of black business so as to take advantage of their bargaining strength.

Along with this went a pooling of resources and a sharing of facilities — fax lines, photocopiers, computer terminals and the like — and a drive to improve business methods by organising proper offices with suitable infrastructure

Fabcos began to establish a network of regional offices across the country to improve communications



IT WORKS one of the SBDC's ingenious 'industrial hives' that has secured large ontracts for its members

Hives bring (Sunday Times) big and small (6/10/11) in contact

SECURING a network of reliable customers and forming a liaison with big business is perhaps the biggest challenge facing the newly-established small business entrepreneur

The trend in recent years, particularly in the Far East, has been for a close interaction between big corporations and the myriads of small business operations

The Small Business Development Corporation believes that this formula is also well-suited to the South African working lifestyle

The marketing department of the central region of the SBDC is a three-person pro-active unit which seeks out opportunities for small business by scanning the tender bulletins and electronic tender boards for the latest updates on the requirements of big companies

Acting on the information, the marketing department talks to the principals, then makes use of the SBDC's ingenious "hive" network to put in motion a chain of events which could result in a lucrative contract for a small businessman

The "industrial hive" is a special phenomenon created by the SBDC Essentially it amounts to cluster workshops or a large number of workstations

There are eight such hives on the Rand stretching from Springs and Benoni on the East Rand to Wadeville, the City Hive in central Johannesburg, Penyville on the outskirts of Soweto, Orlando West in Soweto, Tower Hive in Industria and another in Vanderbijlpark in the Vaal Triangle

The two largest hives, Penyville and City Hive, each accommodate 200 individual small businesses

There are 35 hive populations scattered throughout the country

Joe Schwenke, SBDC central region chief, says "If a contract is in the offing, we try to interest a group of people in the hive to take that contract

"Through the hive manager we might buy material for them, help with the costing and help with tender documentation We've done most of our work at Penyvle where the concept has worked very well

"The second step is to persuade the big businesses to regard this not necessarily as a one-off contract, but rather to learn from the Japanese experience about the benefit of a more permanent business relationship and even the possibility of investing in it"

Mr Schwenke says that not only have the hives provided the means of stimulating self-employment and job-generating opportunities, they have provided a platform for spawning a host of infant businesses which were beginning to have a material influence in the regional economies where they are located

The SBDC believes the hives are playing an important role in facilitating sub-contracting partnerships between big and small businesses

The value of sub-contract orders at Penyville has already reached R36-million — and this is only the beginning

As a further impetus to forging links between small and big business, the SBDC publishes its own "Contact-maker" and "Business Link-up Directory"

Sub-contract work, and its seemingly unlimited potential, was one of the main themes of the recently-concluded Small Business Week

Sacob puts small business up front

153A THEO RAWANA

SACOB would call on government to extend the Trade and Industry Deputy Minister's portfolio to include small business, the chamber said yesterday.

The chamber's annual convention in Pretoria on October 15 and 16 would highlight the importance of the small business sector as a job-creator, Sacob said in a statement.

"A motion will be introduced calling on the government to launch a major initiative to support, supplement and promote the efforts of small business support agencies, and to extend the portfolio of the deputy minister of Trade and Industry to include small business," the chamber said.

"A considerable small business support network has evolved in SA over the past 10 years and the development is a recognition of the importance of the small business sector." BIDay 4/10/91

Sacob deputy director-general Ron Haywood told a Small Business Week conference at Sun City on Tuesday that talks with Trade and Industry Minister Org Marais and director-general Stef Naude had resulted in government ordering an investigation into the possible involvement of that department in small business development.

Appeal to nurture small businesses

THEO RAWANA 153A

EXISTING economic policy tended to favour large corporations at the expense of small and informal businesses, SBDC MD Ton Vosloo said yesterday.

He told Small Business Week conference delegates at Sun City that about 85% of SA's estimated 800 000 formal businesses could be classified as small or medium enterprises.

"Their estimated share in terms of GDP stands at about 30% and they employ approximately 2,4-million people, about 17% of the economically active population," he said.

These figures excluded the informal small business sector, which probably involved an additional 4,4-million people, accounting for another 15% of the GDP, bringing the small- to medium-sized enterprise sector's total contribution to GDP to 45%, he said.

Vosloo said the sector's political influence and its effect on public policy-making was "not even remotely commensurate" with the importance of its contribution to society.

This was because "large businesses have a much larger input in the formation of business policy, and as a result of this, stand to gain much more from the subsidies and other incentives the government pays out as part of its economic policies". B/Day 1/10/91

There were indications that large corporations were paying taxes at a much lower average rate than smaller businesses — again the result of tax-related incentives favouring large business, Vosloo said.

"It is absolutely essential that economic policy should not continue to be biased in favour of the large business sector. There is a need for a small- to medium-sized business development strategy." This would provide equal opportunities for all businesses, he said.

Govt to champion small businesses

B/Day 2/10/91.

THEO RAWANA

TRADE and Industry Minister Org Marais is poised to set up a section in his department to focus specifically on small to medium businesses, says Sacob deputy director-general Ron Haywood.

Addressing a Small Business Week conference at Sun City, Haywood said that after his chamber had discussions with Marais and his director-general Stef Naude, instructions were issued immediately to investigate the possible involvement of the department in the development of small business.

"Action is already taking place In Dr Marais I believe we have a prospective government champion of small business," said Haywood.

He saw this section acting as a "liaison forum" for various government departments which had an impact on small business

Stressing there was urgent need to develop this business sector, Haywood said "Although we have numerous development organisations and groups (estimated at more than 80), one very important player is missing and that is a government which has a co-ordinating role to 'develop and champion' small business"

He said the private sector should have a more cohesive, unified approach in addressing the development of small business.

Sacob believed, after discussions with its member chambers, that the best way to promote the cause of small business was to form a "Small Business Forum" whose objective would be to ensure that the small business perspective was taken into account when Sacob's national policy — and that of member organisations — was formulated

This forum would promote local and international trade in the small business sector, identify regional needs and opportunities and develop the potential for growth of this sector, Haywood said.

The forum would also gather useful information relative to the small business practitioner, and disseminate information pertinent to this sector among members.

Big business could be "part of small business" by planned purchases from this sector, joint venture funding, sub-contracting, in-house small business units, continued financial support and training

Marais could not be reached for comment yesterday.



SBDC community development manager Mandi Maapa explains Small Business Week to a group visiting the City Hive in Johannesburg yesterday.

Picture ROBERT BOTHA

New standards for agricultural products

B/Day 2/10/91.

GERALD REILLY

PRETORIA — Agriculture Minister Kraai van Niekerk yesterday announced the implementation of new legislation to enforce quality standards on agricultural products.

Van Niekerk said the Agricultural Products Standards Act consolidated the Dairy Industry and the Agricultural Export Acts and incorporated some sections of the Marketing Act

He said the provisions would control sales on local markets and the export of specific farm products, and laid down minimum requirement for packaging

Quality control was an important component in local and international marketing of farm produce, he said, adding that it was government's approach to let industries apply quality control on its behalf.

Zambian

B/Day 2/10

LUSAKA — Zambia expect 1,7-million bags of maize from using some of its copper expor collateral, Finance Minis Chongo confirmed yesterday

Chongo said his government a loan from a commercial ba the maize, but he refused to n or the amount involved

The government has also

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.

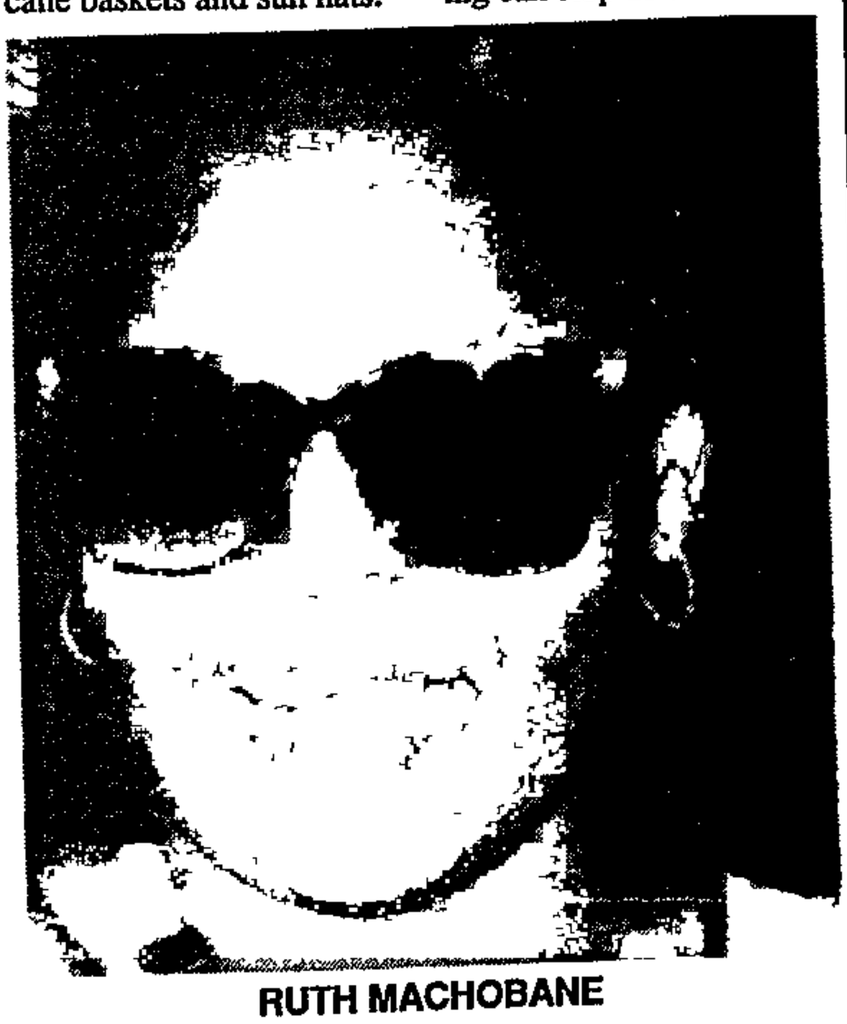
Easier

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



Arie van der Zwan

153A

Small can mean large profits

(Business) South 26/9-2/10/91

THE QUICKEST ROUTE to economic recovery and towards stemming the alarming rise in unemployment in South Africa is through the expansion of small business, says Southern Life executive director, Mr Arie van der Zwan.

The Southern, the major sponsor of this year's Small Business Week, is committed to small business development. Through this sponsorship the company seeks to make all communities aware that small and medium enterprises can make a massive contribution to the creation of jobs and a healthier economy.

According to Van der Zwan, compared with developed nations in the west, South Africa has a low rate of self-employment.

"Small business is the most important generator of wealth and forms the cornerstone of any successful economy in the world," he said

"It is therefore vital that people with the courage and foresight to start small businesses should be encouraged to do so.

"The Small Business Development Corporation (SBDC) has been a major driving force in assisting the small entrepeneur. Since its formation in 1981 the SBDC has been responsible for generating over 300 000 job opportunities"

The Small Business Week aims to change the perception that small business means small profits and hopes to encourage a sizeable portion of the community already running small businesses in the informal sector to progress to formal and medium-sized businesses.

"Job and wealth creation flow from a vibrant small business sector. It is in the national interest to encourage potential entrepeneurs in every way we can," adds Van der Zwan.

"The ability of our country to create jobs has dropped drastically in the past five years, so that only 12,5 percent of new job seekers can be absorbed into the economy.

"Roughly 1 000 people enter the labour force daily, and only 125 of these will find employment.

"Even though our population has grown at an alarming rate, we still have the same number of job opportunities today as in 1980.

"Job creation is not keeping pace with the birth rate"

Every year more than 250 000 black matriculants are added to the more than four million existing work seekers.

"This figure does not take into consideration other population groups seeking employment," says Van der Zwan.

"Statistics such as these highlight the need for our country to promote and actively support a bouyant small business sector

"The more people are encouraged and assisted into businesses of their own, the bigger the private sector will grow, which in turn will provide employment, a healthier economy and an atmosphere for lasting peace."

Economic community on cards for the New Africa

S/Times 29/9/91 153A

By CHARLENE SMITH

THE first all-Africa businessman's conference — including 150 South African businessmen — will be held in Cameroon at the end of October

The conference — which has as its central theme "Exploring Opportunities in a Changing Africa" — hopes to foster regional and continental co-operation In terms of the Lagos Plan of 1980, Africa is aiming for an African Economic Community by the turn of the century

At present the continent has 11 regional economic blocs, as opposed to three for Europe and one in Asia.

Economists believe the continent has to streamline and improve regional and continental co-operation if it is not to be completely marginalised and cut out of the major economic blocs developing in Europe, the Americas and the Pacific Rim countries

The conference is organised by the Movement of Dialogue and Co-operation Eight hundred delegates, of whom 600 will be businessmen, are expected to attend from every country in Africa

There will also be delegates from major international non-governmental organisations and businessmen and government representatives from Europe, Asia, Latin America and the United States of America, according to local organiser, Mr Jacques Verster

Dr Ian McRae, chief executive of Eskom, will be one of the main speakers

A number of SA companies are sponsoring black businessmen to ensure that any benefits are not restricted to the corporate sector — in fact, small business and the informal sector will be a key part of the talks

Daily workshops will enable businessmen to debate a variety of topics, including agriculture and rural development, energy, mineral and hydro resources, computerisation and development, African markets and obstacles toward economic expansion.

The conference will be opened by President Paul Biya of Cameroon

Privatisation 'will help blacks'

(153A) SHARON WOOD (102)

STELLENBOSCH — Privatisation would make an enormous contribution to helping empower blacks and reduce the size of the public sector, Economic Society president Peet Strydom said at the society's bi-annual conference yesterday B1DAY 3/10/91.

"Unless more blacks become involved in the production of GDP, the economic transition is unlikely to be a success," he said. (104) (440)

Big companies would have to provide the employment projects needed because the informal sector was too small and SA could not "dump people in the informal sector".

In addition to privatisation, business alliances should be established, which would mutually benefit business and other players in the economy, and government would have an important role in stabilising markets, particularly in providing social security.

Strydom suggested various areas in the Budget which should be readjusted to release the resources needed to finance the new SA.

Police spending would have to be upgraded and funds should be re-allocated from defence and constitutional development to housing and health. SA's expenditure on education was relatively high by world standards.

He rejected the common statement that SA was under-borrowed, saying that foreign debt levels were still extremely high and government should privatise the cost of state debt.

Combatting inflation was an essential prerequisite for an efficient, market-driven economy.

"SA has made great progress with monetary policy ... but is dragging its heels with fiscal policy, which is causing exessive inflationary pressures," Strydom said.

A good friend for small business

South 26/9-2/10/91
153A
(Business)



DIRECTOR: George Penxa

THE ISIBANE Resource Centre's mission in life is to help small and informal businesses overcome some of the daunting problems they face in their struggle to survive

Already, it organises regular fleamarkets for small-scale producers in the townships, provides advice and counselling on a wide range of issues, and helps formulate funding proposals for those concerns needing an injection of finance to start up or expand

The centre's director, George Penxa, would love to be able to do a great deal more. Holding him back is the fact that he just does not have the money to employ more staff to help him.

Isibane was established in late 1988 by the Mobil Foundation, the community involvement arm of Mobil Oil that has been particularly interested in promoting black entrepreneurs.

The funding provided by Mobil, welcome though it is, just about covers the salaries of Penxa and his secretary and the rent of Isibane's Charlesville offices.

As a result, like other grassroots organisations in South Africa today, Penxa and his advisory committee of community leaders are seriously having to consider ways of becoming more self-reliant and securing additional sources of finance.

Additional funding would particularly help Isibane to employ more staff members to advise and counsel small businesses, write funding proposals for them and actually provide basic technical and business-skills training rather than merely referring people to technikons and the like

"One of my biggest problems is that so many of the people wanting help in running their businesses are illiterate. So I have to sit down and construct proposals for funding for them, or explain that issues such as costing and pricing could affect their ability to sell — all of which takes up time," said Penxa.

He would like to expand this work to provide basic training courses at the resource centre

Apart from needing to know the basics of how to run a business, another major problem facing the sector is finding markets. So Penxa hit on the idea of fleamarkets in the townships, with the first being held during Small Business Week last year.

Further details about the Isibane Resource Centre can be obtained from George Penxa at 934-0806/0595

Jo'burg cuts red tape for informal traders

153A

B Day 30/9/91.

THEO RAWANA

THE Johannesburg City Council has taken space at the SBDC's R9m City Hive to centralise and streamline its informal trading bureaucratic procedures

Hive manager Terry McLaughlin said the council was opening an information, training and administrative centre for the city's small businessmen at the complex.

"Officials from the traffic, health, licensing and cleansing department will be under one roof, saving budding businessmen hours of travelling from one department to another, as has been the case up to now," McLaughlin said

The City Hive, a three-storey, city-centre structure with 30 000m of manufacturing and trading space, was converted from the old Eriksen Ford Building in Salisbury Street early this year to house about 200 small businessmen

A council spokesman said the 12-man team of the informal market trading section would move into the offices in November and assist entrepreneurs in all areas that would help their development

"To counter criticism that informal traders had turned central Johannesburg into a slum, the council has set out to guide this sector to improve their trading while the beauty of the city is maintained," he said

McLaughlin said ultra-modern hot-dog trolleys had been designed for hawkers, with all the fittings which would ensure the maintenance of strict health regulations.

He invited the private sector to sponsor these ventures.

"These hawker trolleys will carry the sponsors' corporate colours and logos, increasing their market penetration and exposing them to direct involvement in developing entrepreneurial skills in the informal sector," he said

Bigger image for small business

153A

THEO RAWANA

ONE aim of Small Business Week 1991 is to change the perception that small business means small profits B Day

The organisers of the week hope to achieve this is by encouraging larger ventures in the informal sector to progress to the formal sector and to become "medium-sized business", says spokesman Sonny Tarr of the SBDC 30/9/91

The week, which features 200 events nationwide, got underway on Saturday with a ceremony at Highgate Shopping Centre

Included is a three-day small and medium enterprise sector conference which started at Sun City yesterday Speakers will include SBDC MD Ben Vosloo, Transkei University rector Wiseman Nkuhlu, Centre for African Studies director Eugene Nyathi and Sacob's Ron Haywood.

Other activities include a golf day at Rondebosch Golf Course on October 4, a three-day Small Business Ways workshop and exhibition at the SBDC's City Hive in Johannesburg from today to Wednesday

The week is an annual event whose main purpose is to promote a culture of of entrepreneurship leading to self-employment among South Africans.

Organisations represented on the Small Business Week national co-ordinating committees include the SBDC, the small business development units of the Standard Bank and First National Bank, the Witwatersrand and Potchefstroom Universities, Anglo American, De Beers, Southern Life, Foundation for African Business and Consumer Services (Fabcos) and Get Ahead Foundation.



HIVE OF ACTIVITY: Mitchells Plain Hive

Hives free busy bees

(Business) South 26/9-2/10/91 153A

YOU HAVE THE skills and some seed capital — but where are you going to start your small business?

For would-be entrepreneurs, this is the million-dollar question and many have no option but to brave the weather and go for open air stalls while others brave the wrath of their neighbours and set up shop in their backyards.

For those who opted for the streets, life used to be unbearable, with municipal officials of every kind dogging their footsteps and fining them wherever they could

But Charl Adams of the Cape Town Chamber of Commerce reports a welcome change of attitude by the authorities in recent years.

Hawkers and vendors now have more freedom to set up shop, albeit still under certain conditions, especially in summer when the tourist season is at its height and the city fathers want a "clean city"

Many businesses, however, cannot operate in the street, especially when they are involved in making goods for sale But rents can be high, even if space is available, and backyard industries have flourished, much to the displeasure of fussy neighbours and old-fashioned council authorities.

The Small Business Development Corporation has come up with an eminently practical solution — the development of industrial "hives", or large, partitioned-off factory floors where small businesses can rent their own space for a relatively modest sum. These hives have proved very successful and there are plans to build more although some people are critical of the fact that they tend to reinforce the separation of the races by their very location, usually in or near black or coloured townships.

But some small businesses don't just want to rent their factory space, they want to own it, and the SBDC is now considering ways of helping small businesses buy their own premises

Bad regulations or bad employers?

153A

South C.

26/9-2/10/91.
(Business)

Labour regulations can help prevent exploitation, as **LYNDA LOXTON** finds out But sometimes they just hamper entrepreneurs of small or informal businesses

SMALL OR INFORMAL businesses have been touted as an important weapon in the battle against unemployment — but are they good employers? "There is no such thing as a good or a bad employer," says Charl Adams of the Cape Town Chamber of Commerce.

"There are just ignorant or informed employers and many of your smaller business people are purely ignorant. They do things and then discover afterwards that they should not have done that or could have done something else "

This is one of the main reasons that the chamber tries to educate its 3 200 members, 80 per cent of which are small businesses with between one and ten employees, through its weekly bulletins and quarterly Small Business Forum Bulletin insert

"But it is important not to prescribe to the finest detail how they should go about their business They are there because of their entrepreneurial ingenuity in the first place, so we must allow for that to develop within reason."

One reason why small businesses are criticised by some as being "bad" employers is that they sometimes pay below the going rate as determined by other groups

In one case that hit the headlines recently, a man who had been retrenched started up a backyard mechanics shop, quickly expanded and was soon employing 14 people

"But he was not registered with an industrial council and when the authorities caught up with him, they virtually threw the book at him — so much so that he had to reduce his staff to seven people and is now faced with the real possibility of closure," said Mr Adams

"I think that this particular industrial council is being extremely bureaucratic about this

"I know that there are some ICs that are very accommodating and will help the small businessman, but some just 'go by the book', which is shortsighted, especially under present conditions of widespread unemployment.

Registration with an IC is seen as being important because then employers deduct Unemployment Insurance Fund contributions and are obliged to pay minimum wages agreed to between employer and union bodies

"The unions' attitude to this is an ambivalent one One understands that on the one hand they want to make sure that members or employees in general have a good wage and are not being exploited. On the other hand, they are also concerned about job creation

"At the time of this incident, a spokesman for NUMSA was quoted as saying that their research had shown that wage concessions to small businesses and in rural areas resulted in very few jobs being created So he is saying that these small businesses and backyard operations do not really create jobs

"I doubt that because they are labour intensive."

The chamber has submitted recommendations to the National Manpower Commission that the present, relatively intricate and involved labour regulations should be amended to cater for the needs of small businesses

"I know that it could lead to some confusion if different legislation applies to different kinds of businesses, but the small businesses have very different needs and skills levels that should be catered for," said Adams



Raymond Ackerman

Ackerman offers helping hand to small businesses

South 26/9 – 2/10/91. (Business) 153A

WHEN Raymond Ackerman left Greatermans 24 years ago to set up business on his own, he had to "battle it out" in order to survive.

It was difficult to borrow money and there was no national emphasis, as there is today, on the importance of promoting small businesses

Nobody had even thought of setting up a Small Business Development Corporation to help small businesses

Today, he is executive chairman of one of the largest supermarket chain stores, Pick 'n Pay, but still makes time to lend a helping hand to businesses just starting out.

Ackerman says that he knows from experience just how tough it is to start out as a small businessman

Hard work and tenacity are vital for survival, but guidance and advice can be a great help, he argues.

He also believes that the small business sector has a very important role to play in South Africa today as both a wealth and job creator, so it deserves support.

As a result, his group is a major shareholder in the Small Business Development Corporation, and it provides practical support and, where necessary, advice to small business owners.

In the Transvaal, the SBDC has eight Price Clubs which offer special wholesale prices as well as general business advice to small businesses.

This has not yet got off the ground elsewhere in the country, but Ackerman hopes that it will soon.

Nationwide, it is also Pick 'n Pay's policy to back small industrialists and some lines such as stationery are already largely being supplied by these concerns.

Lists of other potential suppliers are constantly updated and circulated to stores around the country

BUSINESSBUZZ

Spazas spurt in bursting backyards

153A

With the demise of coloured preference areas in the Cape, African settlements are increasing And with it the growth of spazas. **LYNDA LOXTON** reports

Sowet 26/9-2/10/91

UNTIL THE MID-1980s, there was little or no support for black businesses in the Western Cape, but today it is one of the most competitive fields around (Busines)

The lack of support was due to the legal restrictions of apartheid generally as well as, more specifically, the fact that the government had ruled that the region should be a coloured preference area in which there was no future for Africans, even as labourers

The Small Business Development Corporation is one of the first to admit that, until recently, neither it nor its predecessor, the Coloured Development Corporation, paid much attention to the African would-be entrepreneur who needed support or advice

Since then, things have changed dramatically. Khayelitsha has sprung up and sprawled out, black squatter settlements have multiplied and the Africanpopulation of Cape Town alone has risen from about 280 000 in 1980 to nearly one million today.



UNSUNG COMPETITORS: Edith Mapompo behind the counter of her Guguletu spaza shop

Given the recession, there was no way that the formal sector could cope with this influx and create the thousands of new jobs needed — and the small business and/or informal sector mushroomed as people scrambled to earn a living where and when they could. They started spaza shops, operating from their homes and providing a handy service to workers who had little time to shop in the city or industrial areas as they rushed to and from work.

Somewhat ironically, there is no doubt that all this activity was greatly boosted by the township unrest of the late 1980s

Municipal and other inspectors whose job it was to enforce rigid and outdated planning, health and other regulations inhibiting the growth of "backyard" businesses, decided that it was safer to stay off the streets.

According to James Thomas of the Triple Trust Organisation, this had another beneficial spin-off effect — nutrition levels improved!

"When the unrest started, the health inspectors decided that it was not very safe to go around enforcing their laws anymore —and sales of fresh food of all kinds grew phenomenally"

Surveys found that the end result was a general improvement of average nutrition levels without any increase in food-related diseases

This was because people bought their food carefully, making sure they had just enough to be consumed that day because they did not have refrigerators in which to store food — and in the process, thousands of hawkers and spaza shop owners were able to earn the money needed for their families' survival.

Spaza shops, for example, have been a startling phenomenon and Pick 'n Pay's chief Raymond Ackerman has even gone on record to say that the spaza shops can be seen as his "unsung competitors".

It has been estimated that there are about 22 000 of these throughout the country generating business worth some R3 billion a year.

"So, collectively, these guys are a force. But although some have an individual turnover of about R15 000 a month, others are much smaller and are living from hand to mouth

"Some make it and some of them don't," said James Thomas

The plight of small vendors still a problem

153A
ARG 25/9/91

The Argus Correspondent

JOHANNESBURG. — There is still concern about the plight of thousands of small business people despite Finance Minister Barend du Plessis' concession to help alleviate their cash flow problems after the introduction of VAT

Small businesses are expected to be hard hit when the new tax is implemented and urgent solutions are being sought to assist them

On Monday Mr du Plessis announced a minor concession for smaller vendors by raising the limit at which businesses can choose to pay VAT after receiving their payment from R1-million to R2,5-million.

Businesses can pay VAT to the Receiver of Revenue either on a payment basis (once payment is received) or an invoice basis (once an invoice is received). Businesses now, with annual sales supplies of less than R2,5-million, can choose to pay on a payments basis

"The effect of the increase is that a larger number of smaller vendors will be able to qualify for this concession which will ensure they do not suffer any cash flow disadvantages because of VAT and their accounting for VAT will be simplified," Mr Du Plessis said.

Vendors who had already registered for VAT on the invoice basis and who now elect the payments basis may submit their applications to their local Receiver and account for VAT on the payments basis as from September 30

However, National Industrial Chamber executive committee member Ian Hetherington said that while the concession would help, it was "really marginal compared to the issues we've raised".

Several companies have said they will use only registered VAT vendors There is growing concern that, as registration compliance costs are great, small businesses will be unable to compete against registered companies.

So concerned is the National Industrial Chamber that it has written to President F W De Klerk asking for help.

VAT may cripple informal sector

153A

By Paula Fray
Consumer Reporter

Urgent solutions are being sought as concern mounts over the effect of value added tax on small businessmen — expected to be hit especially hard when VAT is implemented. Star 24/9/91

Several companies have already said they will use only VAT-registered vendors

The Star has seen one memo that says "We require all our suppliers to be registered vendors for VAT purposes in order for the company to be able to claim the input credit on purchases

"We will therefore not deal with any suppliers who are not registered"

The Co—ordinating Committee on VAT has made an urgent call to the Government to amend the VAT Act to avoid prejudice to smaller entrepreneurs

A recent Vatwatch statement expressing concern about the impact of VAT on small business was echoed by Free Market Foundation executive director Leon Louw, who said the compliance requirements of VAT were so costly and complex it would be disastrous for most small, informal and emerging enterprises

Small Business Development Corporation (SBDC) MD Dr Ben Vosloo said the organisation was especially concerned about the effect VAT would have on businesses below the VAT threshold who supplied services and goods to bigger businesses

"To be competitive they will have to register and be forced to keep extensive records and administrative systems These requirements will place an added burden on particularly the semi-formal enterprise sector," Dr Vosloo said

"However," said Dr Vosloo, "the SBDC also believes that VAT holds some benefits for the more formal small and medium enterprise (SME) sectors as far as avoidance of double taxation and improved accounting disciplines are concerned"

The organisation has invited SMEs to make use of its national Rebate Scheme where professional advice and assistance could be obtained

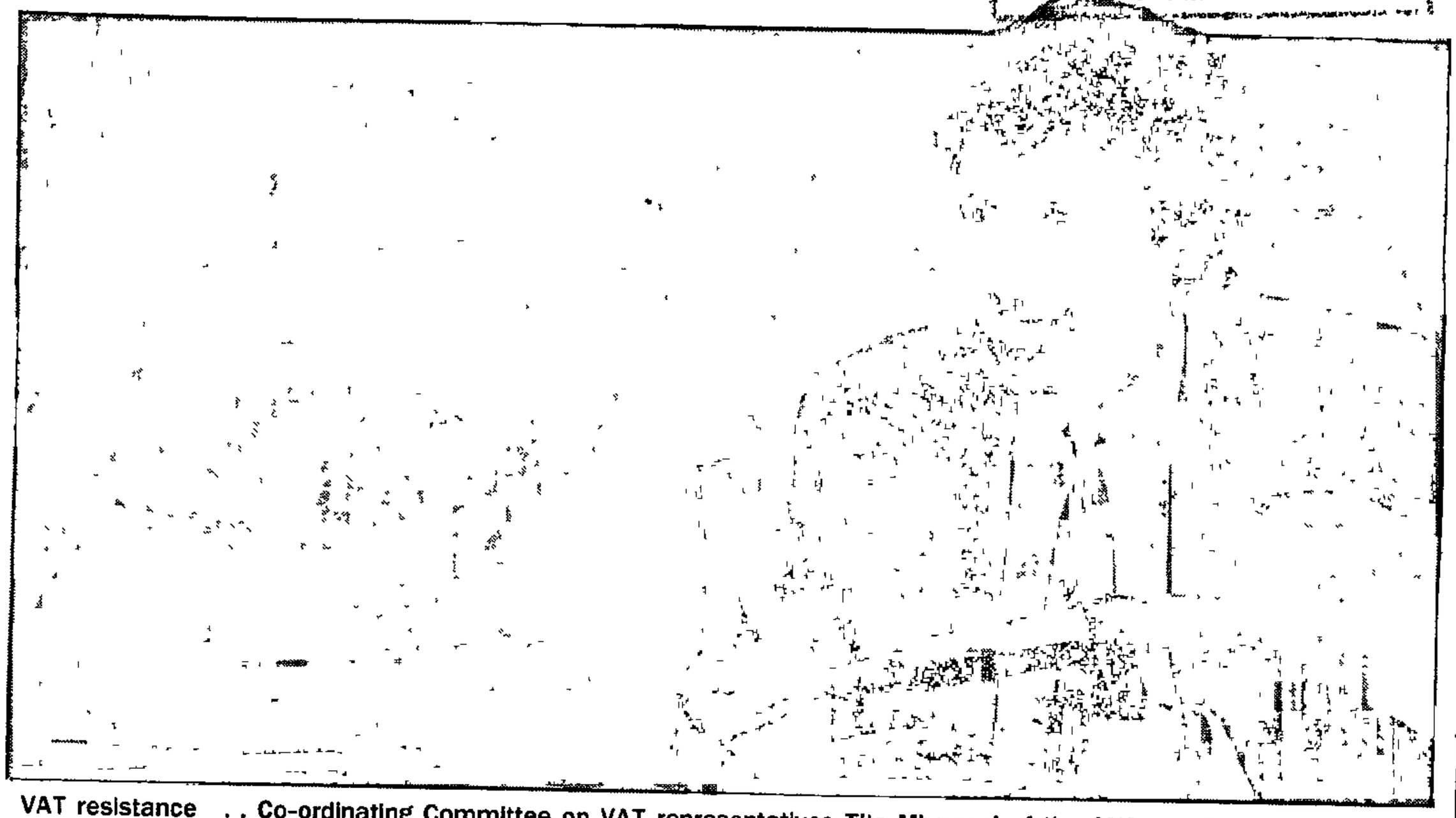
So concerned is the National Industrial Chamber (NIC) that it has written to the State President for help

NIC executive member Ian Hetherington said corporate customers could not reclaim VAT on supplies from the non-registered, emerging entrepreneur — although these entrepreneurs had to pay VAT on their inputs

"Naturally businesses will want an invoice for input credit purposes. But to give an invoice, the small supplier must register and comply with the regulations

"Among others, they will have to keep the invoices for a minumum of five years and have a part-time book-keeper," Mr Hetherington said The cost of this was estimated at at least R5 000 extra a year

"We are talking about the home dressmaker, the catering woman supplying executive lunches, the back-yard welder making gates for factories



VAT resistance . . Co-ordinating Committee on VAT representatives Tito Mboweni of the ANC and Cosatu secretary-general Jay Naidoo outline action to be taken in protest against the new tax. Picture Joao Silva

VAT 'destroys informal sector'

IT appears as if the the "establishment" wants to destroy the growing informal sector through measures such as value-added tax, says businessman Dr Jan S Marais.

In a statement yesterday, Dr Marais said it was strange that in the "VAT war" no mention of note had been made regarding the practical accounting requirements of applying the tax.

"Have our brilliant planners, in their great wisdom, made sure that we have a sufficient number of accountants, bookkeepers and experienced clerks to apply VAT efficiently in the thousands and thousands of businesses having no real accounting systems?" he asked.

Dr Marais charged that while VAT might be scientific and fair in a sophisticated economy such as in Switzerland or Germany, it was "simply not practical" in South Africa at the present stage of development.

He further stressed what was needed were more people with jobs — and those with jobs working harder and more efficiently.

"Our millions who will never read or write must be harnessed to do the many things they can do without being able to read or write," Dr Marais said. — Sapa

Small businesses come under focus

Sowetan 26/9/91. 153A

THE fourth annual Small Business Week, a national event organised by key players in the development of small business in South Africa, starts at various venues countrywide on Saturday.

By JOSHUA RABOROKO

More than 200 events have been arranged for this purpose and they include candle-making, interior design, home-run milling operations, craft markets and the production of cleansing detergents They are just some of the small business opportunities which will be highlighted during the week

A wide range of workshops, fairs, expos, seminars, training programmes, competitions, flea markets and sporting events will expose all sectors of the South African community to the potential of the small and medium enterprise sectors

Mr Sonny Tarr, chairman of the SBW national co-ordinating committee, and consultant general manager of the Small Business Development Corporation, said the main purpose of the week was to promote a culture of entrepreneurship among South Africans

"All the most successful economies of the world are founded on vibrant small and medium enterprise sectors, which have proven themselves to be the major and most cost-effective job creators"

Aim

Tarr said the aim of the week was to create greater public awareness of the potential of these sectors to create wealth for all communities

"We would like to change the perception that small business means small profits and encourage the large sector of our community involved in informal sector business activities to progress to the formal sector and medium-sized businesses"

Events arranged for the week have been designed to introduce the public not only to the financing for aspirant small and medium entrepreneurs, but to the training, advisory and support service available

According to Tarr, the SBDC has put great emphasis on training and support services since the mid-eighties

"We realised that our financing can only achieve its aim of job and wealth creation if we also assist our clients in acquiring the necessary skills and survival techniques to keep their business going in difficult economic times

"Few people are aware of programmes like the SBDC's mentor and rebate schemes - the first making the skills of retired businessmen and women available to small business entrepreneurs and their staff on their business premises and the second giving them access to a wide range of professional services at discount rates"

He said many other organisations offering services to the SME sector were taking part in the Small Business Week 1991

"Since SBW was introduced by the SBDC in 1988, the small business development has expanded considerably This year more than 60 organisations countrywide are involved in the activities taking place - all of whom provide some form of support to the SME sector"

Sponsor

Represented on the national co-ordinating committee are organisations such as the Federated African Business and Consumer Services, the Get Ahead Foundation and the National Association of Women Business Owners, as well as the small development units of Standard and the First National banks, the Witwatersrand and Potchefstroom universities.

Large corporations include Anglo American, De Beers and Southern Life, which is also the major sponsor of the event

The SBW will take place at the Highgate Hyper-market in Maraisburg, while launch events have also been arranged in all South Africa's major cities by six regional co-ordinating committees

Major national events include a three-day SME conference at Sun City between September 29 and October 1, a SME networking event at the SBDC's Linbro Park Training Centre in Johannesburg on October 2, a Linking Big and Small Business golf day at the Rondebosch Golf Course in Cape Town on October 4, a three-day Small Business Ways workshop and exhibition events at the SBDC's City Hive in Johannesburg from September 30 to October 2

Seminars and workshops will address the implications of Value Added Tax on the SME sector.

Other aspects which will be addressed are export and import possibilities, marketing, subcontracting, franchising and home industries

SOUTH, SEPTEMBER 26 TO OCTOBER 2, 1991

BUSINESSBUZZ

MINDING YOUR OWN BUSINESS

Catching small fish

(Business South (Sept) 26/9-2/10/91 (153A)

More formal sector businesses are linking up with the informal sector, to the advantage of both sectors **LYNDA LOXTON** reports on their creative efforts



MOMENTOUS political changes over the last few years, rising unemployment and a looming, possibly catastrophic crisis of expectations is involving more and more individuals and organisations in applying that old Chinese proverb in South Africa — and making it work

Speaking to the various players involved — ranging from the Small Business Development Corporation to the Triple Trust Organisation, the Cape Town Chamber of Commerce, individual small business owners or hawkers and their own business associations as well as representatives of big business one gets a sense of a great deal of activity, sometimes overlapping sometimes missing out huge areas that need attention

Some creativity will emerge during the forthcoming Small Business Week a national event that will feature special events in and around Cape Town to make the public more aware of the needs and potential of the small business sector

Many people, in fact, are somewhat wary about this sudden focus of attention on small business, wondering whether it is not an attempt by interested parties (i e the government and big business) to "convert" the majority of people to capitalism before any post apartheid government can start trying to introduce its version of socialism with co-operatives et al

Others however say that this is cynical thinking not worthy of the 1990s and the enormous unemployment problems facing this country

James Thomas of Triple Trust, whose training/lending/marketing arms are funded by the private sector says that he has secured private support "because I think people realise that in order for there to be a South Africa tomorrow there needs to be a reinvestment into the people of South Africa.

"We've said look, no matter what economic system we have in the future, we're going to need economic building blocks, productive units, people with skills, people who can do things And so we are not prescriptive to people about how they should do things, organise their work If they want to work as individuals, that's fine, if they want to work in groups or co-operatives, that's also fine "

Charl Adams of the Cape Town Chamber of Commerce does not think that the promotion of small business is based on any ideological argument

"There is an old Chinese proverb that says Give someone a fish, and you feed him for a day Teach him how to fish and you feed him for life

It's a wonderful old proverb that works in China but is useless over here because it does not address many of the issues Merely knowing how to fish does not mean that you can make a living out of catching fish You need the fishing rod You need access to the fishing pond, which is very important in this country You need to know how to dig the bait You need to know how to sell your fish so that you can have something other than fish to feed your family and can buy them clothes and things like that"

James Thomas, MD, Triple Trust Organisation

"I think what is happening is that the larger businesses, who in the past had very little regard for small businesses, are now seeing them as being important and even as co beneficiaries in certain markets," said Adams

This was borne out by several representatives of "big business"

Makro s regional marketing manager, Paul Prohn, said his group was very keen to make contact with small and informal businesses to establish more formalised trading links

A company with advanced links with the small business sector is Woolworths Its social responsibility administrator, Stephanie Shutte, said this arose out of the realisation that the formal sector alone could not tackle the vital task of stimulating the economy and creating the jobs and personal income needed by thousands of South Africans

But while Makro and others are interested in forging links with the retail sector — spaza shops and the like to whom they can sell goods — Woolworths is thinking more of what it can buy from the small/informal sector

Shutte said that all Woolworths departments have been told that they should aim at having at least one black supplier each, be it someone who repairs electrical fittings, makes alterations in lay-outs or cleans the floors

Implementing this was not always easy, she admitted The formal sector, particularly the whites in it, has had so little contact with the townships, for example, that it just did not know what was available there She recommended that group buyers be sent on the township tours being organised by Theo Rudman and others

She is also contacting organisations such as Matchmakers in the Transvaal and New South Africa Management throughout South Africa. These aim to put formal sector firms into contact with small business or informal sector suppliers of all kinds

"Because Woolworths is so quality conscious, there will be a lot of items that will be returned to the producers initially until they start producing what we want and need But that is inevitable Woolworths wants to contribute to the development of the informal sector, but it is not in existence just to do people favours It wants to make a profit and sell its customers good products — and it is not going to hurt anyone in the informal sector to learn how to produce good stuff, said Shutte

Triple Trust also helps small businesses it has trained and financed to market their products because, said Thomas "You've learnt how to catch fish, you've got your fishing rod, but where do you sell your fish?

To this end, the trust set up the Africa Trading Co operative Trust, which not only helps small businesses source their raw materials, but also buys back certain finished goods for which there is an established market But the trading trust insists on quality products and retains the option to reject goods that do not meet certain standards

The SBDC does not provide any marketing support except insofar as it takes part in exhibitions around the country, displaying items made by small business

But it has devoted more time to promoting the idea of large firms subcontracting more of their work to small businesses, especially those owned by black entrepreneurs



FRUITS OF LABOUR: Charmaine White at her Mitchells Plain street stall

Knitting for success

South (Business) 26|9 - 2|10|91.

"WE CAN NOW earn the money we need and I am not afraid to work hard." A typical statement by one of the 10 women who recently underwent an eight-week Triple Trust training course at the Small Business Development Corporation's centre in Mitchells Plain (153A)

Supervising them was Maude du Plessis, who was appointed knitting instructor in November last year, when the trust's machine-knitting project got off the ground with two applicants Now, there is a waiting list for upcoming courses.

During the course, trainees are provided with R4 pocket money a day For the last four weeks of the course they pay rent of R2 a day for their machines and are lent 15 cones of wool.

Whent SOUTH visited the project, most of the trainees were middle-aged housewives who had always wanted some skill that would enable them to supplement the family income. Above all, they seemed excited about the prospect of doing productive work again.

The "baby" of the group was 19-year-old Wilhelmina Sheldon, a matriculant who had found it difficult to get either a job or a bursary to go to college

Jeannie Cook from Triple Trust, who liaises with Maude to ensure that all is running smoothly with the courses, said that one of the major obstacles was persuading trainees that they should, and could, work for themselves once they had finished the course

Shopkeepers stock up

S|Times(Bus) 22|9|91 (153A)

Business Times Reporter

SMALL shopkeepers have stocked up ahead of Vat's introduction, says Neil Ross, senior consultant at Perry & Associates

These shopkeepers are GST registered and have bought stock to take advantage of their exemption certificates.

August and September will thus have been boom months for wholesalers and October will be quiet.

Mr Ross says blacks buy large quantities of groceries for the informal trading sector Traders have bridged the distribution gap and managed to get goods to the people where they live or work

The sector is driven by need and convenience. Many consumers buy from informal outlets in spite of high mark-ups because they cannot easily shop regularly elsewhere

Informal shopkeepers also make their wholesale purchases on the basis of convenience — where they are made to feel welcome and their needs are met. Wholesalers have positioned themselves for this.

However, if it is more convenient, informal operators buy stock at retail outlets and this could change the retail-wholesale split of business



What's in store for the small business

THIS year's national small business week will take place from September 28 to October 5 and will include a panel discussion on VAT.

The Cape Town Chamber of Commerce will host the discussion entitled *VAT and the Small Business* as part of its contribution to the week's programme.

The programme will focus on the expected problems and remedies that small businesses might have in adapting to VAT.

The panel discussion will be led by Mr Bob Wood, Chairman of Sacob's Taxation Committee and past president of Assocom.

Others on the panel will be Mr Des Kruger, a director of Deloitte Haskins & Sells and adviser on GST and VAT to the Margo Commission; Mr Clive Robson, assistant director of the Department of Inland Revenue; Mr David Clegg, chairman of the chamber's taxation committee and a tax specialist with Ernst & Young; and Mr Graham Cochrane, tax specialist with Price Waterhouse.

The discussion will be held on Wednesday October 2 and will cost R80 for members and R95 for non-members

For information ☎ 021—23 2323
(Leigh James)

IFP men looted goods - hawkers

Sowetan 20/9/91

153A

HAWKERS near the Johannesburg Station yesterday alleged that they lost thousands of rands worth of goods when Inkatha supporters looted their stalls at the weekend

IFP members were detraining on their way to the Carlton Centre

The hawkers, who did not want to be named for fear of reprisals, made the claims at a Press conference at the Johannesburg Anglican Cathedral

One hawker said some of the victims had been afraid to come forward.

Sowetan Correspondent

They said hundreds of armed men wearing Inkatha T-shirts alighted from trains on Saturday morning and began to help themselves to goods from stalls in Noord Street and along Hoek and Von Brandis streets

"Each group started taking what they could lay hands on

"They were aggressive and nobody said anything to them Some of our colleagues lost everything. After that we immediately packed what remained and left," a spokesman for the hawkers said

Hawkers said they had lost goods worth between R400 and R1 400 The hawkers said they had been told that at least one woman had been injured after some of the women hawkers had been molested when the men were on their way back to the station

Responding to the allegations, Inkatha spokesman Themba Khoza said "We are appalled We don't think that was the right thing to do. We understand that there are people who are trying to make a living out of selling and we support the system of free enterprise

"People who have complaints should either go to the police for investigation or report to our office on the 4th floor of Sanlam Building, 63 Commissioner Street, or write to PO Box 61447, Marshalltown 2107.

An attorney from the hawkers' legal representatives, said there was "very little legal remedy" in the matter There was no legal precedent for this kind of thing.

Hawkers accuse Inkatha of looting

By Montshiwa Moroke Star 19/9/91

Hawkers near the Johannesburg station yesterday alleged that they lost thousands of rands worth of goods when Inkatha supporters looted their stalls at the weekend

The hawkers made the claims at a press conference at the Johannesburg Anglican Cathedral, in the company of attorneys and representatives from Peace Action and Black Sash

They said that on Saturday morning hundreds of men, carrying weapons and wearing Inkatha T-shirts, helped themselves to goods from stalls in Noord Street and along Hoek and Von Brandis streets

"Nobody said anything to them because we were all scared," said a spokesman for the hawkers

Responding to the allegations, Inkatha spokesman Themba Khoza said "We are appalled We understand there are people who are trying to make a living out of selling and we support the system of free enterprise. (153A)

"People who have complaints should either go to the police for investigation or report to our office on the 4th floor of Sanlam Building, 63 Commissioner Street, or write to PO Box 61447, Marshalltown 2107"

ETAN BUSINESS

Going ahead with style

(153A)

Sowetan 19/9/91

By ALI MPHAKI

IF you are on the Reef and are planning to have a hairdo, don't be surprised to find most hair salons closed on Monday and Tuesday.

It's not a stayaway or anything like that, it is simply that the growing Afro Hairdressing and Beauty Association of Southern Africa is holding its third annual general meeting.

While the venue for the two-day AGM is the auspicious Johannesburg Sun, this should not in any way suggest all has been smooth sailing for Ahbasa.

Its no secret that, after taxis, the hair industry has become the second most popular means of business in the townships.

As a result, a lot of fly-by-nights have emerged over the years and others, who thought that the industry was one of those "get-rich-quick" schemes, simply fell by the wayside

And, adding insult to injury, hair product manufacturers mostly in search of a quick buck - went all out to frustrate efforts of organising the vulnerable black hairdressers

As Mr Xolani Qubeka, executive chairman of Ahbasa, puts it· "It took us almost five years to lay the foundation for Ahbasa Apart from some of these problems, most black hairdressers were not ready to be organised

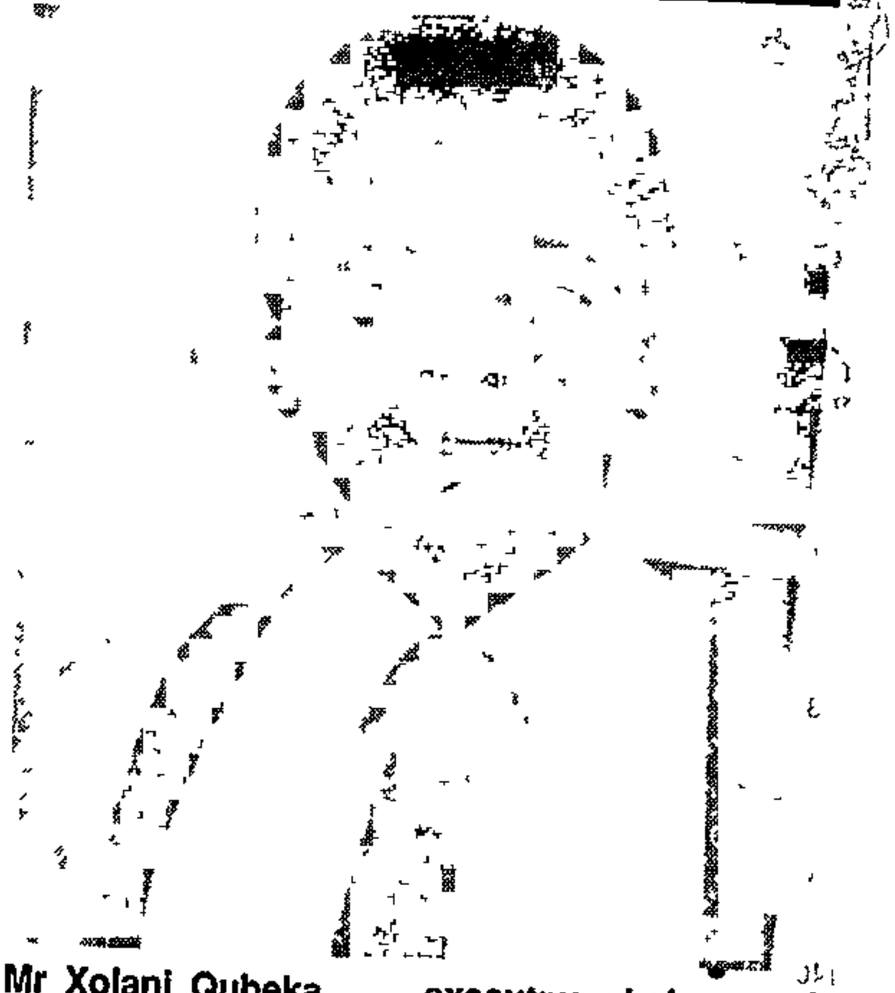
"We found that, when we organised an area and went back two months later, most of the people we had organised were no longer in the industry."

However, the need to establish an organisation like Ahbasa spurred the likes of Qubeka, Reggie Hlongwane, Alex Molokoane, Stan "Dr Fingertips" Mkhabela and Sonto Khoba to press on

"Our concern was that the black hair industry had grown in volume but diminished in value," Xolani said

To this end, Ahbasa can pat itself on the back for being the first South African black hairdressers association to be chiefly concerned about the standard and quality of hairdressing and customer satisfaction

The association is also catering for the backyard salons around the townships and has designed a home salon unit which is available to paid-up members only



Mr Xolani Qubeka . . . executive chairman of Ahbasa.

Full details about this unit will be announced at the AGM

Speakers at the conference will include Mr Douglas Ruhukwa, president of Zimbabwe Hairdressing Association, Mr Dennis Zimu, from the Development Bank Entrepreneurial Skills division and Mr Kehla Mthembu of Afsure

Ahbasa is an affiliate of Fabcos and has 12 regions nationally Its executive committee is composed of chairmen from all the regions It is headed by Mr Reggie Hlongwane, who is president.

SOWETAN BUSIN

Sebobe's vision stretches ahead

Sowetan 15/8/91 (153A)

Sowetan



LUCAS SEBOBE

THE innovative managing director of the first black hair products manufacturing company, Medicos Products of South Africa, Mr Lucas Manyane Sebobe (43), has a great vision to advance an industry often neglected by township entrepreneurs.

He is branching out and his new product - BMW Airfreshner - will breathe new life into your car and home and eliminate all musky smells and tobacco smoke - a major breakthrough for this enterprising black businessman

Lucas ventured into the black hair product manufacturing industry when he realised that most black business people produced almost the same type of goods and had, therefore, to compete in the same limited market.

Added to that was the major threat of having to share the market with big manufacturers who enjoy the advantages of large-scale manufacturing processes.

Haircare

Medicos Products SA manufacturers a variety of professional hair care products which are sold in most stores and saloons in the PWV area and the Transvaal. The firm is situated in the Orlando West Industrial Park in Soweto.

Sebobe became interested in the haircare industry - estimated to be growing into a R400 million giant - after he saw more and more product lines entering the market place.

"We have seen an industry emerging from the ghettos of Johannesburg,

By JOSHUA RABOROKO

providing employment for thousands of blacks

"We have also witnessed with pride as all the communities of South Africa, irrespective of race or colour, enter the market as hairdressers"

Lucas, known as Rapeipi (pipesmoker) in business circles, has now turned his attention towards manufacturing new products

Research

Early this year he started manufacturering the BMW airfreshener. He also hopes to produce other products, like cleaning shampoos.

Born in Newclare, Johannesburg and matriculated at Meadowlands High School he, like many black youths, was forced to leave school at an early age because his parents could not afford to pay for his education

"I never had any ambition at school because blacks are normally not motivated at school. I just went to school to be there."

Lucas worked for IBM as equal-opportunity manager, which included "affirmative action" programmes for all race groups, from 1985 to 1988

During this time he also served on various organisations, including the Black Management Forum, various chambers of commerce and the Sullivan Signatory Association

He has travelled overseas, where he presented a research document based on the impact of disinvestment on the black economic development to the US Black Caucus, Senators and businesses in the US

His business supplies and distributes haircare products to most spaza shops in the townships, as well as big companies in the cities.

Turnover

He is reluctant to talk about his turnover, but says the business is doing "fairly well"

He says the past the eight years could be regarded as Phase One for him - laying the foundation.

It has been an interesting phase indeed for many individuals and corporations.

Lucas started the business with two partners; however, they have since fallen away and he continues alone He has 21 employees and believes that his staff must be trained and educated so that they can produce good products

His future plans are to conduct research with a view to opening other companies in which he will sell shares

● This article qualifies Sebobe for the Sowetan/ Sanlam Entrepreneurs of the Year Competition

Achib's marketing arm boosts turnover by 200%

THEO RAWANA

ACHIB Marketing, established last year as a division of the African Council for Hawkers and Informal Business (Achib), had helped boost the council's turnover to more than R1m a month, MD Gerhard Visser said yesterday

This is a 200% increase Visser said that since June the company had raised about R250 000 in a capital expansion programme which involved selling shares to the private sector

The 40 000-member Achib, which set itself the task of opening up new markets in black areas for the private sector, had built five storage houses since May, where goods could find easy passage to the informal sector, he added

"Among companies with which we have signed agreements are Port Elizabeth-based Marina Salt, Superwax of Industria, Tongaat Foods and Barcep — Barlow Rand's electrical appliances division

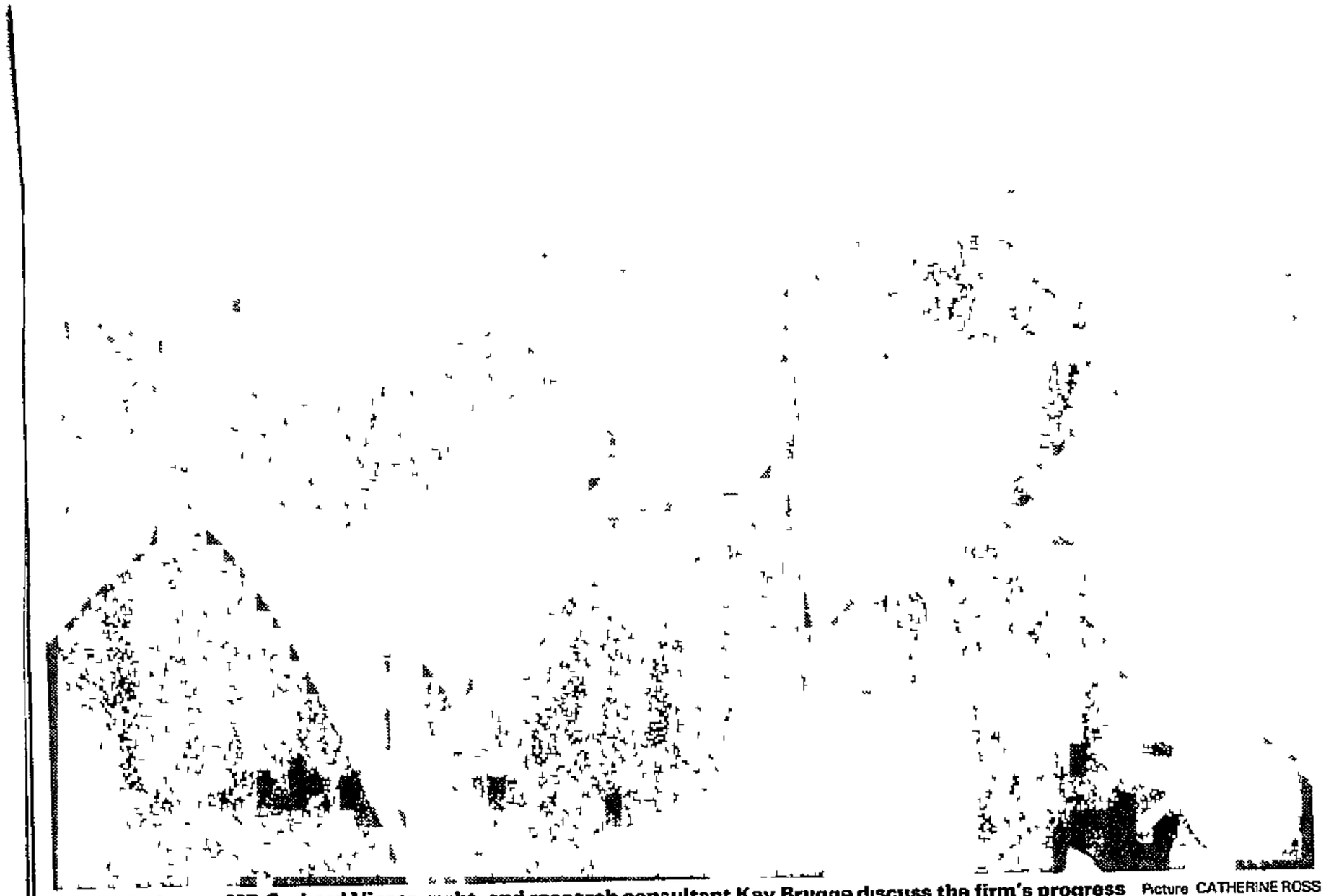
"Other firms have made commitments to pump money into the programme, and this should see us meeting our target of R1,5m," Visser said

In a programme with four Durban-based textile companies and one from Cape Town, Achib Marketing has raised about R200 000 towards opening a textile warehouse

Visser said "Here again we can mention companies like Tongaat Textiles, Butterick (SA), BMD Knitting Mills and Singer sewing machines

"Under the agreements, the companies are to supply goods to the warehouse which will be a hive of activity, including haberdashery, dressmaking and like trades.

With training programmes — from marketing to dressmaking — and promotion of the entrepreneurs' services available from a central site, the companies were set to open more markets than was previously possible, Visser said



Achib Marketing MD Gerhard Visser, right, and research consultant Kay Brugge discuss the firm's progress Picture CATHERINE ROSS

SOWETAN BUSINESS

Rumpus over stokvel product

Sowetan 12/9/91.

153A

By JOSHUA RABOROKO

THE Standard Bank has launched a new "stokvel product", branded Standard Bank Society Scheme, amid protest from the informal sector.

The scheme is a culmination of extensive consultation and discussions with individual stokvels, burial societies and related bodies, according to the bank sources

This investment package will cater for the varied financial needs of all stokvels, savings clubs and burial societies

The basic element of the package is a unique savings account A fixed deposit option is also available

The divisional general manager of personal banking and marketing services, Mr John Holloway, says "The bank believes that the launch of the scheme is a major step into a largely unexplored market, but one which is considered to have exciting potential to narrow the gap between the informal and formal financial sectors"

It is intended to safeguard society members' funds, with two co-signatories operating the account, allowing administrators to match the use of the product to their members' cashflow

The stokvel movement in South Africa has been widely publicised by Mr Andrew Lukhele, president of the National Stokvels Association of South Africa.

Loans

Lukhele said while the Standard Bank Scheme should be welcomed, there were serious reservations about the involvement of the financial institution in stokvels which were traditionally black

"It is surprising that banks are reluctant to give blacks loans, especially to build homes There is an acute shortage in South Africa - yet thousands of them deposit their savings with the banks," he said

"The stokvel movement should graduate from savings scheme to become investors We must get out of the nursery and work hard"

The executive director of Nacssa, Mr Sam Moufhe, representing hundreds of burial societies, women's clubs and mehodisano, said the product was a marketing strategy to have a stake in the movements The scheme was not unique

"This is a clear infiltration into the societies /clubs because they will want to keep the business in the banks

"I am sure we will see new products coming in, all purporting to be working in the interest of clubs," he said

"I think financial institutions must understand that they will not be given the latitude to reap profits at the expense of the ignorance of societies/clubs

"They use our clubs' savings to develop white business and invest in white areas instead of the other way round, yet they subject us to red tape in granting loans.

The unique Standard Bank product will include

●Societies be granted business loans,

●Financial institutions invest in training and educating societies/clubs on money, management, bookkeeping and banking,

●Their employment codes should be revised and societies/club members be given employment to enable them to understand banking, and,

●They should invest directly in the development of townships and rural areas where societies have been impoverished.

Tembisa puts problems in focus

THE Tembisa Industrial Association has called for a meeting of industrialists, local political leaders, clerics and local principals to discuss problems facing the township.

An association spokesman said the meeting was due to take place at the Tembisa Industrial Park hall yesterday

Representatives of the TPA, Eskom, the North-East Rand Chamber of Commerce and the East Rand Industrialists Network had agreed to attend, according to the association

The association was also keen to involve others, with an interest in the Tembisa area, in the meeting.

Subjects for discussion include the power switchoff to some 50 businesses in the area - which the association believes affects both black and white businessmen - and boycotts and stay-away actions

Those needing further details should contact Frank Tshetla on (011) 926-2802 or 926-2700.

- *Sapa*

Not quite a bed of roses in the flower industry

B/Day 17/9/91 153A

SEVERAL times a week flower hawker Ephraim Dlomo, who sells his blooms to motorists at a busy downtown intersection, joins dealers in Multiflora auction hall at City Deep, Johannesburg

Along with his helper Mhlaba Ndebele, Dlomo competes with wholesalers, florists and other street-sellers, taking his chances in downward bidding, hitting his buzzer when the price reaches the right level

These are tense moments The buyers wait, watching the price come down, hoping that they, and not some other nervous, trigger-happy merchant, will be the ones to stop the clock

The Multiflora market, going since 1945, is the only official flower market in the country It is run by a board of directors, who are also all flower growers, prompting criticism from some industry players

Interflora president Ronnie Ball said SA's flower marketing, partly based on the Dutch system, was monopolistic

Florists were forced to buy whatever they could and could not benefit from lower prices which would be the case if there were two flower markets, as is the case in the Netherlands.

Ball said many growers were bypassing Multiflora and selling directly to florists.

Most of SA's flowers are grown in the PWV area, Roodepoort and Krugersdorp being the most important areas

Other areas are around Brits, Rustenburg, Hartbeespoort, Belfast, Nelspruit and in the northern Transvaal.

The rest are grown mostly in the Cape and Natal

Flowers are generally grown in greenhouses on massive flower farms although veld flowers, such as proteas and Cape fynbos, make up a large part of the market.

Of the 80% of commercial flowers grown in the PWV area, 75% are sold through the market, said Multiflora MD Neels Botha

Nearly 99% of the flowers on auction daily were sold and the rest destroyed

Multiflora's turnover was seasonal, with sales of R50m a year, Botha said

The organisation had seen 20% growth a year over the past three years although political and economic difficulties would bring that figure down to 17% this year

Total annual turnover for SA's flower industry is estimated by growers to be about R120m.

This figure is boosted to R400m once retailing is taken into account

Rolf Flowers owner Rolf Julicher, also a Multiflora board member, said the market was a free enterprise success story

Like the JSE, demand and supply regulated price, he said

PAUL ASH

The recent Secretaries' Day and the beginning of spring boosted prices to unprecedented levels, said Flowerite buyer Ken McNamara

"People will pay almost any price to get what they want."

Market prices were not stable for various reasons, one of which was the market's accessibility to the public, he said People came to auctions to buy flowers for dinner parties and would bid for what they wanted when the price reached the levels charged by wholesalers

The trend among some growers to bypass Multiflora is more evident in the Cape, where various growers sell direct to wholesalers or to retailers

Kenly Flowers, one of the larger grower-wholesalers in the Cape, operates almost as a market on its own because of the volume it buys from other growers, owner John du Preez said

Oak Valley, one of Kenly's suppliers, also markets its flowers directly to its western Cape customers, which include Woolworths The value of the Woolworths account is about R50 000 a month.

Exchange

SA flower exports are still small compared with world leaders such as Holland, Colombia and Kenya In 1990, export revenue was R62,03m compared with R52,52m previously.

This includes revenue from bulbs, roots, live trees, plants and foliage, as well as cut flowers

Colombia earns R700m a year in foreign exchange, making floriculture its third most important agricultural industry after coffee and bananas

The potential for SA flower exports is hampered by the Lome Agreement and new growers in the Pacific Rim countries, where air freight rates to Europe are far more competitive, Du Preez said

Demand for proteas has also dropped off

The national flower still has a speciality value but a 20-year exposure to world markets had seen the end of its rich pickings

SA also imports flowers, mainly roses, from Zimbabwe and Zambia, and anthuriums from Mauritius if there is a shortfall locally.

Meanwhile, Ephraim Dlomo has hit the road, hoping to sell his stock, if business is good, in two days "Best quality, best price People always buy flowers" he says.

VAT 'could harm small businesses'

153A B|Day 18|9|91.

SMALL business could be devastated by the implementation of VAT, Free Market Foundation executive director Leon Louw said yesterday

Speaking at a tax conference in Johannesburg, Louw said if government allowed small business to supply imputed input credits to bigger business it would solve the problem But if not, small suppliers would lose their businesses

Companies with turnovers of less than R150 000 a year do not qualify as VAT vendors, therefore firms supplied by them cannot get input credits

Many businesses had already sent letters to their suppliers saying if they did not qualify as a vendor, trade with them would be terminated, said Sacob chief economist Ben van Rensburg

Anglo American group tax consultant Marius van Blerck said "VAT is not going to prejudice small businesses and will, in fact, benefit them because they will not have to bear indirect tax in the future

"The number of suppliers who have less turnover than R150 000 is very small"

He added that small business could easily apply for registration

Van Rensburg disagreed saying the registration forms were very difficult to complete and were beyond the capability of small businesses

But he said he was not sure whether small business would be disadvantaged to the extent believed because most of them were consumer-oriented

Those dealing with other businesses would suffer, he added

University of Western Cape economics professor Lieb Loots said small businesses were vociferous about how they would be disadvantaged by VAT

The solution was fairly simple deemed or imputed input credits would level the playing fields

SHARON WOOD

Speakers at the conference complained about the way government had handled the implementation of VAT and the uncertainty it had created

Van Blerck said it did not make sense to drop VAT to 10% and forgo the planned reduction in corporate tax rates when most of the opposition to VAT tended to focus on its effect on basic foodstuffs

Government rather should have followed the fairly widespread practice in other countries of imposing a standard rate of about 15%, and subject a reasonably wide range of basic foodstuffs to VAT at a special low rate of about 5%

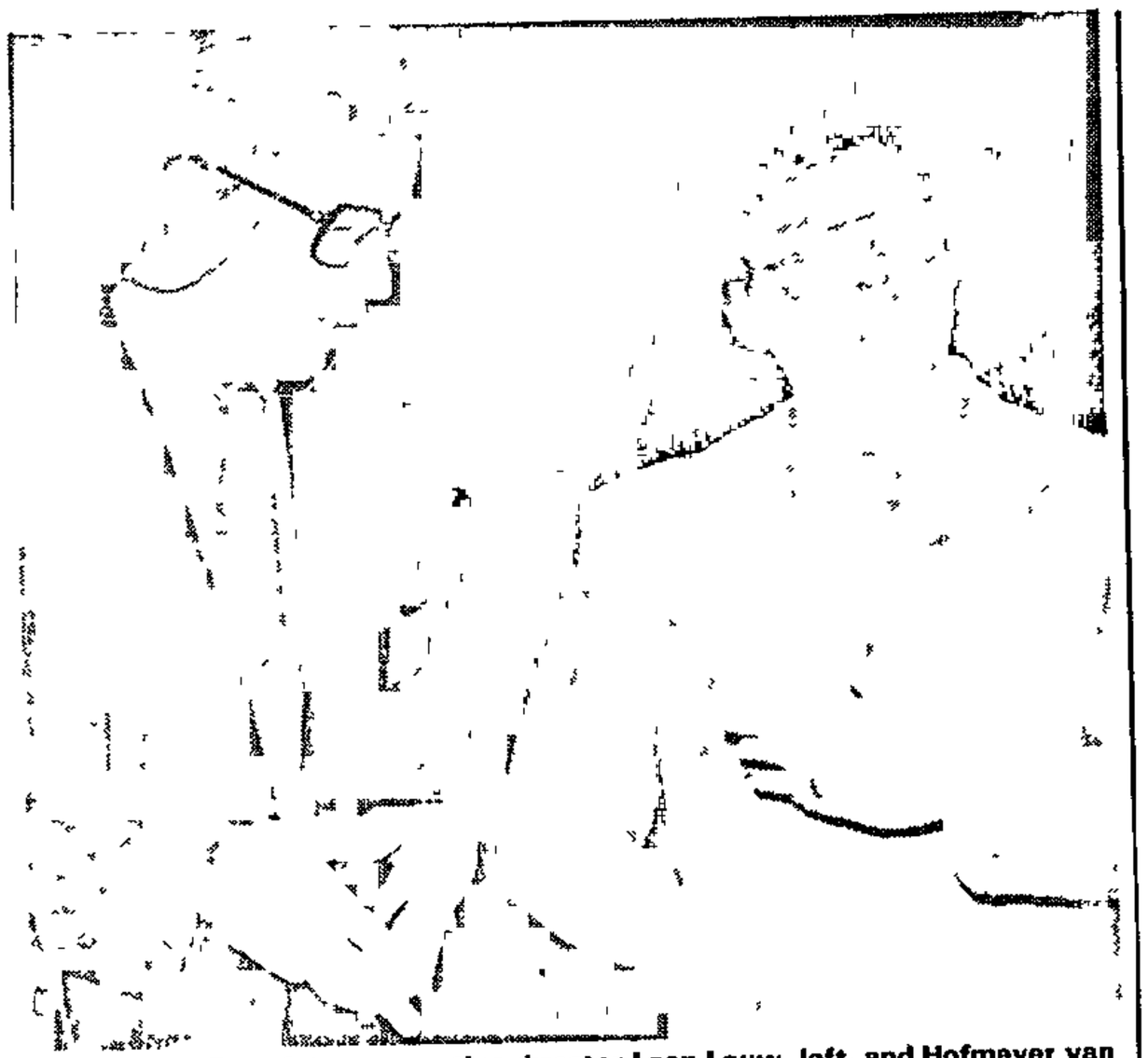
"There is every likelihood that this is a system that will generate VAT revenues at least 40% higher than our current system," he said

Meanwhile, LINDA ENSOR reports from Cape Town that the Cape Town Chamber of Commerce, in a letter to Finance Minister Barend Du Plessis, has pleaded for urgent action to remove VAT from a range of basic foodstuffs, to increase the amount allocated for the relief of the poor and for a special aid programme

And in a statement it opposed the postponement of VAT as proposed by the ANC and Cosatu, saying that the costs of doing so would be considerable

In the letter to Du Plessis, chamber vice-president Herbert Hirsch criticised some of the provisions of VAT and the manner of implementation which he said were unhelpful in this time of "difficult transition"

He said the "almost meaningless" provision of R220m for the relief of the poor must be increased by at least five times and that an efficient and fair special aid programme must be in place and functioning by the time VAT was introduced



Free Market Foundation executive director Leon Louw, left, and Hofmeyer van der Merwe senior partner Henry Vorster at yesterday's Tax for the Future conference in Johannesburg

Picture CATHERINE ROSS

SAB sends mission to overseas banks

MARCIA KLEIN

TOP SA Breweries (SAB) executives are leaving for Europe later this week on a financial public relations visit

Group financial director Selwyn MacFarlane said the SAB delegation, headed by executive chairman Meyer Kahn, would visit major banks in an attempt "to re-open critical contacts with the German and Austrian business communities"

The delegation which also includes MacFarlane and group financial manager Ian Somerville, will be giving major presentations in Berlin, Frankfurt, Munich and Vienna B|Day 18|9|91

MacFarlane said the visit was aimed at

Australia 'first level

CANBERRA — Australia is set t the first level of sanctions against a spokesman for Foreign Min Gareth Evans said yesterday

Australia would support suc vote at the Commonwealth Head Government meeting next mont Harare, he said

Australia includes in the phase cultural and scientific changes, direct air links and restrictions

"The idea would be to lift the phase at the Harare meeting

Trade mission to East

153A

Sowetan 15/8/91

By JOSHUA RABOROKO

ABOUT 65 business people from South Africa will travel on an "observation mission" to the Far East from October 2 to 17.

The mission is arranged under the auspices of the South African Business Interest Group (Sabig), a non-profit business organisation formed to expose small business to worldwide management and operational methods

The president of Sabig, Mr Lucas Sebobe, said the primary objective of the mission was to assist small businesses in establishing international business contacts for future networking, communications and technological co-operations

"The missions is open to all South African business people who are eager to broaden their business scope

"If they are made to see the invisible now, they will be able to do the unthinkable in the future"

Happy

He said Sabig was happy to announce that the mission programme was firmly in place and structured to meet the entrepreneurial requirements of the country's business sector and budding industrialists who, "we believe, are ready and willing to accept the many opportunities and challenges of taking part in the economic restructuring of southern Africa"

According to Sebobe, who was part of the team which undertook the premission visit to the Far East. "Our findings have proved that not only will we be exposed to the varied and diverse business and industrial practices, but also talk to those who are willing to know about the living conditions, business and investment opportunities in the subcontinent"

Some of the highlights of the mission will include participation in the International Electronics show at the World Trade Centre, Taipei, Republic of China, attending the 80th National Day Celebration as guests of the Chinese Ministry of Foreign Affairs; and meeting with machinery and plant manufacturers in Japan Information Exchange Forum

Inquiries about the mission should be directed to any of the following parties.

Mr Willie Ramoshaba (011) 886-8002; Mr Lucas Sebobe (011) 936-1134 or Mr Macdonald Temane (011) 835-2761

Stals warns rates will not fall soon

B1 Day 6/5/91

153A

LESLEY LAMBERT

CAPE TOWN — Reserve Bank Governor Chris Stals has renewed his warning that interest rates are unlikely to decline again until the end of this year — at the earliest

Addressing an economics seminar at Stellenbosch University's Business School on Friday, Stals said while the central bank had met most of its intermediate monetary objectives, the level of inflation did not yet justify further relaxation of monetary policy as a means of kick-starting the economy.

He noted that the recession, which was entering its 29th month, had already lasted far longer than previous downturns, which had averaged 17 months, but added that the only real basis for lower interest rates was lower inflation

Inflation's downward trend was disrupted by the Gulf war but recent signs indicated the trend might resume.

However, Old Mutual economists warn in their latest economic report that inflation remains one of the major structural problems in the economy.

The year-on-year inflation rate remained close to 15% — having peaked at 15,7% in June 1989 — in spite of a two-year recession, a mild weakening of the rand against other currencies and administered price increases below the prevailing inflation rate, Old Mutual economist Dave Mohr said

"This shows the extent to which inflation has become embedded in the system," he added

Stals was adamant that "for the rest of 1991 at least", the Reserve Bank would continue to resist the pressure for a reduction in interest rates.

He warned further relaxation in monetary policy would serve as a short-term stimulant but could harm prospects for longer-term economic growth.

It would be better if the stimulus for growth came from other sources such as an inflow of long-term foreign investment or a surge in exports.

"We have learned from past experience that economic upswings triggered by large increases in domestic expenditure lead to an early balance of payments problem, and, unless we have ample foreign reserves at our disposal, force restrictive monetary and fiscal policies before the upswing has gained much momentum

Bricks put 'The Spear' back on winning team

c/hep 18/8/91 153A

By LULAMA LUTI

FROM scoring goals to making bricks – that is the story of former soccer star Colbert "The Spear" Sobopha, now turned brickmaker as a result of blindess

Once a dazzling midfielder for both Orlando Pirates and Moroka Swallows, he was the darling of football fans

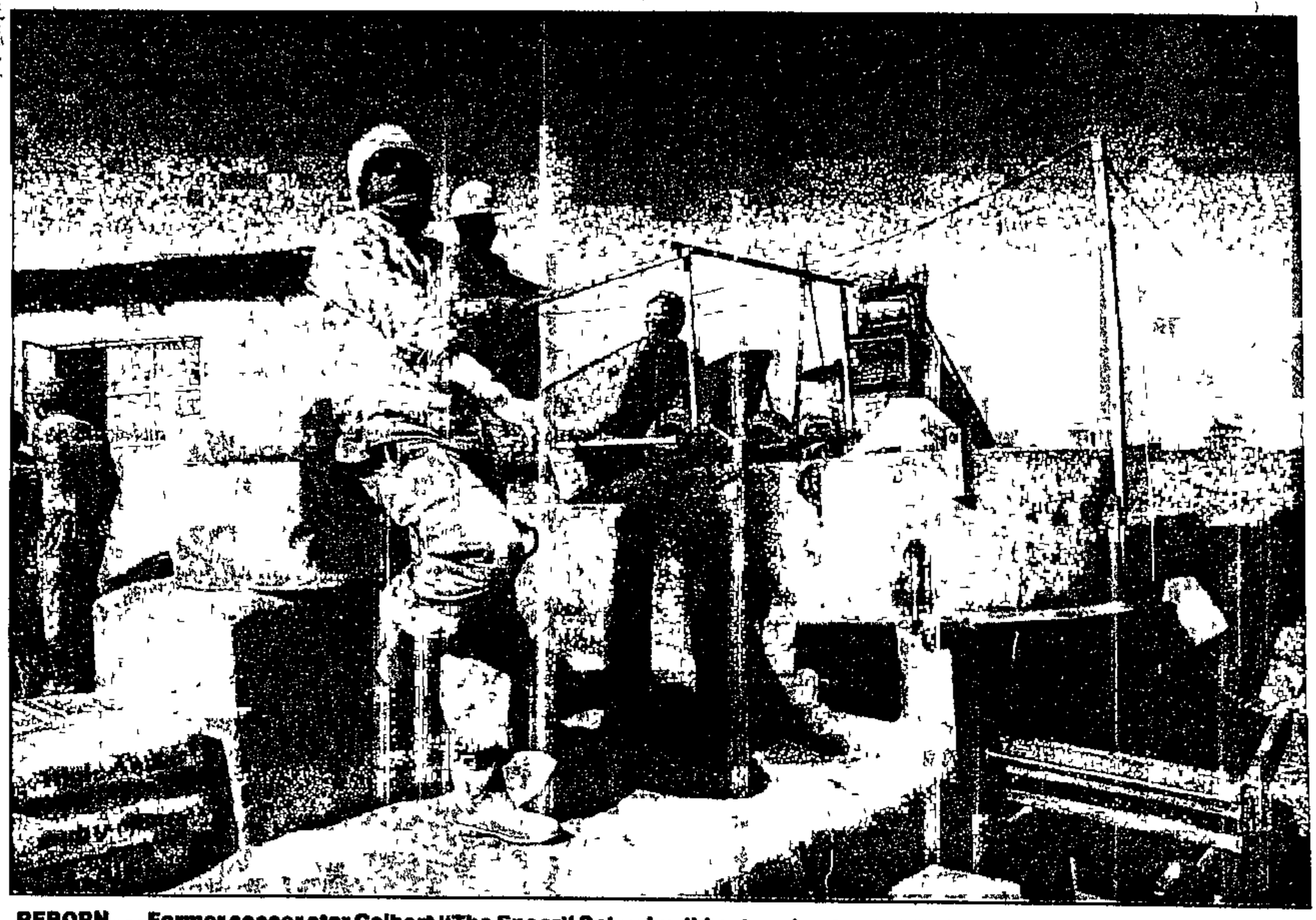
Those were the glamorous champagne days before December 1978, when fate dealt Sobopha a cruel blow

"But I will never give up in life Life must go on," says the former maestro, who works in a brickmaking project in Orlando East, Soweto

The project is one of many administered by the National Organisation for the Blind in Southern Africa (Nobsa)

Oozing confidence and optimism, "Spear", 35, this week relived events of that fateful Sunday afternoon – the details of which will no doubt linger vividly in his mind for the rest of his life

He had been to a Mainstay Cup Final match between Kaizer Chiefs and Wits University



REBORN . . . Former soccer star Colbert "The Spear" Sobopha did not get beaten by blindness. ■ Pic: EVANS MBOWENI

Accosted

"I had just got out of a taxi behind the Tshabalala bottlestore in White City Jabavu and was on my way home when I was accosted by three muggers We had a brief exchange of words and before I knew it, one of them had produced a knife

"I was stabbed in the eyes, and while I lay bleeding and groaning my attackers ran away I don't know what happened next, and when I came round I was in hospital," he said

That incident marked the beginning of a life in the dark for "Spear" He spent the next four months in hospital

"When I was discharged I was frustrated the mother of my child left me and life became hopeless," he said

"Spear" is the father of 14-year-old Simphiwe who is in Std 6 at Morris Isaacson High in Soweto

When Sobopha's common-law wife left him, he was referred to the Transvaal Association for Blind Black Adults by social workers

He says the association restored his confidence in life

"Through their skills programmes I came to regard obstacles as challenges Basically it depends on the individual, and for me it was a matter of choosing between rotting at home or doing something worthwhile about my life," he said

Early in 1988 he underwent a training course in brickmaking, and the following year he joined the Nobsa brick manufacturing project in Orlando East where he works as a mixing machine feeder.

"I enjoy working here and serving the community Gone are the days when I used to bask in the sun like a lizard Now I earn a living to support my family," he said proudly

Sobopha lives with his son, his mother and younger sister He still enjoys going to soccer matches, especially the big games He enjoys the atmosphere, in spite of his handicap

"There is still a lot that our local players need to do in order to match their overseas counterparts There is definitely a lot of polishing up they have to do in order to reach the standard of players like Jomo Sono, Ace Ntsoelengoe and Andries Maseko," he said

Fast workers

Production manager at the brick project, Moses Moleleki, said there were 15 people working at the project and they produced 1 000 hollow blocks a day

"We have manpower that could produce twice our current daily production but because of lack of facilities, we can only manage 1 000

"It is amazing how fast and dedicated a team we have here More than anything else, they demonstrate that being blind does not mean they have a mental disability I really enjoy working with them. They certainly are interesting people"

Bricks manufactured are sold mainly in the local community, although Moleleki said they had intentions to supply hardware shops and construction companies

prices also mirrored farmers' fin

75% of jobs from small firms

B1Day 16/8/91

PORT ELIZABETH — The small business sector generated 75% of new jobs in SA, said Port Elizabeth Small Business Development Corporation manager George Marriner in a statement yesterday

As more than 85% of all business enterprises in SA could be considered small, with total assets of about R2m, this was not surprising, he said

"Forty percent of overall economic activity in SA can be accredited to small-scale enterprises in both the formal and informal sectors

"Small businesses are a low-cost means of providing employment and are an efficient way to utilise resources in the economy" — Sapa

Venter and union agree strikes are 'undesirable'

VERA VON LIERES

THE National Education Health and Allied Workers' Union (Nehawu) said yesterday it had held "positive talks" with Health Minister Rina Venter over a number of health issues, among them the lack of proper consultation in the sector

B1Day 16/8/91

Nehawu national organiser Monde Mditshwa said the parties met yesterday to discuss a number of issues, including the question of disciplinary action taken by the SA Nursing Council after the May 1990 nurses' strike

"The axe is still hanging over the nurses' heads," Mditshwa said

Disciplinary action by the Nursing Council would hamper the relationship between the authorities and the union and the rendering of services

Mditshwe said the parties agreed strikes in the health sector were not desirable Nehawu gave assurances it was in no way compromising services, but said legitimate grievances gave rise to the 1990 strike These had not yet been resolved

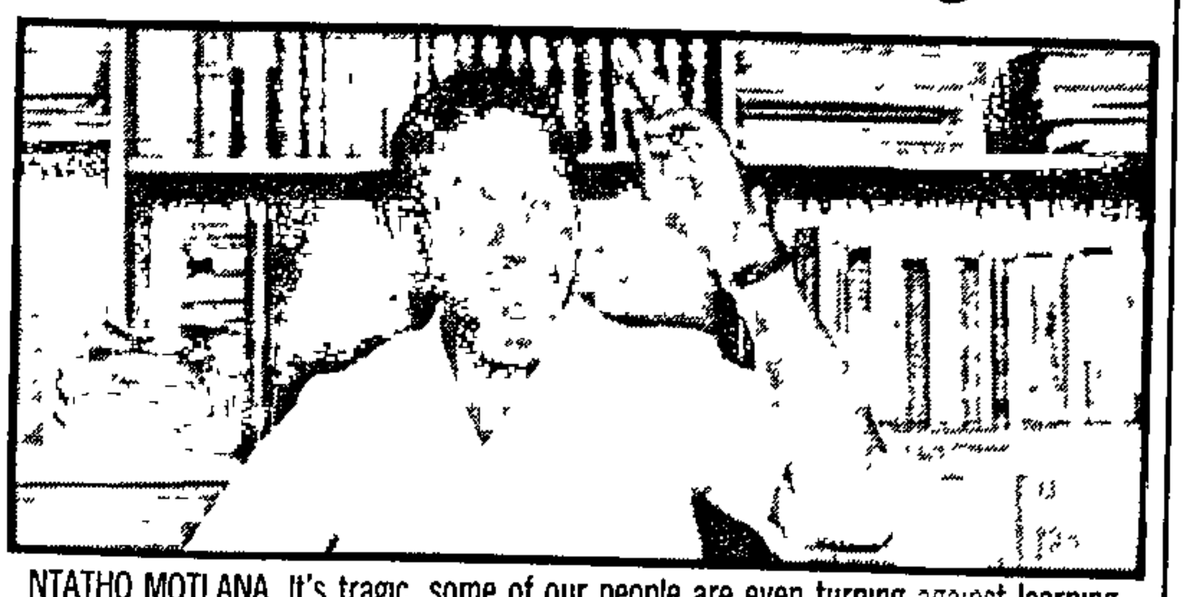
The parties are expected to issue a joint statement next week

Finance

Indipe condemns blacks to penury

ST Times (Bus/T) 25/8/91.

By NTATHO MOTLANA, founder and chairman of the Get Ahead Foundation. Dr Motlana joined the board of Adcock Ingram recently.



NTATHO MOTLANA It's tragic, some of our people are even turning against learning

I BELIEVE that in the new South Africa our townships people will realise that we must use our hands — to create wealth

It has often been considered offensive to use one's hands

Now it is more acceptable because there are so many people (including our returning exiles) who are unemployed, or unemployable in other jobs

We cannot hope to live on welfare Eastern Europe has lived off its capital — which eroded its assets — and is now virtually bankrupt We cannot afford to go this route

I recently returned from a trip with Nelson Mandela One country we visited was Cuba where we noticed that the economy was at a low ebb The Cubans blame it on America's economic blockade

The US may contest this But as we walked around Cuba, we noticed the very old cars A trader cannot simply set up on a street corner With Cuba's centrally managed economy, the bureaucrats would not allow it

In SA, the expectations and aspirations of our people are being raised daily Tragically, our people are even turning against cultural learning

As part of the Soweto Civic Association, we urged the children to go back to school in 1986 However, there has been no effective teaching since then and there is even talk of lowering academic standards to ensure that children pass their examinations

This is not acceptable — and indeed, if we are to boost our economy, we must make sure that we have a stable, educated society

Our people are developing the indipe syndrome — the word "indipe" is the Nguni for "give me" which signifies having a begging bowl in one's hand Our people seem to have the attitude of holding out a begging bowl and believing that this will serve them for life Making money is frowned on — and this means we are getting away from the work ethic

Models

Sadly, many successful businessmen who should be role models have become city councillors or homeland leaders I am reminded of the comments of an editor who spoke of government by corruption through such people

I am hopeful that the ANC will be encouraged to get into business and into the private sector itself One needs more players in the private sector — especially if they are black

I have been criticised for these views I discussed them with the ANC executive in Lusaka before the recent changes in SA Some of its members were not all that happy with me initially But then I explained to them the need to encourage people to help themselves and that much of what we in the Get Ahead Foundation are doing is aimed at survival economics by getting the informal sector going

An organisation such as Get Ahead Foundation can play an important role in stimulating the informal sector We have so far created 12 000 jobs

We pioneered the stokvel lending programme where credit is granted to people who form themselves into groups (stokvels)

Our research has shown that one job is created for every R200 that Get Ahead lends

Our people must realise that the flip side to political empowerment is economic empowerment

I am reminded of the words of Pastor Niebuhr who said that real power is economic power Political power is born from it

I was interested in the statement of a well-known person who said that nobody has thought of a better way of creating wealth than the free-market system By learning to master this system, we shall save ourselves

The speaker was Russia's Finance Minister, Mr Boris Feyodorov

This is what we are trying to achieve through Get Ahead Foundation

Hawkers' council seeks loan guarantee schemes

THEO RAWANA

153A

THE African Council for Hawkers and Informal Business (Achib) was talking to the Development Bank of Southern Africa (DBSA) about loan guarantee schemes for its 40 000 members, Achib president Lawrence Mavundla said yesterday B Day 13/6/91

He said the council, concerned about its members' inability to raise collateral for loans, felt government could provide at least 25% guarantees for them

"Our people mostly do not have access to finance and, to remedy the situation, we are engaged in discussions with the DBSA for it to step in We should have positive results before the end of July," he said

Mavundla said Achib felt that members should be schooled in business practices to make good use of such aid programmes "To this end we have training programmes through which hawkers and 'spaza shop' owners are being put and taught the basics of running a business," he said

Twenty-nine former Sebokeng hawkers who had become shop-owners were proof of his organisation's commitment to develop businessmen to the point where they could enter the big league, Mavundla said

'Double whammy' trouncing small firms

153A G 12/6/91

By AUDREY D'ANGELO
Business Editor

SMALL businesses and self-employed people are being forced into liquidation by the "double whammy" of falling demand and higher costs, which include high interest rates, the Cape Chamber of Industries (CCI) reports

Bankorp senior economist Emile van Zyl says in his weekly report on economic indicators and financial markets that the recession is deepening, with the volume of manufacturing production down by 3,8% year on year in the first quarter and the number of liquidations in April the highest since mid-1990.

The SA Chamber of Business (Sacob) says in its manufacturing survey for May that "small firms with a limited working capital are suffering the most.

"This does not mean that large companies have escaped unscathed," says Sacob economist Keith Lockwood, "but smaller companies are often more vulnerable

"Many of them suffer from the double impact of shrinking demand, as a result of the economic recession, and higher costs of production.

"The high costs of production tend to be a result of high finance costs and interest bills, excessive wage demands which do not match productivity and higher fixed costs per unit of output as a result of lower sales

"Consequently many small businesses in general and numerous self employed sole proprietors are going into liquidation at the moment."

In spite of this, and a drop in manufacturing activity in May, Lockwood continues, "many industrialists are still cautiously optimistic about their sales performance over the next 12 months"

He says the survey showed "many industrialists intend to invest in new capacity over the next 12 months"

And he forecasts "a wide economic recovery will start in the first half of 1992 and gather further momentum in the next half of that year"

This, he says, will be helped by the need to replenish stocks and by a more accommodative monetary policy.

The CCI says its members are slightly more optimistic than those in the country as a whole

Commenting on the Sacob survey, the CCI weekly bulletin reports "Responses by members of the CCI indicate a greater level of optimism, with the index for expected manufacturing sales for the next 12 months recording 118 compared with the national index at 114."

Major boost for small businesses

ET 13/6/91 By LESLEY LAMBERT

THE R75m allocated in the Budget to the Small Business Development Corporation (SBDC) would be invested in job creation programmes and projects to expand its activities, Trade and Industry Minister Org Marais said yesterday

Speaking in the Supplementary Budget debate in Parliament, Marais said R50m of the R75m would be channelled into new small businesses and training schemes aimed at creating new jobs

A further R20m would be invested in the development of pioneer projects and the remaining R5m would be spent on technological developments, said Marais.

Introducing the debate, Finance Minister Barend du Plessis announced that the R220m allocated in the Budget for special aid programmes would be included in the contingency reserve for 1991/92 until government had finalised the most effective means of managing the various programmes.

This would increase the contingency reserve to R1,4bn.

A supplementary amount of R1,2bn was voted, including R505m for social pensions, R160m for black education, R90m for housing infrastructure and R100m for development aid in the self-governing areas.

The House of Representatives was allocated an additional R150m and the House of Delegates an extra R75m

Foreign Affairs Minister Pik Botha gave the assurance that additional funds appropriated to the TBVC states for social welfare services would not be spent on civil servants

respect of the alienation One does not need that link road for that commercial and industrial development

The MINISTER OF HOUSING Mr Chairman, that road is a necessity I want to compliment everybody, including the City Engineer's department, who assisted us in getting that road off the mark Other people struggled to do so for 10 years A road will serve some people and not serve others Those whom it does not serve must take it for granted that the road is being located in the right place It is being located in the right place and I want hon members to go and have a look at it The hon member for Cavendish, the hon member for Mariannhill and other hon members from that area could guide them and show it to them

We have subsidised housing in Lotus Gardens We are subsidising land development in Copesville The people of Shallcross were put there by the Department of Community Development

The LEADER OF THE OFFICIAL OPPOSITION But who has a finger in that commercial development?

The CHAIRMAN OF THE HOUSE Order! The hon the Minister may proceed

The MINISTER Not me! The hon the Leader of the Official Opposition must not judge everybody by his own standards [Interjections]

The CHAIRMAN OF THE HOUSE Order! I am not going to permit a slanging match across the floor [Interjections] Order! The hon the Leader of the Official Opposition must contain himself [Interjections]

The LEADER OF THE OFFICIAL OPPOSITION I crave your indulgence, Mr Chairman Aspersions have been cast on me

The CHAIRMAN OF THE HOUSE Order! The hon the Leader of the Official Opposition must find some other opportunity to respond to that The hon the Minister may proceed

The MINISTER I am trying to explain to the best of my ability what has been done The road is a necessity The Durban City Council is assisting in order to arrive at the cost Our consultants will work out the cost and apportion the costs between the Durban City Council and the Development and Services Board

Mr M RAJAB They agreed

The MINISTER They are waiting for those figures

The LEADER OF THE OFFICIAL OPPOSITION No, they refused

The MINISTER The Development and Services Board has agreed I do not know why the hon the Leader of the Official Opposition is so negative Why is he negative? Is it to benefit [Interjections]

The LEADER OF THE OFFICIAL OPPOSITION Because you've got a vested interest!

The MINISTER I do not! He failed and his failure is now evident

The LEADER OF THE OFFICIAL OPPOSITION This is a scandal!

The MINISTER What can be done? I will take the hon the leader to Shallcross and show him what can be done As far as I am concerned, I take full responsibility for that road

The CHAIRMAN OF THE HOUSE Order! I regret that the time permitted for this interpellation has expired

Debate concluded

QUESTIONS

†Indicates translated version

For oral reply

Own Affairs

Certain person: allocation of business site

*1 Mr D K PADIACHEY asked the Minister of Housing

Whether a business site in Lenasia South Extension 1 was allocated to a certain person, whose name has been furnished to the Minister's Department for the purpose of his reply, if not, why not, if so, what (a) are the relevant details and (b) is the name of this person?

D182E

The MINISTER OF HOUSING

No

The possible allocation is still under consideration

(a) Falls away

(b) Falls away

The LEADER OF THE OFFICIAL OPPOSITION Mr Chairman, arising out of the reply of the hon the Minister, would he inform the House as to whether a standard procedure is applied in respect of identifying resettlement cases and allocating business sites in respect of resettlement cases?

The MINISTER OF HOUSING Mr Chairman, I do not know whether the hon the Leader of the Official Opposition is referring to the cases in the Transvaal for which we are trying to make land available from an industrial estate that has been established No sooner were some applications under consideration, than we learnt there were many people who were interested in acquiring land and who had lodged applications with our Department As a result of that the Department has put out an advert calling for tenders from people so that they could be adjudicated, because the number of sites is not sufficient to satisfy all the applications that have been made This particular one has been sent to the Housing Development Board for consideration .

Mr D K PADIACHEY Mr Chairman, further arising out of the hon the Minister's reply, would he tell us whether land will be set aside for the backyard traders in the Lenasia area?

The MINISTER Mr Chairman, the backyard traders are not really considered to be traders A man who is doing panelbeating in his backyard is an informal businessman, but he is not a trader in the sense that he is selling goods over the counter I get the impression that there is a large number of these people looking for land on which they can settle themselves and do business, and we are now carrying out an investigation to see whether we will be able to set out a larger number of stands, because rather than allowing people to squat and create problems for us, we should make stands available to these people If we have the required number, the manner in which we can distribute them will be more acceptable to our hon friend from Central Rand

Mr D K PADIACHEY Mr Chairman, further arising out of the hon the Minister's reply, will he also acknowledge that the tender system is not in the interests of the small businessman?

The MINISTER Mr Chairman, it is not a matter of what I think That is the manner in which the State applies the rules, and one has to abide by that However, as I have said, I am sympathetic to the representations that have been made by the hon member for Central Rand

Mrs R EBRAHIM Mr Chairman, further arising out of the hon the Minister's reply, may I ask him how he intends handling the application of T N Day Care Centre for a crèche site in Lenasia?

The DEPUTY MINISTER OF HOUSING Mr Chairman, we are in touch with T N Day Care Centre, negotiations are taking place and we are expecting an amicable settlement in respect of this whole issue

For written reply

General Affairs

N2 North/Quarry/Inanda Road intersection: traffic problems

15 Mr K PANDAY asked the Minister of Transport

(1) Whether traffic problems are being experienced at the intersection formed by the N2 North, Quarry Road and Inanda Road in Durban, if so,

(2) whether it is the intention to take steps to alleviate these problems, if not, why not, if so, (a) what steps and (b) when,

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

D163E

The MINISTER OF TRANSPORT

(1) Yes

(2) Yes

(a) The possibility to provide left and right turn lanes, the widening of the ramps and the changing of traffic



Achib members stand beside the stalls given by Johannesburg City Council.

New day dawns for informal businesses in city centre

153A

Sowetan 30/5/91

By JOSHUA RABOROKO

THE informal business sector is being helped by the Johannesburg City Council to trade freely in the city centre.

The council has created an environment in which hundreds of hawkers can work harmoniously with the formal sector and operate in the city centre without lowering acceptable health standards.

The council has provided vegetable and fruit stalls for hawkers which can be folded away after hours. They are now able to store their goods in safe places and also keep the city clean

By implementing the programme the council hopes to show the informal sector how important health and environment standards are to the city and community.

The council's high regard for the role played by the informal sector, in creating jobs and wealth for thousands of people, made it imperative to implement the programme.

The public relations officer of the African Council of Hawkers and Informal Business, Mr David Molontoa, said for many years black informal businessmen and women - notably hawkers - suffered persecution and harassment.

Petty apartheid laws permeated even to this level

Deprived of the legal rights to earn a living, they were hounded, their goods confiscated and destroyed and heavy fines imposed on people found guilty of trying to feed themselves and their families.

In silent rebellion, their only form of defence was an unconquerable and stubborn resilience, they persevered and finally won. Their final victory being mainly on the financial front

The environment created by the council will enable the hawkers to trade freely in the city centre

Molontoa said he was impressed that the authorities had finally realised the importance of the informal business.

Nutritious beer has a history of protest

The traditions of 'pink gold' date back to 600 BC

Star 29/5/91

Reports by Jabulani Sikhakhane

The consumption of sorghum beer both as a food and a beverage dates back to the year 600 BC Sorghum beer is a highly nutritious beverage which is rich in carbohydrates vitamins and proteins and as a result its consumption was encouraged in pregnant and lactating women and young children

It has the texture of a thin porridge sour taste and pinkish brown colour — hence its description as "pink gold

' Sorghum beer is a live' product which is consumed in an actively fermenting state when three to four days old This limits its shelf life to about three days

Sorghum beer is brewed mainly from sorghum millet and mealies As a social drink brewed by womenfolk, sorghum beer is enjoyed in groups and is also used for traditional festivities

As a crop sorghum is particularly hardy shrugging off disease and drought — the twin factors that have ensured its survival in the harsh climate of this region

It was towards the end of the last century, following urbanisation, that legislation was passed which affected homebrewing and sorghum beer

With increasing urbanisation municipalities needed revenue for administration The Durban Corporation was the first to brew and sell sorghum beer commercially in 1909 Profits derived from the brewing and sale of sorghum beer were to be used for the upliftment of the living standards of blacks

Within 20 years the Durban Corporation had raised enough money to build a brewery, a native eating house, barracks and a couple of schools and hospitals

Other municipalities were later to follow Durban's example and the brewing and usage of sorghum beer was controlled nationally for the first time in 1923 Brewing of small amounts by private individuals for domestic consumption was allowed provided a permit was obtained from the municipality The exclusive right to brew sorghum beer was granted to municipal breweries

It is interesting to note that when beerhalls were first introduced the experience was described as drinking in a cage

The emergence of beerhalls usurped the traditional domestic function of women to brew beer for their men and denied them the potential source of income from selling these traditional brews

With the support of the African National Congress and the Industrial Commercial Union (ICU) women instituted a succesful boycott of beerhalls in Natal in 1929 and 1959

The ANC leader in the 50 s, Chief Albert Luthuli had this to say "The beerhall has become for us a symbol of legal robbery by whites

Despite the opposition municipalities were realising massive profits from the brewing and sale of sorghum beer This prompted the following comment from the Star Kaffir beer is becoming big business for the municipalities with profits in some cases of more than 100 percent and a rapidly increasing turnover

The exclusivity of municipalities to brew sorghum beer was reaffirmed in 1962 through the Sorghum Beer Act Various municipalities started erecting their own breweries and by 1970 a total of 50 breweries were producing beer of which 17 were situated within a 100 km radius of Johannesburg

In the late 1970 s the sorghum beer industry was rationalised and all municipal brewing being transferred to Administration Boards

This rationalisation led to the improved quality of the product a more realistic pricing policy was adopted and sorghum beer was tentatively promoted in some areas

But during the 1976 riots beerhalls and bottlestores owned by the Administration Boards were attacked and destroyed Some of the beerhalls have not been repaired

Following the government s intention to privatise sorghum beer industry the assets of the sorghum beer business were transferred to the four provincial Administrators in July 1985

Two years later the Industrial Development Corporation (IDC) was given the day-to-day management of the sorghum beer business The IDC was also given responsibility of preparing the sorghum beer business for transfer to its stakeholders

Announcing the share issue last month National Sorghum Breweries executive chairman Mohale Mahanyele said Black people have compaigned for more than 80 years for the return of the industry to its traditional supporters and I am pleased and extremely privileged to be the person to make this historic announcement



Drink for most rites and rituals

Council to close hawkers' market

By Louise Burgers
Municipal Reporter

The Johannesburg City Council has ordered about 150 hawkers in Claim Street, Hillbrow, to vacate their sites by the weekend.

Traders Yasmin Osman and Ebrahim Bulbulia said council officials arrived on Saturday at the market and told them "No Hawking" signs would be put up tomorrow, banning trading in Claim Street between Kaptein, Ockerse, Pieterson and Smit streets.

"The council has declared both sides of Claim Street a no-trading area. We will only be allowed to trade within the Windybrow fleamarket, but there is no room for us there. Where are we supposed to go?" Ms Osman said.

"We all have hawkers' licences, we always clean up after ourselves and we are even prepared to pay for our sites."

Mr Bulbulia said they did not feel they were creating a nuisance or obstruction. The council had never issued them with warnings before.

"Only a month ago the council came round to check that we all had licences to trade."

A council spokesman said all trading on the Claim Street pavements was now illegal, as in terms of new council bylaws no hawkers were allowed to trade in a residential area.

Residents had objected to the traders and petitioned the council.

"We investigated and took a decision in terms of the bylaws," the spokesman said

Stokvel loans to house the poor

By TERRY BETTY

INDEPENDENT Development Trust (IDT) and UAL have devised a way to make it profitable for private enterprise to finance housing loans for the poor.

About 60% of the black urban population has no access to formal credit.

Blacks may approach financial intermediaries — still to be appointed — for housing loans The money will be lent at a fixed interest rate repayable over five years

The loan will be secured by the "stokvel system" — individuals contribute to a group deposit. If one member defaults, all lose this deposit. The scheme relies on peer pressure

IDT Finance Corporation chief executive Franz Pretorius says. "The groups will have to be educated in finance, the concept of homeownership and monthly repayments."

It will be up to the individuals to decide how to use the money. They could group together to buy building materials or a property.

Secured

To finance the project the AECI Pension Fund, Syfrets Managed Assets, Southern Life Association, Old Mutual, Sanlam, Mine Officials Pension Fund, Metropolitan Life and Fedlife have invested R120-million in the Collateralised Housing Investment Paper (CHIPS). They have committed R500-million.

The money is secured by the IDT's investment of R46-million in fixed-interest securities CHIPS has market-related returns, adequate security and tradeability.

Mr Pretorius stresses this is the first time institutional investors have voluntarily put up such large amounts for the direct benefit of the poor.

The plan will dovetail with a one-off subsidy from the IDT of R750-million. This gives legal tenure on 100 000 properties of R7 500 each to households with a monthly income below R1 000.

Vital decisions for small firms

By JOHN TUDHOPE, director of Tudhope Tax & Financial Services

OWNERS of small businesses must make several VAT-related decisions which could have a significant effect on their cash flows

Businesses with an annual turnover of less than R150 000 have been exempted from registration as VAT vendors The consequences are that VAT cannot be charged on supplies (outputs) made, and more significantly, input tax refunds will not be granted in respect of purchases (inputs)

Most businesses will however be eligible for voluntary registration and will have to decide whether the level of input tax paid on their purchases would justify charging VAT on supplies before applying for registration

Although VAT paid on purchases can be recovered in the sale price of supplies, registration should be considered where most sales are to registered vendors These vendors will want to claim, as an input tax refund, the VAT they have been charged

Another decision facing the small businessman is whether to account for VAT on an invoice or payments basis Taxable supplies (excluding special or abnormal circumstances) must not exceed R1-million a year (excluding VAT) if an election is made to account on the payment basis

Businesses that make supplies on a cash basis while paying for their purchases on credit (say, 90 days) are likely to select the invoice basis This will entitle them to an immediate input tax refund despite only paying their creditors later

On the other hand businesses that pay cash for their purchases but are paid by their customers on terms, will probably elect the payments basis because they will be required to pay the VAT collected only when it is received from customers

Accounting records must be adapted to facilitate preparation of the VAT return to Revenue A VAT ledger account should be opened in the vendor's general ledger so that all output tax collected can be credited to this account and all input tax paid on purchases, imported goods and services, and capital equipment etc can be charged to this account

The balance on this account is either paid to or refunded by the Receiver Businesses should maintain separate VAT ledger accounts for each two-month tax period, i e six ledger accounts should be operated in a particular financial year

Separate

It is recommended that vendors create a separate column in their purchases journal in which deductible input tax is recorded The cash book should also have a separate VAT column for expenses not processed in the purchases journal

No VAT input credit may be claimed if a vendor does not have a tax invoice All vendors must adapt their sales invoices or print new invoices

Registered vendors will be allowed to deduct VAT on capital equipment

Businesses that have paid GST on consumable goods (including maintenance spares) to be used in the course of their enterprises may reclaim the GST as an input tax credit when such consumables are used after September 30

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Business Report

Foreign tourists bring record R2,47bn to SA

Business Correspondent

FOREIGN tourists brought a record R2,47bn into South Africa last year — 16% more than in 1989, according to the SA Tourism Board's 1990 report.

Arrival figures from abroad totalled 1,02m — a 10,6% increase over the total number recorded the previous year

Of these, 51,4% came from African countries and 48,6% from overseas, the Tourism Board (Satour) reports.

JOHANNESBURG. — Germany is the leading destination and country of origin for air cargo travelling into and out of SA, latest airline statistics show.

About 16% of all cargo flown out of SA is directed to Germany, carried by Lufthansa and SAA.

The no 2 destination is the UK with 10%.

More than 21% of all imports to SA are flown in by Lufthansa and SAA from Frankfurt.

The UK trails with only 14% of imports.

Satour notes that the wave of tourism was strongest in the first four months of the year but declined as sporadic internal unrest, coupled with the Gulf war, discouraged foreign travel.

Efforts by Satour, in conjunction with the Development Bank of Southern Africa, to devise a strategic framework for tourism in South and southern Africa are expected to be finalised this year, the report states

Several regional investigations into all aspects of travel in SA were launched last year and information has been collected from various related organisations.

Work has also started on reformulating and consolidating the present legislation relating to tourism

Europe continued to be the main source of tourists to SA last year, with the UK and Germany heading the list. Arrival figures from the US and Canada increased by 2,2% and 11,9%, respectively, while arrivals from Asia increased by 15,4%

Teljoy maintains market dominance

FAVOURABLE growth in all divisions and the ac-

LONDON. — Expectations of an early cut in UK base rates rose yesterday after April trade figures showed the current account deficit virtually unchanged at £339m against £336m.

40% 'not employed formally

Own Correspondent

JOHANNESBURG — About 4,6-million people — more than 40% of SA's economically active population — were not employed in the formal sector, Japie Jacobs, special adviser to the Finance Minister, said yesterday

Addressing a Johannesburg seminar on wage restraint, Jacobs said there was no doubt that unemployment was increasing

Another speaker, SA Clothing and Textile Workers' Union general secretary John Copelyn, said Cosatu estimated the formal sector was shedding jobs at the rate of 1 300 a day.

Jacobs said that growing unemployment was due to the "relatively poor performance" of the economy in recent years and to the fact that SA's economically active population was increasing at a rate of 2,6% per year

The 4,6-million people were either unemployed, or worked in subsistence farming or the informal sector

Eskom to look at township firms

153A

Sowetan 24/5/91

By JOSHUA RABOROKO

THE giant electricity utility, Eskom, is planning to economically empower the small black business in the townships in a move seen by many enterprises as "big brother helping small brother to grow".

Eskom's senior officer for Small Business Consultant, Mr Joe Nhlapo, said this week they would be offering a variety of services, including buying commodities from the black informal sector.

Looking

Eskom was looking at boilermakers, plumbers, upholsteries, clothing and other manufacturers, transportation (especially minibus taxi service), delivery services and other products that could be sold and identified by the company

He said the company had already visited and arranged "business deals" with small entrepreneurs at SBDC's hives in the townships, but "we need more in an attempt to help the informal sector become formal."

He believed that by buying in bulk from the small business the company would economically be empowering them because "they will then have the incentive to produce more goods - leading to advancement."

The informal sector activity amounted to R16 billion or nearly eight percent of South Africa's gross domestic product (GNP) in 1989, according to a central Statistical Service (CSS) survey

The survey is an important contribution in the debate on the size and importance of this sector of the black business.

Hawkers are the most active (32 percent of informal activity) followed by crafts (about 27,5 percent) and transport (18,8 percent).

Nhlapo said in order to maintain Eskom's power system, hundreds of different jobs were necessary.

Letters

These functions required the company's buyers to obtain various ranges of materials, commodities and services.

It was the company's philosophy to approach competitive market which would include the small entrepreneur who have been encouraged to write letters in this connection to: The Commercial Department, Policies and Practices Department, PO Box 1091, Johannesburg, 2000.

In the letters they should describe their business and how it operates.

'Rapid growth in unemployment'

Business Day 24/5/91

VERA VON LIERES

ABOUT 4,6-million people — more than 40% of SA's economically active population — were not employed in the formal sector, Japie Jacobs, special adviser to the Finance Minister, said yesterday

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The 4,6-million people were either unemployed, or worked in subsistence farming or the informal sector

Jacobs said SA, excluding the TBVC states, had an economically active population of 11,2-million

Jacobs said no one was advocating a low-wage policy for the economy to encourage greater employment and growth

But higher wages could be soundly based only if they were supported by higher pro-

☐ To Page 2

Informal sector

Business Day 24/5/91

☐ From Page 1

ductivity for both capital and labour.

Copelyn argued that economic growth had to be tied to an increase in workers' real wages

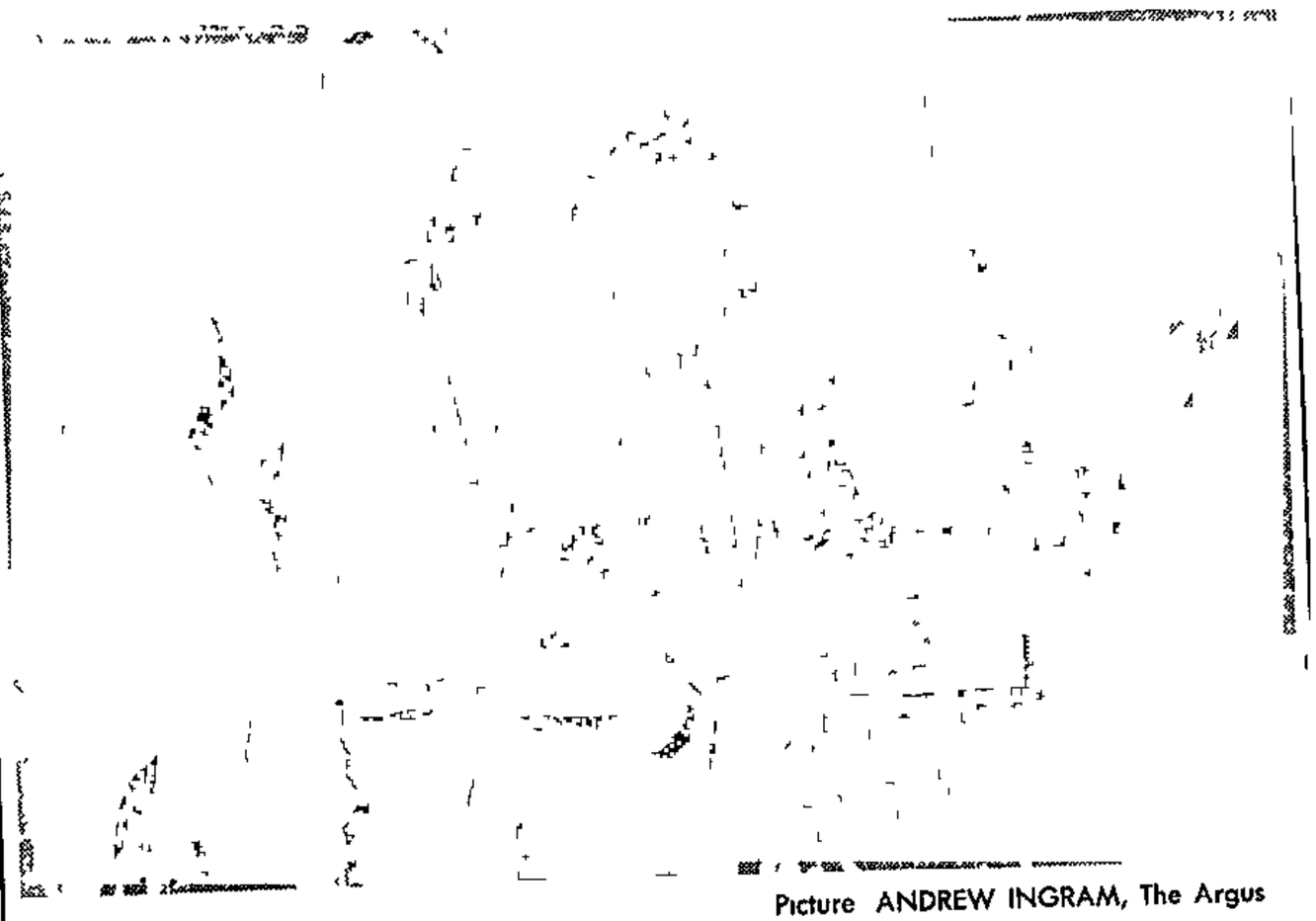
He said there was an urgent need to focus on the question of "social contracts"

At a national level, employers and organised labour needed to negotiate a set of values and policies to achieve economic growth and raise real wages

He said there had to be a move away from present practices designed to stimulate the economy, including government's decentralisation policy, deregulation and "the obsession with unilateralism"

Also, the trade union movement needed to be included in planning the development of the economy.

● See Page 8



Picture ANDREW INGRAM, The Argus

FLEAMARKET CHARITY: Thousands of rands given by the Green Point fleamarket traders have been presented to various charities, including The Argus Food Campaign. Among those at the presentation were, from left, Lady Lovat de Villiers of the Arthritis Foundation, deputy mayor Mr Frank van der Velde, Mr Brian Purwitsky, chairman of the traders' association, Mrs Thora Boltman of the National Council for the Blind and Mr Mogamat Mathews, traders' association committee member.

Cape Town street trading sets deregulation pace

By STEFAANS BRÜMMER
Staff Reporter

163A Argus 16/5/91

The Argus FOOD CAMPAIGN

CAPE TOWN deregulation in favour of the informal sector and street trading had led to "unique" achievements in South Africa, Cape Town Deputy Mayor Mr Frank van der Velde has said.

He was speaking at the presentation last night of contributions totalling R16 500 by the Green Point Fleamarket Trader's Association to more than 20 charities, including The Argus Food Campaign

He said there had been a change in city council policy a few years ago when it was decided "to get rid of some of the myriad of regulations" controlling economic life.

"Some of the deregulation was to assist the informal sector What was achieved, I believe, was unique in South Africa. It is no longer necessary to prohibit people to trade on the street," he said

He said fears by established business that they would be affected by informal trading had been proved incorrect. "Business for formal traders has in fact increased."

A second indirect achievement had been the encouragement of tourism, he said, and he had been told that "for every tourist rand or dollar there is a multiplication of seven times the value in terms of job creation".

Mr Brian Purwitsky, chairman of the Green Point Fleamarket Trader's Association, said there had been a "handful" of traders on the Western Boulevard strip in Green Point in 1988

As the economy deteriorated, they became more, and were eventually moved to their present site next to the Green Point Stadium Council asked for tenders to run the area, on condition it was administered not for profit, for the "poor, underprivileged and needy", he said

Entrepreneurs needed to solve jobles

Sfeer 26/8/91 (153A)

New studies estimate unemployment in South Africa at nearly 5 million MICHAEL CHESTER reports

SOUTH Africa can blame many of its chronic unemployment problems on its dismal failure to keep pace with world trends in the launch of more budding new entrepreneurs into the economic mainstream, according to new studies by the Small Business Development Corporation (SBDC)

The studies show that in the US no fewer than 100 000 young Americans start businesses of their own every year — 10 000 of them straight from school

A recent count found that a stunning third of all new businesses launched in the US were under the command of fledgling bosses under the age of 30

The world average of entrepreneurs in total labour forces came out at between 10 and 12 percent. The South African average trailed at 5 percent.

SBDC managing director Dr Ben Vosloo argues that the generation of more entrepreneurs must be regarded as a top priority in the formulation of new economic policies

The urgency of new thinking, he says, is underlined by the growing size of unemployment queues in South Africa, now standing at between four and five million

Job opportunities offered by the formal business sector are able to cope with only 125 of every 1 000 school leavers pouring into the labour market

That leaves 875 with no option but self-employment or the informal sector

What worries Dr Vosloo is whether most of them have been prepared to cope with this reality He says only radical changes in the entire education system can provide solutions

"It would be tragic if we had to admit that billions of rands of taxpayers' money is spent on educational products which cannot be used by society It would be equally tragic if the education system were not capable of delivering the sort of school-leavers that society needs"

South Africa, he says will start to put more muscle into economic growth only when the classrooms begin to equip pupils with the knowledge and skills that provide the foundation for such careers as artisans, production managers data processors, bookkeepers nurses, scientists engineers and technicians

Dr Vosloo, whose own programme at the SBDC has already ploughed more than R1 billion into loans to encourage new small businesses — which have created a staggering 280 000 new job opportunities since it started 10 years ago, proposes a plan to tackle the problem It includes

- More effective and continuous communication between educationalists and the business world, to spell out in unambiguous language what society outside schools and academia really expects from the education system
- Moves to make classroom curricula more relevant to the needs of society
- Insistence by taxpayers on more value for the money spent on education, to guard against wastage on a bloated education bureaucracy
- Gearing the education curricula towards the stimulation of attitudes such as individualism, a sense of independence, achievement optimism and competitiveness
- Focus on career information programmes tailored to alert young people to the opportunities of self-employment and business entrepreneurship as career choices
- Better evaluation of the role of part-time study, work programmes and post-experience training

"It is clear that education is the key to a better future' says Dr Vosloo 'A society which cultivates a strong entrepreneurial culture is bound to set off on a road to progress and economic growth" □

crisis

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Boost for Jo'burg's small businessmen

Star 28/8/91

153A

By Michael Chester

Small business has hoisted its standard on a R10 million new flagship of its own to stake a claim among the giants of the retail trade in Johannesburg's city centre.

The launch was conducted yesterday by tobacco magnate Dr Anton Rupert to mark the 10th anniverary year of the Small Business Development Corporation, which he founded and has headed as chairman.

Dr Rupert saw the occasion as a landmark in the development of bridges to give the informal sector a new image and bring budding entrepreneurs from a cross-section of black and white society into the economic mainstream

SBDC managing director Dr Ben Vosloo said the venture marked the boldest attempt yet by mini-businesses to seek a foothold in the heart of Johannesburg, which had always been regarded as the preserve of Big Business

Known as City Hive, it has been based at a three-storey complex cheek-by-jowl with the bustle of Eloff Street

Dr Vosloo said the centre promised to provide entrepreneurs with their biggest challenge yet to prove themselves in the business world.

Huge market

It has been allocated one of the highest public profiles so far taken in a nationwide network of 35 industrial hives established by the SBDC in the past four years, whose combined sales are running at R600 million a year

Terry McLaughlin, manager of SBDC finance and support services in the city, said the new hive provided business premises for between 200 and 250 budding entrepreneurs — making and selling items that ranged from Africana curios and furniture to high-fashion dresses and advanced auto electronic components

The next phase would be the creation of a huge fruit and vegetable market

"It means an entirely new dimension in one-stop consumer services," he said. "We're especially excited about the chance of becoming a new shopping magnet to commuters — particularly the 100 000 office workers within strolling distance who go browsing in their breaks"

Dr Rupert told the annual meeting of the SBDC at City Hive last night that the mini-businesses created under the guidance and financial assistance of the corporation had already created as many as 300 000 new job opportunities

He now recommends the launch of a special task force by the State and the private sector to aid programmes to alleviate the unemployment problem with more mini-business ventures

Dr Vosloo said the corporation needed an injection of at least R750 million

Fabcos moves to banking, catering

By IAN SMITH

FABCOS, a non-profit organisation which has matured quickly into an umbrella body for 15 black business groups, has entered two more fast-growing sectors.

It has done a deal with Fedics, South Africa's largest catering services group, to develop food outlets in black areas and it has gone into a venture with Wesbank to launch Future Bank in November.

Fabcos, which claims to have 1,3-million members, will hold 60% of Fabfoods and Fedics the rest.

Fabfoods will develop the catering business by identifying entrepreneurs and informal operations which could benefit from training and support.

Reserve Bank registration for Future Bank was granted this week. It will be a deposit-taking and lending institution, says Fabcos public affairs director Mike Ntlatleng. Details of Future Bank's funding and its operations will be released in November, he says.

Fabcos has a 10% stake in Unibank, established last year from the restructuring of the Eastern Cape's BK Savings Bank. Major Fabcos affiliate Sabta has an R84-million trust fund held by Wesbank.

Hawkers

Fabfoods will capitalise on the heavy patronage of fast-food outlets by blacks and the trend for them to eat out.

Initially, the company will open fast-food outlets at service stations managed by Fabcos members.

The first will open in October in Daveyton Extension 6, near Johannesburg. The owner will be trained and guided by Fabcos and Fedics regional staff.

The project will be supervised by Fabfoods chairman Mandla Msomi and Fedics business development manager Helmut Schneider.

The company will extend its operations to other sectors, which could include taverns, stokvels and hawkers' sites.

"There is big demand for better catering services among black communities," says Mr Schneider.

"Fabfoods will help meet the demand by giving training in food handling and presentation and by supplying semi-prepared meals which need only the finishing touches before being served."

Star 28/8/91

Striking miners get jobs back

Staff Reporter

About 6 000 striking National Union of Mineworkers members, who were dismissed on Friday at Doornfontein gold mine in the western Transvaal, have been reinstated, the company said yesterday

In a bid to resolve the situation, a union delegation led by NUM general-secretary Marcel Golding held talks with management on Sunday, but no resolution could be reached.

The union rejected a company offer that miners enter into a retrenchment agreement as a precondition to their reinstatement

Company spokesman Michael de Kock said the dispute was resolved on Monday night.

"The union and the company signed a revised retrenchment agreement tabled on Sunday night which covered the main issues of the illegal strike, which were the severance package and alternative employment lower than the existing position in order to avoid retrenchment," Mr de Kock said

Commenting on the resolution, Mr Golding said he was happy".

"There will be no victimisation of our members after this strike," he added.

Boost for Jo'burg's small businessmen

Star 28/8/91

153A

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Sewing project keeps growing

153A

Soweten 5/9/91

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.

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.

By PEARL MAJOLA

Ngomana, with a Standard 5 education and years of experience in garment factories, now runs a fulltime training centre at Kopanong in Daveyton, where she and three trainers are teaching sewing to about 40 women

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 neighbour in 1985, I approached her and she agreed that we start the project.

"Another woman, whose husband was unemployed and they had eight children, joined us 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 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 is why I have decided to start a leather garments project for them which I hope will start soon

"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, clothed and sometimes 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 sitting 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.



Woman of the Week

MINDA NGOMANA

BUSINESS DAY, Thursday, September 6 1991 3

Business 'should buy from informal sector'

B 10 aug 5/9/91 (153A)

THEO RAWANA

BUSINESSES should complement schemes to develop entrepreneurs' skills by serving as a market for informal sector products and services, JCI gold and uranium division chairman Kennedy Maxwell said last night.

Addressing the opening of the Matchmaker Services trade fair at Nasrec Maxwell said the unemployed should be helped to help themselves.

SA needed overseas investors, but these were concerned at the level of instability which reflected the level of unemployment and homelessness in SA, he said.

The annual Matchmaker fair, at which small entrepreneurs exhibit their products and services to big business, was a good example of linkages between the formal and informal sectors as they encouraged sub-contracting.

"The process demonstrates clearly that wealth creation through this 'flow-through' system is the best form of social welfare that can be achieved," Maxwell said.

Investment in education, training and the development of the poorer segment of the SA population was the answer to the question of wealth creation, he added.

The vast number of unemployed should be helped to help themselves. It was in the interests of the formal sector to provide basic skills training to the unemployed, procure goods and services from the informal sector and facilitate this by teaching this sector how to quote, produce and run a business efficiently, Maxwell said.

Question of closure stalls city traders

(1531) Municipal Reporter CT 7/9/91

FLEA MARKETERS and formal traders clashed over the closure of a road yesterday

The informal traders told the utilities and works committee they want part of Dreyer Street, which runs between The Link and Cavendish Square, closed to traffic so that they can set up their stalls there

They recently had to move from Herrer's Lane, one of the city's earliest flea markets, because the Standard Bank is including that area in its redevelopment of the site, as it is entitled to do.

After both groups had been heard, the committee decided to rescind an earlier decision that the section of the road between the pedestrian crossing and Vineyard Road should be closed, reported Mrs Joan Kantey.

However, she said city planner Mr Neville Riley would be asked to report on the possible closure and pedestrianisation of Dreyer Street.

It all began on St Valentine's Day

Star 11/9/91 - (153A)

Andrew Lukhele, the founder and president of the National Stokvels Association of South Africa (Nasasa) looks back with pride at the progress the association has made since its formation in Soweto on St Valentine's Day in 1988.

"Our greatest achievement has been to instil people with confidence in stokvels The association made people aware of stokvels. Today a number of financial institutions are creating products to tap into the stokvel market," he says

"The stokvel concept," adds Mr Lukhele, "is gaining acceptance as a vehicle to be used in bridging the gap between formal and informal financial arrangements Through Nasasa we have created a forum through which stokvel members can realise their bargaining power"

Mr Lukhele grew up with stokvels around him, but he never realised nor understood their important role in the black community

Had it not been for his experiences at the National Institute of Personnel Research where he worked as a research assistant, his involvement with stokvels would never have happened

While doing a study on the "processes and analysis of informal housing finance", he gained insight into this powerful movement

Out of this study grew an idea of forming a national association of stokvels Mr Lukhele's main motivation then was to research stokvels using the participation and observation method.

But he also wanted to help stokvel members fight harassment by police and promote their recognition as an intergral part of informal finance

The first association was launched at Funda Centre, Soweto, on Feb ruary 14 1988 First called the Soweto Stokvels Association, it later changed its name to Nasasa

After a few birth pangs, the association grew into an association of 8 000 stokvel groups Based on an average of 12 to 13 people in each group, Nasasa now has over 100 000 members

Among its objectives, the association aims to promote a positive perception of the stokvel movement as being an integral part of the economic mainstream and a potential creator of wealth and jobs.

Be they ko, chit fund, xitique, kya or susu ... they're all stokvels

(153A

Star 11/9/91

By Jabulani Sikhakhane

The stokvel concept has been used worldwide, but mostly in developing countries, as a means of bringing financial services to the poor

According to the World Bank's World Report of 1989, rotating savings and credit associations (Roscas) are a popular form of informal finance

They have various aliases "ko" in Japan, "kye" in Korea, "hui" in China, "pia huey" in Thailand, "chit fund" in India and Sri Lanka, "paluwagan" in the Phillipines, "arisan" in Indonesia, "xitique" in Mozambique, "hagbad" in Somalia, "tontine" in Noger and "susu" in Ghana

In Nigeria the associations are known as "isusu", "gamaiyah" in Egypt, "the syndicate" in Belize, "san" in Dominic Republic, "pasanaku" in Bolivia and "tanda" in Mexico.

Andrew Lukhele of the National Stokvels Association of South Africa says South Koreans living in America have brought the "kye" (pronounced keh) concept to the US

At these "kyes", which are formed by businessmen, large sums of money change hands Members meet once a month over a meal of kimchi, rice, barbecued beef and Korean whisky

Each member antes up the same amount — up to $40 000 (about R110 000) — of cash to a pool which can sometimes reach up to $400 000 (about R1 100 000) The pool of funds goes to each member each month on a rotating basis The rule is that each member contributes until the last member has received his share.

The World Report says Roscas are formed through a small number of individuals — ranging from six to 40 — who form a group and elect a leader, who, on agreed periods, collects a given amount from each member.

On a rotating basis the pool of funds is then given to each member in the group. In some countries, like Cameroon and India, the Roscas have developed into formal banks.

The Report identifies three types of Roscas. The common type is where the leader receives no special commission other than getting the first pool of funds

In commission-type Roscas, the leader will receive payment and in turn assume liability for defaults In this type all members, except the leader, pay for the right to participate and will receive back less than their contributions.

The third type is the promotional-type Roscas which are used by merchants who sell their goods, particularly consumer durables.

According to the Report, in more sophisticated Roscas, funds are allocated on the basis of discount bids These Roscas are common in China, India, Thailand and in some parts of West Africa

A member willing to accept the largest reduction in share payments in return for receiving the next pool of funds is the winner

Research in Bolivia showed that one-third to one-half of all adults in the urban areas, who were often participants in Rosca's, contributed an average one-sixth of their salaries.

More than 90 percent of the people interviewed said they had joined a Rosca because they wanted to save and that the membership forced them to do so.

The Report concludes that the popularity of Roscas among the low and middle income groups indicates that even under difficult circumstances people like to save

‘Togetherness (manyano) is the word and the way’



Stokvels
money power
to the people

From stock fairs to stokvels

Star 11/9/91

By Jabulani Sikhakhane (153A)

The concept of mutual assistance, or what is today popularly known as "stokvel", is as old as man himself and there is nothing exclusively African about it.

Although it's a worldwide phenomenon, in latter years it has become more prevalent among the poor

But more than 400 years ago the stokvel concept was the foundation on which the building societies were formed in Britain It also flourished among whites in Natal, leading to the formation of mutual building societies in 1858

The friendly societies of Britain are another example They succesfully provided protection for the working population against loss of income through sickness and unemployment, and made provisions for retirement, for widows and orphans, and for a decent burial

However the friendly societies began disappearing in the 1940's when the government started its welfare programme

In traditional pastoral Southern Africa, the concept took the form of co-operative work — whether harvesting or building huts This form of work was sponsored through beer drinking

With urbanisation the principle was adapted to the new conditions of the urban environment. However the underlying factor is still the same — mutual trust amongst the members



Andrew Lukhele president of the National Stokvels Association of South Africa.

That's why even today stokvels are formed by people in the same neighbourhood, workers in the same factory, migrant labourers from the same region (home boys) or women from the same church congregation New members have to be introduced by an existing member

Andrew Lukhele, the president of the National Stokvels Association of SA (Nasasa) says the word stokvel originates from the rotating cattle auctions or "stockfairs" of the European settlers in the Eastern Cape during the early part of the 19th century

At these fairs black farmers and labourers began exchanging ideas and gambled whatever resources they had

As blacks moved to the Witwatersrand following the discovery of the rich gold reef, those who came from the Cape brought the stokvel name with them

In more recent years the word stokvel has become a more generic word for savings/investment clubs or syndicates, burial societies, kitchen parties and rotating credit associations

In the early, harsh urban enviroment, Mr Lukhele says lack of proper accommodation in Johannesburg led to cramped, insanitary conditions where the death rate was high from tubercolosis, cholera, smallpox and typhoid

To meet the high cost of funerals, urban blacks formed burial societies which became very popular in the 1930's

The first burial society, Bantu Burial Society, appears to have been formed in 1932

Stokvels also became the "trade union" of women who brewed sorghum beer and other concoctions like "skokian" These women were harassed by the police and arrested Women then turned to stokvels for support If a member was arrested, other members of the group would look after the arrested members' children or even organise bail money

"Mohodisano" in Sotho or "mholiswano" in Zulu (meaning a rotating credit association) is another form of stokvel. Each member contributes between R20 and R1 000 and on a rotating basis each member receives the pool of funds

In other rotating credit associations the member receiving the pool of funds hosts a party where the public and stokvel members buy food and drinks at inflated prices These parties last for the whole weekend in some cases

The host earns a certain percentage of the profits and the balance goes to the stokvel and is kept on account.

The other type of stokvel that emerged was the "manyano" (which means togetherness) occassions which were sponsored by the Christian sisterhood

The religious stokvels followed a tea-party pattern with no liquor consumed Singing regimental and initiation songs, popular songs and Christian hymns, the "manyano" women would march in uniform to the tea-party A brass band, dressed in European military coats, would accompany the manyano women. This was meant to draw members of the public to the tea-party meeting

Associations offer retailers a tight zone of consumers

Star 19/9/91 (153A)

The stokvel movement offers good marketing opportunities for fast moving consumer goods

Jabu Mabaso of Nasasa Marketing says Nasasa offers fast moving consumer goods companies a more focussed marketing platform for their products

Through Nasasa Marketing, companies can tap into a vast source of information about stokvels It has also identified marketing opportunities within the stokvel movement

"We have knowledge from the association's research," says Mr Mabaso "We know what our members want and what they would like to see This information could be of great use to companies wanting to improve their products to meet the needs of their customers"

Nasasa Marketing also offers joint venture services There are synergies between Nasasa Marketing and the formal sector "We would like to plug into the skills of the formal sector Nasasa is bringing in the market (stokvel groups) and the consumer goods companies bring in their skills"

Mr Mabaso adds that through the association's marketing wing, a number of discounts are being negotiated with companies

One marketing manager says there is already an alliance between stokvel groupings and certain consumer products by virtue of the stokvel groupings name The basis of some stokvel groupings is their identification with certain products

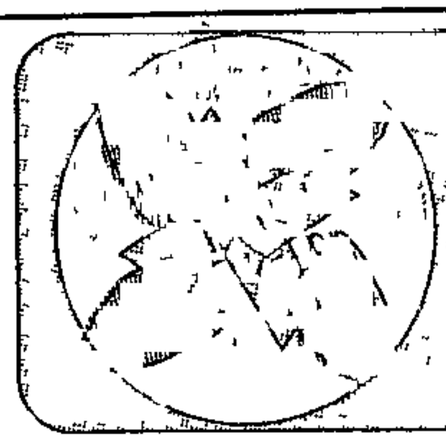
There are certain stokvel groups calling themselves Ohlsons, Kappa, Benetton or Spiced Gold because of their identification with particular products or brands

Nasasa Marketing aims to create and implement marketing support programmes comprising test marketing circuits, stokvel sponsorship and ladies' club promotions on behalf of marketers in the liquor, carbonated soft drink, food, financial, cosmetic and other fast-moving consumer goods arena

It also has a qualitative and product-research service aimed at giving companies as accurate a barometer of activities in its circles as possible



Communal power . . . the strength of the associations lies in peer group pressure.



Stokvels money power to the people

Communal support is the key element of stokvels

153A Star 11/9/91.

A whole sub-culture has developed around stokvels, or "stokkies" as they are popularly referred to in the townships

Andrew Lukhele says stokvels are more than just money-spinning machines The element of reciprocity is very important to the stokvel

A member of the stokvel who supports parties of another stokvel stands a greater chance of returned support

Mr Lukhele says a host, with the support of other stokvel members, does a check of who did or didn't support him

The more outgoing a member is of a particular stokvel, the more powerful and popular their own stokvel becomes

Most stokvels impose a financial penalty on a member who does not attend a party hosted by another member

The penalty is indirect in that if for instance the contribution at each party is R100, R70 goes to the host's coffers and the difference is compulsory expenditure in the hosts' provision of liquor, food and snacks.

On arrival at the party, each members hands R100 to the host, who then gives each member a card where all the items ordered (food and drinks) will be recorded After they have spent R30, members have to dig into their own pockets

If a member cannot attend the party, he still has to send in the full R100 amount — in other words he loses the R30 earmarked for drinks

The compulsory R30 amount is called the "bill" in Soweto stokvel language, while the R70 amount is commonly known as "table money" (imali yetafula)

Saving together solves private housing problems

Star 11/9/91

153A

In a bid to solve the housing problem, the Independent Development Trust (IDT) has adopted the group-lending principle, which utilises the stokvel concept as the basis for the much-needed finance

IDT, through its IDT Finance Corporation (IDTFC), will provide finance to financial intermediaries through the group credit organisation (GCO) The GCO will then provide loan finance to borrowers using one or more of the many different forms of group collateralisation

IDT says that the basis of intra-group lending is well known internationally and already exists in South Africa in indigenous from It has also demonstrated its effectiveness over many years.

According to an IDTFC document, the principles relate to trust among group members, communilisation, sharing and co-operation, and the best utilisation of resources

"Local and international experience indicates that derivatives of this form of group lending modified by the introduction of external loan capital are both viable and sustainable"

"Accordingly the IDTFC will only support lending mechanisms that include some form of effective group collateralisation in the relation between the individual borrower and the group credit organisation."

General lending criteria would be as follows: group size will not be restricted, but a minimum of 10 members and a maximum of 20 are recommended

All groups will undergo a trial period of about two months during which time the group deposit must be procured During this trial period, appropriate training will be provided by the group credit organisation to the group members, and group cohesiveness will be demonstrated

The IDTFC also requires that individual borrowers within each group be informed as to the nature of their loan and the end-use restriction.

Lending criteria to established and emerging group credit organisations would differ.

For established GCO's, the IDTFC will require the right to nominate a representative to the final decision making structure of such a group credit organisation Such bodies must at least meet bi-monthly with management reports being provided monthly.

The GCO must demonatrate viable operating and financial management systems and controls, must be capable of expanding its activities, and the quality of management at all levels must be demonstrated.

For emerging GCO's, IDTFC will require active participation in its executive management structure as well as the right to nominate a representative to the ultimate decision-making body

Since emerging GCO's may not yet be able to demonstrate viable operational and financial management, IDTFC will introduce standard operating and financial guidelines supported by standardised systems and controls

The IDTFC will also participate in key appointments jointly with the GCO and will facilitate the production of standardised reporting and compliance with system utilisation and controls through a joint management arrangement with the GCO

The purpose of the joint management intervention is to manage the risks associated with the placement and collection of IDTFC sourced finance to groups. It will also ensure the profitability of the GCO with complete recovery of operating costs

IDTFC says incentives must be created to ensure borrowers continue to service their obligations to GCO's after disbursement of loans

It recommends a bonus payable to each borrower group on the repayment of the group's liability. But the bonus payment will be subject to such group having performed adequately throughout the life of the group lona Further, other groups serviced by the GCO must have mantained a satisfactory debtor performance.

An absolute requirement of IDTFC lending will be that the handling of cash emanating from borrowers may not take place within the GCO Borrowers may only effect payment of their loans via a direct deposit into a group bank, a building society account or the GCO's account

The maximum term for the loan is five years The IDTFC will also submit a broad based application for exemption of all participating community based GCO's meeting its criteria to the Registrar of Deposit-taking Institutions.

ODOX CHURC
ESTABLISHED 1892

Playing a role in cultural urbanisation

Star 11/9/91

In addition to mutual assistance and welfare services, stokvels also play a major role in advancing cultural urbanisation and in the transition from rural to an urban identity

Stokvel parties in the 1920s and 1930s provided a setting where musicians provided aspiring urbanites with a means of self-expression and a new working class culture.

153A

This helped the people's values and motivations of the rural society to meld more easily into the urban spectre

On Sunday afternoons stokvel members marched to the party in uniform, singing Tswana regimental and initiation songs, popular urban songs and Christian hymns.

● Source: David Coplan's "In Township Tonight"

Strict code of conduct for members

Star 11/9/91

153A

The National Stokvel Association of South Africa has drawn up a comprehensive code of conduct for members in a bid to improve the image of stokvels

President Andrew Lukhele says the code is aimed at setting a strict standard of ethics and behaviour for the stokvel groupings affiliated to the association

The code prohibits the sale of liquor at stokvel parties to any persons under the age of 18 The sale of drugs of any kind is also forbidden and dealing in stolen goods is similarly disallowed

The rest of the codes requires

- The host of stokvel parties at which drinks are to be sold to ensure that a regular and sufficient supply of meals and snacks are available to all guests Food must be prepared in a clean and hygienic way
- Stokvel and party conveners to ensure that sufficient sanitary arrangements are available on the premises at which a party is to be held
- That the generation of unnecessary noise always be avoided
- The party convener to notify neighbours in advance that a stokvel party is to be held

Recessions curb SA-UK trade

By Neil Behrmann Star 12/9/91

LONDON — The recessions in Britain and South Africa have dampened trade between the two countries, despite the end to sanctions

The trade balance, however, is marginally in South Africa's favour

UK Department of Trade statistics show that imports from South Africa slipped 11 percent to £600 million (R2,94 billion) in the first seven months of this year, from £675 million (R3,31 billion) in the same period in 1990 British exporters also suffered

Compared with the same period the previous year, exports to South Africa tumbled 11 percent to £592 million (R2,9 billion).

On a 12-month running total, trade between the two has stagnated, with both imports and exports around £1 billion (R4,9 billion)

Trade performance will depend a lot on hopes of recovery in both countries The trend of sterling will also be important

The UK economy appears to be bottoming out, but economists are divided on whether the revival will be tardy

Consumers are fearing for their jobs Company liquidations soared by 72 percent to more than 11 000 in the first half of the year

Accountants KPMG Peat Marwick forecast that the trends will continue in the next six to nine months

Small businesses complain that they are heavily overborrowed and their overdraft rates are too high, real estate is in the doldrums and, despite wide discounts, car sales slumped 21 percent in the summer

153A

Profits fall

Although prime interest rates have fallen to 10,5 percent from a peak of 15 percent a year ago, the reduction has so far failed to spur the economy

Reporting a further fall in profits, Lord Alexander, chairman of National Westminster Bank, said economic activity had suffered one of its worst declines since World War 2

However, a stock market which is trading around all time peaks could be saying that the worst is over This is certainly the view of the UK Treasury

Lead indicators compiled by Goldman Sachs point to a trough and a recovery on the way later in the fourth quarter

But the revival is likely to be weak in the initial stages because of corporate and consumer debt, banks' balance sheets, a slowdown in the German economy, high real interest and exchange rates

Goldman Sachs predicts real growth of 1,5 percent in the next 18 months and inflation of under 4 percent next year

Despite a deepening recession, falling interest rates and political uncertainty, sterling has remained remarkably stable in the European Exchange Rate Mechanism

Almost a year has passed since entry and during this timespan the pound has mainly fluctuated within 3 percent of its central rate, equivalent to 2,95 German marks Against the rand it has traded between R4,70 and R4,90 and is now at the upper end of the band

So far, the pound has thus defied the sceptics, although it is down against the dollar this year in tandem with other currencies in the ERM

With an election deadline within nine months, some London analysts and dealers have been forecasting a weaker rate So far they have been wrong

Foreign investors are prepared to hold high-yielding sterling deposits and bonds because the currency is linked to the D-mark

The inflation outlook of below four percent is the best since the early 'eighties, says Barclays Bank, and will be better than that in Germany

The trade deficit is forecast to decline to £9,8 billion this year from £19,8 billion in 1989

German and Swiss bankers and portfolio managers favour sterling and in the past few weeks the rate has risen against the dollar and rand

Deutsche Bank believes sterling will continue to hold firm So much so, that the UK authorities will shortly reduce the pound's fluctuation limits within the ERM to 2,25 percent from its present 6 percent, it says

The Bank of England will surprise the market and announce a narrowing of the band when inflation declines in the northern hemisphere autumn, according to this view

The move will enable the authorities to slash interest rates further, without placing pressure on the pound

Sterling's future path, however, will depend on the course of the UK economy

SMALL BUSINESS INDABA

Compiled by the SBDC

153A
ALG 10/8/91

Red tape removed from business development

SMALL enterprises in whatever category need to take note of legislation passed during this last session of Parliament — embodied in the new Businesses Act, and due to be implemented over a phased period from January next year

The changes in the legislation are aimed primarily at removing much of the red tape that created barriers or problems impeding the start up and growth of small businesses in this country

The umbrella legislation has had the effect of repealing some 60 to 80 local ordinances governing any business activities. The statutory requirements that remain essentially address issues concerning health needs or the hours of trading.

The changes have reduced the licencing requirements to three basic categories These are:

■ Sale or supply of meals/perishable foodstuffs:

This concerns a person who runs a business selling or supplying food on and off business premises for subsequent consumption. It applies to business premises only. Where meals are prepared and sold from a private dwelling no licence is required On the other hand, where meals are prepared in a private dwelling and subsequently sold in business premises on a street, a licence is required.

Charitable, religious, educational or agricultural organisations selling meals or perishable foodstuffs are exempted from obtaining a licence.

■ Hawking:

A licence is necessary for any hawker, who intends to sell any foodstuff conveyed from place to place, by a vehicle or otherwiuse public road; or at any place accessible to the public

■ Health and entertainment:

Businesses which provide certain health facilities or entertainment are still required to obtain a licence. Those that fall within these categories are:

■ Turkish baths, saunas.

■ Businesses providing massage or infra-red treatment.

■ Businesses profiled as an escort agency.

■ Businesses keeping three or more electronic or electric contrivances, instruments which are used or designed for the purpose of recreation or amusement, or other operation involving the payment by coin, disc, or token

■ Keeping three or more snooker or billiard tables.

■ Keeping or conducting a night club or discotheque.

■ Keeping or conducting a cinema or theatre.

It must be emphasised that the effect of the Business Act is to ease the start up of many small businesses outside the above categories

It does not, however, impact on town planning schemes, land use ordinances, building and fire laws which are governed by other by-laws. For example, land use laws or town planning schemes may prescribe the conditions for carrying on of business on a residential site.

Health, traffic, building and fire laws may stipulate other requirements for businesses. None of these are affected by the Businesses Act.

Sphaza shops or home retail businesses will not have to be licenced, even if they prepare meals for sale on the premises. A sphaza which sells liquor must be licenced. The right to carry on any business at home, including a sphaza, is governed by the town planning scheme or land use laws.

■ Issue of a licence·

The issue of a licence for the sale of foodstuffs in the form of meals to a business or to a hawker is determined by the health, safety and land use laws The Act states that a licencing autrhority shall issue a licence which is properly applied for, unless the business does not comply with health, safety and land use laws.

In considering an application for a licence for health facilities and entertainment there is an additional inquiry The licencing authority has to be satisfied that the applicant is a suitable person by reason of his character to carry on the business.

■ Hours of trading·

The Act removes all restrictions on trading hours from Monday to Saturday. Trading on Sundays is still governed by the old legislation and is restricted to certain goods only.

■ Prohibited areas·

Hawkers may trade anywhere, except in the following areas and under certain conditions·

■ Outside church, or place of worship, national monument, or state, or local authority building declared by the Administrator to be a prohibited area

■ In front of a shop selling the same goods, unless the shopkeeper gives his permission

■ In a public garden or park.

■ Trading on provincial roads inside an urban area is absolutely prohibited unless the Administrator has zoned or demarcated an area fore the carrying on or business.

■ Provisions favouring hawkers.

Hawkers may not be confined to trading at specific stands or places. Many local authorities create hawking areas or construct stalls for hawkers. The Act seeks to ensure that this limitation does not occur, nor does it allow the demarcation of restricted areas.

Hawkers may not be required to move within a specific time.

Hawkers may not be required to trade at a specific distance from any business except the shop frontage of a business seling the same goods

For any further details on the level of delegislation call the SBDC at ☎ (021) 482 1910.

progress on the Numsa demand on training, and settlement is possible on that issue," Kettledas said

However, talks on Sunday ended in a stalemate on the question of a moratorium council on Sunday, where it was decided to refer the dispute to mediation, he said

Numsa represents about 5 000 striking workers out of a total workforce of 8 000, he added

Business looks at the future

B1Dan 13/8/91

THEO RAWANA

CO-OPERATION between big and small business is necessary for a better economy in the new SA, says Business Challenge CE Phil Khumalo

With this in mind, his organisation is hosting a conference where representatives of companies, financial institutions and insurance houses will share views on the best way to approach the changing SA business environment

The conference, with the theme "The present and post-apartheid economic outlook — the challenges that face business in the new SA", will be held in Johannesburg on August 30

Speakers will include Finance Department special adviser Japie Jacobs, who will speak on the "economic perspective of the government" and Nafcoc executive director Mofasi Lekota on "conflict between big business and small business what is the possible solution?"

Charter Life senior GM Martin Sweet will talk on "the Income Tax Act and tax in the new SA — white fears",the SABC's new TV-2/3/4 head Madala Mphahlele on "the role of the media in facilitating changes in attitudes", and Free Market Foundation's Leon Louw on "new political implications for the post-apartheid climate"

Fabcos general-secretary Joas Mogale will speak about "existing opportunities for big and small business structures" and Black Management Forum president Don Mkhwanazi will deal with management integration

Mugabe calls on SA to reduce its arsenal

B1Dan 13/8/91

HARARE — SA must reduce its massive military arsenal to assure its neighbours of their security in the sub-region, Zimbabwean President Robert Mugabe said yesterday

Ziana national news agency said Mugabe, who is also commander-in-chief of the Zimbabwe armed forces, was addressing thousands of people celebrating the country's Defence Forces Day in Harare

Mugabe said while political developments in SA had provided hope of an end to apartheid, they fell short of assuring Zimbabwe of its security

Mugabe added Zimbabwe was perturbed that the superficial reductions in SA's defence budget did not in any way reduce the threatening size of the SA Defence Force It was also concerned that Pretoria was developing more "awesome" weapons

He said the Frontline states should maintain vigilance and continue with the measures necessary to further strengthen their collective defence — Sapa

W 160/20E



ka, a founder member of the ANC, who formed the Goodwill Burial Society in the Free State in the early 1930's

The idea grew with two-thirds of the people living in Western Native Townhip subscribing to the burial society concept.

There are two types of burial societies In the first type, a group of people enter into a loose unwritten agreement to contribute a specified amount of money should a member or anyone in his immediate family die

Constitutions

The members bring their contributions to the family of the deceased, who can use it to pay for the costs of the funeral In this type of scheme no bank accounts are opened In the second type, members contribute a fixed sum of money either weekly, monthly or annually Bank accounts are opened and formal agreements and constitutions drawn up

Investment syndicates These "clubs" are very popular among the young and educated Members pool their funds together to invest

savings clubs in the Eastern Transvaal in 1986

Prayer

Ungalelo (the "Gooi-Gooi" Clubs). These are popular in the in the Western Cape "Umuzi wenyaniso" (the house of the truth) is one such group in Gugulethu township Mostly religious groupings, they begin their meetings with a prayer Fairly big amounts are received by the host One member received R149 000 and bought six buses and nine small businesses Another who received R147 000 bought a farm

Youth stokvels. In Diepkloof, Soweto, there is a stokvel of young children between the ages of four and six This stokvel was formed by Granny Mabel Khoza from Zone four Diepkloof The group's name is "Tigers Society" Each child contributes 25c as a joining fee and R1 for buying badges to identify themselves They pay their contributions of R5 every Sunday, leaving the hosting child with R145 The Tiger Society encourages every member to open a bank account

Putting sleeping money to work

Star 11/9/91 (153A)

The National Stokvel Association of South Africa's (Nasasa) long term goal is to form a unit trust management company, says president Andrew Lukhele

Most stokvel groupings, particularly the burial societies, have large amounts of money which they don't need in the medium term just sitting in their banking accounts One burial society in Soweto, which pays about R1 000 per claim, has R18 000 in its bank account as reserves against claims from members

But the claims pattern is such that an average of one death is reported each month by members

Mr Lukhele says the additional amounts of money — which aren't needed in the short-term — could be pooled together under the auspices of Nasasa and chanelled into high yielding investments

He adds "Our members should be able to split their investment into short- and long-term investments Unit trusts can be used as a long-term investment We are currently working on a special package on unit trusts for our members"

But he is quick to add that banks and building societies still have a role relative to the level of stokvel members' needs and their understanding of investments

For instance, Mr Lukhele points out that it would suicidal for Nasasa to draw its members towards buying shares on the Johannesburg Stock Exchange However there are several investment clubs and syndicates which specialise in buying unit trusts and some even invest directly on the stock market

Mr Lukhele says the ultimate aim would be exert some form of control over the members' funds To this end Nasasa would consider a unit trust management company at some stage

But in the short-term Nasasa would be content with consolidating members' funds and simply become a bulk-buyer of unit trusts and other investment products

Stokvels in South Africa

by

Andrew Lukhele

Are you interested in learning more about Stokvels? This easy-to-read, fact-filled book by the founder and president of the National Stokvels Association of South Africa is fascinating reading.

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□ STOKVELS

Police raids are a regular embarrassment

(153A)

Star 11/9/91

Police harassment of stokvel parties is of major concern to Nasasa

President Andrew Lukhele says police, in accordance with their duty to uphold the law, frequently raid stokvel parties, particularly if there is liquor sold at the party

Police action is not only directed at the stokvel organiser, but the patrons as well

"The patrons themselves are frequently arrested It is a very humiliating experience to go to a smart party and be subjected to the embarrassment and stress of a police raid"

Mr Lukhele adds that police do not confiscate only liquor, but frequently seize the food and the music systems as well

"But the application of the Liquor Act," says Mr Lukhele, "has not deterred thousands of people from pursuing their normal social activities The legislation has, notwithstanding its strict criminal provisions, failed to achieve its object The existence of an inappropriate and unenforcable law like the Liquor Act breeds disrespect for law in general, and it contributes to the ignoring of other more reasonable laws"

Also police action against stokvel parties diverts scarce police resources from the prevention and detection of genuine common law crimes

Mr Lukhele argues that stokvels have an economic significance which has been downplayed over the years They promote the discipline of savings and mobilise capital to meet members' needs

Stokvel members also use their pooled funds to buy cash and avoid Hire Purchase sales, while other stokvels finance the bulk purchasing of groceries

Nasasa has proposed that a liquor licence should not be necessary to sell liquor that has been purchased from a licensed liquor outlet This proposal, says Mr Lukhele, will not prejudice children

"It will not lead to children being exposed to liquor consumption any more than is the case at present Nor will this innovation lead to an increase in consumption Liquor is not today being sold or consumed at any greater rate than would be the case if the law was amended"

The proposal to amend the Liquor Act does not imply removing all controls on the sale of liquor The offences of being drunk or disorderly on any premises or being drunk or consuming liquor in public should remain

Mr Lukhele adds that police should be cautious about the institution of prosecutions against stokvel party organisers



The heart of a stokvel . . . getting together and making a profit.

24 000 stokvel groups in major metropolitan areas

Star 11/9/91

(153A)

How big is the stokvel market?

Markinor found in a study in October 1989 that there are an estimated 24 000 stokvel groups in the major metropolitan areas, where R52 million a month or R624 million a year is changing hands

The study also found that about 680 000 blacks — a quarter of the black adult metropolitan population — belong to stokvels or communal buying groups

Of the estimated 24 000 stokvel groupings in the major metropolitan areas, 41 percent are savings clubs and 29 percent are burial societies

On average 80 people belong to a burial society, while other types of groups have an average of 16 members The study also found that 60 percent of stokvel members are female and that most members are employed in the higher income bracket — earning above R1 000 a month

In burial societies the average monthly contribution is R39, while the average for the others is R106

But burial societies, because of their bigger number of members, account for 43 percent of the total R52 million, while an estimated R17,5 million is contributed by savings clubs Other stokvel types collect R12 million

am tomorrow. I am the nation
and the maize generati

National club accounts

Star 11/9/91

The Perm Building Society pioneered the thrust into the stokvel market with its Club Acccount in 1988 (153A)

The idea of a Club Account began in 1984 when the Perm's Eastern Cape region did a study on savings habits of its customers The study revealed that there were 2 500 stokvel groups with a combined balance of R5 million

This led to the Perm commissioning a study into the stokvel market in 1986 and as a controlled test, Club Account made its debut in Natal in 1988

The account went national four month later By year end 13 000 accounts had opened with a balance of R19 million, growing to 36 000 accounts with R96 million by the end of 1989.

By mid-1990 the Perm had R100 mil-

putting a lot of money into the

Stokvels money power to the people

Standard Bank gets 'the people's money' on to its books

(153A)

Star 11/9/91.

The Standard Bank has launched a new product, the Standard Bank Society Scheme, in order to serve the stokvel market, which is estimated to be worth R624 million a year in the major metropolitan areas "Stokvel" has recently become a generic name describing rotating credit associations, savings and investment clubs and burial societies

Standard Bank has been involved with stokvels for some time, and sponsors the National Stokvel Association of SA's (Nasasa) "Stokvel Corner" published in the Sowetan every two weeks, and participates in Nasasa's quarterly stokvel fair held at Nu World (formerly Shareworld)

John Holloway of the Standard Bank's personal banking and marketing services division says "We believed that by entering this largely unexplored market we could narrow the existing gap between financial institutions and stokvels We see the Society Scheme as the stepping stone to help us make inroads into the stokvel market and at the same time serve the needs of stokvel members"

An element of the Society Scheme is a unique book-based savings account "Research showed us that stokvel members identify more with the savings book," he says

Stokvel members have an option to invest their surplus or lump sum funds in a fixed deposit account, where the minimum opening deposit is R100 and the investment period ranges from six months to five years.

In the Society Scheme, savings account interest is paid monthly and the minimum opening deposit is R50 There are no banking charges Research showed that stokvel members prefer free banking as they perceive themselves to be (togetherness) in its adverts.

savings save their pooled contributions throughout the year and withdraw the funds in December to split proportionally among members Then the savings cycle starts again in January However, burial societies have a stable pool of funds to cater for their specific needs

To prevent fraudulent withdrawal of funds from the account, there is a minimum requirement of two signatures

Other additional features are a membership certificate which is presented to the stokvel group Standard Bank, through periodical booklets, will educate stokvel members about financial matters

Members can also call Standard Bank's toll-free hotline during the business hours

Existing stokvel groups who hold ordinary savings accounts with the Standard Bank can easily convert to the Society Scheme with all its attendant benefits

Mr Holloway says the Society Scheme took Standard Bank one year to develop from its conceptual stage

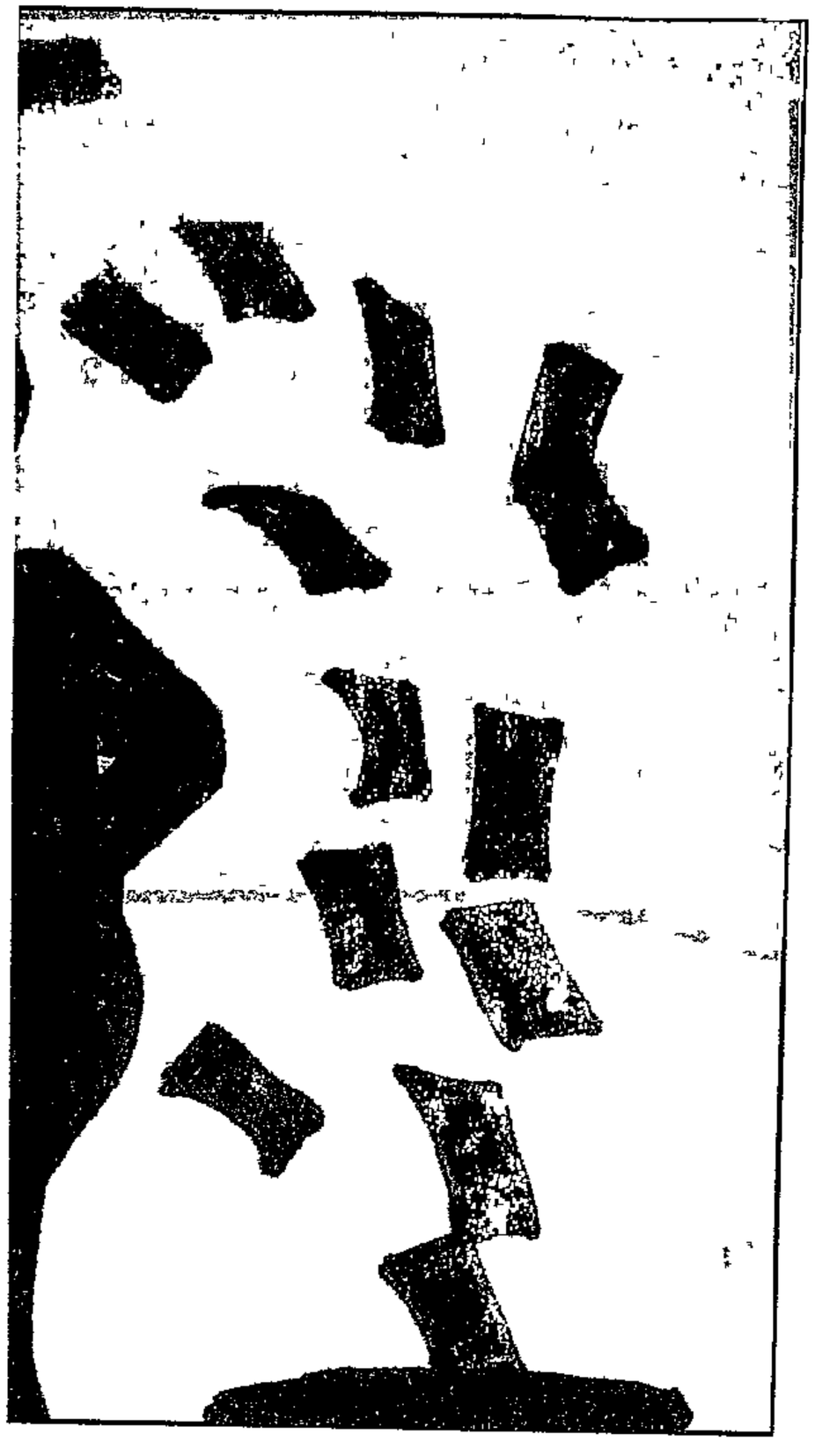
"We have refined the product as we went along We had a lot of input from people working for Standard Bank who are also members of stokvel groupings in their communities We had discussion groups with stokvel members and we visited a number of stokvels during the course of developing this product"

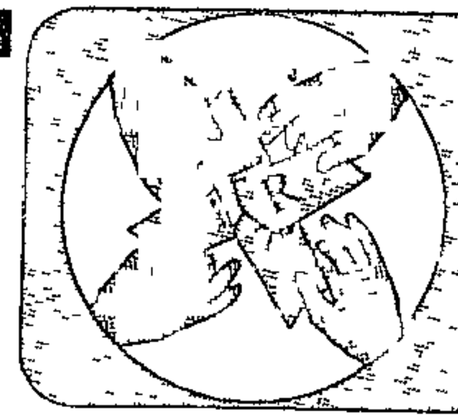
He adds that new features will also be added to the Society Scheme, depending on the needs emanating from the market Standard Bank will encourage Society account holders to submit suggestions about improvements to the product relative to their needs

Interestingly, Standard Bank has for the first time incorporated ethnic words like "sizanani" or "thusano" (helping each other) and "ukubambana"

ıvel: Let's have fun with the Untouchables;

lovember 26, onwards; Court: 11695 O/West





Stokvels
money power to the people

Formalising informal economy

(153A) Star 11/9/91

Informal financial arrangements such as stokvels, credit unions or co-operative banks could in future be accommodated under the Co-operative Banks Act

And to this effect, the Department of Bank Supervision has proposed that the Co-operative Banks Act should be based on the principles of the Mutual and Building Societies Act of 1965

Dr Nico Marais of the Office of Deposit-Taking Institutions says the present sophisticated financial system is not capable of catering for the particular needs of the country's rapidly growing informal sector

Historically stokvels, another form of the informal financial arrangements, have filled this void

He argues that if these indigenous mechanisms were to function within a proper statutory framework which is conducive to their environment and development, they have the potential to provide efficient financial services to the informal sector

Ultimately a broad base of sound informal institutions with the potential to develop into more formal financial structures like building societies should emerge from the upgrading of informal financial arrangements

The idea is to stifle informal finance but to develop banking from the grassroots Dr Marais suggests a multi-level approach to the regulation of informal financial arrangements

At the lower level would be the Self-regulation Organisation (SRO), a role which could be played by an organisation like the National Stokvels Association of South Africa

The SRO would not only have a regulatory role, but act as an educator and an arbitor and also bring formal and "grassroot" banking together

The most benefit for informal finance is that as their sophistication increases, it will lead to improved availability of finance The image of stokvels will also be enhanced, while certain stokvel groupings should potentially develop into co-operative banks

Ultimately, the formal financial sector will also be more willing to utilise the group lending concept

The decision to advance to the second level of Friendly Societies would be by agreement between the SRO and the Registrar of Deposit-taking Institutions

Each application would include information on the rules of the stokvels, statements of revenue and expenditure, and if possible, a balance sheet for the past financial year A detailed statement of the latest evaluation of assets and liabilities of the applicant should also be included

A registered society should appoint an auditor, but if unable to do so it will be the responsibility of the SRO to nominate one These requirements, under the existing Friendly Societies Act, will ensure the prudent and orderly development of stokvels

Societies can further advance to the third and most sophisticated level, currently represented by the Mutual Building Societies Act of 1965 Regulation is intense at this level, but Dr Marais suggests that the increased regulatory intensity should correspond with the activities of these institutions

Adding 'street-jive' to names and invitations

Star 11/9/91 (153A)

There is a lot of creativity going-on in the stokvel movement

Stokvels have some very interesting names, even though

themselves, "serope" or thigh, they changed to fatuku

According to Mr Lukhele, the dishcloth has become this stokvel's mascot When everybody

thers of Tommorrow, Bad Girls, Morning Show Jazz (jazz stokvel), Come and Get It, Sweet Movers, Zwakala by Nite, Bonditis Skhathi Tshuku-Tshuku

who Hlamiro, where 158 Z/8 M/lands, when 7th Oct onw, why get down

Mr Lukhele adds that an eleme[nt o]

or susu . . . they're all stokvels (153A)

Star 11/9/91

By Jabulani Sikhakhane

The stokvel concept has been used worldwide, but mostly in developing countries as a means of bringing financial services to the poor

According to the World Bank s World Report of 1989 rotating savings and credit associations (Roscas) are a popular form of informal finance

They have various aliases ko' in Japan kye in Korea, "hui' in China pia huey in Thailand, 'chit fund in India and Sri Lanka, "pa luwagan in the Philli pines, arisan in Indonesia, "xitique' in Mozambique hagbad in Somalia "tontine in Noger and "susu' in Ghana

In Nigeria the associations are known as isusu' , 'gamaiyah" in Egypt, 'the syndicate' in Belize, san' in Dominic Republic, pasanaku in Bolivia and tanda in Mexico

Andrew Lukhele of the National Stokvels Association of South Africa says South Koreans living in America have brought the kye (pronounced keh) concept to the US

At these kyes' which are formed by business men large sums of money change hands Members meet once a month over a meal of kimchi, rice, barbecued beef and Korean whisky

Each member antes up the same amount — up to $40 000 (about R110 000) — of cash to a pool which can sometimes reach up to $400 000 (about R1 100 000) The pool of funds goes to each member each month on a rotating basis The rule is that each member contributes until the last member has received his share

The World Report says Roscas are formed through a small number of individuals — ranging from six to 40 — who form a group and elect a leader, who, on agreed periods collects a given amount from each member

On a rotating basis the pool of funds is then given to each member in the group In some countries, like Cameroon and India, the Roscas have developed into formal banks

The Report identifies three types of Roscas The common type is where the leader receives no special commission other than getting the first pool of funds

In commission type Roscas, the leader will receive payment and in turn assume liability for defaults In this type all members except the leader pay for the right to participate and will receive back less than their contributions

The third type is the promotional-type Roscas which are used by merchants who sell their goods particularly consumer durables

According to the Report in more sophisticated Roscas funds are allocated on the basis of discount bids These Roscas are common in China, India Thailand and in some parts of West Africa

A member willing to accept the largest reduction in share payments in return for receiving the next pool of funds is the winner

Research in Bolivia showed that one-third to one half of all adults in the urban areas who were often participants in Roscas, contributed an average one sixth of their salaries

More than 90 percent of the people interviewed said they had joined a Rosca because they wanted to save and that the membership forced them to do so

The Report concludes that the popularity of Roscas among the low and middle income groups indicates that even under difficult circumstances people like to save

It all began on St Valentine's Day

Star 11/9/91 (153A)

Andrew Lukhele, the founder and president of the National Stokvels Association of South Africa (Nasasa) looks back with pride at the progress the association has made since its formation in Soweto on St Valentine s Day in 1988

"Our greatest achievement has been to instil people with confidence in stokvels The association made people aware of stokvels Today a number of financial institutions are creating products to tap into the stokvel market,' he says

'The stokvel concept ' adds Mr Lukhele "is gaining acceptance as a vehicle to be used in bridging the gap between formal and informal financial arrangements Through Nasasa we have created a forum through which stokvel members can realise their bargaining power"

Mr Lukhele grew up with stokvels around him, but he never realised nor understood their important role in the black community

Had it not been for his experiences at the National Institute of Personnel Research where he worked as a research assistant, his involvement with stokvels would never have happened

While doing a study on the "processes and analysis of informal housing finance", he gained insight into this powerful movement

Out of this study grew an idea of forming a national association of stokvels Mr Lukhele's main motivation then was to research stokvels using the participation and observation method

But he also wanted to help stokvel members fight harassment by police and promote their recognition as an integral part of informal finance

The first association was launched at Funda Centre Soweto on February 14 1988 First called the Soweto Stokvels Association it later changed its name to Nasasa

After a few birth pangs, the association grew into an association of 8 000 stokvel groups Based on an average of 12 to 13 people in each group, Nasasa now has over 100 000 members

Among its objectives, the association aims to promote a positive perception of the stokvel movement as being an integral part of the economic mainstream and a potential creator of wealth and jobs



THUSANO HAPPENS WHEN YOU
PLACE TO INVEST YOUR SC

Helping each other Such an important part of belonging to a burial society, savings club or stokvel And to help your society's members achieve that, the Standard Bank introduces the Society Scheme

With the Standard Bank Society Scheme you can invest your society's funds wisely and profitably Making sure your society's members get a high rate of interest on their money

Here are just some of the many advantages you get with the Society Scheme

The savings account offers a high interest rate and pays interest monthly You don t pay a cent in bank charges and no minimum l

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LOOKING AHEAD SO YOU'RE NC

□ STOKVELS

> Togetherness (manyano) is the word and the way

From stock fairs to stokvels

Stokvels
money power
to the people

Star 11/9/91 (153A)

By Jabulani Sikhakhane

The concept of mutual assistance or what is today popularly known as stokvel is as old as man himself and there is nothing exclusively African about it

Although it s a worldwide phenomenon in latter years it has become more prevalent among the poor

But more than 400 years ago the stokvel concept was the foundation on which the building societies were formed in Britain It also flourished among whites in Natal leading to the formation of mutual building societies in 1858

The friendly societies of Britain are another example They succesfully provided protection for the working population against loss of income through sickness and unemployment and made provisions for retirement for widows and orphans, and for a decent burial

However the friendly societies began disappearing in the 1940 s when the government started its welfare programme

In traditional pastoral Southern Africa the concept took the form of co-operative work — whether harvesting or building huts This form of work was sponsored through beer drinking

With urbanisation the principle was adapted to the new conditions of the urban environment However the underlying factor is still the same — mutual trust amongst the members.



Andrew Lukhele president of the National Stokvels Association of South Africa

That s why even today stokvels are formed by people in the same neighbourhood, workers in the same factory migrant labourers from the same region (home boys) or women from the same church congregation New members have to be introduced by an existing member

Andrew Lukhele, the president of the National Stokvels Association of SA (Nasasa) says the word stokvel originates from the rotating cattle auctions or "stockfairs" of the European settlers in the Eastern Cape during the early part of the 19th century

At these fairs black farmers and labourers began exchanging ideas and gambled what ever resources they had

As blacks moved to the Witwatersrand following the discovery of the rich gold reef, those who came from the Cape brought the stokvel name with them.

In more recent years the word stokvel has become a more generic word for savings/investment clubs or syndicates, burial societies, kitchen parties and rotating credit associations

In the early, harsh urban enviroment, Mr Lukhele says lack of proper accommodation in Johannesburg led to cramped, insanitary conditions where the death rate was high from tubercolosis cholera smallpox and typhoid

To meet the high cost of funerals urban blacks formed burial societies which became very popular in the 1930's

The first burial society, Bantu Burial Society, appears to have been formed in 1932

Stokvels also became the "trade union" of women who brewed sorghum beer and other concoctions like skokian' These women were harassed by the police and arrested Women then turned to stokvels for support If a member was arrested, other members of the group would look after the arrested members children or even organise bail money

"Mohodisano in Sotho or "mholiswano' in Zulu (meaning a rotating credit association) is another form of stokvel. Each member contributes between R20 and R1 000 and on a rotating basis each member receives the pool of funds

In other rotating credit associations the member receiving the pool of funds hosts a party where the public and stokvel members buy food and drinks at inflated prices These parties last for the whole weekend in some cases

The host earns a certain percentage of the profits and the balance goes to the stokvel and is kept on account

The other type of stokvel that emerged was the 'manyano' (which means togetherness) occassions which were sponsored by the Christian sisterhood

The religious stokvels followed a tea party pattern with no liquor consumed Singing regimental and initiation songs, popular songs and Christian hymns, the 'manyano" women would march in uniform to the tea-party A brass band, dressed in European military coats, would accompany the manyano women This was meant to draw members of the public to the tea-party meeting



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Squeeze on loans for small business

CT 15/7/91 153A

From WILLIAM GILFILLAN

JOHANNESBURG — Small business units are noticing a fall in approvals for start up loans because of the economic recession

But existing small businesses are coping reasonably well with the economic squeeze, their bankers said

Senior GM Toni Kedzierski said start up loan approvals were slightly down' this year with 198 loans (R18 6m) approved for the three months to June this year

Senior Manager of Standard Bank s Small Business Development division Roy Polkinghorne says they have noticed a marked upturn in small businesses coming under increased pressures due to the prevailing economic climate'

He has noticed that the turnovers of their small businesses are down this year and thus profit margins have been tighter

The Small Business Development Corporation (SBDC) has granted 61 support loans (R10m) for small firms in distress in the three months from April to June this year

The level is about the same as last year

Kedzierski said the SBDC provided lower interest rates to businesses that could not cope with the prevailing market level

When interest rates rose the SBDC extended the repayment period thereby ensuring the monthly repayments from the cashflow do not increase

Kedzierski maintained one of the problems faced by people wanting to set up a small business is more the accessibility to money rather than the cost of money

Polkinghorne also says fewer start up loans have been granted this year

While high interest rates provide part of the reason for this he says ill prepared business plans are the more significant reason'

In Europe small businesses are dominating economic activity

The most recent European Commission statistics show over 99% of Community companies had less than 100 employees and over 91% less than 10 employees

Scramble to buy up NSB shares

Sowetan 18/7/91

153A

By JOSHUA RABOROKO

MORE THAN 90 percent of the 44 million shares in National Sorghum Breweries Limited have been snapped up by over 9 000 investors - exceeding expectations of the company's directors.

The remaining block of less than 10 percent has been bought by the Industrial Development Corporation (IDC) - underwriters of the offer - and can be bought at R1 each until 12 noon on July 31

According to NSB's chief executive Mr Mohale Mahanyele: "The company is the only one of its size that brings blacks and whites together, with blacks in a leading role

"It's mission is black economic empowerment



MAHANYELE

and this share offer is a cornerstone of this policy.

"The entire offer was structured to enable black people to take advantage of a unique opportunity to participate meaningfully for the first time in the main stream of the South African economy

He said that 30 percent of the offer had been set aside for employees of NSB That, he claimed, was by far the largest stake to be owned by workers in any major company in South Africa, which was yet another first for NSB.

The company made interest-free loans available to all employees to enable them to take up their share allocations. Share allotments for employees favoured the lower level workers.

Burial

In response to many requests from individuals, burial societies, black business and commerce, stokvels and others who pointed out that the offer had stretched over only one month-end and more time was needed to consult with members and arrange finances, the IDC has agreed to sell its shares to applicants at R1 each.

Mahanyele said a particularly pleasing aspects of the share offer was the evident success of the nationwide communications programme which NSB mounted to promote the offer.

'Township MBA' shows informal traders the ropes

LEARNING how to turn on a calculator is the first step in the "township MBA" — the One-Up Business Training course which is rapidly taking off

Devised by Cape Town company Trident Training, it equips informal traders and aspirant entrepreneurs for business, no matter how modest

Trident MD Tony Davenport says in the past three years the company has trained about 2 000 people drawn from the Cape Town area — about 150 a month

"The nickname the course has acquired is useful in the formal sector, but is meaningless in the informal arena as no one has heard of an MBA

He says the course, which runs for five days, is presented in a businesslike but user-friendly way to help candidates over what has usually been a negative school experience

There are no limits on educational qualifications and the drop-out rate is minimal

"We are dealing with survivalist entrepreneurs There are few who are unwilling or unable to do it"

The course encompasses cash control, stock control, principles of merchandising and costing and how to make a profit.

Most participants are women with children to support who do anything from selling roasted goats' heads and making clothes to running spaza shops

Trading

Davenport says 80% are in trading, 10% in products and 10% in services

The majority of participants could not afford to pay the R345 for the course, so the Informal Business Training Trust was set up, contributed to mostly by the private sector, to pay for them

He says trainers visit students several months after the course to assess their progress

Students have a wide variety of backgrounds, from standard one up to matric, so the pace of the course is important

He plans to open a centre in Johannesburg in September and is negotiating for the course to be run in Durban and Port Elizabeth.

Small Business Development Corporation (SBDC) manager, training services, for the Reef Gary Bonner says in nearly two years the SBDC, which is running the course, has trained about 250 people

The SBDC runs a second course for the more educated small businessmen — the How to Start Your Own Small Business course.

Costly

Says Bonner "Many small businessmen learn the costly way — by trial and error We try to prevent them from paying for unnecessary mistakes"

The SDBC subsidises the course and candidates pay between R50 and R100

It is also able to offer finance and premises to some of the candidates after they have completed the course.

Black business federation Nafcoc is to open its Business Training Centre in Soshanguve, outside Pretoria, in September.

A spokesman says it will offer basic skills training as well as training for management

VAT is bad news for the informal sector

Sowetan 24/7/91 (B20) (153A)

THE informal sector could be seriously affected by the introduction of Value Added Tax in September

Small business, presently exempted from paying General Sales Tax to wholesalers, will need extra cash for buying

By JOSHUA RABOROKO

stock

Hawkers and spaza shop owners will be particularly affected as most earn their living by selling tax-exempted products

The Deputy Minister of Finance, Dr Theo Alant, stressed that only businesses with an annual turnover of more than R150 000 would have to register for VAT.

Vendors

Small Business Development Corporation economist Dr Edwin Basson said hawkers and spaza shop owners would at the end of the day pay more for their stock

He said, however, that although their costs would increase, their income would increase as well.

Those who have registered as vendors would, after a while, be able to get back their input tax.

HAWKERS & TRADERS

SOWETAN
Building the Nation



This is one of the hawkers' stalls which are rapidly springing up in Johannesburg. The informal sector has played a major role in creating employment for thousands of people who lost their jobs because of sanctions and other economic factors.

AFRICAN CONFED OF HAWKERS AND INFORM

Informal sector takes a giant leap

153A
Sowetan 24/7/91

THE need to encourage self-sufficiency and individual economic dependency is rapidly gaining momentum in the townships as unemployment, especially among blacks, escalates.

One such sector is the informal business which has provided jobs on a large scale for people who have been retrenched and those who fell victim to sanctions

Enterprise

At present, the informal business sector's annual turnover is estimated at between R3 billion and 30 billion - about 16 percent of the Gross Domestic Product

Hawkers form a major part of this sector

While political parties

By JOSHUA RABOROKO

argue about what form a future South Africa's economy will take, two organisations - the Foundation for African Informal Business Sector, an affiliate of Fabcos, and the African Council of Hawkers and Informal Businesses, attached to Nafcoc, and their members - are quietly getting on with the business of free enterprise.

The Sewing, Knitters Development Syndicate, an affiliate of Faibs, has been formed to focus on women working together and creating jobs towards a new South Africa

SKDS is a national assembly of women who have released themselves from discriminatory practices by specialising in all aspects of entrepreneurial development and promotion

In other words, they have noticed a major role they can play in assisting and helping create wealth

Elna Passap have taken the initiative to help the women by opening the first franchised Sewing and Knitting Academy in Midway, Soweto

Exciting

This is the most exciting venture to have been undertaken in recent years

The owners of the academy, who are blacks, will be stocking an extensive range of sewing machines, as well as a full range of fabrics, sewing threads, buttons, tapes, dressmaking patterns, knitting yarn and sewing accessories

They will also offer the unique service of collecting and repairing any sewing or knitting machine

Speaking at the official opening of the business, Mr Paul Ndhlela, formerly an employee of Elna, said the Midway project would teach potential businesspeople how to sew or knit for profit and how to operate and develop their businesses succesfully

"This means self reliance and economic independence which is so vital in our country," he said, adding "They will also offer the convenience of one-step shopping for the sewer or knitter"

Mr Les Dodds, Elna's national business development manager, said the franchise would be extended to the Pretoria-Witwatersrand-Vereeniging areas as soon as the Soweto venture was fully launched

New structure planned for DBSA

Business Staff ARG 8/8/91 (163A)

JOHANNESBURG — The Development Bank of Southern Africa (DBSA) is looking into a new structure and functioning in line with constitutional change in South Africa, says the bank's chief executive Dr Simon Brand.

The bank has recently been criticised by among others, ANC leader Dr Nelson Mandela, for not consulting sufficiently with community-based organisation in the implementation of its projects .

Dr Brand said that the reconstruction of the DBSA during the transition period would have to be mainly in its mandate and accountability, while accelerated progress would have to be made "in achieving a more representative composition of staff and management and all levels"

"Our governing structures, that is the Board of Directors and the Council of Governors, will also clearly have to be reconstituted," Dr Brand said at a seminar in Durban

"If these changes had to wait until a new constitution has been put into effect, it is virtually certain that the momentum of development activities will be seriously affected."

But he was adament that the bulk of the projects supported by the DBSA were likely to "stand the test of changes in the political and constitutional framework"

"The bank has always concentrated on the socio-economic merits of projects and programmes . and we have required independent verification, based on wider consultation of the needs by the communities who are to be affected by the projects"

The two-tier governing structure had also protected the DBSA from sectional political interference, Dr Brand said.

The DBSA has been actively pursuing possibilities of providing support to community-based and non-governmental development organisations in terms of "delivery mechanisms" of its funds

"After initial reluctance on the part of such organisations, significant progress has been made in more recent times in this direction"

Dr Brand said the bank had expanded more recently into neighbouring countries, "although such involvement has been limited mainly to policy advice and technical assistance in the preparation of projects"

"In this process there is likely to be increasingly intensive co-operation with overseas development funding agencies with programmes in southern Africa."

Support for informal sector will create jobs

B10ay 7/8/91 (153A)

THEO RUDMAN

DURING the '80s SA produced just under 4-million school-leavers, and the formal economy failed to provide anywhere near enough jobs for them

I suspect that today there are a couple of hundred thousand fewer formal-sector jobs available than there were in 1980.

For the formal economy to create sufficient jobs we would need an 8% or 9% GDP growth each year Based on past and present performance, this seems an impossible target However, the informal sector presents us with a promising solution It is vibrant, highly productive and is an efficient user of capital in creating jobs.

The school-leavers in the '80s who could not find jobs were faced with three career opportunities. One was crime and another was revolution Fortunately for SA, vast numbers turned to the third option — self-employment — as a means of creating their own jobs

Small business plays an important role in the economies of all countries, even the most developed ones Ninety percent of all businesses in Europe employ fewer than 20 people In Japan small businesses employ 80% of the total workforce.

The only way for our economy to create sufficient jobs is by integrating the formal economy with the informal economy — where formal business uses informal businesses to supply products and services for their factories and uses informal distributors to sell their products on a large scale

A recent example is where Anglo American Corporation made it easier for small black formal and informal businesses to supply consumables to its mines Apart from injecting millions in profitable orders into these businesses, Anglo has shown an average cost saving of about 15% on the purchases

There are many opportunities for joint ventures between blacks and the white business community which would enable blacks to have access to capital, management expertise and training in basic business skills

The economic miracles in South Korea and Taiwan have been achieved largely by changing the culture in large organisations to accept that small, relatively unsophisticated businesses can become important subcontractors

The basic principle that could be used is the centre satellite factory system The factory does the design and development and farms out the manufacture of specific subcomponents to small, even informal manufacturers, often providing them with the correct material at the best price from which the components must be made

The trick is to restrict each informal subcontractor to making only one part of the total component The centre factory manufactures only what it has to, and the products are assembled by the factory under strict quality control.

This method reduces the capital and management resources required by the centre company and creates more jobs On the other hand, if all the work were undertaken by the centre company, it would have to be more mechanised and computerised

Large organisations are starting to realise that subcontracting could free capital, reduce working costs, improve cash flow and reduce administration In many cases, because the subcontractor is an owner-managed business and more efficient than the giants, it could allow the company to buy the part or service at a lower price. Subsidised staff canteens are an obvious example

Another example of the interface that could exist between the Third World and First World sectors is that in Johannesburg probably 70% of independent formal retailers in the CBD have set up wholesale facilities for street traders.

Hawkers purchase their supplies for the day, either for cash or on agreed terms As these shops are close to their sites, traders can easily return to wholesalers should they run out of supplies At the end of the day unsold merchandise is returned for crediting towards the next day's purchases

Therefore, small business must not be seen only as unfair competition or a beneficiary of social responsibility initiatives, but rather as a means of freeing less productive capital and other resources.

Big business will need to look at providing training in basic business skills to their emerging subcontractors, distributors or retailers. This can be done either by providing the training themselves or using experienced organisations such as the Self-Employment Institute to undertake this training on their behalf

It is in business's own interest to pursue activities that will significantly stimulate the economy

□ Rudman is executive director of the Self-Employment Institute. This is an edited excerpt from an address to an IPM seminar in Cape Town last week

Two Rand' finds hope in hawking

Star 3/8/91

153A

ABBEY MAKOE

WHITES have been seen hawking on the streets of Johannesburg and there is a real chance that their numbers could grow as unemployment spreads

One white hawker, Rashid Haler (43), has been selling goods from the pavement for the past two years

He too became a victim of unemployment when the family business he worked for was wound up due to "poor administration"

Mr Haler said "There's a lot of poverty in the white areas Many people are unemployed and it's only a matter of time before more follow in my footsteps"

A lifelong resident of Krugersdorp, he turned to hawking after spending three years trying to find a job

A father of three children, aged 11, 8 and 5, Mr Haler and his family were destitute Friends helped him feed his family but, with no money coming in, he could soon no longer pay his rent and service charges and was faced with eviction

Hardship

Speaking to Saturday Star at his tiny "stall" at the corner of Jeppe and Von Wielligh streets, he said he reached a point where he could no longer accept the hardship "I had to put my pride aside"

Mr Haler started hawking a few dozen socks, which cost him R300 to buy It took him more than two weeks to sell the stock "It was risky and I was not sure if I would succeed"

He can be found shouting at passing pedestrians "Cheap socks here, try them" He speaks a little Zulu and is fluent in "Fanakalo"

Today Mr Haler's business is "booming", so much so that he is able to offer casual employment to others who are out of work

He says he wishes he had started long ago "I could have been a millionaire by now I now have a customer every minute of the day See for yourself," he told me

Customers call him "Two Rand" This is because he charges a fixed price of R2 on all his socks and underwear

"I have a great respect for socks I started my business selling socks and they helped me on my way"

Today he sells belts, jeans, men's underwear and fancy ladies' scarves, which he says are imported from the Middle East

He works six days a week from 9 am until 5 pm He spends Sundays with his family.

Asked how he got from Krugersdorp to Johannesburg, he said he used either trains or minibus taxis

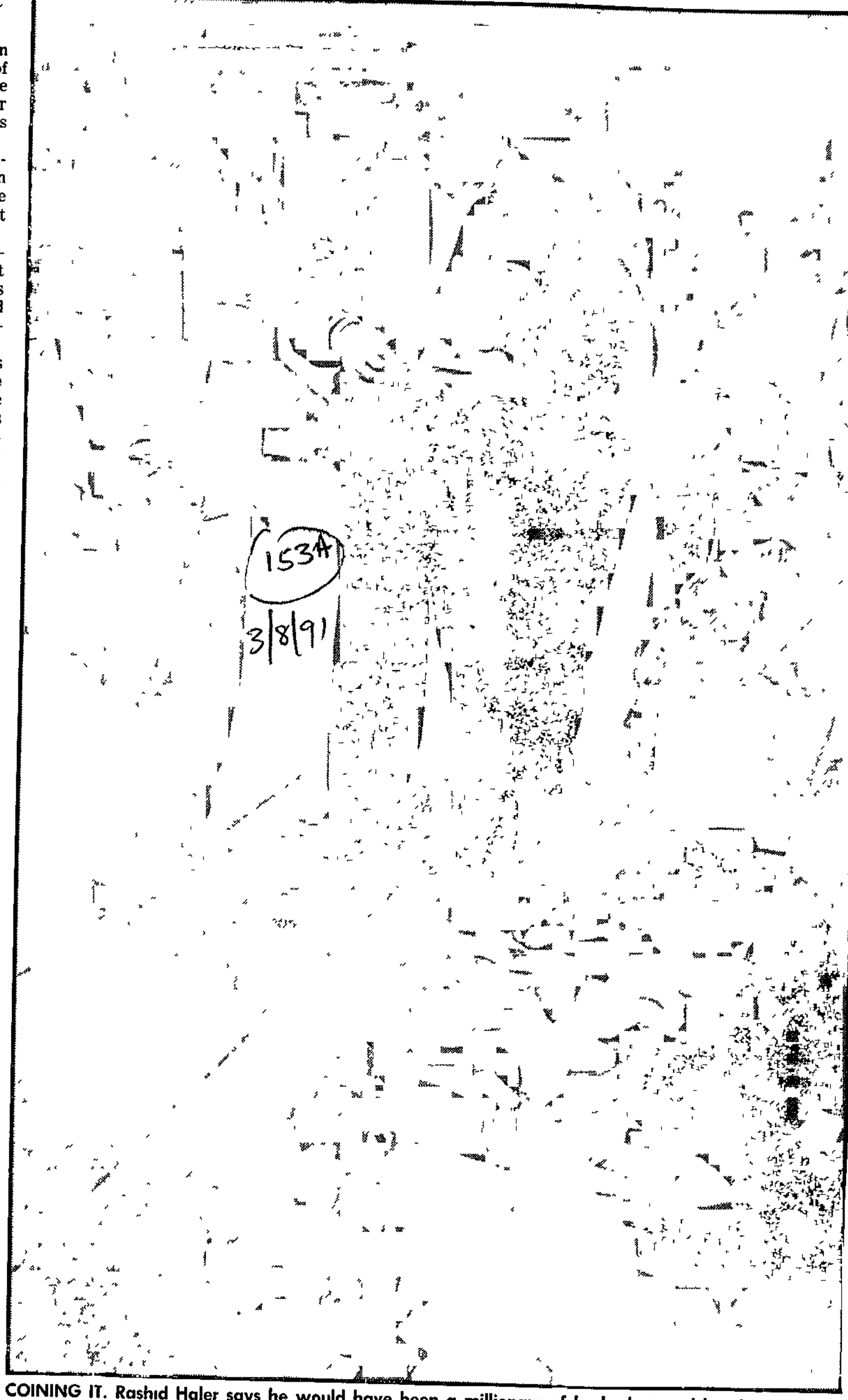
Mr Haler is not the only member of the family who is hawking At home, his wife sells similar items She too, according to Mr Heller, is not short of customers

And the children? Mr Haley said he was teaching all of them that they had to work for every cent he gave them They sell socks in their neighbourhood and receive 25 percent of the return on every pair they sell The money goes into their post office savings accounts

The secret of his success, he said, was "to sell at the lowest possible price, and the stock will sell itself"

He hated begging, saying it was more or less as criminal as stealing

His greatest achievement, he said, was that he could now feed his family "the best of meals"



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3/8/91

COINING IT. Rashid Haler says he would have been a millionaire if he had started hawking earlier. ● Picture: KEN OSTERBROEK

Bigger role sought for small business to cut unemployment

Star 3/8/91.

THE government has been urged to spell out a bold new action programme to unleash the full potential of the informal and mini-business sector to act as the main spearhead in a drive to solve the unemployment crisis

The SA Chamber of Business disclosed that talks had been opened with Minister of Trade and Industry Dr Org Marais on ways to create a far bigger role for smaller businesses — especially budding black entrepreneurs — in the economic mainstream

Sacob deputy director-general Ron Haywood sounded warning that South Africa was falling way behind world-wide trends to let smaller business units release their combined economic clout to shorten unemployment queues

He told the Edenvale Chamber of Business that brand new initiatives were crucial to give new impetus to economic expansion

He said more discussions were planned with the Department of Trade and Industry to seek greater government involvement and support for

153A 335

MICHAEL CHESTER

mini-business ventures that had long been harrassed in the apartheid era by out-moded rules and bureaucracy

"Action has become urgent if we hope to cure chronic unemployment problems," he said.

Solutions were vital on how to remove obstacles that still hampered mini-business operators — from shortages of capital and premises to regulations and trade-licence red tape

Special forum

Sacob had formed a special small business forum from inside its ranks to tackle the issue

Mr Haywood said the potential of budding new entrepreneurs to cut back on unemployment queues had been proved by the successes scored by the Small Business Development Corporation

Since it was launched 10 years ago, the SBDC, on a modest loan budget of little more than R1 billion, had helped to create more than 30 800 new small business ventures and in the process created no fewer than 280 000 new job opportunities — from street hawkers to mini engineering operations

Over the identical time span, the number of jobs in larger companies in the formal sector had actually shrunk

South Africa, he said, needed to heed lessons spelled out by several overseas countries that had used small business to give fresh dynamism to their economies

All of the economic miracles achieved in the Far East had relied heavily on the encouragement of the latent skills of vast small business sectors and even home industries

- No less than 50 percent of the industrial clout of Japan was in the hands of small firms
- Taiwan, with nine in every 10 manufacturing companies classified as small, had started from behind South Africa a few years ago but had shot ahead to build a balance of payments surplus of a formidable R200 billion by last year
- In Britain, no fewer than 96 percent of all companies had labour forces of less than 20 workers — but accounted for no less than 36 percent of total employment

Counts in the UK showed that the number of small companies in operation grew by 373 000 during the 1980s — and accounted for more than one million new jobs that were created

Self employed

The special assistance programmes laid out by the UK government had paid off, said Mr Haywood. In Britain today, as many as one in every three workers were self-employed compared with one in 14 only a few years ago

"All around the world, there is growing proof that small firms are an essential part of healthier economies," he said "In many instances, they also provide the industrial leaders of the future by challenging the competitive edge of larger market leaders with their entrepreneural skills

"In South Africa, we need even more strong and large corporations that can compete in the global arena Alongside them, we also need more and more smaller manufacturers to act as sub-contractors and make the economic wheels turn faster"

New cards boon to hawkers

by JOSHUA RABOROKO

MORE than 3 000 spaza shop owners and hawkers in the Vaal Triangle townships have been economically empowered by buying R20 "discount cards".

They got these through the newly opened wholesaler owned by the African Council of Hawkers and Informal Business in Sebokeng

Discounts

Achib's president Mr Lawrence Mavundla said that the cards were sold to members who were often not entitled to discounts when they buy from big supermarkets in white towns.

The wholesaler was owned 50 percent by the members, he said, adding, that in other words it was their own property. "We need to support it if we are to be economically empowered," he said

Achib will conduct a survey that is aiming at collecting information on informal businesses, with a view of creating effective communication channels Sowetan 31/7/91

Called "Project Who is Who", it will be conducted on a house-to-house, street-to-street basis in order to identify traders, the nature of their business and the product ranges being traded 153A

He said that more often than not informal traders did not know each other and it was important that information be kept about them

Where business booms

Township shows how it's done

(153A) ARG 26/7/91

Appearances are deceiving as Staff Reporter SORCHA VASEY found out during a visit to Khayelitsha. Here she reports on how small businesses are helping to meet community needs

IT may not look like it on the surface, but business is booming in the sprawling shantytown of Site C in Khayelitsha

There are numerous little businesses and most of them are called Coca Cola because almost as soon as a shack or make-shift home is erected it is followed by the international Coca-Cola trademark

Generally called spazas, these informal little shops generate R75-million a year in Khayelitsha alone — in spite of the poverty

Mr Theo Rudman, director of the Self Employment Institute, said "The determination and sheer guts among these businessmen is incredible They work up to 10 to 14 hours a day, seven days a week

"In spite of a lack of manufacturing facilities there is a work ethic in (places like) Khayelitsha that white South Africa can't emulate"

Mr Rudman is involved with small business development which provides business skills and training for aspirant businessmen in Cape Town's townships

"Khayelitsha is a social albatross but economically it's one of the biggest assets to our economy," Mr Rudman said

In Site C, an area inhabited largely by people from Transkei, the streets are lined with spazas There is an infra-structure designed to cater for everyone

Animals are slaughtered on Tuesdays and Thursdays, vegetables straight from the ground are watered down to keep them fresh and there are even jewellery sellers

A few of the shopkeepers were interviewed during a tour of Site C, which also does not have any electricity

Mrs Gertrude Mcanda started her spaza two weeks ago and has already made a profit She sells everything from candles and firewood to boiled eggs and homemade biscuits

"I buy my stocks from outside and am happy to be making money," she said

Five years ago Mr Patrick Biko started supplying wood to friends and family for them to build their shacks Today he has a monthly turnover of R5 000, four bakkies and two assistants

"I buy my wood wholesale in Stellenbosch Here in Khayelitsha everybody needs wood to build or repair their houses, so my business has a big demand," said Mr Biko

Generators are used to power hair cutters, blow torches and any other machinery used by these enterprising entrepeneurs

Dressed in designer wear Mr Thomas Nqenqa explained how he started off with a tiny spaza and is now reaping the rewards of his barber-cum-hair care spaza next to his popular take-away outlet





Pictures WILLIE DE KLERK, The Argus

BOOM TIMES: Top picture, a fruit and veg store does a roaring trade, while below, a woman shops for jewellery

NedPerm will fight to keep its stokvel clients

B/Day 26/6/91 153A

NEDPERM is confident it will not lose its stokvel business to the new bank being launched by Wesbank and the Foundation of African Business and Consumer Services (Fabcos)

NedPerm stokvel accounts manager Richard Ford said the Perm would fight hard to keep stokvel business

As Business Day reported yesterday, Fabcos and Wesbank have decided to launch a new bank in October, with much of the business expected to come through Fabcos links with stokvel savings organisations, taxi associations and taverners

Severe blow

National Stokvels Association president Khehla Lukhele says blacks no longer see themselves as "mere savers" but as people whose money should be invested in projects for black development.

The new bank seemed likely to provide such an opportunity

Former African Bank CE and current chairman of Fabcos Marketing Gaby Magomola is expected to head the bank, which could draw millions in stokvel money If it did, this would be a severe blow for the Perm, which is thought to attract at least 10% of the stokvels' savings.

Ford said yesterday "We are going to make sure our clients remain with us I will, however, keep a close watch on the Fabcos bank, just as I have been doing with our other rivals

THAMI MAZWAI

"It is unrealistic to expect blacks to move their accounts to a bank because it is black controlled

"For instance, the African Bank has been in existence for several years but has not made any breakthrough into the black market"

The Perm has about 10% of the stokvels' business "We have 75 000 stokvel accounts in our books," he said

Lukhele has estimated the number of stokvels in SA at 800 000

Yesterday he said there was a growing belief in the stokvels movement that its money should be invested in black development

"The stokvel accounts our members have with some financial institutions are mere savings accounts

"Our members are now more than savers, they are investors

"They want newer products

"Also, institutions do not accept stokvel accounts as security for personal loans by members," he said

Asked how far the stokvel movement would support the new bank, he said "As soon as it is launched, our members will be educated on the issues involved

"However, no stokvel will be made to switch its account to the new bank They will make their own decisions"

Plans for small business outlets in Manenberg

152A ARG 26/6/91

By JACQUELYN SWARTZ
Staff Reporter

PLANS are in the pipeline to build small business outlets on the premises of Silvertree Community Welfare Centre in Manenberg

"We have decided to embark upon what one could call a contribution to the immediate needs of the new South Africa," said director Mr Frank Gutuza

"With this in mind we have identified two key areas — the question of job creation and that of the housing problem"

Business outlets will be built into the back of a grandstand planned for the sportsfields

"We have made contact with the Small Business Development Corporation and they are doing a feasibility study on the business potential"

He said the outlets would be rented

"Whatever business is generated will be ploughed back into the community," he said

"We've got the SBDC interested and if it turns out to be a proposition I'm anticipating they will become involved from a business point of view"

Plans have already been drawn up by architects

The housing problem will be tackled by workshops offering courses in building methods.

The centre also plans a greening project around the centre and in front of the maisonettes opposite the building.

Mr Gutuza said he hoped to involve the Fairest Cape Association and the municipality in this project

ESS

SAB supports informal sector growth in Free State

Sowetan 22/6/91

By JOSHUA RABOROKO

SOUTH Africa's survival as a viable, strong region depends on the creation of a strong, integrated economy and the abolition of poverty.

Handing over a cheque for R20 000 to the Institute for Development of Entrepreneurial Activity (Idea) in Bloemfontein, the general manager of the South African Breweries Beer Division, Mr Andre Parker, said: "This is particularly true in the Free State where a large part of the black population is caught up in a state of spiralling poverty and where the largest city, Bloemfontein, does not have a thriving industrial infrastructure.

Unemployed

He said: "To create the jobs needed between now and the turn of the century requires an economic growth of five percent, our track record for the past six years is about one percent.

"If that trend continues there will be between seven to nine million unemployed people in the formal business sector by 2000

He said that the informal business sector, which has already provided jobs for about three million people, could be employing up to eight million by the turn of the century Any sector with that kind of growth deserved support, he added.

Strategy

The institute, which is financed by a group of companies in the private sector, was launched two years ago to address the critical shortage of training facilities for entrepreneurs and to provide small support system for small business.

It emphasises the critical shortage of training before they enter any business venture as research has shown that only two out of 10 new businesses survive after five years.

A spokesman for the institute said its strategy of long-term involvement will lead to a substantial increase in the number of small businesses and their success rate, which would play an important role in the economic upliftment of the Bloemfontein area.

Small business feels the squeeze

JEAN LE MAY

Weekend Argus Correspondent

BIG business, trade unions and the bureaucracy combine tunefully in the chorus of praise and encouragement for the informal sector

However, a Weekend Argus inquiry this week found there are times when the chorus changes its tune to lip service

This is most obvious in the activities of the industrial councils which have the power to exempt applicants from paying wages and observing other conditions negotiated under the Labour Relations Act.

But they are known to have refused exemptions arbitrarily — in spite of pleas from Manpower Minister Mr Eli Louw for leniency towards small business

The radical trade unions, who are often part of the picture, are ambivalent about small business they want more people to be employed — but object to exemptions for fear of exploitation

So they support employers in council decisions to refuse exemptions, leaving the small businessman in the middle

The Small Business Development Corporation (SBDC) has in fact claimed that an industrial council is undermining its work

One small businessman, Mr Abraham Adamson of A & A Motors in Athlone, ventured too far on to the dangerous ground between the bureaucracy, the trade unions and vested interests

He now stands to lose his business — which means that his seven workers will lose their jobs

"All I was trying to do was make a decent living for my family," he said.

This is what happened In 1988 Mr Adamson, now 51, was retrenched by a Cape Town electronics company.

He started a back-yard motor spares and repairs business at his home in Heideveld

"But there were objections to the noise and I had to move to a shop in Virgo Centre, Athlone, where I pay rent of R1 250 a month," he said

"I explained to my workers when I hired them that I couldn't pay high wages and they accepted it just to have jobs," he went on "But I do my best One of my workers, an untrained man from Transkei, is earning R200 a week."

By the end of last year Mr Adamson was employing 14 people and had an average annual turnover of R12 000 to R17 000 a year

Then trouble struck Two of his workers — both night watchmen — complained to the Transport and General Workers' Union that he was under-paying them

"The problem was with overtime," said Mr Adamson

The union reported this to the West-

Red tape may force entrepeneur to close shop

ern Cape region of the National Industrial Council for the Motor Industry (NICMI)

"Somebody" from the council telephoned Mr Adamson, he said, and demanded "about R3 000" in back pay for the two workers before the end of December, 1990 if he did not pay he would be taken to court.

"They said I should have paid higher wages plus overtime and that I must pay all sorts of other things as well, levies and pension funds and so on," he said.

"I'm struggling to survive I got rid of seven workers because of the uncertainty"

Mr Adamson went to the SBDC for advice The SBDC referred him to one of its consultants, who set up a simple book-keeping system for him

Advocate Mr Johan Naude, a senior manager of the SBDC, then applied to the Western Cape region of the Industrial Council for the Motor Industry (NICMI) on Mr Adamson's behalf for exemption from certain requirements of the Labour Relations Act

This exemption enables small business people to run their affairs without having to pay wages laid down in negotiated agreements and without complicated and expensive red tape

The exemption was refused The SBDC then appealed to the head office of the NICMI in Johannesburg against the refusal, the appeal is still pending

At the same time, Mr Naude asked the Cape council to hold back the summons until the appeal procedure was completed The council refused

In March this year, summons was issued by the NICMI and later judgment taken for the sum of R3 242,66 On June 19 the deputy sheriff removed 20 gearboxes and other assets from Mr Adamson's shop for sale in execution

The SBDC is frustrated by the actions of the council

"The Department of Manpower is relying on industrial councils to accommodate small business," said Mr Naude

"Moreover the Minister has instructed the National Manpower Commission to investigate the accommodation of small business in terms of labour legislation

"But no attempt was made by the Industrial Council to bring together the parties in order to reach a settlement Instead, they threw the book at Mr Adamson.

"The council took a totally dogmatic attitude A & A Motors is one of the companies which should be considered for certain exemptions. The whole object is to deregulate small business, to bolster the economy and create employment"

Weekend Argus asked the Minister of Manpower, Mr Eli Louw, for comment He confirmed through his liaison officer, Mr Johan Muller, that the report of the investigating committee was being studied

Mr Louw visited industrial councils throughout the country and appealed to them to be accommodating and lenient to small business, said Mr Muller



UNDER PRESSURE: Small businessman Mr Abraham Adamson. Red tape could strangle his thriving motor repair business which he started from his backyard in 1988 when he was retrenched from an electronics company.

Small Business Seminars in

Starting your own Business

This practical 3-evening course is aimed at enterprising people who are keen to start their own business and make their mark in the competitive business world

It will focus on the basics of owning and successfully managing a business identifying objectives and developing the best possible strategy to ensure success and maintain a competitive edge

It is open to all interested persons and no specific qualification is needed as the course will concentrate on providing an insight into the complex, but exciting world of business

Date of course: 22 23 & 24 July 1991 from 18 00 to 21 00

Venue: Holiday Inn Woodstock **Course fee:** R150 per person

Jobless turning to informal sector

BIDay 28/6/91. (153A)

ANDREW GILL

HUGE numbers of job-seekers are being forced to find accommodation in the informal sector as the formal economy's ability to provide work continues to weaken.

Latest Central Statistical Service figures show full-time employment in the informal sector soared more than 20% to 892 000 from October 1989 to October 1990.

Latest Development Bank of SA (DBSA) statistics show the formal sector's capacity to employ the emerging labour force has crumbled in the period 1985 to 1990.

Of the 366 000 people that enter the labour market annually, the formal sector has been able to employ only 33 000 or 9% a year over the five-year period

This means the formal sector can employ fewer than 100 of the 1 000 people entering the labour market each day

This compares with an absorption capacity of 73,6% in the period 1965 to 1970 and 21,9% from 1980 to 1985

DBSA Centre for Policy Studies divisional manager Andre Ligthelm said employment in the informal sector should be regarded as a safety net. He pointed out that recent CSS surveys found that 80% of those in the informal sector were receiving a monthly income of less than R650 a month; below the bread-line.

An annual economic growth rate of about 7% was needed to absorb the yearly increase in the workforce of about 2,3%.

At present, for every 1% growth in the economy, a growth rate of only 0,4% was expected in employment. A twofold philosophy was necessary, he said

"To create enough job opportunities, sufficient growth is needed — coupled with a change in the structure of the economy."

A change in capital spending programmes towards being more labour-intensive would contribute to this.

Government should take the lead in this regard and "send the right signals" to the private sector, he said.

Obviously, this should be done without jeopardising economic efficiency

The CSS figures show that part-time informal sector employment actually fell by 5% The figures canvass only blacks, coloureds and Asians, and do not include people living in squatter areas, although the figures could be affected by the results of Census 1991 which included squatter areas

Job-seekers find refuge in informal sector

CIT 2916191 (355) (1531)

Own Correspondent

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Nafcoc lifts membership

153A
B1Bdaily
11/7/9

THEO RAWANA

RESTRUCTURING has enabled the National African Federated Chamber of Commmerce to double its membership to more than 100 000 in the past year, says Nafcoc executive director Mòfàsi Lekota

Lekota said on Friday the 27-year-old Nafcoc decided last year to shift from accepting only regional organisations as members to accommodating such national organisations as the 40 000-member African Council for Hawkers and Informal Business (Achib).

He said Nafcoc would prepare ground for its mission to sell the new SA to the rest of Africa when it held its 27th annual conference at Sun City from August 18 to 21

"To this effect we have invited Dr E Bhenkele, executive director of the SADCC Regional Business Council, to address the conference on Interfacing the Economies of Southern Africa· SADCC's View."

Kenyan political scientist Ali Mazrui would speak on Economic Lessons from the African Continent.

Conference theme is The New SA· Opportunities for Black economic empowerment.

SBDC 'a world leader'

Own Correspondent

JOHANNESBURG — The Small Business Development Corporation (SBDC) had in many ways become a world leader in the field of small business support, the corporation's MD Ben Vosloo said here yesterday

Vosloo was speaking on his return from a three-week business tour of Europe, during which he addressed the Milan Chamber of Commerce, attended a small business congress in Vienna and visited several business development organisations in Belgium, the Netherlands and Luxemburg.

"Small and medium entrepreneur (SME) development organisations in Europe were impressed with the SBDC's record over the past 10 years of having assisted 30 000 small business entrepreneurs with loans amounting to R1,1bn and in the process creating 280 000 jobs.

"Small business support trends in Europe confirm that the strategies implemented by the SBDC over the past 10 years have kept pace with the rest of the world, and in many respects the SBDC has become a leader in this field," said Vosloo.

He added "With 99,36% of EC businesses employing less than 100 employees and 91,34 less than 10, it was clear that Europe was following in the footsteps of Japan, the world's most small-business-based economy"

The EC had clearly recognised the importance of the small and medium-sized sector as an efficient job creator and was targeting this sector with its business development initiatives.

The decrease in unemployment in EC countries — since the EC launched a development programme for SMEs in 1986 — was largely due to the performance of this sector, while large companies were actually increasing unemployment.

"It reaffirmed our belief at the SBDC that focusing business development strategies on the small business sector in SA is the most effective way of addressing our own unemployment," said Vosloo

SBDC leads the field, says Vosloo

THE SBDC had in many ways become a world leader in the field of small business support, MD Ben Vosloo said in Johannesburg yesterday

He was speaking on his return from a tour of Europe, during which he addressed the Milan Chamber of Commerce, attended a small business congress and visited business development organisations.

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INFORMAL SECTOR FM 5/7/91 - 153A

1990 BREAKDOWN

FM 5/7/91 153A

The black taxi industry remains the most accessible source of individual wealth for blacks not in formal employment This is confirmed by a Central Statistical Service (CSS) survey of the informal sector in October last year, which focused on the activities of blacks, coloureds and Indians living in areas not designated white under the Group Areas Act

The survey of nearly 2,8m people indicates that, while the informal sector's biggest contribution to GDP comes from other sources, transport is the money spinner An estimated R488m was generated by the sector trade and hawking in 1990, followed by nearly R380m coming from crafts and R305,7m from transport But the highest net monthly income was earned by those involved in the last category — over R1 800 Of 44 477 respondents earning R6 000 a month or more, 43 192 were black Of these, nearly 42% were in transport and 94% of people in the transport subsector were black Growth in the subsector, however, was little over 5%

Average monthly income of those involved in craft was R455 and in trade and hawking R668

Accommodation, the smallest subsector surveyed, showed strongest percentage growth — 34% in jobs and 95% in income Jobs in trade and hawking increased 11%, while income rose nearly 14% Home crafts, which provided only 4% more employment opportunities, produced a 56% increase in revenue, pushing average net monthly income up nearly 50% to R422 The subsector, scavenging, shrank significantly — the number of jobs declined by nearly 26% and income by 4% The number of jobs in services fell by 4,6% and income rose by little more than 7%

A breakdown of net average monthly earnings according to race groups shows

- ☐ Indians earned R789;
- ☐ Blacks R540, and
- ☐ Coloureds R428

Women played a major role in several subsectors

- ☐ 59% of people employed in trade and hawking,
- ☐ 59% in services, and
- ☐ 89% in home crafts

Transport, on the other hand, was dominated — 99% — by men

The highest concentration of jobs was in Natal-KwaZulu, with 33,4% of the total Next was the PWV area with 31,9%

Of the total surveyed almost all (2,3m) were self employed and, of these, almost half were women Of the total, 2,5m were black (nearly 8 000 fewer than in 1989) and of these 2,1m were self employed

Total contribution to GDP was over R18bn which is the equivalent of nearly 8% of GDP Growth since October 1989 was 12,5%, which is negative in real terms with inflation running at 14,4% in 1990 (Average monthly contribution to GDP rose only 10% because an additional 2% of people were absorbed by the informal sector) If this contribution from the informal sector is added to official GDP in both years, growth amounts to just over 13%, which is in line with official growth in the year

CSS cautions that the "infrastructure of the current population surveys" formed the basis of its research into the informal sector — information about blacks relates only to established areas and excludes squatter camps which have sprung up over the past three years For this reason it should be regarded as a "lower limit" only "The results of the 1991 Population Census are essential" to rectify the possible bias in the existing sample

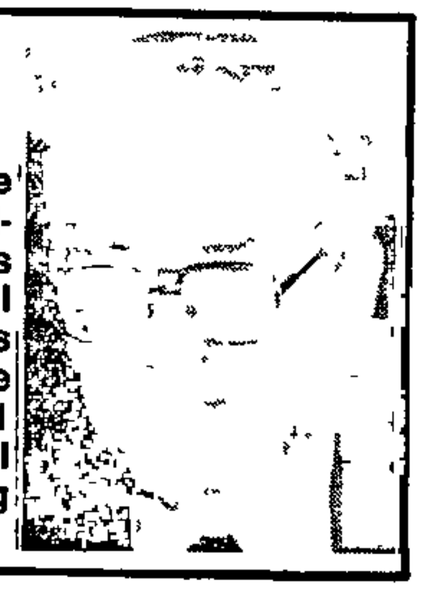
Following the abolition of the Group Areas and Population Registration Acts, future surveys will not relate to specific race groups and so will not be comparable ■

Small business is here to stay

Sowetan 11/7/91

153A

FOCUS



Dr Ben Vosloo, the man at the helm of the Small Business Development Corporation, believes this is the time of the small businessman. Here he puts his case. Over the past 10 years the SBDC has granted loans of R1,1 billion to more than 30 000 small business entrepreneurs, creating 280 000 jobs in the process.

EVERY successful economy that is based upon free enterprise depends ultimately upon the entrepreneur. For it is the individual entrepreneur's drive, imagination and effort that creates wealth and makes an economic system that is dynamic, profit-based and innovative.

Over the previous decade there has been a remarkable turnabout in the status of the entrepreneur. Not very long ago the idea of the individual entrepreneur as the key actor in generating wealth was regarded as something of an historical curiosity, harking back to the early days of capitalism, and long since supplanted by large corporations and giant government departments that ran upon a diet of planning and control.

It is interesting to see how quickly that perception has given way to the idea of the entrepreneur as the principal actor in any successful economy. The emphasis has shifted from bureaucratic control to the importance of maximum individual freedom as the basis for economic success.

The natural habit of the successful entrepreneur is the competitive small and medium enterprise (SME) and comparative economic studies continue to show that it is the owner-managed small and medium firm that generates the majority of new jobs; and it is these firms that are the engine of economic growth.

It is interesting to note that the SME phenomenon is not a passing phase within the large economies of the world. Small and medium enterprises have remained remarkably resilient and active within these economies and have not fallen prey to their larger brothers' acquisitive zeal.

Successful

With 99,36 percent of European Community businesses currently employing less than 100 employees and 91,34 percent less than 10 it is clear that Europe is following in the footsteps of Japan, the world's most successful example of a SME-based economy.

Since the EC launched an SME development programme in 1986, this sector has been largely responsible for the decrease in unemployment figures in the EC, while big businesses actually contributed to an increase in unemployment.

In my view small business will remain an integral feature of the economy Changes in the basic conditions under which economic life is conducted in the modern world are busy creating a very favourable climate for small and medium businesses.

The first important development is information technology. At the flick of a switch one may gain sophisticated information about the market and indeed gain access to that market via the use of computers and information technology. You do not have to be a large corporation to have access to this technology, or to make use of it effectively.

To develop the business skills of potential entrepreneurs and equip them to use modern technology effectively, the SBDC has since 1985 introduced several short and relatively inexpensive training courses. A Mentor advisory programme has also been developed to utilise the skills and expertise of retired businessmen and women to advise and train entrepreneurs and their staff on their business premises Currently 225 "mentors" are taking part in the countrywide programme, making business expertise very accessible to entrepreneurs.

Second in importance is the significance of market niches that offer something different from the standardised products resulting from mass production. It is small companies that have the flexibility to fill these market niches. It is the small firm that has the ability to adapt quickly to changed conditions, where big firms are often slow to move and suffer as a result.

Thirdly, the deregulation that has taken place in South Africa over the past few years favours small business. This is not only because the burdens of an over-regulated economy weigh disproportionately upon small business over big business, but also because commitment to competition reduces barriers to entering the market - which is very favourable to small business.

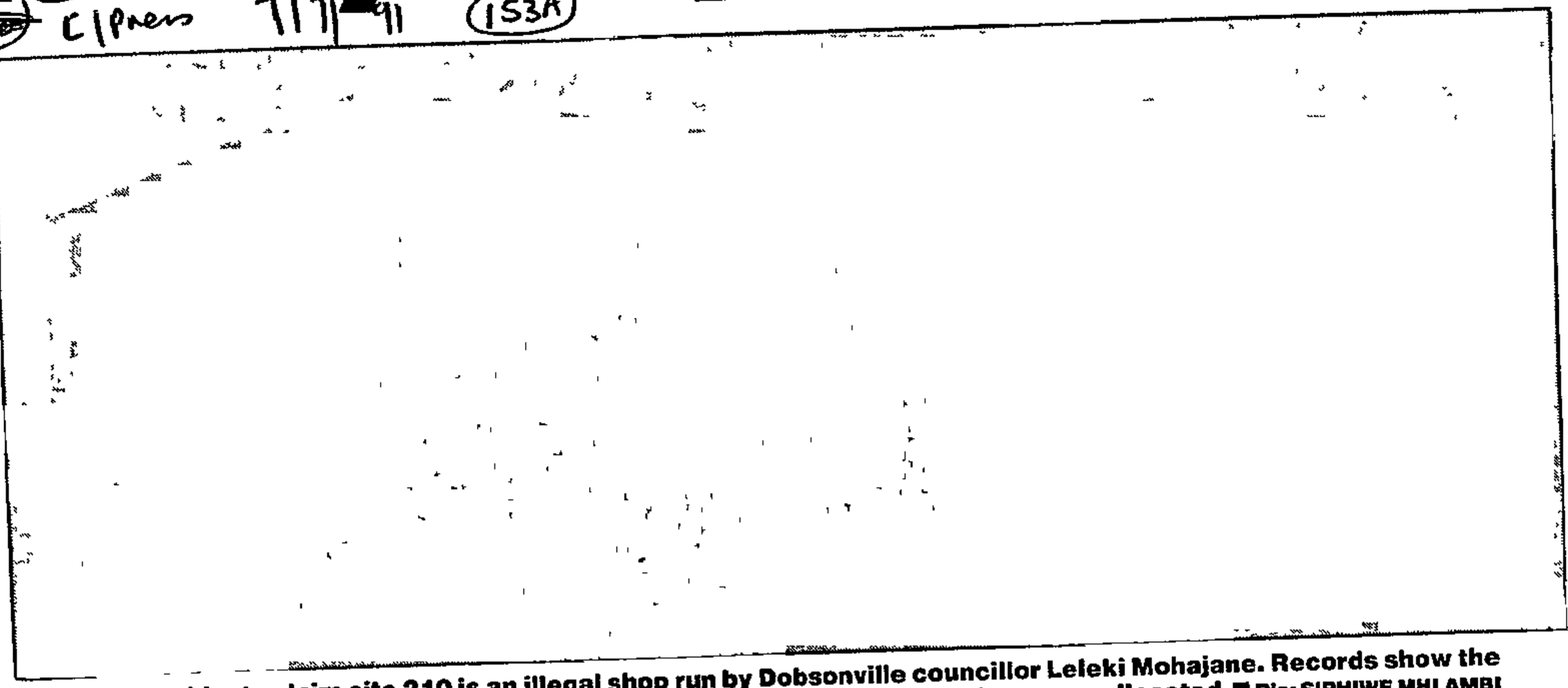
Reform

Finally, for all its weaknesses and needed reform, South Africa has a free enterprise system; and a free enterprise system holds out the most creative and dynamic force that any civilisation has ever discovered: the creative power of the free entreprising individual.

Potential entrepreneurs must take advantage of these opportunities That depends on them studying different markets and searching out appropriate niches and acquiring the skills necessary to run a successful business.

It's not my shop, says councillor

7/7/91 (2) C/Press 7/7/91 (153A)



Doornkop residents claim site 210 is an illegal shop run by Dobsonville councillor Leleki Mohajane. Records show the site belongs to a man who was serving an eight-year jail term at the time the sites were allocated. ■ Pic: SIPHIWE MHLAMBI

A DOBSONVILLE town councillor has been accused by the Dobsonville Civic Association of operating an illegal business from a Doornkop site which he obtained under a false name

The man is councillor Leleki Mohajane, and he is said to run a shop at site 210 in Doornkop

Mohajane is currently being investigated by the SAP on charges of bribery and corruption for allegedly taking money from homeless people to process their applications for Doornkop sites

A spokesman for the Transvaal Provincial Administration (TPA), which owns the Doornkop sites, said no business sites had been allocated yet, adding that legal residents were allowed to operate small businesses on their sites

The spokesman confirmed that site 210 was allocated to Edward Mkholongo

City Press investigations have revealed that Edward Mbuyiselo Mkholongo is the son of a close friend of Mohajane He is in prison serving an eight-year sentence for stealing a gun from a council policeman He was sentenced in 1990, before the Doornkop sites were allocated

Doornkop residents claimed to City Press that Mohajane built his shop with materials taken from the vandalised council hostels in Dobsonville

Residents claim Mohajane transported the materials himself and supervised the erection of the wood and corrugated-iron spaza shop

They claim the councillor works behind the counter in the makeshift shop, which sells basic foodstuffs, cold drinks and tobacco

Mohajane denied he owned the spaza shop or had ever served there, saying "I was only there because somebody asked me to go and buy something"

He refused to comment further and referred City Press to the TPA

Allegations of bribery and corruption on the part of town councillors has dogged the Doornkop scheme – the government's pilot project in a R1-billion scheme to supply cheap housing to squatters and homeless people in the greater Soweto area

Angry residents laid charges against Mohajane with the police when they discovered that the money he allegedly charged them for processing their applications for Doornkop sites did not go to the council or the TPA.

Several people have claimed in sworn affidavits that they paid Mohajane R200, but did not get sites They allege that when they complained to him, he told them their files were lost and it would cost another R200.

SAP spokesman Colonel Tienie Halgryn said the matter was referred to the Attorney-General last week

Readers' Hotline



Helping you with your problems

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Kengray 2100

Spaza man gives hope to the poor

C/Press 14/7/91

153A

NEW hope has been given to the unemployed in Natal with the formation of the Zibambeleni National Spazas, Hawkers and Vendors Association (Zinashava)

The association is the brainchild of spaza shop owner Tony Sibiya, who was once a victim of harassment when he tried to "illegally" sell his wares

Sibiya, who is president of Zinashava – which boasts 3 000 members spread across 34 branches – said he was inspired by a report in a City Press in 1989 about somebody in Johannesburg who was helping hawkers and vendors who were being harassed and arrested by police for trading illegally

"I had the same problem when I lost my job in 1985 Others trying to earn an honest living in Newcastle were also suffering, so I invited informal traders to a meeting and it was decided to form Zinashava," said Sibiya

Trading stores in the townships are threatened by the successful rise of spaza shops offering cut rate prices. However ABBEY MAKOE discovers it's the customer who wins at the end of the day.

Spazas rise as prices fall

Star 30/4/91 (153A)

Spaza shops pose a serious threat to ordinary trading stores in the townships This new shopping trend, which happens in garages or wherever traders can find a suitable venue, is a result of the high rate of unemployment and inflation

"Beat your competitors," says spaza owner Yvonne Bosiwe She sells everything cheaper than the trading store nearest to her "That's the secret of my success," she says, pointing to a range of groceries neatly packed on shelves

Veteran spaza shop owner Eric Madiba cites "perfect human relations" as the secret of his success. His marketing strategies are a win with customers

He has a permanent "sale" on day-to-day commodities — something relatively unknown in the townships For every purchase of a 12,5 kg bag of mealie-meal, costing R14.45, customers qualify for a free loaf of brown or white bread

In addition, customers can buy a loaf of bread for only 60c, if they also buy a dozen eggs, 500 g of washing powder and a litre of cool drink.

Although he eschews the cash books, invoice slips and other paraphernalia involved in business practices, Mr Madiba knows more or less whether he has lost or profited in a 30-day period

He jots down his monthly expenditure in a notebook and later subtracts the amount from his turnover before depositing the money in a bank

Although challenged by several trading stores and a large supermarket in his area, Mr Madiba's business is on a steady footing and he intends opening another spaza shop soon.

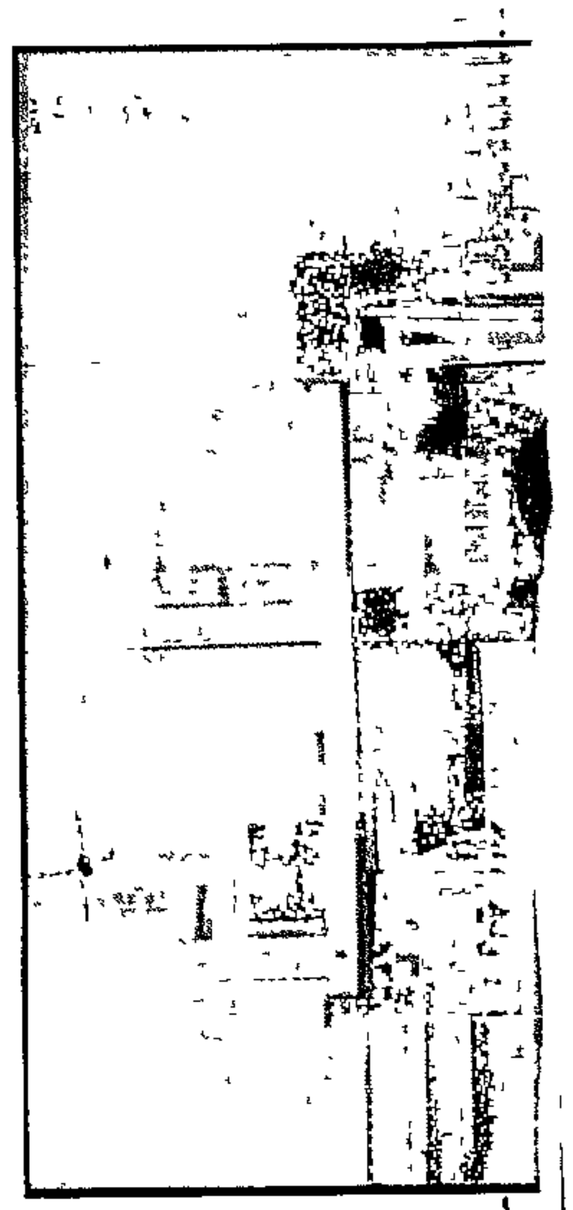
Unlike supermarkets and trading stores, most spaza shops open as early 6 am

Trading stores in Soweto open at 7 am in summer and 8 am in winter And when trading stores close on stayaway days such as June 16, most spaza shops are open for business.

Both spaza shops and trading stores buy from wholesalers, but spazas have a lower mark-up price on their products The highest mark-up I discovered was 15 percent. This is to ensure stock moves quickly.

"Customers don't see us in the same light as trading stores, otherwise they would not bother coming to us," says cashier Percy Madelu A packet of 20 cigarettes selling at R2 in a trading store, for example, costs R1,80 from a spaza

And while the price war rages on between trading stores and spaza shops, it's the customer who wins at the end of the day.



Where the consumer comes lands believes the customer is

Police continue crackdown

Sowetan 29/4/91. 153A

By ISMAIL LAGARDIEN
Political Correspondent

THE South African Police closed 9 721 shebeens last year

More than a million litres of liquor were confiscated and 10 146 people were arrested for illegally trading in liquor.

These figures were contained in the annual police report of the commissioner of police, General Johan van der Merwe.

Van der Merwe tabled his report in Parliament on Friday.

Ten cars were seized in liquor cases, and 722 people were arrested for driving under the influence of alocohol, the report states

Hundreds of persons were arrested for not complying with liquors licence stipulations, while 186 nighclub owners were charged for illegally selling liquor.

Police arrested 84 people for being involved in brothels and 45 brothel owners were charged.

Prostitutes were descended upon with extreme prejudic last year - 2 055 arrests were made.

SOWETAN BUSINESS

'Hive' system pays off for operators

(153A) Sowetan 26/4/91

MANY promising small black businesses fall by the wayside because they cannot afford to move from the home or the backyard to commercial offices or industrial space

The prospect of paying for fittings and equipment, long leases and of having staff there to handle inquiries while the entrepreneur visits customers, often proves too daunting for the budding small business sector

These problems came

By JOSHUA RABOROKO

to the attention of many sympathisers of the small businessmen when the high level of unemployment and the crippling economic circumstances in the South African black community took their toll

An urgent need arose to speed up the advancement of small manufacturers and an innovative and creative solution was required The one that was arrived at was the one started by the Small Business Development Corporation, through its "hive of industry"

Concept

The hive concept has been duplicated throughout the country and is seen as one of SBDC's most successful industrial initiatives

To date there are 25 such hives throughout the country

One such hive is the one that the SBDC has temporarily structured in the Central Business district of Johannesburg to the tune of about R10-million

It is expected to house more than 250 small entrepreneurs from the Witwatersrand

The *Sowetan Business* visited the new "hive' and found 80 small entrepreneurs who manufacture and do an assortment of jobs including welding fashion designing, car repairs and rebuilding old cars clothing, electronics upholstery, florists cupboards and kitchen units

This unique hive, unlike others, will have a shopping mall where the small business will display, as well as sell, their products and make contact with customers

The 'hive concept works not only because small manufacturers can rent their premises at low rentals, but also because they share communal facilities such as welding machines, mechanised saws and other carpentry equipment at relatively low cost.

'The beauty of the concept is that we can recycle disused factory buildings, old showrooms, railway sheds and even old jail buildings and fit a large numbers of small contractors into individual "hives" at a very reasonable cost," according to the manager of financing and support services, Mr Terry Mclaughlin

One such example is that of the six members of Mmasakhane Women's Club who started their businesses in the townships

As a result of the problems they encountered at their homes, they decided to rent a site jointly at the new city "hive"



ABOVE: Executive members of the National Taverners Association standing at the door of their newly-opened Mofolo offices in Soweto They are Mr Oupa Motloung, Ray Mollison, Mr David Hlatshwayo and Mr Peggy Senne. Below Mr Ray Mollison celebrates with some of the Taverner's logistical staff PIC MBUZENI ZULU





One of the members of the Ikageng Womens' Club, Mrs Maria Letsoalo, at her unit.

Taverners take Louis Luyt to task

By SELLO MOTLHABAKWE

MILLIONAIRE Louis Luyt and a German company had approached Soweto taverners to ask them to support their new brewery, a spokesman for the National Taverners Association said yesterday.

Addressing taverners at a meeting in Soweto, NTA chairman, Mr Ray Mollison, said his organisation had asked Luyt and the company to offer shebeeners shares in the new venture, but the two did not appear keen to enter into such a deal.

Business shares

He said Luyt's intentions to establish breweries would fail if they did not offer the taverners and shebeens a sizeable share in their business.

Mollison said taverners had, up to now, been the marketing arm of liquor manufacturing and brewing companies. Sowetan 25/4/91.

The association had sold shares for R147 000 to its members and shebeeners last year. The bulk of that money was offered to taverners and shebeeners to improve their businesses, Mollison said.

SOWETAN BUSINESS

Informal sector gets new boost

Sowetan 25/4/91 (153A)

THE small man sitting beside the road with an oxyacetylene tank next to him represents a new breed of black entrepreneur taking root in the townships.

By JOSHUA RABOROKO

The man makes his living by patching worn-out exhaust pipes, welding broken car parts, fixing pressure stoves and bicycles

He undertakes any emergency mechanical repair work in black residential areas

He is one of the many blacks who create the strong economy necessary to assist unemployed people in starting their own businesses and to ensure that they remain in this sector

Mr Joseph Nkosi (42) is one of hundreds of blacks who were retrenched when most multinationals pulled out of South Africa as a result of sanctions initiated by anti-apartheid movements

Nkosi, who is a father of five children, said he could not get a job for a long time Poverty was knocking on his door daily and he was desperate

With his meagre retrenchment package he bought himself an oxyacetylene tank and began welding leaking pressure stoves for his neighbours.

Potential

He was able to to keep his head above the water. There was an open field near his home along the Old Potchefstroom Road in Soweto and he realised that there was a great potential for expansion

He used the empty land for his budding small business

When the money starting pouring in, he started to patch exhaust pipes, welding car parts and sorting out mechanical problems

The road was soon crowded by others who also ventured into the same business

The example was followed by many jobless men in other parts of Soweto It has now spread to other townships in the PWV.

No official statistics are available for this sector of the informal business, but the marketing director of Achib, Mr Francis Moleko, estimates there are than 6 000 of them in the PWV.

The majority of them started their operations after they lost their jobs for various reasons - retrenchment being the primary cause

Sources have also estimated that that there are more than 20 000 small business operations in the PWV, most of them spaza shops brought about by large-scale unemployment

The strength and contribution the informal sector is making to the country's mainstream economy is highlighted by Mike Perry and Associates in a survey conducted in 1987 - the height of large-scale disinvestment and the start of the biting recession begun by high inflation

Factors

The growth and development of these small businesses are dependent and affected by internal and external factors

According to a study by Research Support and Marketing, the total informal sector in South Africa comprises 30 percent of the economy and is growing at an uncontrolled rate

Recent estimates by the Small Business Development Corporation suggest that four million jobs are now provided by the informal sector.

This soaks up 40 percent of all job hunters and accounts for 30 percent of the Gross National Product

According to a leading industrial relations consultant, trade unions negotiated handsome retrenchment packages which enabled most of the jobless to have an initial capital to start their small businesses in the townships at the time.

People on the move



ABOVE: Mr Matthew Mkhatshwa has been promoted to branch manager of Mabopane Metropolitan Life Limited. TOP RIGHT: Mr Geoffrey Msibi has been promoted to branch manager of Soweto North of Metropolitan Life Limited.

Spur for future black trade

By JOSHUA RABOROKO

THREE key political figures will address the three-day annual meeting of the Foundation for African Business and Consumer Services at Nasrec, Johannesburg, from May 4.

They are: Mr Thabo Mbeki, ANC director of International Affairs, the deputy president of the PAC, Advocate Dikgang Moseneke and Mr Oscar Dlomo, the president of the Institute of Multiparty Democracy.

Theme

The theme is "Black business in the face of political change - Fabcos as catalyst for black economic empowerment" and will focus on the future of the black informal business

Fabcos's media manager Mr Fanyana Shiburi said his organisation had made progress in its long-term mission to identify, mobilise and expand all black business

The emphasis will be on stimulating black economic empowerment, generating new job opportunities and new wealth

Instability

He said. "These goals have been attained even against the present political instability and the gloomy economic recession"

Fabcos is not alone in trying to harness the incredible economic power in South Africa, but there are several reasons why it must be taken seriously.

One is that it is spearheaded by the biggest, most successful and perhaps the only black "industry" - the Southern Africa Black Taxi Association (Sabta).

Taxi wars

Nobody can deny that Sabta has its problems Taxi wars and an unacceptably high accident rate are some of them. However, it cannot be denied either that it is an efficient, versatile, superb transport system for the country's greatest asset - its people

The key to Fabcos's success is unity. Without it, the black businessman and consumer will continue to struggle alone in disparate groups against the historical corporate interests of neo-colonial wealth and self-interest Political emancipation alone will not be enough to redress the deficit, according to Shiburi

Consumer markets are set for a change

B | pay 23/4/91.

A COMBINATION of a deregulated competitive environment, growth in black buying power and the return of the multinationals will alter the nature of business in local consumer markets in the '90, says Perry & Associates MD Neil Ross.

"The informal sector has developed as a direct consequence of deregulation — but the established captains of industry and commerce do not understand how it operates or how this can be used to their companies' advantage.

"For instance, white businessmen need to understand black ways of doing things, and the fuctioning of the burgeoning black distribution networks.

"It is not enough for white businessmen to be aware of such developments as spazas and stokvels when the integration of their business with the informal sector can give them a competitive edge in the new SA," Ross says.

Much has been said about the size and importance of the black market — but Ross says it will be open only to companies with access to the networks that reach the consumers.

Not only is the informal sector complex — but the situation is made more so by the rate of urbanisation.

Another factor which will impact on the local scene is the imminent lifting of sanctions and the return of multinational competitors.

"Local businessmen must keep an eye on global as well as local competition.

"They need to consider the advantage that could be obtained by a multinational competitor with regional domination of southern Africa.

"Multinationals will require instant distribution networds to launch their products — especially in the consumer sector.

"Regional dominance will start with dominance of South African distribution channels," he says.

Because of this, it is essential for local companies to select and develop their distribution channels

the blues of unemployment through Edenvale's HOPE car wash project and earnin

HOPE for jobless around Edenvale

Star 4/5/91

JOVIAL RANTAO

CYNTHIA Villa felt so guilty about the number of jobless men she saw hanging around Edenvale she decided to do something about it.

She could not herself offer any one of them a job so she decided to start an "employment bureau" through which she could help them to find some sort of work.

This was the humble beginning of the organisation Help Out-of-work People in Edenvale (HOPE).

Its mission is to help people who are out of work for virtually any reason. It does this by trying to create employment opportunities by involving caring members of the community to help them give educational and skills training and to find jobs.

The organisation, led by a five-man steering committee, registers out-of-work people, screens participants and seeks shelter for the people it has registered.

John Povey, chairman of the steering committee, said the committee has started with car-wash schemes at major shopping centres on Saturdays. So popular has the scheme become that some Edenvale residents are said to go to shopping centres just to have their cars cleaned.

"The car wash project has flourished to such an extent that we've been approached by companies who want our members to wash their fleet cars," he said

When the project started, each member was paid R20 a day. But things have improved since then. Now HOPE can charge R6 a car. Of this each man receives R2,50 for every car he cleans. The remaining R3,50 is used to buy washing materials.

HOPE has not only provided work for the unemployed men, it has also established a bureau through which Edenvale residents can hire reliable domestic staff and gardeners.

Mr Povey said that HOPE has been given a grant of R20 000 by chemicals giant AECI. This is to be used for establishing a secretariat which would co-ordinate the organisation's activities.

And the East Rand Industrialists Network, the Bruma Lake Rotary Club and the Edenvale and Germiston chambers of commerce have all offered to help HOPE members through their job-creation programmes.

Cape spazas ring up R16-million

By TOM HOOD
Business Editor

SALES of mushrooming spaza shops in Cape Town's black townships could be as high as R16 million a month.

The estimate came this week from the first survey of its kind in the Cape's vast black consumer market of 1,5 million people which aims to provide business with up-to-date information on what is happening in the townships

Spazas — informal shops operating often from little more than shacks — sell a limited range of stock from candles to basic food, soap and cigarettes

A survey among 50 spaza shop owners by Relationship Marketing estimated the Western Cape had about 4 000 spazas and the average weekly spending is about R1 200

Spaza owners mostly buy their stocks from the large wholesalers — Metro, Trador and Makro

They said they bought there because of reasonable prices and discounts; easy access, good service and delivery of goods

Most owners used their own transport to get to the wholesalers, with others going by taxi or using the transport of family or friends

The range of products bought includes fresh food, canned food, sweets, candles, cigarettes, cool drink, soap powder and toothpaste.

But many owners would also like to sell clothing, shoes, fresh vegetables, hair products, toys, needles and cotton

The large packs available from wholesalers, however, were too big as small packs of products were required by customers

The owners said manufacturers could do more to sell products if they gave away samples, gave credit and did promotions Suppliers should also visit the spazas and give owners ideas on marketing their products.

Complaints by spazas were that the eggs they bought were often rotten and that chicken was not fresh Sales representatives made infrequent visits

Complaints were also made about damaged packaging and rusty cans

Requests were made for electricity in certain areas and for refrigerators to sell Coke and drinks

Part of the township scene is the large number of hawkers Clothing hawkers were "extremely customer service orientated," visiting customers in their homes with their clothes selection and buying garments their customers needed

Hawkers spend between R500 and R2 000 a week buying clothes and visit factory shops regularly

"Garments are evaluated for quality by touch — they must be made from pure fabrics and able to withstand frequent washing and ironing," says the report

Transport is a problem to many hawkers in getting to factory shops in town Often a few hawkers club together and travel from one factory shop to another Others use private transport because of their fear of having the cash they carry stolen

A survey among 50 shebeen and tavern owners showed beer is easily the biggest seller, with Lion lager the most popular brand, followed by Castle.
All 50 stocked Lion but only eight sold Hansa

After beer, vodka is the next best seller with Smirnoff the top brand The best-selling brandy is Bertrams while Lieberstein is the top white wine, Capenheimer the top sparkling wine, Bells the leading whisky, Mainstay the top cane, Gordon's the leading gin and Red Heart the best-selling rum

Spazas raking in millions

● From page 153A

Shebeen owners said manufacturers could help them with financial assistance to upgrade and extend facilities, product tastings, promotional clothing and product promotions

They also wanted wholesale liquor outlets established and deliveries of supplies direct to the premises

The survey estimates the population of Cape Town's black townships at about 1,5 million

The population is growing rapidly with about 10 000 new residents coming from the Transkei and Ciskei each month, said the report This means the majority are Xhosa speaking

Khayelitsha, only-seven years-old and the largest township by far, was found to have a population of half a million, followed by Guguletu, established 50 years ago and now with 250 000 residents.

Probably because it is the largest township and the newest, Khayelitsha is said to be the best serviced of all the townships with retail outlets.

It has at least 30 schools, three shopping centres and as few supermarkets.

● The Black Market Report is available from Damelin Education Group, ☎ (011) 337 6600.



TAKING A SHINE TO HIS JOB Japie Marx cleans at least one taxi a day at the Newtown parking lot

Japie cleans up in the taxi business

Star 15/6/91

153A

PAT DEVEREAUX

UNEMPLOYMENT levels are high but Alwyn Jacobus (Japie) Marx has found his niche — washing minibus taxis

He is one of the many whites forced to compete for the unskilled jobs previously done only by black people in this country

In September last year Japie (27) arrived in Johannesburg from Port Elizabeth For a month he wandered the streets unemployed until a friend introduced him to "taxi life"

"I don't know what would have happened if I hadn't found this job My life was in ruins after a fall-out with my family," said Japie

Now based at the Newtown parking lot for Alexandra taxis, Japie takes pride in seeing his reflection in a shiny windscreen or in polishing tyres He tries to scrub at least one taxi a day — at most he has cleaned four a day For each taxi he gets paid R10

"The competion here is quite tough and on weekends I work at the Noord Street taxi rank to earn more," he said However he is fully accepted as an equal by fellow taxi-scrubbers at the rank

Asked how he survives, he said "I manage to eat every day and if I don't earn anything my friends here give me a few rand to buy my favourite dish Chakalaka (hot salad), booze, cigarettes and toiletries" Currently Japie is staying in Soweto with a taxi driver friend but apparently other friends are trying to get him a shack in Alexandra

Japie said he was born in Knysna and went to school in Queenstown, until Std 7

Later he worked in Port Elizabeth for the railways as a messenger

My aim is to get my driver s licence now because I want to drive taxis he said In the long term he would like to get his certificate as a motor mechanic

"The only other white person I know in this city is my younger brother who also arrived recently and is looking for a job," he said



British Small Business Minister Eric Forth, right, with Sacob deputy director-general Ron Haywood at yesterday's launch of the Sacob Small Business Forum Picture ROBERT BOTHA

'Small business needs govt voice'

(1.53A) SHARON WOOD

SMALL business needs a voice in government, British Small Business Minister Eric Forth said yesterday at the launch of the Sacob Small Business Forum

He said a deputy minister for small business should be appointed to liaise with government, although this "must not raise expectations unduly highly"

The aim of the newly formed Small Business Forum is to develop the potential for growth in the small business sector and to gather and disseminate information relevant to small business practitioner

The forum brings together nine organisations including the SBDC, the Small Business Advisory Bureau, the Standard Bank Small Business and Advisory Department and Wits University's Centre for Developing Business B1 Day 19/6/91.

Sacob director-general Raymond Parsons said "the challenge is to create a coalition on behalf of small businesses which will provide focus".

But Forth warned there were conflicting interests among different small businesses and allowances should be made.

Small business access to finance was always a major problem, he said, and a solution was to get government guarantees for small business finance

Discount House Risk Management (DHRM), which also handled MS 101.

"Sasfin will now be able to grow its instalment finance business without resorting to increased equity capital or limited bank funding," said Sasfin MD Roland Sassoon.

institution was adhered to by using Mercantile Bank as an intermediary. Mercantile received an upfront, one-off fee, said Jacobs.

"We see this as an innovative step towards the securitisation of many other types of assets," she said.

Small firms 'vital to economy'

THEO RAWANA

THE growth in the number of British small companies to 2,5-million over the past 10 years had meant that 96% of all UK businesses were employing fewer than 20 people, British Small Business Minister Eric Forth said yesterday.

Addressing Nafcoc's National Industrial Chamber annual conference in Johannesburg, Forth said this was "a staggering increase of 373 000 or 100 additional businesses a day".

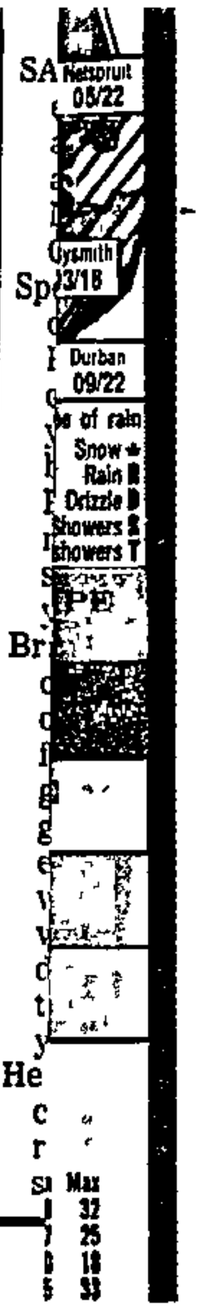
"In the 1980s firms which employed fewer than 20 people created more than 1-million jobs. In comparison, larger firms created half-a-million jobs over the same period.

• "Small firms are an essential part of a healthy economy They will produce industrial leaders of the future by maximising the range of choice available through market provision and challenge the dominance of existing market leaders," he added

Sapa reports that businessman Gab Mokgoko said the battle for a better deal for black businessmen was not over despite the events which had changed the "old" SA over the past 30 years

Mokgoko told the conference black manufacturers should improve their technical skills through association with other businesses and private research institutions and through technology transfers with other innovator businesses in SA or abroad

Black businesses should refuse to remain small indefinitely, and should lobby government for a better deal and campaign for the creation of a department of small business.



Closure of mine a threat to 'spazas'

Sowetan 11/4/91

153A

MUCH of the burgeoning informal sector, comprising mainly spaza shops, hawkers, taxis and stokvels - in townships near Stilfontein gold mine face closure.

This follows the announcement by Genmin, owners of the mine, that it is to close and retrench about 2 950 workers, most of whom spend a large portion of their money in and around Stilfontein

The small business sector in other areas surrounded by the mine could suffer the same fate as mine magnates have indicated they might be forced to close some of their operations due to the falling gold price and the effects of inflation.

The acting chief executive of the Chamber of Mines, Dr Horst Wagner, said. "Stilfontein is just one example and if there is no rapid improvement in the conditions eroding the profitability of gold mines, I have no doubt that there will be further closures "

Mr James Khoza, one of the many spaza shopowners around Stilfontein, told *Sowetan* that the announcement of the mine closure was "a big disappointment to the informal sector".

Khoza, who started his spaza shop after he was retrenched from a mine said: "These people are actually our breadwinners. The vast amounts of money they spend in our small shops has kept the wolf away from the door for many years."

According to Sabta, there are more than 500 taxis operating in Stilfontein The closure of the mine would spell disaster for this sector of the industry



Lager mentality ... it's been a long, hard day at the stokvel, and now it's time to reflect ...

Giving it *stok*

153A w/Mail 28/3 - 4/4/91

The stokvel season began recently with parties and dances — but there's more to stokvels than mere fun **By TSHOKOLO wa MOLAKENG**

EVERY weekend, in the most convivial style imaginable, blacks make preparations for their own funerals They go to gigs where they chat, drink and dance the time away

The concept of the stokvel, an informal savings scheme, is as old as the urbanisation of the black population But it was only three years ago last month that a professional body was formed to push for the recognition of what its president Andrew Khehla Lukhele calls "a lovely concept".

There are more than 800 000 stokvel groups in the country, says Lukehele, president of the National Stokvel Association of South Africa. And that involves more than 9,6-million people, since each group has, on average, 12 members

It's easy to be a member or start your own group No red tape, no hassles All that is needed is about R100 — the exact amount depends on what the group's pockets can afford. The members meet monthly, fortnightly or weekly They all give one member — the host — the stipulated amount And the donation rotates periodically until all members have received the joint contributions.

Since money is known to cause deadly squabbles between brother and brother, there have to be checks and balances The group could make sure that each member signs on the dotted line, but the law doesn't give a bean about stokkies, there is no legislation which governs them

That, however, is no big deal. For the stokvel industry was born in adversity but has thrived nonetheless. Savour how Lukhele traces the origins of stokvels in his book, *Stokvels in South Africa*, published by Amagi Books last November.

Urbanisation forced blacks off their rural productive land and drove them to the cities where overcrowding and diseases led to many dying. Most migrant workers, in deference to their ancestral roots, wished to be buried in their far-off villages. But they did not have the money — so they pooled their funds to ensure their dead brethren were buried on their home soil.

That was in 1932 when the first recorded stokvel was launched on the Reef Its name The Bantu Burial Society

Stokvels have their own modus operandi. Members in a group are either relatives, neighbours or colleagues Outsiders, or "dark horses", can also join the group provided they are known to resident members who vouch for their integrity Credentials for membership are trustworthiness, reliance and a good personality. These basic human virtues are the backbone as millions meet every weekend for different types of stokvel parties —which generate R52-million a month.

Stokkies today aim at less sepulchral purposes than funeral expenses Some members swop money in order to start up business ventures, buy furniture, groceries and cars; and keep the wolf from the door.

Just as the missions have changed with the times, so have the names. A stokvel at Kagiso township on the West Rand is called Fatuku, that is, a dish-cloth It is understood that the cloth is waved around when the party is in full swing and that gets everybody ecstatic Some stokvel names — such as Matsogo (hands) — are communal symbols which define the precise nature of the stokvel (Hands refers to a Tswana proverb — *Matsogo dinku a a thebana* — roughly translated as one good turn deserves another)

Other names speak volumes about the members' lifestyles and tastes. Most stokkies around the Reef derive their titles from elegant fashion stores whose clothing is favoured by the members There are, for instance, Palazzo Pitti, Lacoste, Daks of London, and Kappa Sport stokvels

Other members have named their groups after their favourite liquor brands. And, in those shindigs, the members make religiously certain that the brands are in copious supply But booze does not abound only in stokvels with liquor-related names

Alcohol is the spirit of any stokvel Although the law ignores stokvels, it pays attention to them once there is alcohol consumption. So much so, that the Liquor Squad has often disrupted the parties, arrested revellers and confiscated the liquor, claiming members were contravening the Act by selling liquor without a licence

The first activity when a stokkie begins, as we discovered at Sweet Sunday stokvel in Wattville near Benoni, is for the members to fork out the money to the host.

The host has to cook food and buy alcohol. The victuals and booze are sold at higher prices so that the host can make money His obligation is to play music.

The music at Sweet Sunday boomed from high-voltage speakers But the members weren't on their feet — yet They were lolling outside the house while some were drinking and conversing in the lounge They were biding their time, waiting for the sun to set.

With sundown stokkies get off: the music gets louder, the members dance their feet off, conversations become amicably rowdier, the drinking is more aggressive ... until midnight or beyond.

It's not only the members of the stokvels who favour the concept. Political organisations also think they're a great idea.

"It's a sort of co-operative venture, a way in which poor people outside the formal sector try to uplift their lives," says African National Congress economist Tito Mboweni

"The economic co-operative empowerment of stokvels demonstrates that blacks can set up their own structures to create wealth for themselves and change their lives," commented Lybon Mabasa, the Azanian People's Organisation projects co-ordinator. "One has to applaud their togetherness, they don't do anybody down as free enterprise does."

STATE THEATRE

Informal sector's role downgraded

(153A)

B/Day 18/3/91

THE informal sector's contribution to the economy has been revised downwards drastically, latest estimates show.

A Reserve Bank spokesman said last year's expectations of a 10% to 15% contribution to the GDP by the sector had plunged to between 6% and 8%

"Raw material purchases by the sector in 1990 amounted to less than 5%. Even when the value added component is taken into account it is totally unrealistic to expect the sector's contribution to be anything more than 6% to 8%

"There is no way it can keep the economy going on its own," the spokesman said

However, he stressed the Bank acknowledged the sector was an important part of the economy

Unisa Economics professor Stef Coetzee confirmed at the weekend that figures had been revised downwards

"The informal sector is a reflection of the state of the formal sector of the economy where growth rates have been far from the 5% and 6% needed. We must start looking at improved levels and the type of growth needed for the local economy," Coetzee said

He said an employment-creating growth path was the only way forward for SA

"There has been a consistent increase in unemployment The labour absorption capacity of the economy has declined from 73% in the 1965/70 period to 12,9% between 1985 and 1990"

He said together the informal sector and the subsistence sector absorbed 28% of the labour force. He stressed that every effort should be made to sustain the informal sector as it was a key part of the economy.

"An accurate figure is difficult to determine in the absence of a representative survey for the country as a whole

Business Day Reporter

"The informal sector serves as a catchnet for people outside formal employment opportunities and given the expected low rates of economic growth more people will have to eke out an existance in the formal sector.

"However, eventually we shall have to get the formal sector of the economy growing along the lines suggested above," Coetzee said.

He said a researcher at the Development Bank of Southern Africa had analysed 44 community level studies conducted between 1975 and 1985

"It was calculated that 22% of the economically active black population was involved in the informal sector in 1985 With the total economically active population in 1985 taken as 7 814 821, some 1,72-million individuals were estimated to have been involved in the informal sector in 1985," Coetzee said.

"From the community level studies, the weighted average monthly income per person involved in the informal sector was calculated as R350 a month or R4 200 per annum

"For the total number of 1,72-million individuals estimated to have been economically active in the informal sector, a total income of R7,2bn would have been generated in 1985"

With the recorded personal income of blacks according to the Bureau of Market Research amounting to R20,57bn in 1985, this implies that 25,9% of the total income of blacks went unrecorded.

This amounted to 6,5% of the GDP of SA in 1985 (R110bn)

PEANUTS

Contribution to GDP plunges to 6% — 8% . . .

Informal sector economic input revised downwards

Cape Times 18/3/91 153A

Own Correspondent

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MONEY MATTERS



Jane Mdaki displays a dress designed by a Fed member.

Fed gives jobless a skill base

By SOPHIE TEMA

A DURBAN organisation which teaches unskilled and unemployed adults to run their own cottage industries has opened a branch in Johannesburg.

The Foundation for Entrepreneurship Development (Fed) is a non-profit organisation which depends on private sector support for its survival.

Directors of the organisation said support during the five years of its existence had come mostly from overseas.

This week two sponsorship cheques were handed to Fed – one for R25 000 from the German government and the other for R8 000 from the Ithuba Trust.

The contributions will be used for the extension of the organisation's services in squatter areas around Johannesburg.

The Get Ahead Foundation has also made loans available to Fed graduates to start their own businesses.

Fed hopes to open other training centres throughout the country, where the unemployed will be taught business and sewing skills.

Fed executive director Dr Dennis Wolmarans said the shortage of sponsorships has restricted the Foundation to running programmes in the clothing-related field.

"But with further funding the programmes could be extended to other fields like carpentry, leatherwork and welding," he added.

Wolmarans said the Foundation was also working towards presenting youth development programmes if the necessary sponsorship could be made available.

Investors on the run

MONEY TALK

THE surge in prices on the Johannesburg Stock Exchange last year, just before the release from prison of ANC deputy president Nelson Mandela, was generally interpreted as being due to foreigners buying shares in South African companies because of confidence in the country's future

A review of the past year's trading figures on the JSE, however, reveals that foreigners have been selling South African shares

What apparently happened was that many South African investors bought shares through London

This mistaken "foreign" buying encouraged local confidence and, in a happy merry-go-round, prices surged and gave foreigners an opportunity to offload South African shares at handsome prices

Foreigners have been disinvesting through the stock exchange for more than five years and there seems no end in sight

Unfortunately, South Africans are not allowed to invest on overseas stock markets due to the shortage of foreign currency and the resultant Reserve Bank restrictions

Because everybody is chasing the same shares, prices continue to rise, creating an impression of a strong market

Why are foreigners disinvesting?

Economists and stockbrokers say the main reason is lack of confidence in the political future of South Africa. Another is militant trade unionism in the country and the declining productivity and competitiveness of our industries

International confidence in our ability to manage the country politically and economically must be restored, because it is now clear that foreigners are not backing their political views with hard cash.

SATURDAY MARCH 16 1991

Drive to protect black business

BUSINESS DAY



(1534) 6/L Mgis 16/3/91

By TOM HOOD
Business Editor

EUROPEAN businesses and governments are being asked to plough millions of rands into Khayelitsha and other black townships to help small businesses.

One aim is to boost employment among cash-strapped and emerging black businessmen and help them compete against incoming white capital after the ending of the Group Areas Act.

Twelve European cities are being visited by Mr Theo Rudman, director of the Self-Employment Institute and author of business books, on a government-sponsored trip to meet European politicians, government officials and top management in big business

Mr Rudman, who regularly tours Khayalitsha and other townships to teach basic business skills to emerging businessmen, left South Africa armed with videos to show Europeans the township conditions under which black businessmen struggle

He will visit Zurich, Berne, Vienna, Munich, Stuttgart, Bonn, Frankfurt, Copenhagen, Oslo, London and Lisbon.

"I want to show what is happening in the townships with emerging business people and show what sanctions are doing at grassroots level," said Mr Rudman before leaving Cape Town

"Having imposed sanctions on this country, the international community has an obligation to assist the massive task of providing management expertise and access to capital for emerging business people.

"There are many opportunities for joint ventures between blacks and the international community

"I believe unemployment can be eliminated and inflation reduced to single figures by the year 2000 This has already been achieved by both South Korea and Taiwan"

The country's 4 million black school leavers in the next 10 years are faced with three career opportunities — crime, revolution and self-employment, he said

"Fortunately for South Africa, vast numbers have turned to self-employment as a means of creating their own jobs."

"A great phenomenon is happening — the creation of wealth on the squalid squatter camps that have sprung up. The size and importance of this wealth is demonstrated by the estimated R79 million-a-year worth of business created entirely in Khayelitsha."

Mr Rudman estimated the township, a little over five years old, is settled by about 500 000 immigrants from the Transkei and Ciskei

They flooded to the townships at 8 000 a week and had settled down to a steady 8 000 a month

With little capital, education or help these people were creating meaningful self-employment and the squatter townships were the only places in South Africa with true private enterprise

Market analysis is fundame

153A W/L ARGUS 16/3/91

THE Small Business Indaba is a bi-monthly column, a joint venture between the Small Business Development Corporation (SBDC) and The Argus It is designed to offer advice to those considering entering business for themselves and to act as a sounding board for those encountering problems For further information contact ☎438 7019.

SMALL BUSINESS INDABA

Compiled by the SBDC

ONE of the most fundamental requirements in planning and starting your own business, and ensuring that it may have survival potential, is to spend a great deal of time determining and analysing your market accurately And, the more accurate and realistic you are in your assessment, the better equipped you will be to deal with what lies ahead

Some of the most successful small businesses are those which took sufficient time at the outset to research their target markets in detail, and used the subsequent information to develop an appropriate marketing strategy to penetrate that market and service its needs.

Correct marketing is crucial to any business, and can directly impact on turnover, gross profit and the image projected by the enterprise.

In developing a comprehensive marketing plan and strategy, the following questions should be addressed

- What products and/or services do you intend selling and why?
- Who is your target market and why?
- Where will you sell your product or service from and why?
- Who are your competitors and how will they affect your business?
- How will you market your product or service?

To answer these questions requires a systematic approach:

■ **Identification and analysis:** It is by no means an easy task to accurately determine and analyse your potential market, as one often has to face unquantifiable dimensions and make certain untried assumptions It is advisable, however, to keep the following principles in mind. be painstakingly comprehensive and analyse every conceivable element, be realistic and not over-optimistic when determining your market and potential market share, ask neutral outsiders to critically analyse your market plan and proposed strategy

■ **Market potential:** The first step is to identify and analyse the following: define exactly who your customers will be in general terms; determine the total market spending power or potential for your product/service in rand terms, define the geographical parameters of the potential market

It is obviously not always easy to obtain this information. Often it is necessary to reply on assumptions But there are many sources of information from which you could begin your task Some of these include Central Statistical Services, CSIR, Local municipalities and local authorities, National Productivity Institute, SBDC Information Bank, Small Business Units attached to the universities; suppliers of stocks and equipment; customers, libraries; chambers of commerce, trade associations; SBDC Information offices, competitors; own experience.

Some of the information garnered from these sources may sometimes be slightly dated, theoretical and not completely applicable to your venture. It means that you may have to conduct your own first-hand research. This could, however, prove to be useful learning experience and eliminate a lot of pitfalls later on

■ **Target market identification** This involves some of the following elements

- The geographical borders/parameters of your proposed business
- Current market share of competitors
- The strengths and weaknesses of competitors
- All factors which could possibly exert an influence on your market, such as race group, religion, age group of parents; age group of children, income patterns, behaviour patterns, number of domestic servants, rate of residential development and commercial infrastructure; services offered, access routes, proximity to other services, residential work patterns

■ **Projected market share** In endeavouring to arrive at a realistic projected market share, it would be prudent to scale down your target market by subcontracting the effect that every other conceivable influencing factor might have and forecasting a conservative and realistic projected share of the "cake" you may be capable of handling

■ **Calculated turnover or sales** When calculating expected turnover or sales, recognise at the outset that it does take time to establish a market, there may be seasonable fluctuations, and, finally, look at all possible scenarios

■ **Market strategy** There is a need to establish some sort of strategy which will match your products or service with the person, client or business which may have need or use for them

An effective market strategy is one which is generally capable of explaining some of the following

- Product or service
  - what product or service you are going to sell?
  - why you believe people will buy your product and not the competition's?
  - where are you going to buy your product or service needs from?
- Place
  - where you are going to operate from?
  - why did you choose that particular location?
- Price
  - at what price are you going to sell your prod uct or service?
  - how does this compare with your competitors' prices?
  - why do you think people will by your product or service at your prices?
- Promotion
  - how are you going to sell/market your product or service?
  - how are you going to promote your product or service?

The subject of market analysis and developing a marketing strategy is just one of the elements concerned with small business development that is contained in a series of practical courses being run by the SBDC from its offices at 60 Sir

  - how are you going to monitor the effectiveness of your marketing strategy?
  - what constraints might detrimentally affect your marketing strategy?

Lowry Road, Cape Town

The "How to Start Your Own Small Business" addresses the basic skills required to successfully start a successful small enterprise. Vacancies still exist for aspirant entrepreneurs or those already in business to enrol in the next series of courses starting in early April. For more details concerning the courses and their content call Andre de Jager at the SBDC at ☎(021) 462 1910.

Transforming townships

B/Day 14/3/91

153A

IAN CLARK

THE scrapping of the Group Areas Act removes the restrictions on white-owned businesses from trading in the townships. Do the opportunities provided by this change outweigh the costs? Nafcoc for one believes they do not

The Nafcoc argument reported in last Monday's Business Day, that supermarkets should be kept out of black townships in order to protect black retailers is, however, simplistic. Why should black retailers be protected at the cost of black consumers? It is more realistic, as Achib suggests, to promote specialist outlets which have natural, consumer-oriented advantages over chain stores Such an advantage need not be any more costly or complex than the extended trading hours of a spaza shop, or the ability to sell goods in small quantities (for example, single cigarettes or sweets) to the very poor

The issue runs much deeper than a simple consumer/retailer clash of interests The question is whether the townships can ever be transformed into suburbs, with the usual suburban amenities

Urban townships in SA were created as worker dormitories. Business was limited to convenience stores located, designed and built by the local administration boards. Products which could be sold were limited to grocery items, with everything else being bought in the "real" business areas in white towns.

These stores were rented, and licences issued, at the discretion of the township manager Often licences and leases were "sold" for a monthly fee This fee was increased if profits went up, actively discouraging improvement to the business. Alterations to buildings ran the risk of incurring the disapproval of the owner of the building, and the original licence holder taking possession of the business before the investment could be recovered.

Today with chain stores on the periphery of the townships, and spaza shops in the centre, the retailer is being squeezed out of existence Businessman Joe Hlongwane believes township retailers are "on the edge of a precipice" with no hope of an internal solution

Everyone is losing Residents have to travel long distances to buy products not available in the townships and pay high prices for those that are. The low level of local business activity provides few opportunities for would-be formal business.

The business activity centring on a township chain store would create business opportunities for local entrepreneurs, as well as lower prices for shoppers Niches will open up for specialist satellite stores, and shoppers will be attracted back to the areas in which they live

The opportunities created would initially be for businesses providing consumer products and services, such as pharmacists, bookstores, greengrocers, educational suppliers, electronic equipment suppliers, clothes stores, toy shops, estate agents, medical services, florists, insurance brokers and tutors.

In time, these businesses would generate further opportunities for suppliers of business products and services

Is it realistic to expect the chains to move into the townships? No, not as things stand.

Not only is there the obvious and vexed issue of security, but other perhaps subtler issues need to be addressed. Electricity is a good example of these issues Even where rent boycotts are not a problem, township electricity is supplied intermittently This is bad enough for a family, or any small business requiring refrigeration facilities For a hyperstore it is simply not viable Nor is the alternative of an independent supply of electricity acceptable A lit-up supermarket blazing out in solitary glory while everyone else in the area fumbles for candles and paraffin lamps is asking for swift retribution The same goes for other township services.

It is inevitable that townships will remain ghettos unless they become the focus of significant formal economic development.

Innovative ways will need to be found of making both residents and retailers with a high level of expertise come together to mutual advantage. For example, mobilising stokvel and savings club funds to give residents a share in their suppliers' success will not only give these funds a better return than they now enjoy but will also enhance the relationship between customer and retailer.

The removal of racial legislation by mid-year will not only open up opportunities for business, but it will also give township communities the chance of shaping their own destinies Individuals and groups with this vision will take the initiative to ensure that this happens to the advantage of all

☐ **Clark is the director of Wits Business School's Centre for Developing Business.**

SOWETAN BUSINESS

Red tape and boycotts spell disaster for traders

Sowetan 7/3/91. (153A)

BLACK business on the Reef is facing collapse.

A snap survey by *Sowetan Business* has shown that the reluctance by financial institutions to grant loans to black traders and the termination of essential services by local authorities as a result of rent boycotts have contributed to the plunge in sales and profits

With the imminent scrapping of the Group Areas Act and the emergence of large supermarkets on the periphery of black residential areas,

By JOSHUA RABOROKO

black businessmen are bracing themselves for a bleak future

The emergence of the informal sector has also compounded the problem

The number of hawkers and spaza shop owners is estimated at about 12 000 on the Reef alone

"We are on the edge of a precipice and unless something dramatic happens, we are all going to be forced to close down our businesses," the president of the Southern Transvaal Chamber of Commerce and Industries, Mr Joe Hlongwane, said

Hlongwane, who is also senior vice-president of the National African Federated Chamber of Commerce, said the death knell might affect black business countrywide

A high-powered delegation of black businessmen was intending to see State President Mr FW de Klerk and Minister of Finance Mr Barend du Plessis to present a list of grievances, Hlongwane disclosed

He said major financial institutions were reluctant to grant loans to blacks because "we are often regarded as risks whereas other races get assistance easily"

"The boycott of rent has caused local authorities to cut off services to businesses in the townships

"We are told that traders have to pay, despite agreements entered into between them and the civic associations regarding the payment of arrears

"The authorities have left us out of negotiations regarding the payment of these facilities. The termination of services has greatly affected our operations and we are facing prospects of closure," he said

For instance, Soweto businessmen have been told to pay their rents or face prosecution because they were not covered by the accord between the Soweto Civic association, the TPA and the mayors of Greater Soweto

The accord provided for the writing off of the R515 million arrears on rental and services for all residents.

Businessmen in other PWV areas hit by the rent boycott have received similar letters from local authorities.

An appeal has been made by their chambers to unite in their fight against the exclusion

The president of East Rand Chamber of Commerce, Mr Joshua Nyamane, said several shops had been forced to close down in Tokoza because services such as electricity had been cut off

Businessmen in other East Rand townships feared that drastic action would be taken against them by the authorities

Hlongwane said chambers would consult with civic associations and other organisations in a bid to fight the rent question



JOE HLONGWANE

The scrapping of the Group Areas Act would add salt to the injury while the mushrooming of spazas was a serious affliction, he said.

Nothing is small in this business

153 ff

Sowetan 5/3/91

IN line with our Nation Building Campaign *Sowetan Business* today starts a series of lectures on how to draft a business plan. Today LUCAS NTULI looks at why small businesses are regarded as important.

THERE is a growing recognition that decision makers in this country are facing formidable challenges which call for far-reaching strategies

In the short term, at least, there is a great need for creative thinking in order to create jobs for millions of unemployed people in this country.

The problem is such that companies can no longer absorb the pool of the ever growing number of the jobless. There is also little hope that formal job opportunities will be any more plentiful from these companies in the near future

It is therefore essential that a great number of economically inactive people are encouraged to become active players in our country's economic issues

This should take the form of encouraging them to become capable entrepreneurs in order to create jobs for themselves and others

The growth of the small business enterprise is one of the most important future sources of employment in South Africa. It will also be essential to the long-term economic development of the country.

Small business development in South Africa is pivotal to a prosperous society. It can also be in a position to meet the growing needs of its expanding population

Whatever the diverse aims of people of South Africa, without economic growth everything else that people want will slip out of reach.

Small business is geared to grow, particularly where it matters most - provision of employment for the large number of people entering the labour market

It is for these reasons that small businesses find themselves in an unaccustomed position of being regarded by the Government and by big businesses as very important.

The most disturbing point is that many of these small businesses fail after having coped with the period of "survival." On closer examination, it has been proved that failure, instead of success, and growth is mainly due to lack of planning before going into business

* On Thursday Ntuli will look at how a business can be planned.

Stokvels form legal arm to aid members

Sowetan 15/2/91

153A

By JOSHUA RABOROKO

THE National Co-operatives Society of South Africa, representing hundreds of burial, *Mohodisano* and women's clubs, has established a legal division to advise members on their various problems.

The Nacsa's executive director, Mr Sam Muofhe, has said that the division would attempt to resolve problems in areas which had been neglected by the societies for a long time.

Benefit

This is the second major benefit that the members will receive from the association after it earlier introduced insurance and funeral schemes covering members' families, including those with extra spouses.

The formation of Nacsa as an umbrella body of burial societies, women's and moholisano clubs, has been regarded as a crucial step towards releasing and harnessing the vast potential of these clubs in attaining economic empowerment.



SAM MUOFHE ... plan to solve family problems.

Muofhe said: "This empowerment is urgent in the face of impending moves towards making South Africa a non-racial democratic society in which participation of Africans together with fellow citizens in every sphere of life is an imperative. It is a tremendous challenge."

He said the objective of the legal unit would be to advise members, not only on burial societies' related problems, but also on such issues as drafting their own constitutions.

Conflicts within bereaved families due to lack of knowledge and administration of deceased estates and the drawing up of wills for the layman will be attended to by members of the legal unit, he said.

"We are appealing to members to make use of this facility, especially because signing of wills is very important. We hope this will solve more headaches and provide happiness to people remaining and even those not yet born," he said.

"If you do not have a will," he added, "sometimes the Government might take your money if nobody comes to claim it. It is wise to avoid confusion after your death - be on the right track."

Small business boost

By Michael Chester (153A)

The Small Business Development Corporation has propelled the overall value of loans handed out to budding new entrepreneurs above the R1 billion level in celebration of its 10th anniversary.

More than 26 000 new small business enterprises have been launched or given rescue since the SBDC was incorporated in 1981 as a result of initiatives by Dr Anton Rupert, head of the Rembrandt empire

More than 260 000 jobs have been created in mini-businesses, ranging from hot-dog stands and back-street motor workshops to small engineering firms and home industries.

Managing director Dr Ben Vosloo says the SBDC's contribution to holding a lid on unemployment and expanding the small business base in the economy was achieved at a cost of no more than the purchase of two jumbo jets.

Star 4/12/87

Organising the world of business

● From page 1

go I went home to mother feeling very perturbed"

After some soul-searching she realised she needed to confront her future and got a job at the Johannesburg Chamber of Commerce

"Sometimes we need an external force to propel us, someone to push us out"

A card-carrying sceptic, Mrs Herr says she hardly believed a word any businessman said because of her background in consumerism.

She started as a minuting clerk and ran a couple of committees She admits to have produced the worst possible minutes for her first meeting

"It was a transport committee meeting and I had to telephone members afterwards to ask them what they had been talking about, such was the undiscovered jargon. I didn't understand a thing they were saying"

Various promotions within the Chamber led her to launch the Soweto tour programme.

Such was their excitement at the visit, the pin-stripes coughed up without dispute

The trailblazing tours have become legendary on the Johannesburg business scene

Mrs Herr and husband Mervyn decided to move to the Cape five years ago simply "because this is the only place to be"

She worked for a year at the Cape Chamber of Industries before stepping out on her own organising seminars, the first of which was for economic seer, Mr Clem Sunter

"It is really because of Clem that I got into business on my own He asked me to do handle a presentation for him"

She says husband Mervyn has been "a brick" and questions whether her passage into business would have been as swift if she had been concerned with paying the rent

Turning to a "How to Start Your Own Business" booklet she produced for the Johannesburg Chamber, she set about doing just that.

"The name Pam Herr Organisation says just what I do — that's organise"

A past master at networking, she has built up a formidable array of contacts in all walks of business and social life.

She has organised dozens of seminars and conferences in the four years she has been on her own.

This year plans include an environmental conference for the Fairest Cape Association, industrial relations seminars and a conference for women entitled "Investing in Yourself and Your Career"

Mrs Herr is an executive member of the Cape Town Chamber of Commerce, PR for the Cape Town Business and Professional Womens' Club and National Association of Businesswomen Owners.

She is also a member of the Womens' Bureau and the Institute of Personnel Management as well as vice president of the Cape of Good Hope Lions Club.

CHH-Tarr
12/11/91

153A

SA's small businesses top world success ratings

Own Correspondent

JOHANNESBURG. — Small businesses in SA were setting a new economic trend, reflected by an annual 82% success rate in comparison with the rest of the world's 45%, Small Business Development Corporation (SBDC) GM Sonny Tarr said yesterday.

"With small businesses growing nearly four times faster than the recorded economy, they are a rising economic force to be reckoned with especially in the current changing business environment," he said.

In SA the formal small business sector contributed 26% towards the gross domestic product and generated about 75% of new jobs while it was responsible for 38% of all existing employment opportunities, Tarr said

Furthermore, business enterprises in the country, which totalled between 1,4m and 1,6m, comprised nearly 75% of small businesses.

However, the current economic downturn would also spill over into this sector, since small business enterprises were the first to "suffer" in a recession, Tarr said.

Although this could result in a marginal rise in the estimated 18% failure rate of small businesses, "these enterprises had the ability to adapt more easily to changing circumstances than any other business venture".

Local companies had also over the past five years come to realise the growing importance of small businesses and their contribution to a struggling economy

This was reflected by the increasing number of large businesses which were making use of subcontracting and services offered by small enterprises

Before you teach a man to fish, find out why he can't

153A B/Day 25/2/91

GILLIAN GODSELL and ERIC LOUW

MAKING the new South Africa work will be the preoccupation of the 1990s. Providing assistance to small businesses has been portrayed as a seductively simple way of achieving this, as it provides an arena for achieving national as well as personal economic well-being.

However, some caution would be in order A recent Wits Business School Centre for Developing Business report on small business promotion warns against over-optimism.

The report's warnings fall into two categories. Firstly, it suggests that the more general the form of help offered, the less likely it is to succeed. Intervention must be targeted at specific beneficiaries, via specific programmes and, crucially, at specific industries.

Secondly, the report suggests we have gone far too long without questioning some basic assumptions about small business and the effectiveness of interventions.

Many of these assumptions are subsumed in the saying that it is better to teach a man to fish than to give him a fish. The first assumption underlying this piece of folk wisdom is one of incapacity. To teach a man to fish, the prerequisite is a man who cannot fish.

The second assumption is that an external agency can provide the necessary skills. A man who cannot fish, who has not taught himself to fish, who has not learnt from his mother, father or friends how to fish, can be taught by an outsider.

Third, it is assumed that acquisition of the skill will provide some wider meaning: the end result will be not just an individual who can fish, but an independent individual no longer a burden on society.

How does this translate into a study of small business interventions? We can use the fishing analogy to make it clear. An intervention is unnatural. If a woman lives beside a lake teeming with fish and she learns fishing as part of growing up, that is not an intervention. If she develops for herself, or in partnership with community members, new more efficient ways of catching fish, this is not an intervention. An intervention requires an intervener who is not a natural or permanent part of the beneficiary's environment.

From this analogy it is clear that for an intervention to succeed, interveners need to understand why an intervention is necessary. Why does that man not know how to fish? Perhaps the reasons are practical. he does not live in an area where fish abound In this case, teaching him how to fish is not likely to be helpful. Small business development must be based on available resources

Perhaps the reasons are social and mutable — the man is an orphan, and has no parents to teach him how to fish. The simplest intervention replaces a missing natural factor or process — collateral for people prevented from buying houses. Perhaps the man does not fish for reasons which are social and immutable: cultural or religious prohibitions or personal fears exist. In such a case an intervention would be more complicated and the outcome less certain.

Reasons for intervention are most often defined in terms of either group need or group deprivation. But individual patterns must also be taken into account. patterns of entrepreneurial competence and incapacity, levels of aspiration and modes of achieving goals.

Congruence between the intervener's strengths, weaknesses, goals and methods, and those of the recipient, is essential.

If we are teaching women to make garments, the teacher must be a proficient sewer or knitter, not just a good accountant. The pupils must be as keen as the teacher and a steady market for garments must exist.

Environmental analysis is also essential. Where are the fish and when are they there? Fitting an economic activity into a pre-existing physical or business environment is one of the factors which affect the likelihood of success Warding off starving in a village by teaching fishing will work only if there are enough fish all the time. Making T-shirts is worthwhile only if there is a market for T-shirts

When these questions have been answered, clearly targeted interventions can be developed. This is aimed not only at particular beneficiaries but at a particular industry, where survival or growth of small business might logically be expected according to economic and market criteria, rather than according to the beneficiaries' need

Support to people who want to start a business may take the form of loans, training, counselling, subsidised premises or venture capital. The problem with using this type of intervention to help the poor is that it is expensive People disadvantaged by an incomplete education or a lack of property generally need a lot of help before they are able to run a successful, substantial, business

Spending a lot of time and money on each beneficiary makes it impossible to reach them in significant numbers, while spending less time and money on each beneficiary reduces their chances of success.

The solution, perhaps, is to help only competent entrepreneurs. With relatively little help, they will be able to run successful businesses and create jobs However, besides the fact that most true entrepreneurs will succeed with or without external assistance, the poorest will again be left in the cold because profit-seeking entrepreneurs will employ the best staff they can find. Also, most jobs are created as firms grow, and this takes time.

It is difficult to escape the conclusion that small business and the informal sector cannot offer a quick solution to poverty and unemployment. To the extent that a strong small business and informal sector has positive long-term economic effects, it will benefit everyone in the country But business, whether big, small, or informal, is based on competition, and competition favours the strong Any departure from pure competition — by subsidising or protecting certain individuals — is likely to incur costs These costs may be direct (time and money) or indirect (market distortion, job displacement and inefficiency)

The question that must then be answered is whether these costs are greater than the cost of straightforward welfare Welfare has an immediate effect and is relatively easy to control, while the effects of small business promotion are slow-acting and difficult to predict Policy-makers will be forced to choose between the certainty of immediate but transient benefits and the possibility of deferred but substantial gains.

In SA the needs are too great and the resources too limited for us to be coy about costs To invest resources in one method means diverting resources from others. Help can be offered to one individual only by denying other individuals In assessing the value of this help, not only the direct but also the opportunity costs must be considered.

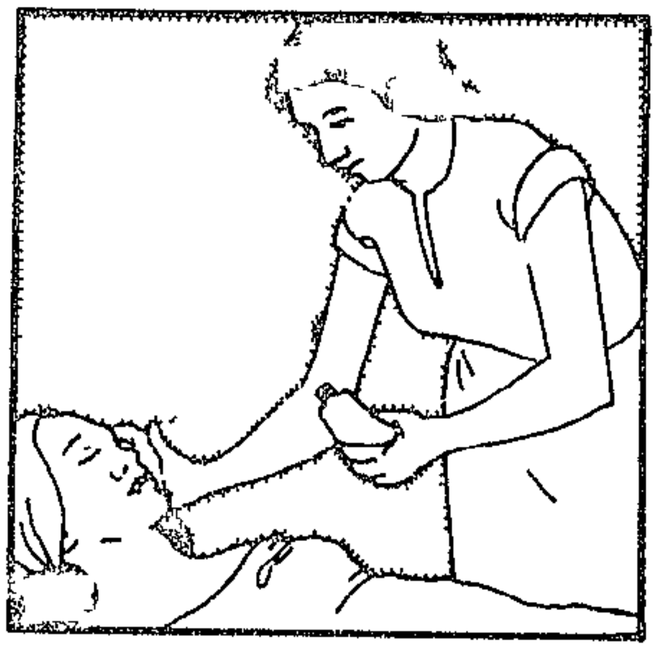
The costs and benefits of small business as a vehicle for making SA work must now become part of the wider economic debate.

☐ Louw is a senior consultant and Godsell a researcher at Wits Business School's Centre for Developing Business.

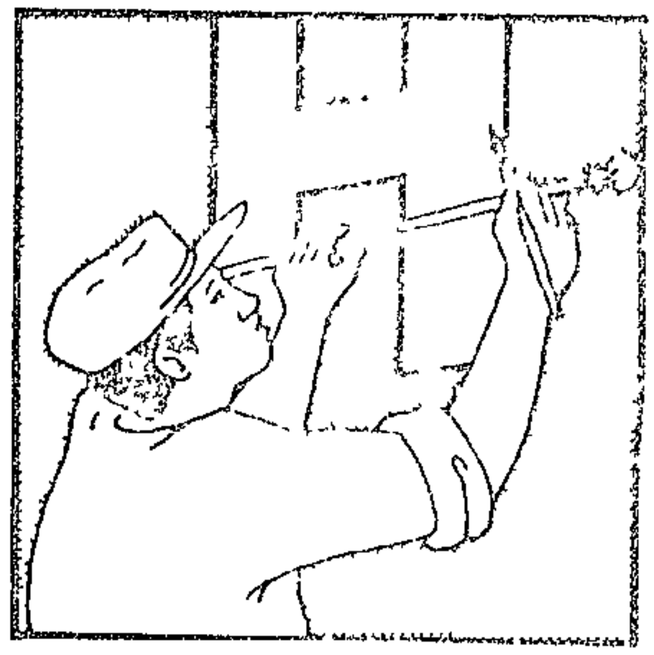
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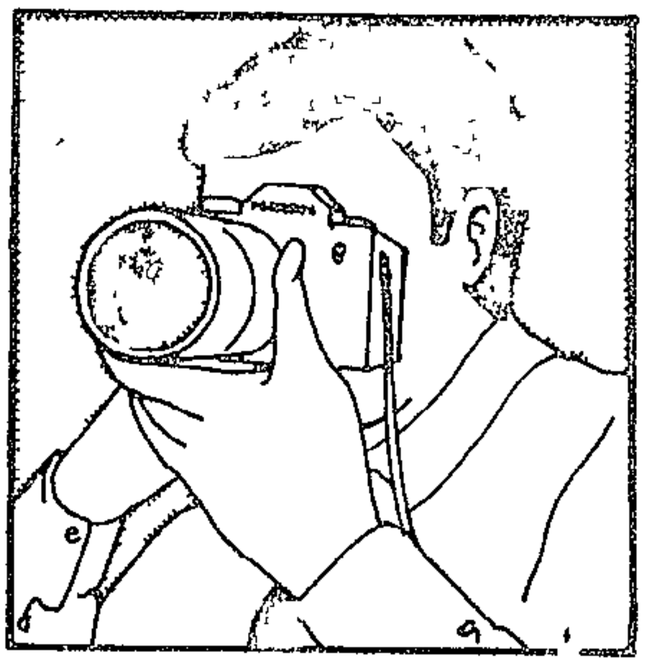
Home Industries







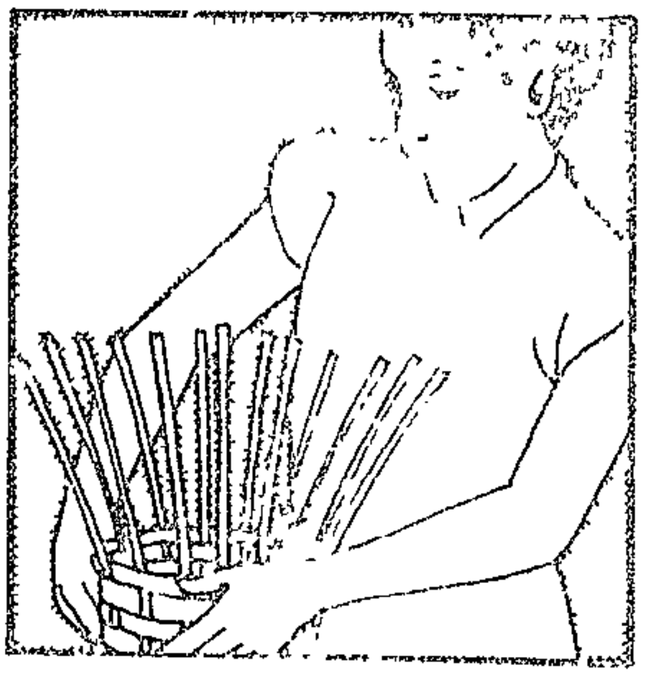












CITY ENGINEER'S DEPARTMENT
TOWN PLANNING BRANCH
OCTOBER 1985

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CITY OF CAPE TOWN · CITY ENGINEER'S DEPARTMENT

CIVIC CENTRE
HERTZOG BOULEVARD
CAPE TOWN
AB/dh/0741H/14

DATE. 85 10.01.

REPORT NO: 64/1985
REFERENCE NO: TP 297

TO. THE TOWN PLANNING COMMITTEE

HOME INDUSTRIES

S U M M A R Y

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S U M M A R Y

Escalating unemployment is one of the most serious problems facing the people of Cape Town. The social costs are manifest, but the resultant escalation in violence and unrest causes a further reduction in the number of jobs created each year. The informal sector can assist in providing employment, often for those who find it the most difficult to gain employment in the formal sector. In the informal sector, jobs can be created more cheaply, jobs are created that would not otherwise exist, people are able to supplement their incomes and the level of service and convenience is increased in residential areas.

This report focuses upon the home industries segment of the informal sector, which is comprised of secondary production and service activities. Some characteristics of home industries include: a small capital base, a small scale of operation, fewer than three employees, part-time operation and location in a home. The report recommends an amendment to the Town Planning Scheme that would allow home industries to operate more effectively while maintaining the City Council's protection of public welfare and wellbeing.

Home industry is a subsistence-type activity. It is not, in general, lucrative enough to support a whole family and usually functions as a supplement to family income. These home industry concerns are generally very small, with unpredictable returns and consequent instability. Nevertheless, home industries make an important contribution to the raising of living standards and, under present circumstances, warrant sanction in recognition of this role. They provide some employment in a situation where jobs are increasingly hard to come by and they fulfil an otherwise uncatered for demand.

Home industry operators experience a number of problems in establishing and running their concerns. These problems include zoning restrictions; tenancy agreements which preclude any business activity from occurring in housing leased from the City Council; the Housing Act which only allows the conversion (in exceptional circumstances) to any other use of a building which has been erected for residential purposes; title and township conditions; inappropriate licensing categories; restrictions in terms of the National Health Regulations; restrictions on advertising; constraints on expansion; lack of space and a lack of time to devote to the business because of other commitments.

The proposed amendment to Section 22 of the Town Planning Scheme would permit certain activities such as the professions, tailoring or hairdressing in any Dwelling House or Double Dwelling House. Other activities, such as

spraypainting or maintenance work will only be permitted with the Council's special consent. Home industries in flats will also only be permitted with the special consent of Council. The revised Section 22 will still allow an advertising sign to be displayed, although its size is limited to 0,2m^2. The number of employees permitted is limited to two (the operator and two others) and the actual floor space used is also restricted.. In terms of delegation 65.14.4 of the Standing Orders, the City Engineer is delegated the power to grant the special consent approvals which are required by this amendment.

RECOMMENDATIONS

It is recommended:-

1. That Section 22 of the Final Statement of the Town Planning Scheme be amended in accordance with the attached Draft Notice.

2. That the City Administrator instigate and pursue an appropriate amendment to the schedules of the Licenses Ordinance, 1981, since it does not, at present, cater adequately for the envisaged home industries.

3. That the City Health Department continue to pursue the matter of gaining discretionary powers in respect of the Housing Act, 1966 in order to permit the Medical Officer of Health to invoke the Act only in cases where in his opinion any particular activity will lead to a reduction in residential accommodation or available living space to such an extent that it has a detrimental effect on the occupants.

4. That the Housing Committee consider altering tenancy agreements so that home industries are permissible in Council Housing Estates, in accordance with the principles outlined in this report. The relaxation of the prohibition on home industries should be applied in a discretionary manner, along the lines of the
--- attached Draft Notice.

5. That I be requested to undertake a study to investigate how provision can best be made for those home industries which become too large to be accommodated in the home. Alternative sites, factory flats and crafts markets are amongst the alternatives which should be investigated.

6. That I be authorised to report upon the retailing segment of the informal sector and design more flexible controls similar to proposals for home industries in this report.

INTRODUCTION

Escalating unemployment is undoubtedly one of the most serious problems facing Cape Town. The social costs of mass unemployment speak for themselves - poverty, illiteracy, malnutrition etc., but there are also repercussions from the violence and urban unrest that climaxes when large numbers of people are affected. The resultant tension causes a loss of confidence in the economy, which in turn means that less investment takes place, which means that even fewer jobs are created.

In order to satisfy the estimated demand for jobs in Greater Cape Town between 1980 and 1990, 77 new jobs will have to be created each working day and this figure increases to 86 jobs in the 1990's.(1)

We can no longer afford to overlook the contribution that the informal sector can make in ameliorating the unemployment problem. Although the solution to the problem does not lie in the informal sector, it can go some way in providing employment, especially for those who find it the most difficult to gain employment in the formal sector eg. the youth and the disabled. The major advantages of the informal sector include the facts that jobs can be created more cheaply; jobs which would not otherwise exist are opened up when the informal sector is able to operate; people are able to supplement their incomes and a raised level of service and convenience is manifested when informal sector activities are interspersed in residential areas.

The informal sector can be divided into two fairly distinct parts: one concerned with production and services, ie home industries, and the other with retailing ie. only buying and selling. This report focuses upon the home industries segment of the informal sector, although it must be recognised that the resale of goods, especially foodstuffs, offers a markedly more lucrative alternative.

The characteristics of home industries are varied, but typical of most would be: a small capital base, a small scale of operation, fewer than three employees, operators and employees who can compete least effectively for jobs in the formal sector, part-time operation and location in a home.

Local authorities are often accused of being overly-restrictive of home industries and informal sector activity in general, especially in the face of escalating unemployment and poverty. While this may be true in some cases, the public health and nuisance concerns underlying most of the regulations are entirely sensible and justifiable. Thus, while it is in the greater public interest that the local authority regulates the activities of small operators, there remains a need for greater flexibility in the regulations in order that the informal sector may operate more effectively. This report therefore motivates an amendment to the Final Statement of the Town Planning Scheme in order to achieve the abovestated aim.

2. THE ROLE OF HOME INDUSTRIES

2.1 EMPLOYMENT GENERATION

The part that home industries play in employment generation is difficult to ascertain precisely since the operations are presently illegal and therefore mostly undercover. The potential numbers of operators are also limited by the regulations and restrictions and it can be expected that significantly more employment would be generated in this economy if the restrictions are relaxed. It will probably also result in a greater number of businesses being established, rather than existing ones employing more people. A survey done by this Department in 1982 on home industries in Mitchells Plain[2] indicated that approximately 70 % of operations there were one-person concerns.

Job creation is cheaper in the informal sector than it is in the formal sector, since capital overhead costs are very low and wage costs are also minimised. Labour is self-employed, drawn from the family, or those who are disadvantaged in the open labour market (viz. the disabled, women and the aged).

The informal sector is most important in a Third World situation and is capable of generating employment more readily than the formal sector. The informal sector as a whole responds directly to the growth of the city because the demand patterns it caters to are closely related to population numbers. It also absorbs those who become unemployed due to retrenchment from the formal sector during cyclical fluctuations in the economy.

2.2 HOME INDUSTRY AS A SUBSISTENCE-TYPE ACTIVITY

From local studies conducted on the informal sector as a whole[3], it is clear that the more profitable enterprises are those involved in retailing food and clothing, while those involved in the production of goods (especially knitting and sewing) are essentially subsistence-type operations. It appears that where people operate without restriction, in the informal (squatter) settlements, they opt for retailing activities. Production activities predominate in the housing estates only because retailing is severely restricted. Home industry is therefore not, in general, lucrative enough to support a whole family and usually functions as a supplement to family income - more of a survival net than a dynamic or propulsive Small Business. The additional income serves to improve the quality of life (and therefore nutrition, health etc.) of families whose main breadwinners are formally employed.

There are times, though, when home industry provides primary income for households which are attempting to reach Household Subsistence Income Level. Saving, or capital generation is not a major goal of economic activity at this level. This sector can be of vital importance in situations where there is an influx of poor, unskilled people into an urban place since they can, in this way, take advantage of the opportunities resulting from collective living in cities.

2.3 SMALL BUSINESS STRATEGIES

Everywhere in the informal sector, operators need to cut their overheads to a minimum. Thus, the costs and requirements of running a home are combined with those of the home industry in the following ways:

- Space in the house or yard is used for the workroom or workshop at no extra rental.

- Wage costs are low because, in the majority of cases, there is only one operator and when there is a need for additional help, use is made of family labour.

- A home-based operator is able to carry out childcare, cooking, cleaning and other household duties concurrently with the home industry.

- The purchase of materials is usually accomplished in conjunction with a trip into town for shopping or other business.

Other strategies include the working of long hours, location as close as possible to their market - especially for the service component such as spraypainting or maintenance work - and the extension of credit to their customers.

2.4 DEMAND

The products and services generated by home industries satisfy a demand that is largely uncatered for by the more formal sector. The more formal sector operates at a larger scale that is often incompatible with the small scale demands of lower income customers and even small business operators. Thus, a part-time mechanic will service simple machinery such as a sewing machine. This mechanic need not be competing with more established concerns since: a) the sewing machine owner might not be able to afford their relatively more sophisticated services and b) it might be uneconomical for them to undertake such small jobs.

Thus, home industry operations are more often complementary to formal concerns than competitive and cater mostly to their own market, which is generally at a much smaller scale than that of the formal.

Partially as a result of particular planning concepts, the arrangement and organisation of facilities and the distribution of activities in most sub-economic housing areas is inappropriate to the inhabitants' economic status and physical mobility. One of the most common problems is that these areas are planned for people who own cars while the people who live there actually rely on public transport. Therefore, home industries operators fill a need in that they provide goods and services within the residential areas that can be reached on foot.

The present informal sector operations, which exist in spite of legal and physical barriers, are a clear affirmation of the demand for the services provided by this sector.

2.5 CONVENIENCE

A scattering of very small home industry activities provides accessible goods and services that would otherwise be unavailable in the residential areas. This more varied land-use mix adds some variety and interest to the residential environment.

2.6 SUMMARY OF BENEFITS

It can be said, then, that these home industry concerns are generally very small, with unpredictable returns and consequent instability. Even though their generative capacity is limited, home industries make an important contribution to the raising of living standards and, under present circumstances, warrant sanction in recognition of this role. They provide some employment in a situation where jobs are increasingly hard to come by and they fulfil an otherwise uncatered for demand.

3. PROBLEMS

Small businesses cannot be seen as the magic cure-all for Cape Town's unemployment ills. The situation is far from ideal and home industry operators face a number of problems, only some of which can be addressed in terms of this report - others have their roots in the wider socio-economic structures of this country.

3.1 ZONING AND TENANCY AGREEMENTS

The major instrument of land-use control is the Town Planning Scheme and its zoning restrictions. Large parts of the city are zoned for residential use only and although "professions" are at present permitted as subsidiary uses in these zones, subject to certain conditions specified in Section 22(1)(a) of the Final Statement of the Town Planning Scheme, other economic activities are excluded.

Land use separation through zoning results in a proliferation of production-orientated businesses in the formal housing schemes rather than retailing activity. Because of prohibitions in zoning legislation, operators are forced to maintain a low profile in residential areas and, in effect, remain "hidden". Retailing is a high-profile activity since potential customers need to have an awareness of its existence and therefore the need to advertise is much greater than that of a home industry.

The City of Cape Town's rental accommodation consists of roughly 46 350 dwelling units (March 1985). The renting of this accommodation is subject to a condition in the tenancy agreement which prohibits the execution of any business activity in such rented accommodation.

3.2 THE HOUSING ACT, 1966

The Housing Act, 1966 (Section 85) at present precludes the conversion of a building which has been erected for residential purposes to any other use, except in very special circumstances. The Departments of Local Government, Housing and Works (Administration: House of Assembly), Local Government, Housing and Agriculture (Administration: House of Representatives) and Local Government, Hosing and Agriculture (Administration: House of Delegates) administer this Act although the Medical Officer of Health has been delegated powers with respect to houses of more than five living rooms. However, the actual approval of waivers in terms of this Act remains the concern of the relevant Own Affairs Administrations. It must be remembered that, since the Medical Officer of Health's delegated powers apply only to houses of more than five living rooms, this clearly excludes most low income housing areas.

3.3 TITLE AND TOWNSHIP CONDITIONS

Title conditions, and also township conditions, are common in Cape Town. One of the most common conditions is that the building should be used for residential purposes only. The removal of such a condition requires an application to be made in terms of the Removal of Restrictions Act, 1967, which involves a lengthy and costly administrative procedure.

3.4 LICENSING

The Licenses Ordinance, 1981 (Section 2(1)) states that - "Subject to the provisions of Section 17, no person shall commence or carry on any business unless he is in possession of a current apposite licence which has been issued or renewed in terms of this ordinance". Thus, if the Town Planning Scheme

(Section 22) is amended to allow home industry operation in residential areas, the operator of such a home industry will still be required to obtain the relevant licence.

There are two major problems associated with licensing of the informal sector in general:

(i) The licensing fees present a barrier to entry for the very small operators of home industry; and

(ii) The licensing system is used as the major means of control over the operation of businesses. Before a licence is issued, the operator must comply with certain standards in terms of the regulations which pertain to his business. In most cases these standards are designed for formal, generally much larger concerns and may not be appropriate at the smaller scale. If the regulations are such that the costs involved in complying with them are unaffordable to the small scale operator, it is unlikely that he would ever apply for the licence. Thus, standards which are inappropriate and unreasonable for home industries may result in the decision of many operators to conduct their businesses illegally.

3.5 HEALTH

National Health Regulations (R2795 of 1979) permit the preparation and sale of food subject to various restrictions, which cover aspects such as space, drainage, ventilation and surface finishes. The modifications required in terms of these regulations are often expensive and their cost must be borne by the operator. Despite the fact that the Medical Officer of Health is sympathetic to the concept of promoting home industries, he endorses the restrictions placed on the food industry by these Regulations.

Regulations applicable to the preparation and sale of food are a particular problem but will be more appropriately addressed in a separate report on the retailing component.

3.6 ADVERTISING

As long as operators remain unobtrusive and do not generate excessive noise or odour, they are generally able to operate without causing complaints.

Problems have arisen, though, with the disposal of goods produced by the home industry. Since advertising on site is presently not possible, goods have been sold on the basis of "word-of-mouth" advertising and selling to workmates by those family members involved in formal employment.

If the restrictions are to be relaxed and home industries are to be allowed in residential areas, provision must then also be made for the disposal of the goods manufactured. A small sign (less than $0,2m^2$) advertising the goods for sale or the service offered is not considered offensive and, in some areas, might even make a positive contribution to the environment. This is the same size as the sign currently used by, for example, general practitioners who practise from their residences.

3.7 NUISANCE

The main concern of Council has been to ensure that people living near a home industry operation are not inconvenienced in any way. It is now recognised, though, that many activities conducted from the home are non-noxious or have no nuisance effect until they reach a certain size. Therefore it is clear that a new, more flexible approach is required.

The following group of activities are unlikely to create a nuisance: a profession, art or the trade of tailor, dressmaker, knitter, homebaker or confectioner, typist, computer operator, photographer, manicurist, chiropractor, chiropodist, masseur or masseuse, hairdresser or barber, beautician, shoemaker, bookbinder, photocopier, signwriter, upholsterer, curtain maker, duplicator, engraver, etcher, leatherworker, milliner, silkscreener, caneworker and potter. These activities should be allowed in any residential area as of right, whereas any other activity should only be allowed with Council's special consent. The procedure involved in considering the potentially more problematic activities such as spraypainting, panelbeating or woodwork would include the canvassing of adjoining neighbours for their consent.

The principle underlying the operation of home industry occupations should be that a reasonable neighbour, under normal circumstances, will be relatively unaware of their existence other than for a permitted sign. Therefore, the scale of operation must remain small and any expansion beyond a certain scale must be accommodated elsewhere. For this reason, the numbers of people employed should be limited to a resident of the premises and two others, although provision should be made to allow for an increase in the number of employees in appropriate circumstances.

3.8 EXPANSION AND FORMALISATION

One of the major advantages that informal sector businesses have over formal businesses is their operational flexibility, for example their hours of operation. If these small businesses are expected to

formalise, it becomes difficult for them to make use of the cost-saving strategies mentioned in 2.3 and they are forced to compete with (larger)formal businesses on the latters' terms. Formalising procedures raise overhead costs and therefore the smallest operators tend to be excluded since they cannot carry the increased costs.

Most nuisance-creating home industries, such as spraypainting or maintenance work, have not been able to operate without restriction in the past because they are highly visible. Often these enterprises have had to close down (with obvious loss of income and employment) and in most cases they are too fragile to absorb the high overheads associated with alternative formal sites, even if these are available.

The achievement of an appropriate scale of operation is of importance. The approach in the past has been to attempt to formalise the informal sector businesses and these have been expected to accumulate and grow as vibrant businesses. It must be remembered that the market catered to by these businesses is usually limited to a catchment area very close to their place of operation. These activities are dependent upon the fortunes of that relatively small group of people since they cannot take advantage of flows generated elsewhere. These businesses cannot expand or accumulate to a reasonable level and their present level of operation may well be appropriate to the size of their market (i.e. they are in equilibrium with their market).

There is the added consideration that most operators have conducted their businesses on a "day-to-day" basis because of the fear of being closed down. Thus, there has been little reinvestment into the business, precluding growth possibilities. If, by the relaxation of some regulations in the Town Planning Scheme, the operational security of those involved in home industry is increased, thereby encouraging reinvestment, provision must be made for those who find scope for expansion, growth and accumulation to formalise their operations by being provided with suitable sites. "The answer is not to attempt to legalise what is illegal, or formalise what is informal, but rather to remove unnecessary restrictions entirely so as to allow for greater flexibility and freedom of operation."(4)

Strategies which are aimed at formalising informal businesses need to be thought out very carefully. Past experience has shown that only the most successful and astute businessmen are likely to make the transition to formal operations. Expansion will need to take place on sites demarcated for this purpose if the home-based operation begins to cause nuisance to those living in the surrounding area. It must be expected, though, that most businesses are, and will remain, very small, irregular and motivated by factors besides profit maximisation (such as those mentioned earlier).

3.9 SPACE

The Mitchells Plain Home Industries Survey conducted by this Department in 1982[5] found that there was no correlation between the amount of space used and the type of activity carried out. The amount of space used is a factor of the space available, rather than that of the space required. Some respondents to this survey indicated that they would choose, and could afford, to rent alternative premises if these were available in Mitchells Plain. It is likely that there would be operators in other areas who would be equally interested in using premises other than their home for their operations.

Either because they cannot find alternative premises, or they cannot afford them if they are available, operators are faced with the following space problems when conducting home industry activities in their living quarters:

- family life is disrupted when work activities are crowded into a confined living space;
- operators are limited with respect to the size of contract they can accept;
- there is little room to store materials and equipment. This leads to greater transport costs and in higher prices for materials since bulk-buying is not possible.

3.10 PART-TIME OPERATION

It has already been stated in this report that the home industry segment of the informal sector consists of largely subsistence-type operations. It makes sense, then, for the family members with the best chance of finding the most remunerative employment to engage in wage labour in the formal sector and for the less advantaged members (women, the aged and the disabled) to operate the home industry.

In a large number of cases the operator is the woman of the household whose primary duty remains the care of home and family: cooking, cleaning, childminding etc. The home industry supplements family income and is conducted during quieter periods of the day. The major activities engaged in by women in this situation are knitting and sewing.[6]

The report on the Mitchells Plain Home Industries Survey states[7] that some spraypainters, mechanics and panelbeaters who are employed in the formal sector supplement their income by working part-time at home. A few of these respondents indicated that they would like to start up their

own businesses, but are reluctant to give up the security of "formal" employment. The lack of facilities close to their market in Mitchells Plain was cited as a factor which has prevented them from establishing full-time businesses. Thus, the scale of operation (which is limited by the space available) does not warrant a full-time commitment.

4. OVERALL POLICY FOR HOME INDUSTRIES

The amendment to the Town Planning Scheme, as proposed in this report, would do much to alleviate some of the problems experienced by home industry operators. Under this proposed new Section 22, certain activities, such as the professions, tailoring or hairdressing will be permitted in any Dwelling House or Double Dwelling House. Other activities, such as spraypainting or maintenance work are more likely to be problematic; they may be acceptable in some places and cause nuisance in others. Therefore, every case needs to be considered on its own merits and, where appropriate, permitted with Council's special consent. Before consent is granted, the neighbours must be notified and their comments taken into consideration by the Council.

Because of the closer proximity of people in flat accommodation, neighbours are more vulnerable to noise and other disturbances. For this reason, home industries in flats should only be permitted with the special consent of Council.

In order that the sale of goods and services may be facilitated, an advertising sign should be permitted, although its size would be limited to $0,2m^2$. A larger sign may be permitted in some cases, with the special consent of Council. (These larger signs, though, are subject to the By-law - No. 1959 of 1966 - controlling advertising, bill-posting, signs, etc. which imposes a number of additional requirements).

Since it is clear that the size and scale of industries located in the home need to be limited, the number of people employed on the premises should be confined to the resident operator and two others. The Council should also reserve the right to limit the area of actual floor space which may be used for non-residential purposes. Provision needs to be made for people to relocate their activities to alternative sites, eg. factory flats or formal crafts markets, when their operation expands to the extent that it impinges upon neighbours' rights or cannot be contained in the home any longer. It must be recognised that overheads at these alternative sites still need to be kept to a minimum.

In terms of delegation 65.14.4 of the Council's Standing Orders, the City Engineer is delegated the power to approve "the erection or use of buildings which require the special consent of the Council in terms of the Town Planning Scheme". The special consents referred to in the attached amendment to Section 22 are encompassed by this provision, thereby speeding up the administrative procedure.

It is clear that the public authority must protect the comfort of neighbours and the quality of the residential environment. For this reason, conditions may be placed on licences granted for the establishment of home industries in terms of the Licenses Ordinance.

If there are cases where nuisance is caused and complaints arise, Council must have an effective power to cause such an enterprise to cease causing the nuisance or to cease operation. In this regard, consideration may have to be given to providing Council with adequate means to enforce such a closure. However, there are also existing complementary safeguards embodied in allied legislation, such as the Atmospheric Pollution Prevention Act, 1965 and the Health Act, 1977, which remain in force.

There are a number of limitations on home industry operation which remain beyond the scope of the proposed Town Planning Scheme amendment. Some of these are contained in the Licences Ordinance 1981, the Health Act, the Housing Act, 1966 and the Shop Hours Ordinance, 1976. (See Recommendations).

At present, the Licences Ordinance and its schedules do not make provision for home industries as defined in this report. The home industries licence as defined in the Ordinance refers only to "the making of eatables for sale from a private dwelling". A licence which is tailor-made for the small scale activities dealt with in this report would be far more desirable than trying to fit these new applications into existing schedules which are generally designed for larger, more "formal" enterprises. It would still be possible to place conditions on licences where the particular situation warrants further specific controls.

Although the legislation applicable to trades has been designed for the formal sector, the Health Department scrutinizes each individual application on its own merits and applies the relevant health legislation according to the specific circumstances of the application. Where required and justified, waivers are considered and may be granted providing they do not prejudice public health. The Medical Officer of Health is prepared to treat licence applications as sympathetically as possible.

The Housing Act at present precludes the conversion of a building which has been erected for residential purposes to any other use, other than in very exceptional circumstances. As a result of the work done in preparation of this Home Industries Report, the Medical Officer of Health has taken up the matter of the Housing Act with the Regional Directors of the relevant Own Affairs Administrations and requested discretionary powers so that he need only invoke the Act in cases where, in his opinion, any particular home industry will lead to a reduction in residential accommodation or available living space to such an extent that it has a detrimental effect on the occupiers.

The Shop Hours Ordinance limits the time periods in which trading may take place. Home industries, as envisaged in this report, are affected by this Ordinance since they would be included in the definition of a "shop" and some of the activities would be included under the definition of a "trade". Therefore, in terms of this Ordinance, trading will be limited to between six a.m. and nine p.m. on weekdays and Saturdays.

5. RECOMMENDATIONS

It is recommended:-

5.1 That Section 22 of the Final Statement of the Town Planning Scheme be amended in accordance with the attached Draft Notice.

5.2 That the City Administrator instigate and pursue an appropriate amendment to the schedules of the Licenses Ordinance, 1981, since it does not, at present, cater adequately for the envisaged home industries.

5.3 That the City Health Department continue to pursue the matter of gaining discretionary powers in respect of the Housing Act, 1966 in order to permit the Medical Officer of Health to invoke the Act only in cases where in his opinion any particular activity will lead to a reduction in residential accommodation or available living space to such an extent that it has a detrimental effect on the occupants.

5.4 That the Housing Committee consider altering tenancy agreements so that home industries are permissible in Council Housing Estates, in accordance with the principles outlined in this report. The relaxation of the prohibition on home industries should be applied in a discretionary manner, along the
--- lines of the attached Draft Notice.

5.5 That I be requested to undertake a study to investigate how provision can best be made for those home industries which become too large to be accommodated in the home. Alternative sites, factory flats and crafts markets are amongst the alternatives which should be investigated.

5.6 That I be authorised to report upon the retailing segment of the informal sector and design more flexible controls similar to proposals for home industries in this report.

CITY ENGINEER

6. REFERENCES

1. Brand, J G : Challenges, Opportunities and Change in Urban Engineering; IMIESA Conference Paper; May 1984; pp.13

2. Technical Management Services, City Engineer's Department :
Home Industries Survey; Cape Town; 1982.

3. Dewar, D & Watson, V : Unemployment and the Informal Sector : Some Proposals; UPRU UCT; Cape Town; 1981; and TMS op cit.

4. Dewar, D & Watson, V : Unemployment and the Informal Sector : Some Proposals; UPRU UCT; Cape Town; 1981; pp.105.

5. TMS op cit.

6. Dewar, D and Watson, V op cit.

7. TMS op cit.

7. ACKNOWLEDGEMENTS

This report was drafted by Anastasia Bassios, Town Planner, Urban Design Section, Town Planning Branch with the assistance of:

Mr T B Brummer	Town Planner
Mr J F du Toit	Director, Environmental Health
Mr T A S Turner	Chief Building Surveyor (Zoning)

and under the direction and guidance of:

Mr P de Tolly	Director of Planning
Mr R B Garrard	Principal Town Planner (Urban Design)
Ms H C Ketelbey	Principal Town Planner (Overall Planning)

1985-09-26

DRAFT NOTICE

FINAL STATEMENT : PROPOSED TOWN PLANNING SCHEME : MUNICIPALITY OF THE CITY OF CAPE TOWN

AMENDMENT NO	TO THE STATEMENT
Numbers of sections amended, substituted or repealed:	22
Numbers of new sections added or inserted:	NIL

NOTICE IS HEREBY GIVEN that in terms of section 35 bis (1) of Ordinance No 33 of 1934 the Administrator, on application by or after reference to the Council of the Municipality of the City of Cape Town has prescribed that the Final Statement of the Proposed Town Planning Scheme of the Municipality, published in the Provincial Gazette dated 21st August 1964 shall be amended as follows:

By the repeal of section 22 of the Final Statement and the substitution of:

Subsidiary Uses : when permitted

22(1) Notwithstanding the provisions of sections 15 to 19, but subject to the provisions of sub-section (2) -

(a) part of a Dwelling House, Double Dwelling House or outbuildings thereto may be used by a resident thereof for:-

(i) the conduct of a profession, an art or the trade of tailor, dressmaker, knitter, homebaker or confectioner, typist, computer operator, photographer, manicurist, chiropractor, chiropodist, masseur or masseuse, hairdresser or barber, beautician, shoemaker, bookbinder, printer, photocopier, signwriter, upholsterer, curtain maker, duplicator, engraver, etcher, leatherworker, milliner, silkscreener, caneworker and potter;

(ii)/...

(ii) any other activity in respect of which the special consent of the Council has first been obtained. In deciding whether or not to grant its special consent the Council shall have regard to all factors which it considers relevant to each particular case and shall not grant such special consent if it is of the opinion that the activity carried on, or to be carried on, in such part of a Dwelling House, Double Dwelling House or outbuildings thereto is, or will be, detrimental to the residential environment by virtue of its location, an noise, vibration, air pollution or concentration of vehicles caused thereby.

(b) with the special consent of the Council, part of a Dwelling Unit, not constituting or being part of a Dwelling House or Double Dwelling House may be used by the resident thereof for any use permitted in terms of paragraph (a).

(2) Any use, permitted in terms of subsection (1) shall be subject to the following conditions:

(i) Except with the special consent of the Council no advertising sign or notice other than a single unilluminated sign or notice, not projecting over a street and not exceeding $0,2m^2$ in area, indicating only the name and profession or occupation of the resident shall be displayed.

(ii) Except with the special consent of the Council the resident shall not employ more than two persons in connection with such use, whether or not such persons ordinarily reside on such premises.

(iii) The Council may limit the actual floor space of any building and the area of the site of such building which may be utilized for, or in connection with, such use.

(iv) The Council may, if it is of the opinion that any profession, art, trade or activity is being conducted in a manner which is or is likely to be a source of nuisance, disturbance or annoyance, serve a notice in writing on the person conducting such profession, art, trade or activity calling upon him to -

(a) comply with instructions set out in such notice;

(b) cease using the premises in question for such profession, art, trade or activity;

by a date specified in such notice.

(3) Notwithstanding anything to the contrary in this Chapter

(a) the erection and use of part of a building in contravention of Sections 18 and 19 shall be permitted in part of a Shop used as an Industrial Building if such part is appurtenant, accessory and of a nature customarily incidental to the trade conducted in such Shop, provided that the Actual Floor Area of the part so used shall not exceed 50% of the Actual Floor Area of the part not so used;

(b) the sale of mineral waters to residents of a Hotel or a residential club in a General Residential Use Zone shall be permissible provided that no advertisements in connection therewith are publicly displayed.

INFORMAL SECTOR — 1991

NOV. — DEC.

Small businesses urged to assist in labour legislation

VERA VON LIERES

SMALL businesses should not expect to be excluded from future labour legislation, National Manpower Commission acting chairman Frans Barker has said.

Speaking at a recent FSA-Contact annual labour law seminar, Barker said the commission had proposed that a facilitator be set up in the Department of Manpower to liaise with small business to ease potential problems small business may have with the department

Barker said it was essential that small business employers involved themselves in the debate on future labour legislation and in employer associations to influence the process leading to new legislation

He said a restructured Labour Relations Act (LRA) was now only likely to be implemented in 1994 due to current restructuring processes, including those taking place within the commission

Recommendations which had been completed by the commission included the establishment of a small labour court which would serve as an informal forum for settling disputes — similar to the Small Claims Court.

The privatisation of conciliation mechanisms through the establishment of private conciliation centres was also suggested.



□ **DESPONDENT:** Mrs Kiki Norval and her daughter Nigeva, 14, in the factory with some of the workers who have been left jobless. Pictures BRENTON GEACH, Weekend Argus

Council carts factory away

CLIVE SAWYER and JACQUELYN SWARTZ
Weekend Argus Reporters

GOODS allegedly worth R200 000 were confiscated by city council staff, helped by police, from an Oranjezicht house because a mother-of-six was running a factory in a residential area

Mrs Kiki Norval, 40, claimed the council action was "unexpected" and had left her and 40 employees jobless

However, a city council spokesman said the action followed complaints from neighbours and repeated attempts to stop the suburban factory

Mrs Norval said she watched helplessly on Thursday afternoon as garments, material and machinery were loaded into the back of a refuse truck

About 10 policemen, helped by council staff, had a search and seizure warrant for sewing machines, materials, manufactured garments and documents

Mrs Norval said she had intended to move the "small operation" in January into a building in Woodstock

"The municipality knew I was going to move," said a distraught Mrs Norval

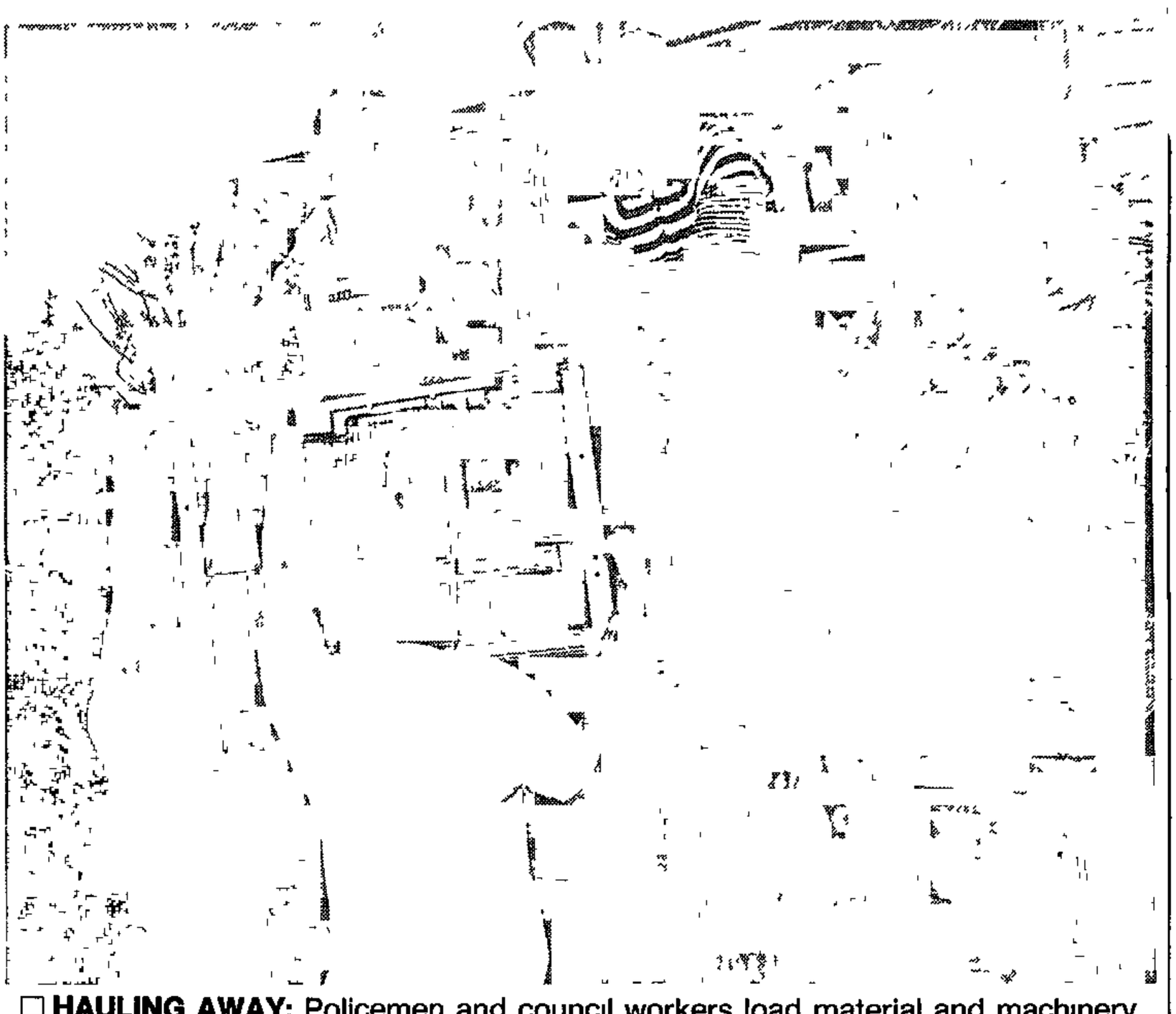
"I told them about it and they were very happy They said they would give me assistance and not block me"

She said neighbours became aware of the factory only when told about it by the city council, three years after it started in 1986.

Mrs Norval applied for a permit to employ more workers and, although having initially agreed, the council decided to consult her neighbours

Mrs Norval said "They objected in principle because they were afraid it would set a precedent.

"I knew they, (the council) were not happy, but I thought they would give me some grace to move



□ **HAULING AWAY:** Policemen and council workers load material and machinery worth more than R200 000 into the back of a refuse truck

"After being here five years, what's another two months?"

Mrs Norval said she was threatened with a summons if she did not stop operating from home

"But, they never said they would come and take my things"

She said policemen climbed over a two-metre gate and surrounded her house

"I just cried It was really awful"

However, the city council spokesman said Mrs Norval "informed the assistant legal adviser, who was present, that she had no complaints about the way the warrant had been executed"

Mrs Norval had told him the day before the warrant was executed that she did not intend moving her business in the near future, claims the city council

Council spokesman Mr Ted Doman said neighbours had urged the council to act, and the council "at no stage" consented to the illegal use of the premises

"We acted after trying for a long time to get her to stop the operation," he said

Challenging Mrs Norval's claim that "40 people were jobless", Mr Doman said that at the time of her conviction of contravening the Town Planning Act on August 21 only six people were working at the house, while the number later increased to 23

Recently, Mrs Norval had locked her gates, to bar inspectors, he said

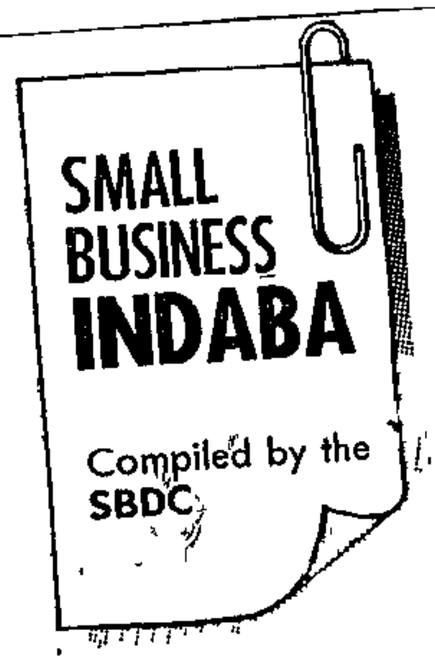
At Mrs Norval's request, seized goods were not given to the clerk of the court, but were put in a storage place of her choice AAG 16/11/91

Mr Doman said "The council cannot tolerate flagrant contraventions of town planning laws and in appropriate cases has no option but to take drastic action" (153A)

153A

First steps to mobilise Cape knitters

ARG 16/4/91



THE first fundamental steps have been taken to establish the formalised structures which can be used to mobilise the thousands of individuals with hand-knitting expertise in the Cape into a cohesive knitwear industry

Following a two-day seminar co-ordinated a week ago by the Small Business Development Corporation - and attended by more than 50 representatives covering the entire spectrum that could make up a potential- hand-knitting industry — the Cape has been divided into four regions.

In each, a "convenor" has been appointed to pilot into being a "Knitters' guild" — and embryo coordinating body that, hopefully, will provide the foundations for building a sort of commercial knitwear cooperative in each region

The regions, with the name of each convenor and telephone include Western Cape: Eddie Bisset ☎ (021) 75 9998, Southern Cape, Denise Koch (0443) 29 1259, Aurona Weideman (0443) 29 1259 Eastern Cape Yvonne Grobbelaar (041) 853639, Adele Cutten (0464) 71 1090, Northern Cape & OFS Sarie Badenhorst (01414) 4611.

By nature of the initiative, it is probable the Western Cape region could provide the impetus and guiding example for this embryonic sector, although each region will be autonomous

Convenor for the region is Eddie Bisset, a knitwear consultant and operator of a knitwear business on the Peninsula. A co-organiser of the two-day seminar that has launched the guild idea, he explains "We have recognised that there are many individuals and small operators specialising in making hand-knitted garments who possess the skills to produce quality products.

"Our objective was and is to assist them in breaking into new markets, here and overseas, expanding their activities and combining their talents to form the nucleus of a viable and vibrant knitwear industry

The nature of each guild would depend on the needs of each region, and the extent to which hand-knitters can be motivated into combining their energies and skills

Ideally, the guild would seek to act as a fulcrum to recruit members whose talents can be used collectively to build muscle in the areas of supply, subcontracting, marketing, establishing certain standards of quality, design, bulk purchasing of raw materials, look for new opportunities and so on.

People like to be targeted or encouraged to join these guilds encompass anyone working in wool whether hand-knitting or hand-weaving It encompasses almost every individual and groups of individuals with knitting skills and includes housewives, people who may be physically handicapped, the aged in retirement homes and elsewhere looking for extra income to supplement their incomes.

Bisset stresses that the aim is not to compete on volume terms, or emulate machine-knitted garments "We have no intention of creating 'me-too' products.

Rather, the goal to encourage individuality, and improvement in product design, and the production of art garments of quality. It is likely that one of the initial activities embarked on by each guild is to hold a series of Saturday workshops where information, skills and ideas can be exchanged.

The SBDC's Dawie Thirion notes that the corporation is willing to continue its facilitator role in this first initiative — with the possibility of convening another two-day seminar in 1992 to review progress Other support would also be considered where the potential vialibility of a scheme appears to be promising

Some consideration is being given to creating a central retailing shop window for the hand-knitting sector; possibly a venue like Cape Town's waterfront

Small firms hit by VAT

153A

ARG 16/11/91

Weekend Argus Correspondent

DURBAN — Two months after the introduction of VAT, thousands of small industries and service firms face a crisis which threatens to put many of them out of business, according to the National Industrial Chamber

Mr Ian Hetherington, an executive committee member of the NIC, says many small industrialists and service sector entrepreneurs, especially in the informal sector, are struggling to stay afloat as a result of VAT

He said the NIC, which is affiliated to Nafcoc and represents thousands of small businessmen, supported VAT in principle. However the system was far "too pure" for a developing country and it gave large companies an unfair advantage

Mr Hetherington said VAT imposed "draconian" penalties on often illiterate business people for not complying with stringent bookkeeping and other requirements

Although the Government exempted firms with turnovers of less than R150 000 a year from registering as vendors, many big companies would only deal with registered vendors because they needed invoices to avoid absorbing VAT themselves

This forced small firms to register as vendors Latest figures showed 44 000 technically exempt firms had registered These 19 percent of registered vendors produced only 0,4 percent of VAT.

Mr Hetherington said the demands were counter-productive as the costs were higher than the amount of tax collected and jobs were destroyed

In relative terms, the costs of tax collection were much more for the small businessman than his larger competitor, he said

Many entrepreneurs were being forced to buy personal computers or hire bookkeepers costing at least R5 000 a year — sometimes the total annual profit of the business — to meet Inland Revenue requirements

Government tax inspectors had the power to close down a business if it was found adequate records were not kept — a daunting challenge for illiterate operators in the informal sector

Pleas to the Government over the issue have been fruitless Among the NIC's suggestions are that the tax authorities

- Treat an invoice from a legally-unregistered party as if it is a tax invoice.
- Compensate businesses on a sliding scale for costs they incur in doing the government's work in collecting tax
- Raise the registration threshold to R500 000
- Educate and help traders in the informal sector and soften penalties

Meanwhile Vatwatch this week released details of a survey of office landlords which showed benefits generally were not being passed on to tenants

Durban-based Mr Kevin Fagan, a Vatwatch adviser and a member of Coopers Theron du Toit, said virtually all VAT incurred by businesses could be recouped yet many businessmen failed to understand this point

While the big chains had "behaved scrupulously" in handling VAT, many smaller retailers had not, although this could be due to ignorance, Mr Fagan said

He said surveys suggested many businesses had increased their prices in August in a "preemptive strike" ahead of VAT

He said Vatwatch expected to face a major job up to Christmas when spending on luxury items really would begin

he bus stops here . . .



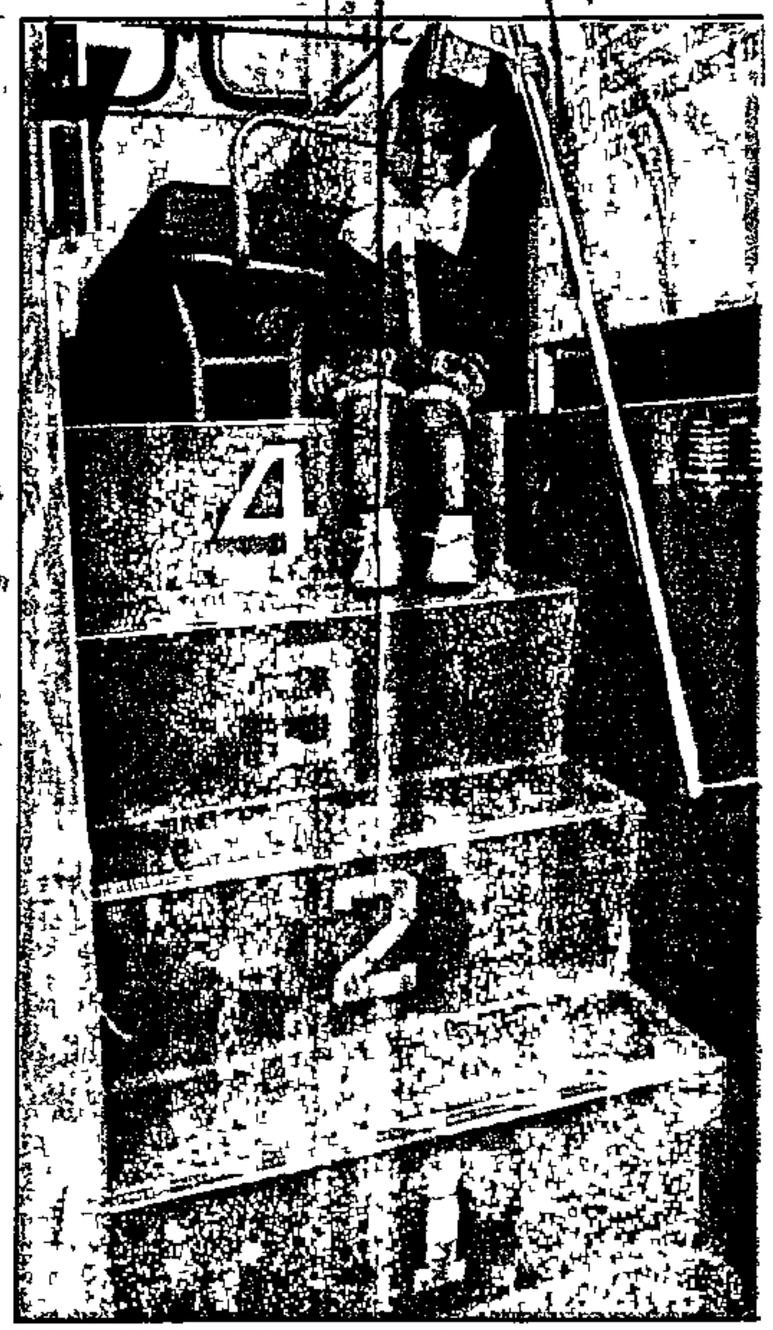
TS OWN . . . Retyring? Recycling at its most inventive. Soweto's School on Wheels helps pupils chalk up
Pics: BLACK IMAGE SYNDICATE



YOU CAN'T MISS THIS BUS . . . This once mobile object is just as busy today as in its heyday. Now stationary, it serves as a makeshift classroom for pupils in Soweto.



DRIVING FORCE . . . Teacher Lawrence Sithole. It was his idea to turn the bus into a school.



ALL ABOARD . . . This young pupil can learn her three Rs i comfort with the School on Wheels as her ticket The bu boasts an updated maths and science library, a stationer cupboard and a formidable stereo sound system.

By PETER SETUKE

You can do sums or get all sweaty

AN abandoned double-decker bus in the middle of a forest near Marikana Station in Rustenburg is taking more people aboard than it did when it was still operating

It is being used as a sex nest. There are no resident women of doubtful virtue, but men are welcome to bring partners, and for a modest fee they can spend an hour or two in it, doing what comes naturally

Most of the "customers" are local farm labourers who find time for this diversion at lunchtimes and in the evenings

They can also have a drink or two, and the home brew is considered one of the district's best

The skeletons of three other abandoned double-deckers at the Baragwanath junction near the St John's Eye Clinic in Soweto are being used for a less exotic trade. They have been turned into fruit and vegetable warehouses

Alexandra's homeless folk make their homes in disused Putco buses. The more adventurous turn them into shebeens

Sowetans are also inventive One resident brought in a huge railway bus trailer "for a good cause" and turned it into a school bus – but one that never moves

In 1985 Lawrence Sithole of Orlando West Extension saw two young children teaching each other the three Rs, and made up his mind to help. He wasn't sure how to go about this until he thought of the trailer-bus.

He started a school under a tree and instead of abandoning lessons during rain, pupils trooped into the bus and kept dry while the class proceeded

Today the bus boasts an updated maths and science library, a stationery cupboard and a formidable stereo-sound system in the luggage racks for audiovisual lectures. The bottom luggage casing is a strongroom for the "school's" equipment.

The bus-school has 54 pupils, and will probably have 70 next year, according to Sithole

And, as he has employed two more teachers, the timetable will also be extended next year

Women are scoring by selling at home

S/Times [CM] 17/11/91

SELL clothes at home — it's the latest fashion!

Fashion-conscious women with a flair for selling are making money at home by showing full-colour mail order clothing catalogues to their friends and relatives, and in many cases modelling the clothing themselves or getting younger members of the family to do so

This direct-selling approach to entrepreneurship is appealing to an increasing number of South African women of all races and social groups

Mr Brian Retief, managing direct of Cape Town-based Retlan, markets locally-made Sensations fashionwear throughout South Africa using a nationwide network of fashion consultants

He says "Sensations enables a woman to create her own business for an outlay as small as R50

"For this she receives a supply of glossy, full-colour catalogues featuring a range of fashionwear, much of it exclusive to Sensations

"She also gets another brochure illustrating an attractive selection of underwear — bras, panties, vests and so on — plus regular newsletters explaining in detail the mechanics of presenting the fashionwear to her clients, how to handle the accounts and how to ensure customer satisfaction

"Then, of course, she can use the telephone for urgent queries or for giving a detailed explanation of some obscure point to her clients

"Most of our consultants begin by selling to family and friends and later, if they are working and have joined Sensations to supplement their income, to business colleagues"

Mr Retief explains that the customer at home or business orders the goods, the fashion consultant forwards the order by mail or fax to Sensation's head office and the garments are immediately despatched from stock

"The customer pays on receipt of her order and the fashion consultant receives her commission as soon as the order is filled

"At no time is she required to make a heavy capital expenditure

"We feel this offers women the ideal way to go into business for themselves — they don't have to have a large amount of capital to begin with and they can work just as much or as little as they want to

"It can be a full-time job bringing in several thousand rands a month or just part-time earning five or six hundred"

The company finds the scheme appeals particularly to married women who find it difficult to find jobs — particularly part-time clerical jobs — at hours which suit them

Women in the higher income areas of the townships are also increasingly interested in the scheme

Exploring small business

Sowetan 18/11/91

Title Small Business Opportunities in South Africa
Authors Ian Clark and Eric Louw
Price R24,95
Publishers Struik Timmens
Reviewer Joshua Raboroko

153A

EVERY day of our lives we see businesses that have been enormously successful and others that have been dismal failures

From the giant skyscrapers of the most powerful companies to the cardboard boxes of the street-corner hawkers, there are examples of flourishing businesses

However, starting one's own business begins with indentifying a viable opportunity Whether you want to make millions, escape from the shackles of salaried employment, supplement your income or overcome the hardships of unemployment, this book will help you do just that.

It focuses on entrepreneurship - the act of creating a new business - and deals with what happens between the time that you decide to "go it alone" and that point at which you draw up a detailed business plan

Careers 3

(153A)

Careers, Unemployment and the Informal Sector

New Nation (Learning Nation) 22/11/ - 28/11/91.

Last week we spoke about the need for an all-round improvement in the level of skills of all the people This will be one of the requirements for the new South Africa to have the resources to provide for all the people. At the moment however the capitalist economy is in a severe crisis. A manifestation of this crisis is the struggle which school-leavers and workers face to make a living This article will focus on the most severe problem confronting students and workers today - the problem of unemployment. What is unemployment; why is it such a severe problem today and what attempts to earn a living despite unemployment can be made by people today?



Ciskie Tilo, shebeen queen (Soweto 1985)

What is Unemployment?

In June 1986 the government's Current Population Survey (CPS) told us that there were only 519 000 African unemployed in South Africa But according to their survey you are only counted as unemployed

- if you are officially seeking work
- if you did not work for more than five hours in the week before the interview
- if you can take up a job immediately

This CPS figure also excludes farm workers and domestic workers and all the unemployed in the bantustans of Transkei, Bophuthatswana Venda and the Ciskei This figure of the CPS only indicates the number of people who register as unemployed and as we know people are often less likely to register as work seekers when the chances of getting a job decrease

Researchers have shown that the picture of unemployment in South Africa today is a completely different one In 1981 there were 2 million African unemployed and 5 years later that figure stood at between 4 and 6 million people Today that figure is more than 6 million which means that almost half (48%) of the African working population and 25% of the total African population is without work These figures vary from region to region and from urban to rural areas But three features are most significant.

- unemployment in South Africa today is a problem of crisis proportions with one in every two African workers being out of a job
- the rapid increase in the number of unemployed has been accompanied by a growing length of time during which people are out of work
- youth are forming a larger and larger proportion of the unemployed with only one out of every 7 school-leavers standing a chance of getting a job

Why is there unemployment?

The government and the bosses only recognise unemployment as a cyclical problem that appears during a recession and disappears when the economy recovers In one sense this is true When the demand for goods declines, production decreases The investment of capital is held back companies collapse and workers are retrenched in their thousands Between 1982 and 1986, 100 000 metal workers were retrenched, 70 000 workers in the construction industry lost their jobs and 30% of the textile labour force was thrown out onto the streets In 1991 this has become worse with something like 60 000 metal workers losing their jobs in this year alone

In this recession the bosses are using more and more machines With the use of machinery with profits in mind, the result has been a major push towards retrench ment on the part of the bosses Moreover since 1976 the capitalists have gone on an investment strike, withdrawing their capital into overseas investments or keeping capital locked up in banks and finance houses In this way R65 billion has been kept away from job-creating investment since 1976 In fact real domestic investment went down by 31% in the 1980's alone

This is the reality facing any school-leaver thinking of a career, or a worker considering changing his/her job In order to just keep South Africa's unemployment rate at what it presently stands, our economy needs to grow at about 5% Over the last few years that figure has been less than 2% and even the Reserve Bank does not project a figure of more than 1% for next year

The Informal Sector

The term, "informal sector", applies to all kinds of work which is not taxed because the state does not recognise them as formal jobs These include everything from hawking, to running a shebeen, to selling boerewors rolls on the street corner, to opening a township hairdressing salon or a spaza shop Some of these activities have made a few location traders rich An example has been the case of the taxi industry which has become a multi-million rand business But these cases happen when the traders in the informal sector manage to monopolise a section of the market and link up with the formal sector to become a big business like any other In the taxi industry today this has become the case, with the bigger taxi owners now shareholders of a taxi monopoly such as SABTA, and the drivers turned into workers rather than individual entrepreneurs

The state and the bosses like to sing the praises of the informal sector as proof that anyone can be a businessperson and that many jobs can be created in this way The fact is the growth of the informal sector is an indication that more and more people cannot get into the formal sector ie cannot get jobs Nevertheless the state and capital are trying hard to sell the idea of the informal sector as proof that free enterprise is working

Through their policy of **deregulation** the state has done away with many restriction that formerly prevented people from opening up a small business For instance the laws on health and hygiene required that food could only be sold where adequate washing and tiling facilities ex isted and which had been passed by a health inspector Under the policy of deregulation it is now possible to sell food on the pavement with practically no restric tions Similarly, the laws governing the Road Transportation Board have been changed Previously transport licences were limited, but now they have been so loosened that taxis can operate on any routes (as long as they have the means to keep out competitors)

In addition to deregulation the state and the bosses have also set aside capital for projects such the **Small Business Development Corporation** (SBDC) The SBDC gives low interest loans and grants to people to set up small businesses People must however show that they have a viable plan for a small business and be prepared to be trained Other examples of setting up funds for small business include the setting up of **industrial parks** such as Enterprise Centre at Kew near Alexandria township Partly financed by Barlow Rand, Enterprise Centre attempts to provide initial capital and workshops for small businesspeople who have set up welding shops and car-repairs shops 1A number of factors act against the small proprietor however First and foremost there is the direct competition of the big monopolies who can produce goods on a mass-produc tion scale and therefore cheaper and who have the money to survive temporary setbacks Secondly the small business person often runs into what is called a "liquidity problem" where he/she runs out of money to buy more goods for sale or to pay bills despite having the potential to make sales Thirdly the state is currently implementing a policy of keeping interest rates very high which means that credit is very ex pensive and even with those few people who have benefitted from SBDC loans, further credit is very difficult to obtain And now with the introduction of VAT, small businesses are going to be at a disadvantage because they will have to pay VAT on all goods but cannot register with the Receiver of Revenue and therefore claim back their VAT payments as larger businesses can do

Being part of the informal sector is often not the way to wealth that so many people in governemnt claim it to be Mostly it means that one has not been able to get a job which pays a living wage For so many people however the need to do any kind of selling in order to survive is a harsh reality For people involved in such small business and for school-leavers it is important that the problems of embarking on this path be understood



THABO MNDEBELE

Retrenchment led to a printing firm

Sowetan 28/11/91

153A

THREE former employees of the former South African Associated Newspapers are operating a printing company from the backyard of a Soweto home

Mr Thabo Mndebele, Mr Michael Sibeko and Mr Edward Dube started the Sibonelo Printers CC at 5236B Zone 5, Diepkloof, after they were retrenched by the company

By JOSHUA RABOROKO

They produce a variety of letterheads, wedding and business cards, photocopying manuals, envelopes, binding pads and books and invitation cards

"We further developed our experience in printing which we gained while working for the now dead *Rand Daily Mail*," Mndebele, who is managing director and founder-member of the company, said

Dube acts as financial adviser and accountant and, with Sibeko, they believe the company has great potential to create jobs for many in the future

Mndebele left school after he was expelled for participating in the Soweto Students Representative Council during the 1976 uprisings

"I was very keen to learn and become a lawyer but my dreams were shattered when we fought against this Bantu Education"

He worked for several companies until he joined SAAN as a machine operator

After they lost their jobs in 1985, they were left stranded and Sibeko suggested they go into the printing business They managed to save money by running stokvels and promoting mashonisa clubs

"We applied for loans from financial institutions without success," Mndebele said

He recalled how a company that is supposed to help black advancement turned their application down purely because it thought "we were a risk"

However, they managed to buy a printing machine and operated from Mndebele's home in Dube As the business grew they built a room outside his home

Ghetto

They later found accommodation at the Small Business Development Corporation's premises near New Canada But the rent was "too high for us and we decided to go back to the ghetto, where we built another room"

'The business is doing quite well now but our single headache is that our black leaders and entrepreneurs use white companies for printing their materials, Mndebele said

ADVERTISING FEATURE

Hives of industry pay off

(153A) Cipress 1/12/91.

"HIVES of industry" represent an attempt in this country to bridge First World and Third World economies

They offer an established foundation, or nest, where fledgling enterprises are provided with sufficient breathing space to demonstrate whether they have what is necessary to survive and grow.

The "industrial hive" created by the Small Business Development Corporation (SBDC) is a cluster of workshops, or a large number of workstations, under one roof It represents a comfortable means for backyard enterprises to move into a more formal mode of economic activity

Aside from providing basic accommodation at minimal rental, it provides tenants with the SBDC's collective support services, such as loans, business and legal advice, marketing assistance and often, where circumstances warrant, bulk buying facilities

Most of the hives created so far by the SBDC have been developed inside redundant factories, warehouses and other buildings which the Corporation has bought and converted at minimal cost

Not only have these provided the means of stimulating self-employment and job-generating opportunities, but also have provided a base for spawning a host of small infant businesses which are beginning to have a material influence on the regional economies where they are located

The evidence indicates they are providing a means of creating self-employment and job creating opportunities more prolific than home-based activity

They are also spawning a host of small higher profile infant businesses which would otherwise still be seeking what is sometimes described as "survival recognition"

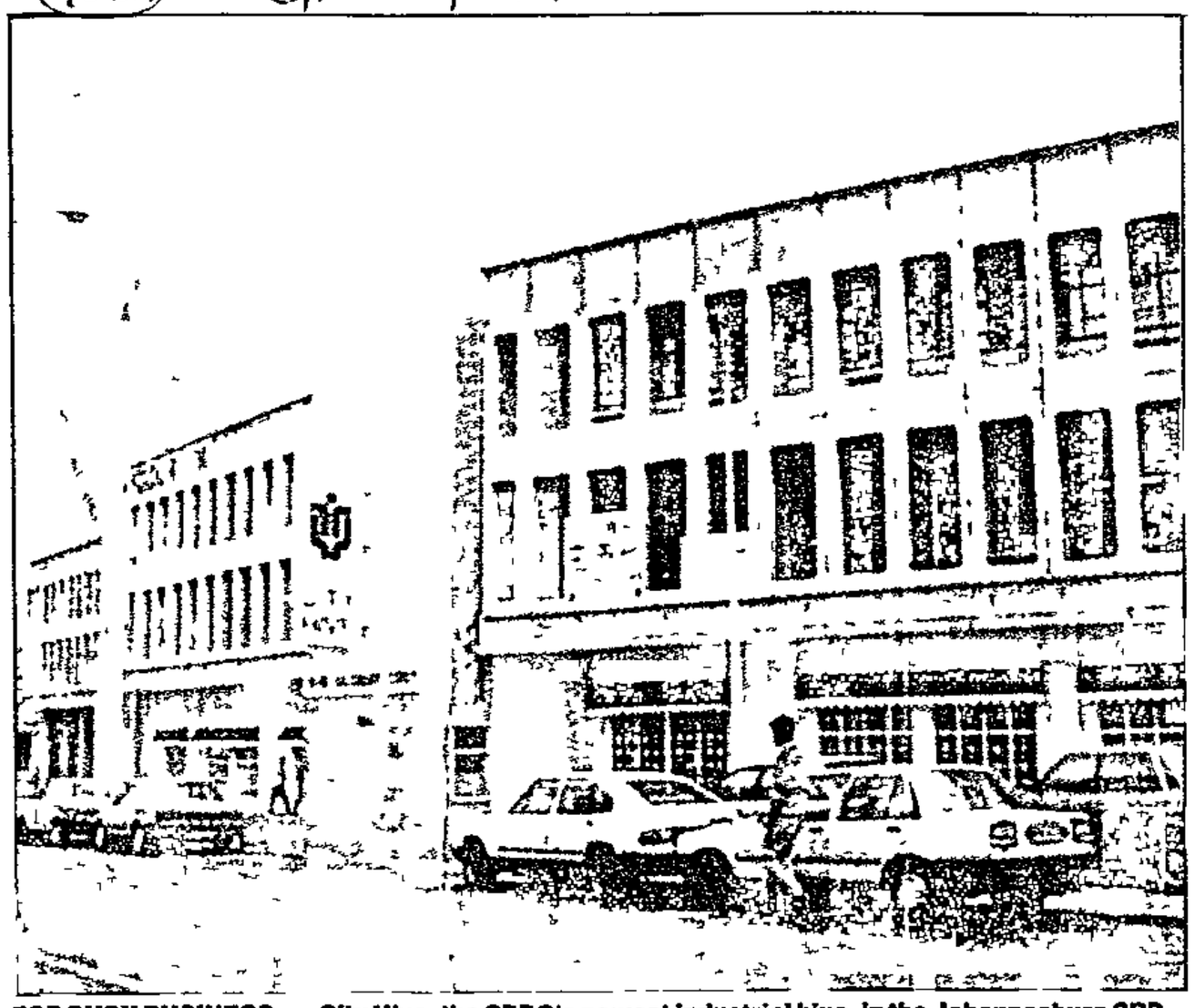
According to the SBDC, the hives are also playing an important role in facilitating sub-contracting partnerships between big and small businesses

The SBDC's first hive was established in Port Elizabeth in 1985 More have been established throughout the country as the deregulation process has taken hold

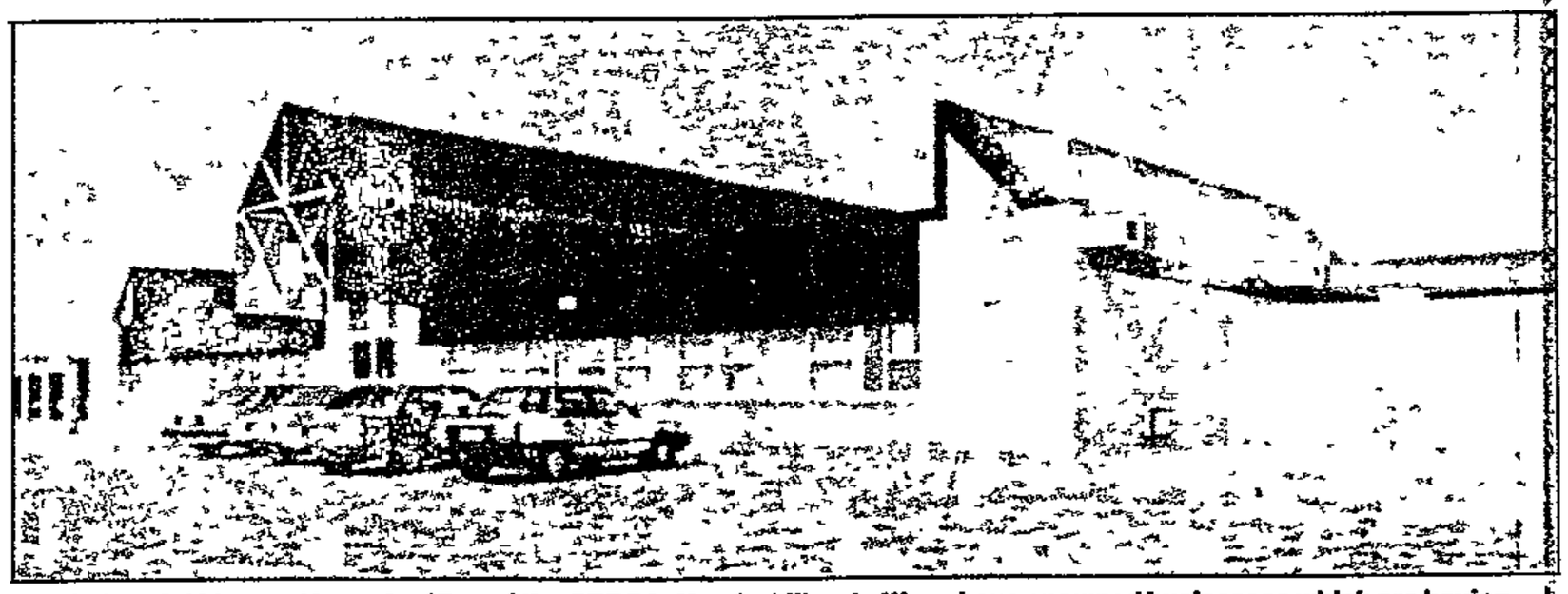
The two largest are Pennyville Hive on the outskirts of Soweto, and City Hive in Salisbury Street, Johannesburg, currently under conversion Each accommodates 200 individual small businesses

In the Western Cape the hive population consists of cluster developments in Blackheath, Athlone, Paarl and the Strand Further hives are being planned for Worcester Mitchells Plain and Springbok

The Blackheath hive currently has a population of more than 100 small businesses, and has a total job creation of more than 500



FOR BUSY BUSINESS . . . City Hive, the SBDC's newest industrial hive, in the Johannesburg CBD.



The industrial hive and branch office of the SBDC in Vanderbijlpark. Hives have spawned businesses which are having a material influence on the economies of the regions where they are located, providing further job opportunities.

No business too small for help

Cipress 1/12/91 (153A)

THE Small Business Development Corporation strives to harness the power of entrepreneurship by developing small and medium enterprises for the benefit of all South Africans

No business is too small to be considered for help, but the SBDC usually prefers that it

- Should be independent
- Should have total assets of less than R15-million
- Must be economically viable
- Should be under the control of somebody with appropriate experience, ability and entrepreneurship
- Be profit motivated
- Be situated within the Republic of South Africa

Financial services are provided to clients by means of loans share capital instalment sale agreements hire purchase and credit schemes in co-operation with commercial banks.

The SBDC also helps to assist entrepreneurs with how to locate premises such as industrial parks, factories and shopping centres in areas where it is economically viable

The SBDC development support services consists of

- Advice and information services – they have qualified personnel advising on practically any aspect of business financing, marketing, the law, general administration and management
- Consulting services – external consultants and mentor advisers complement the SBDC's service to small businessmen
- Training courses dealing with topics from starting a business to improving a business as well as developing the managerial skills of the entrepreneur
- SBDC also has sub-contracting services projects – which promote the purchase of goods and services of small firms by large companies

Promotions and projects include market stalls, container shops, community projects, competitions, a National Small Business Week, marketing support programmes and a variety of media projects

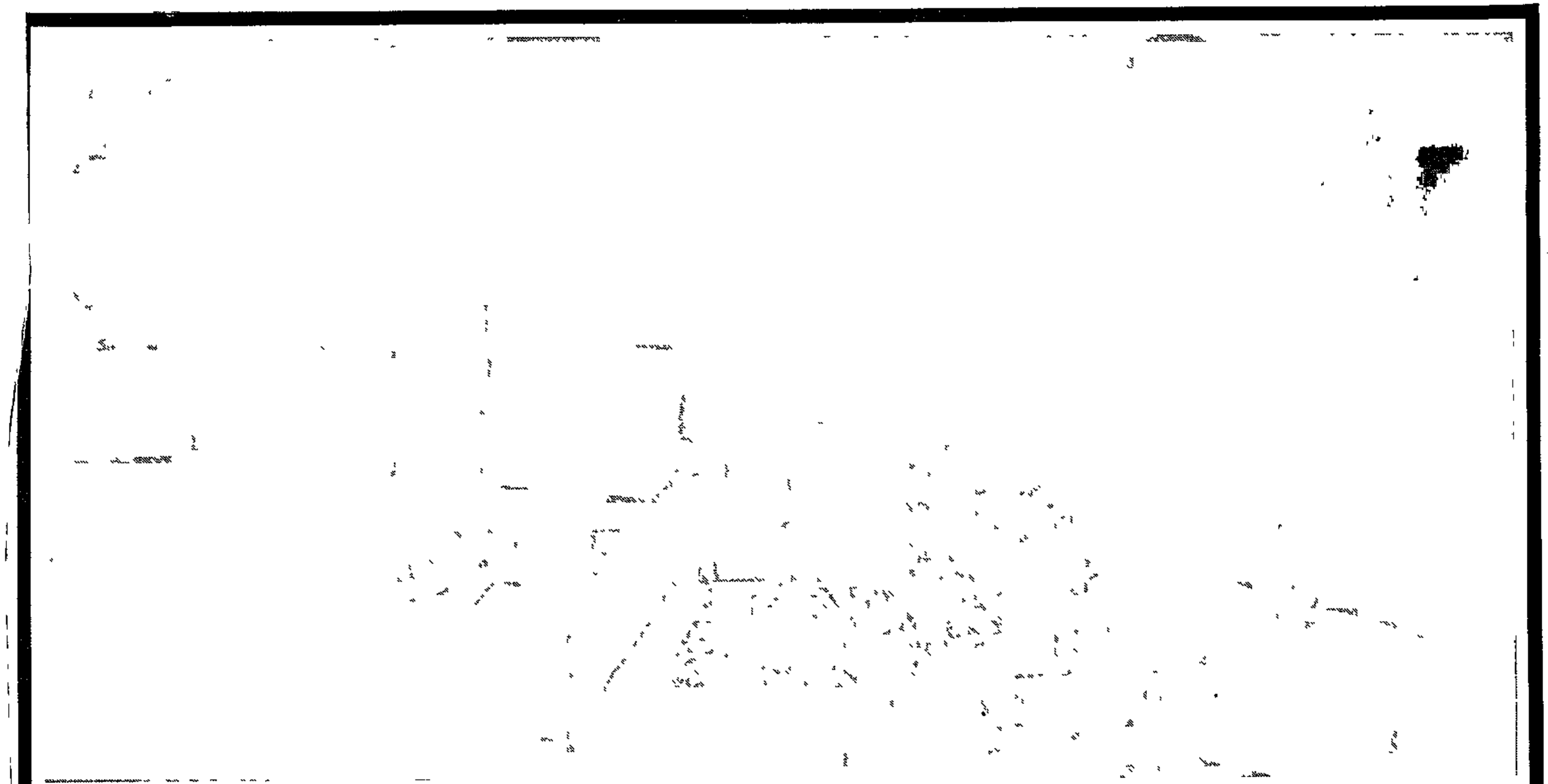
The SBDC is actively involved in advocating deregulation and the removal of restrictive legislation on behalf of the small business sector

People applying for financial assistance are helped to keep five basic rules of sound financial management in mind

- Funds needed for longer than a year should be obtained from sources allowing long-term repayment (such as the SBDC)
- Funds needed right away, such as to buy stock, can be obtained from short- and medium-term sources The SBDC will consider loans for buying stock and banks also grant overdraft facilities for this purpose
- Funds and other appropriate assets provided by the owners of the business should normally amount to 25 percent or more of the total capital requirements of the business
- The value of current assets should always exceed the value of current liabilities
- Your cash flow in and out of the business should always be such that there is enough cash available for normal payments

Interested parties should contact their nearest SBDC offices to arrange an appointment

The SBDC is always happy to discuss your requirements with them



7 000 000 JOBLESS . . . but they clamp down on us. City station hawkers display their controversial receipts. ■ Pic· TLADI KHUELE

Hawkers fight to derail rules

(153A)

By DERRICK LUTHAYI

A BIG FIGHT is looming between the African Council of Hawkers and Informal Business and Spoornet after the company ordered 81 of the 120 hawkers operating at Johannesburg's Park Station to take their businesses elsewhere

Angry Achib president Lawrence Mavundla described the move as racist and humiliating and said they would defy the 19 regulations, which Mavundla said prevented the hawkers from making an honest living

"We are going to ask the ANC, IFP, Azapo, PAC, SBDC, Free Market Foundation and the Law Review Project to intervene," said Mavundla

Spoornet's spokesman was not available for comment

Mavundla said according to the new regulations the remaining 39 hawkers had to pay R300 a month to a "private person" who would control trading, and hawkers had to ply their trade only between 6 am and 6 30 pm

"Spoornet has allowed a private person to rip off hawkers Spoornet security, which is supposed to look after the safety of commuters on the trains, is used for prosecuting hawkers

"There are seven million unemployed people and Spoornet is interfering with people who are creating wealth and are pushing them to the ranks of the unemployed

"We urge our members not to close down I ask our members to stop paying R300 to any private person until we have negotiated a reasonable fee – if we are to pay," said Mavundla

One of the rules issued states hawkers must not use their own tables, but should buy them from a certain Rudolph Valent, introduced as the "new owner" to hawkers

More than 40 hawkers this week gathered at Achib offices and displayed their receipts for tables bought at R100 each and for the daily R10 trading fee.

Taskgroup scheme is in at grassroots level

6 Beeld 2/12/91

GRASSROOTS involvement in the promotion of small and medium enterprise (SME) development was the motivation behind the SBDC's Local Entrepreneurs Taskgroup Scheme (LETS), launched in 1986

Based on the decentralisation structure implemented in the UK for the promotion of SME development, the SBDC's aim with LETS is to act as a catalyst for local development initiatives by either working with existing community organisations or establishing LETS committees comprising of community representatives and SBDC and other business development experts (153A)

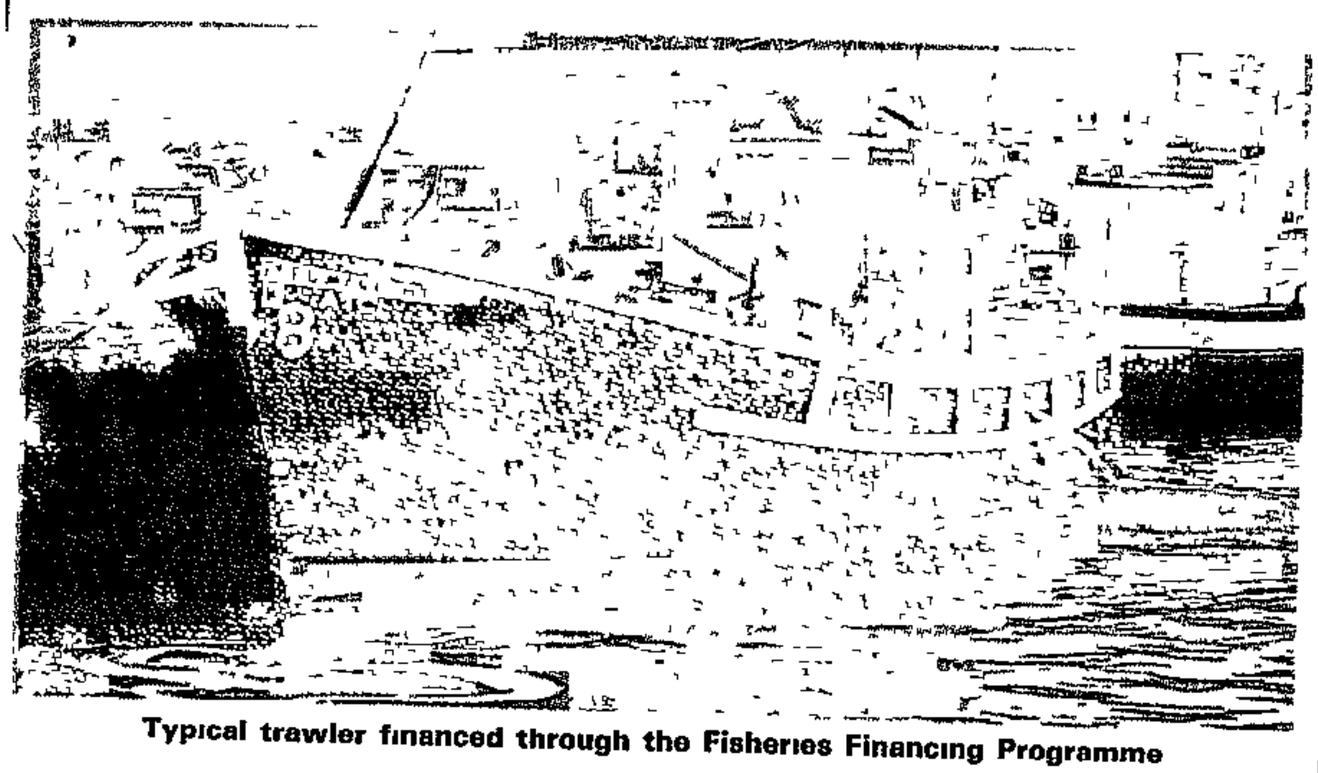
SBDC community development manager Mandi Maepa says initially the corporation aimed to set up as many LETS committees as possible, but since 1990 the trend has been to join existing community organisations already operating effectively

Representation on these organisations has enabled the SBDC to participate in local fairs and exhibitions, present seminars and workshops and set up market stalls and flea markets

Established

Maepa says wider participation in schools business competitions have been obtained, sub-contracting deals have been established and regulations strangling informal entrepreneurship have been successfully lobbyed against

"The SBDC's grassroots involvement not only provides communities with a greater chance for participation in development planning, but is also an effective way of financing programme training, advice and support services offered by the SBDC," she says



Typical trawler financed through the Fisheries Financing Programme

A range of financial assistance is available

FINANCIAL assistance given by the SBDC incorporates assistance to start up enterprises, general financing of the more developed business sector, a fisheries finance programme, a builders' bridging fund, a support fund for businesses experiencing difficulties, and the corporation's Bank Indemnity Scheme for loans and premises.

Assistance to infant businesses under the mini-loan programme is designed to cater for the requirements of informal and semi-formal enterprises, especially in lesser developed areas, says senior manager, development promotion, Dawie Crous

Loans of up to R5 000 are considered, with a maximum repayment period of two years

The Comprehensive Assistance Programme (CAP) is directed at enterprises which have developed into larger, more stable formal business activities

CAP loans are linked to the SBDC's industrial hives and shopping complexes in less developed urban and rural areas

Over 3 342 CAP loans worth R47,8m have been approved

The Suppliers Guarantee Scheme is aimed at establishing creditworthiness for young businesses with the suppliers

Crous says negotiations are entered into with suppliers to introduce them to the scheme

A credit limit is set for the buyer and the SBDC guarantees payment in the event of bankruptcy.

On a more advanced level, the corporation's general finance programme provides direct finance up to R1m through loans, share capital, instalment sales, leases and guarantees and is aimed at the more formal business sector

A total of 5 559 loans, amounting to R476,2m, have been granted under this scheme

The SBDC also provides a "lifeline" to small and medium businesses in the commercial, industrial or services sector whose existence is jeopardised by external circumstances beyond their control

Through the Fisheries Financing Programme, loans are provided to bona fide commercial fishermen for whom fishing is the only source of income

Indirect SBDC financial assistance is also provided through a bank indemnity scheme, utilising the country-wide branch network of participating banks

R1bn in loans has been granted over the past 10 years

(153A)

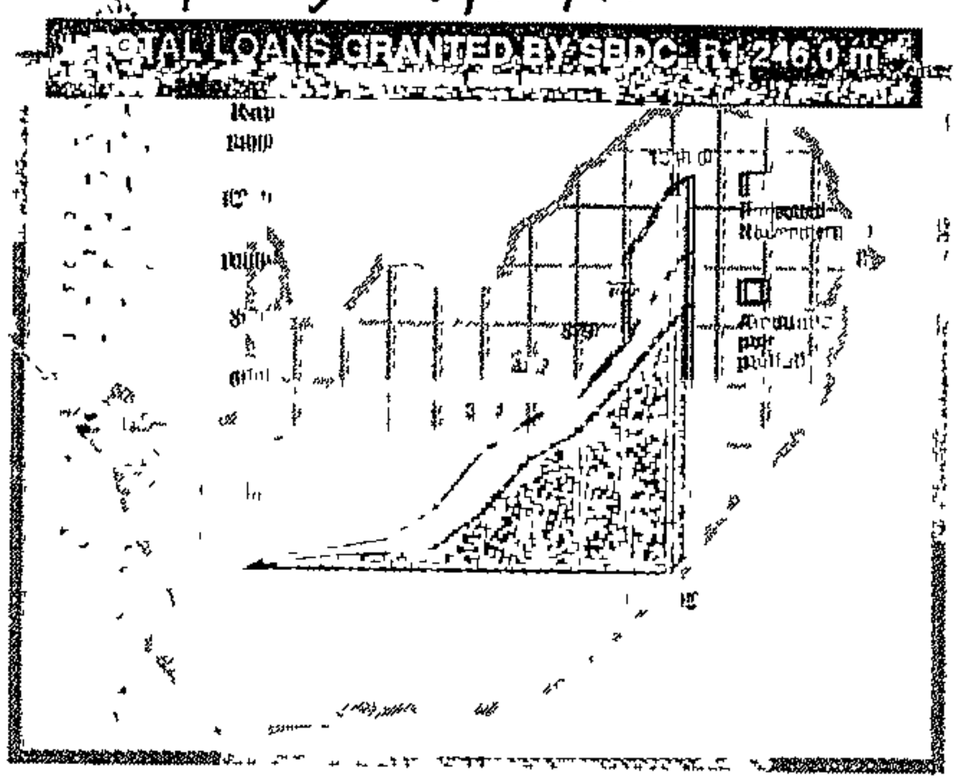
B/Day 2/12/91

ABOUT 10 years ago, a proposal was put forward by Rembrandt chairman Anton Rupert that a Small Business Development Corporation (SBDC) be established to encourage entrepreneurship among South Africans and stimulate small and medium-sized enterprise (SME) development.

It would be a joint venture between the public and private sectors

The matter was investigated by the Panel for Economic Co-operation and Strategy and by February 3 1981 the SBDC was registered as a public company with an authorised share capital of R160m

In December 1981, the assets and staff of the Development and Finance Corporation ,and those of the Indian Industrial Development Corporation were transferred to the SBDC



Nationwide

Since then, with capital employed amounting to about R800m, loans worth over R1bn have been granted to over 31 000 entrepreneurs

SBDC offices nationwide field an average of 1 000 inquiries each working day and formal and informal training has been provided to more than 55 000 individuals.

Initially, the SBDC's major functions were to provide finance and affordable business premises for its clients

SBDC MD Ben Vosloo says it will always be an important part of the corporation's business, but the need for training and support services has become equally important.

He says the SBDC is getting involved in providing practical training courses and other support services to its clients and it has formed a training trust to co-ordinate this project

In the March Budget, the SBDC received R75m from government, which Vosloo says is enough to get the training project off the ground

Much more, however, will be needed to sustain and expand it.

Latest statistics released by the SBDC show how important support and training services have become

Between April and October 1991, 172 408 inquiries were fielded by SBDC staff — 66% of which related to finance, while 30% of callers wanted business advice

In addition, 99% of the SBDC's borrowers and 69% of its tenants have received after-care evaluations and assistance

Financing will always be a major function of the SBDC

The corporation estimates its loan financing will grow at a rate of 20% a year

In order to continue this rate of expansion over the next five years, a capital inflow of about R750m is needed

This will provide the basis for loan capital of R2bn to be granted over the next five years to bring the total for the first 15 years to R3bn

Wasted

R750m is not a large amount of money when one considers the government has wasted about R30bn on unnecessary projects such as Mossgas over the last decade, Vosloo says

The money would be better spent on entrepreneurial SME development.

The major problem in SA is that government has never formulated a comprehensive SME policy despite the fact that the SME sector has been the major job-creator and the base for economic growth in the last decade

Creativity is backed by ingenuity

B1 Diary 2/12/91

CREATIVITY and ingenuity are the hallmarks of the SBDC's clients and in order to be able to assist them it is essential to be like them, says SBDC senior manager development promotion Dawie Crous

"We want to be a corporate entrepreneur," he says

The development of market stalls is one the corporation's ingenious ideas which has pulled people up from the informal sector into the semi-formal and formal sectors.

Instead of hawkers operating on pavements, victims of the sun and rain, they operate in markets — which in themselves create markets.

The SBDC's investment in market stalls to date is about R1,4m.

The shoe shine project is another source of pride for the SBDC. (1S3A)

The corporation has funded many previously unemployed individuals to set up shoe shine businesses

Some have expanded their operations to include shoe repairs and are achieving turnovers of about R300 a day, Crous says.

The latest project is the conversion of old ship and rail containers into shops.

Smaller loans can be obtained in 48 hours

THE Small Business Development Corporation (SBDC) is sometimes criticised for the time taken in processing loan applications

Yet decisions on mini loans can be taken within 48 hours, says senior manager Kees de Haan

"The homework required to establish viability on larger enterprises takes more time We operate in a high risk market and it is in our clients' and our shareholders' interests to perform a proper evaluation," he says

Over the past 10 years the SBDC has granted loans worth R1,1bn to some 31 000 entrepreneurs

Only 10% of the funds lent had to be written off and only 18% of businesses financed by the SBDC have not survived — a track record it is proud of

De Haan says the first step is to contact one of the SBDC's 46 financing service points and discuss the enterprise with a consultant

He will help complete an application form and say what additional particulars are necessary

"We recommend personal interviews because our evaluations are not mechanistic — each enterprise is evaluated on its own merits"

De Haan says the benefits of dealing with the SBDC is that it offers financing programmes which cater for the full spectrum of development financing needs

Its interest rates are structured to level the playing field for the small and medium entrepreneur who must compete with big business, and it offers financing facilities in areas considered too risky by conventional financing institutions

The SBDC has a holistic approach to business development and combines financing with business support

"We also give advice, counselling and training, not only money," says De Haan

Every loan application is allocated to a business adviser who investigates and evaluates the enterprise's management, market, profitability, financial structure, job creation and multiplier effect in the community, among other things

Once the functional aspects of the enterprise are established the SBDC focuses on the entrepreneur

"The one thing we cannot create is entrepreneurial spirit

"If this is lacking the enterprise will not succeed, regardless of the amount of support we give," says De Haan

Options

If skills training is needed, the SBDC will propose training options ranging from basic technical skills to advanced general management, marketing and financial management courses

Another requirement is that the entrepreneur must put his own money at risk as a direct investment in his enterprise and as collateral for his loan

The recommendations made by the business advisers are considered by a committee which makes the decision whether to grant the loan or not

Plural decision making is essential for impartiality and improves the quality of decisions, De Haan says

Virtually all loans carry conditions which must be met before money is paid out

During this implementation phase, the SBDC can assist the entrepreneur with buying equipment, machinery and stocks

The SBDC can often get a better deal than the small businessman on his own

"Once the client is up and running he is allotted a mentor and starts repaying," De Haan says

The SBDC has 225 retired business people taking part in its Mentor Advisory Programme (MAP) through which clients are provided with on-site business expertise, advice and training

On the subject of repayments, the SBDC is "supportive but firm"

If the repayment schedule cannot be maintained due to circumstances beyond the borrower's control the repayments can be restructured and additional support action taken

the decision whether to support action taken

SA now much sought after for its experience

SOUTH Africa's re-entry into international markets and its unique mix of First and Third World elements has made it much sought after for advice and expertise B|Daily 2|12|91

The SBDC is no exception to the flood of queries emanating from both black Africa and Eastern Europe

The corporation's approach to development technology and hive support is believed to be unique, and many foreign organisations have asked the SBDC for help, says senior GM Toni Kedzierski

However, the export of development technology is only a dream at this stage

Senior manager, financing, Kees de Haan says local demand is so vast and resources so limited that the SBDC is unable to afford to withdraw expertise from the local environment

It is, however, not inconceivable that SA may soon be selling its development technology internationally

Special 10c dividend to mark anniversary

TO MARK the 10th anniversary of the SBDC, a special dividend of 10c was declared at the AGM in November

This was the third dividend declared by the corporation since its inception in 1981

A dividend of 8% was declared in 1984 by way of a bonus share issue to all private sector shareholders

Another of 5% was declared in 1989 and shareholders were given the choice of receiving it in cash or capitalisation of shares.

MD Ben Vosloo says: "It is unusual for a development organisation to be declaring dividends

"The dividend is proof that the SBDC's structure of private sector control enables it to apply sound business principles and financial discipline, which is the only guarantee for sustainable economic growth"

Development through four main areas

B|Daily 2|12|91

THE SBDC, in its quest to stimulate and develop entrepreneurship among all South Africans, operates in four main areas — financing, support services, provision of business premises and the promotion of small businesses in general

Its involvement in property development makes it different to other development companies and indicates the level of the corporation's commitment to development in SA, says senior manager, development promotion, Dawie Crous

The SBDC provides basic industrial and commercial premises in areas where specific needs are not being met by other developers, it provides reasonably priced premises in areas where a shortage of suitable accommodation exists, and promotes private ownership of business premises

The corporation's property portfolio is valued at about R280m (cost) with nearly 700 000m² of lettable industrial and commercial property floor space

To date, the SBDC has completed 267 buildings comprising 143 industrial projects at a cost of R124m and 124 commercial properties at a cost of R113m

Approved

A further 36 industrial and 14 commercial property projects are under construction or have been approved, at a cost of R82m

In the early days, because of the political situation in which white companies were not allowed to buy property in black areas, the SBDC's involvement was often informal

For example, the transfer of one property bought by the SBDC in Soweto in 1981 was only finalised in 1987

Assistant GM, property, Kevin Paige says, however, thatdifficulties in buying property in black areas are not restricted to problems associated with the Group Areas Act

"Much of the land in those areas is unsurveyed, which makes transfer of ownership difficult

"For a start, how can one identify which piece of land the deal refers to?"

The SBDC's approach to property development has not changed with the shifting political climate

"We have always insisted that blacks and whites should be able to work together Our hives of industry have always been non-racial," Crous says

The SBDC owns about 24 completed hives with a floor space of 102 580m² and comprising 1 207 lettable units

153A

Clusters

Within these buildings are clusters of workshops in which backyard enterprises are semi-formalised and encouraged to move into the formal sector

Crous says the advantage of the hive concept is that it provides basic accommodation at reasonable rentals, while tenants are also provided with the SBDC's collective support services such as loans, business and legal advice, marketing assistance and, where circumstances warrant it, bulk buying facilities

Critical need for national enterprise strategy

THERE is a desperate need for a national strategy on entrepreneurship and small and medium enterprise development to be formulated in South Africa, says SBDC MD Ben Vosloo.

Small and medium-sized enterprises (SMEs) are a dominant force in the successful economies of the world — their optimism and spirit carrying many far beyond the expectations of more conservative individuals.

They are also flexible and easily adaptable to changing market opportunities

They require limited capital, can combine simple and advanced technology while being generally labour intensive and hence able to contribute to job creation.

SA is in a situation where it needs both economic growth and employment creation to overcome its economic problems

SBDC economist Edwin Basson says although there is an interaction between the two processes, the strength and causality of the relationship is uncertain

In other words, government's strategy that increased exports will promote economic growth is fair, but will not solve SA's high unemployment

Conversely, the view that growth through redistribution will increase employment, which through consumption expenditure will lead to economic growth, is also not sufficient

An approach that will address both problems simultaneously is needed, Basson says

Over the last 10 years, most of the economic growth in SA emanated from SMEs and 65%-75% of all employment opportunities came from them.

To promote economic growth, SA must choose a trading market in which it has a competitive, rather than comparative, advantage

Africa is the most obvious target. It needs wool and cotton, pulp and paper, basic chemicals, glass and glass products, basic iron and steel, non-ferrous metals and other manufacturing materials

These industrial sectors in SA are dominated by SMEs.

Vosloo says it is no exaggeration to say the overall health of the SA economy depends largely on dynamic entrepreneurial activity in the SME sector.

Business Day

SURVEY

Ten years ago the SBDC was registered as a public company, absorbing the assets and staff of the Development and Finance Corporation and those of the Indian Industrial Development Corporation. Since then, with capital employed amounting to R800m, loans worth over R1bn have been granted to over 31 000 entrepreneurs. ***GILLIAN HAYNE*** *reports.*

Shortage of basic skills is a problem

B (Day) 2/12/91

ENTREPRENEURS are renowned for their innovations and specialised expertise, but not for basic business skills, and this is the weakness that usually leads to their downfall, says SBDC central region contracting unit head Ebrahim Asmal

"Basic skills such as marketing, costing, selling and funding jobs are major problems for infant businesses," he says

In 1987, the SBDC undertook to help its tenants win contracts by tendering on their behalf, helping with bridging finance and sharing business skills — thus introducing the sub-contracting principle to South Afruca

From 1987, over R53m worth of contracts were negotiated countrywide between big corporations and small and medium sized industrialists with the help of the SBDC

Asmal negotiated R43m in the PWV area alone

Big companies such as Anglo American, JCI, Barlow Rand, Anglo Vaal and Rand Mines are but a few of the corporations awarding jobs to the SBDC's small and medium-sized enterprises



Burglar guard manufacturing is a highly successful sub-contracting enterprise

Jobs ranging from making uniforms or cleaning hostels to manufacturing weighing scales for the mines are on offer at Pennyville

Linked to sub-contracting is the mentor system

No longer is it sufficient for companies to provide finance for projects or award contracts — business expertise is also needed

One of the leaders in this field is Anglo American, with its Small Business Initiative which works closely with the SBDC

Discussions are underway for the SA Bureau of Standards (SABS) to give its approval to items produced by the SME industrialists

A hardship faced by many is the problem of agents

Although these middle men are important go-betweens during the early stages of breaking down barriers between large companies and SMEs, many are unscrupulous and unethical, says Asmal

As the sub-contracting idea gains momentum, however, Asmal hopes the need for agents will diminish

Natal has tried a new initiative in match-making by displaying products required by the large corporations to the SME clients

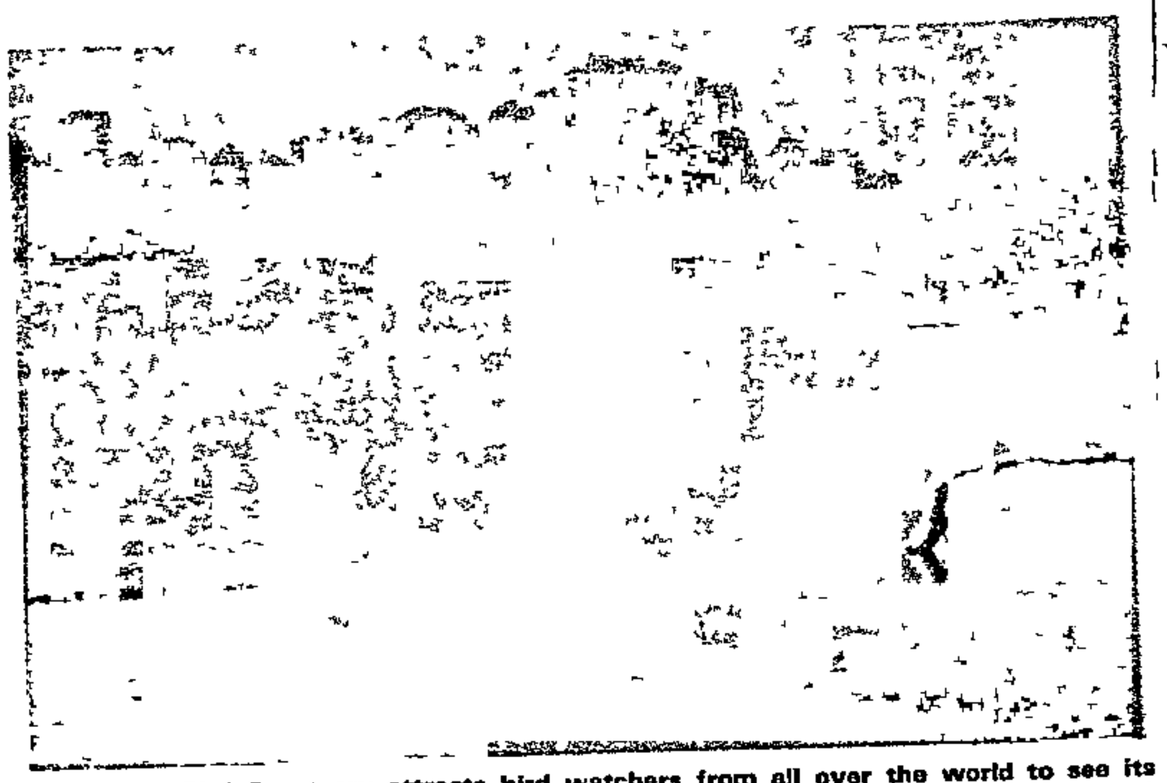
SBDC Natal region head Adhir Singh says "Until now we have tried to promote sub-contracting by providing big business with a list of our SME clients

"Informing our clients about opportunities to do business with the corporate sector makes more sense, however, as it encourages them to take the initiative

Business Day

SURVEY

A proposed amalgamation with Katlehong, Palm Ridge and Bedfordview could make Germiston the first city in South Africa to combine the established residential areas of all population groups. In so doing, the city could take the lead in drawing overseas investors to the new SA. ***VAL PIENAAR*** *reports.*



Rondebult Bird Sanctuary attracts bird watchers from all over the world to see its hundreds of species in their natural habitat. The 94ha sanctuary was established in 1971 and is famous as the best place on the Witwatersrand to see water birds, including some of the rarest and most beautiful in the world. In the section open to the public the visitor can stroll at liberty between the observation hides and public viewing area.

Call for education that leads to employment

B10 aig 5/12/91

THE informal sector is the fastest-growing element in any economy worldwide — and Germiston is gearing up to meet the needs of a burgeoning informal business population.

Management committee chairman Leon Louw says: 'We can't just push these people out of sight.

"We have recognised the survival of all depends on mutual co-operation and interdependence and we are looking at improving conditions for informal traders and hawkers.

"But our objective is to enable them to do business without having a detrimental effect on the quality of life in the city.

"We are committed to maintaining standards as well as to training entrepreneurs to improve their business skills."

Chamber of Commerce & Industries chairman Lynne Cheshire says she would like to see as much as possible done to encourage the development of the informal sector.

She says informal businesses create employment and in Germiston, with unemployment estimated at anything up to 60% of the economically active black population, this must be regarded as a priority.

Cheshire is involved in Youth Over Unemployment (YOU), aimed at training unemployed people to develop their formal and informal skills.

Specific

"YOU specialises in vocational training, specific skills to meet the needs of specific employers. We aim to run the project as an apolitical organisation meeting purely economic needs."

The philosophy of the project is based on a belief that education is useless unless it leads to employment.

"SA needs entrepreneurs far more than it needs academics.

She says there is a US programme which assesses children for entrepreneurial potential just before they enter high school and again on completing a high school education.

"Only 30% of the children who had shown entrepreneurial ability before high school were still entrepreneurially inclined at the end of their academic training.

To be successful, such a programme must be run off a national base, making full use of the opportunities offered by leading industrial centres such as Germiston. (153A)

"This city offers abundant potential for the development of small service-orientated businesses.

"They still have to contend to a large extent with the monopolistic thinking of some of the larger companies, but there is an increasing trend to decentralise operations and make more use of outside contractors," she says.

Such an approach is more cost-effective, although industrialists in favour of doing as much as possible in-house say it can be inefficient.

'No-go' areas for hawkers

153A

Municipal Reporter

THE Cape Town City Council is scrambling to compile a list of "no-go areas for hawkers" so it can be gazetted before a new law deprives the council of control over street vending.

The Businesses Act, Number 71 of 1991, is supposed to come into effect next month. It will prevent local authorities from declaring whole blocks "out of bounds" for hawkers.

However, the administrator of the Cape will still be able to prohibit street vending at specific places identified by Official Gazette notice.

City Administrator Mr Gys Hofmeyr is compiling a list of such places to submit to the administrator.

CT 5/12/91

SOWETA

Way forward lies in small businesses

Sowetan 5/12/91 153A

SMALL business has become South Africa's biggest job creator, managing director of the Small Business Development Corporation Dr Ben Vosloo said.

By JOSHUA RABOROKO

Vosloo said his organisation had played a major role in creating a climate for small business development by campaigning for deregulation and introducing support services and training

Speaking at the SBDC's 10th anniversary, he said what was needed now was to unleash the full job and wealth creation potential of this vital sector of the economy by coming up with a comprehensive strategy This strategy would focus on small- and medium-sized enterprises (SME)

He said "In the light of the importance of the SME sector in the future economic development of this country, it is absolutely essential that the economic policy should not continue to be biased in favour of the large business sector

"There is a need for SME development strategy that provides equal opportunities to all businesses "

Such a strategy, he felt, should address the major constraints hampering the sector such as lack of access to capital, unaffordable business premises and markets, unnecessary regulations and inadequate support systems.

Based on international experience, Vosloo said, any comprehensive SME strategy should

- Foster an enabling environment for the encouragement of entrepreneurship and SME creation and growth,
- Mobilise financial resources by way of appropriate financial assistance programmes,
- Provide appropriate low-cost rental or individually owned premises when they are not available through normal commercial developers,
- Improve the skills and technology at SMEs, and
- Provide appropriately structured, staffed and financed assistance schemes

"No economic miracle is going to happen through foreign investment and export incentives alone," Vosloo said "Real economic development is a 'do-it-yourself' process at the grassroots level that can at best be helped along by sound economic policies "

Unemployment fuels informal sector surge

UNEMPLOYMENT is fuelling the development of the informal sector in Newcastle, but without access to capital hundreds of would-be entrepreneurs are doomed to poverty and frustration

Zibambeleni Association spokesman Claude Hogana says "People are being laid off by the big companies and unemployment is growing

"We encourage them to put their retrenchment cheques into some form of informal business, but the infrastructure and capital just aren't there to enable them to grow"

Zibambeleni — a Zulu word meaning "do it yourself" — was established two years ago to look after the interests of spazas, hawkers and vendors in Newcastle and neighbouring townships Madadeni and Osizweni

Since then its membership has grown to around 4 500 businessmen operating throughout northern Natal

While Zibambeleni is an independent operation, it retains close working links with the Newcastle Town Council in a relationship which Hogana says is mutually beneficial

Shelters

A project aimed at improving the lot of vendors in the town is to set up shelters and facilities in demarcated trading areas

Town secretary Chris le Roux says the town has around 170 vendors trading on its streets

"We first approached Zibambeleni about keeping the area where the vendors gathered clean and there was a marked improvement

"Now we are working together in the planning of a new bus and taxi terminus being developed by a Durban firm

"This will incorporate storage facilities, toilets and washing facilities and shelters," he says

At this stage, Zibambeleni can offer its members little by way of a long-term strategy It is pouring its energy into coping with day-to-day needs

One of the services it offers is the provision of buying cards to enable members to buy stock at discount suppliers

"We also provide business training, often to people who are illiterate

"We teach them basic principles such as how to buy, how to price their goods, customer relations, stock control and so on," says Hogana

A problem facing the community, however, is transport

"Madadeni and Osizweni are 20km from Newcastle

"Spaza proprietors, vendors and hawkers don't have storage facilities to enable them to buy in bulk, but it is prohibitively expensive to travel into town every day or two to replenish stocks

"Because of this we are looking into the prospects for providing warehouse space where our members can store their goods close to home," he says

Nacssa gets together

By NAT DISEKO

DELEGATES from grassroots organisations countrywide converged on Welkom this week to fight against poverty and unemployment in the black community.

Welkom was an unlikely venue as the city was recently torn apart by the bloody miners conflict at the President Steyn Mine. A white by-election won by the Conservative Party was also recently fought in neighbouring Virginia.

But there were no hitches at the first annual general meeting of the National Association of Co-operative Societies of South Africa (Nacssa).

Nacssa embraces organisations such as burial societies, women's clubs and mehodisano clubs (stokvels)

Speakers emphasised the importance of advancing black economic development through such organisations in view of existing political and economic conditions.

Nacssa executive director Sam Moufhe said the organisation should avoid being swallowed by big business Societies had to liberate themselves and not end up as mere consumers [illegible]

"In the past, societies could not engage in risk business because of the fear of financial loss. The Nacssa Funeral Scheme 4 000 relieves contributors from having to save money for the sole purpose of burial. They can now use their surplus funds for business ventures because of the cover offered by Nacssa," said Moufhe.

He announced that Nacssa would publish its own monthly publication, *The Nacssa World*, from the end of next month.

Stokvels are untapped by big business

MAINSTREAM business is missing many marketing opportunities in a billion rand economy operating underground in South Africa - stokvels, the president of the National Stokvels Association of SA (Nasasa), Mr Andrew Lukhele said at the weekend

He said some 700 000 to 800 000 stokvels were operating, involving eight to 10 million economically active black adults, more people than the entire population of Switzerland

Stokvels are savings clubs aimed at generating cash Members contribute a set amount of money to a general pool from which they may draw in rotation or in a time of need, depending on the rules of the organisation

'Although the main aim of stokvels is mutual financial assistance, they also have social and entertainment functions Members take it in turns to host parties which are open to the public

Several kinds of stokvels, including burial societies, groups saving to renovate or extend their homes, investment syndicates and general savings clubs, contributed billions of rands in the country's economic mainstream

He said despite the money which these stokvels were contributing, their members were shabbily treated by financial institutions when they applied for home loans

"This has resulted in the mushrooming of squatters in South Africa Squatters have caused many problems, including violence in recent days"

Nasasa, which is an affiliate of Fabcos, fully supported the low-cost housing as one of the solutions facing squatters in the country

His movement was growing in number and would contribute towards black economic empowerment

Jo'burg's switch into an African metropolis

SAPA-Reuter

BLACKS are claiming Johannesburg as their own, transforming the once-white city into a bustling black metropolis

From afar, the gleaming office towers still resemble a prosperous Western city filled with middle-class white commuters But up close, the sidewalks are lined with black hawkers selling everything from bananas to blue jeans

Not a white face can be seen among hundreds of people shopping at midday in a pedestrian mall At the cocktail hour, the wood-panelled bar of the most luxurious hotel is crowded with black businessmen

"The change is tremendous," said Mr Tim Hart of the Urban Foundation, a private group that studies South African cities "Johannesburg is hardly recognisable as the city I grew up in "

Africa's wealthiest and most modern metropolis, called the City of Gold for its mining riches, began its transformation in the early 1980s, when whites retreated to the suburbs and blacks moved in

The social changes in Johannesburg and other cities presaged the formal demise of apartheid laws that became unenforceable as blacks defied the government by moving from segregated townships to white cities

"Disrespect for the law has helped create the new South Africa," said Mr Lawrence Mavundla, who founded an organisation that made street-vending legal for blacks

Repeal of segregation laws added momentum to the process of change and made black migration from the townships legal

Much of Johannesburg now seems like a city in any other African country

Young blacks and whites mix easily at the Market Theatre complex, with its jazz club, theatres, restaurants and huge Saturday flea market, without the self-conscious awkwardness found at many multiracial social gatherings

Whites still own most of the businesses and control the wealth but store clerks, taxi drivers and policemen are likely to be black

The changes also have brought Johannesburg serious problems that foreshadow what awaits the entire country as it tries to undo its racial history

Many analysts predict the city will deteriorate under the weight of crime, unemployment, overcrowding and the desperation of so many new arrivals fleeing rural poverty

"Shops have gone progressively down-market, the city centre has become very dirty, crime is out of control," said Mr John Kane-Berman, head of the Institute of Race Relations, an independent research group "Johnnesburg will retain its vibrancy, but it will look a lot different "

Fewer than 750 000 of the nearly 5 million people in metropolitan Johannesburg are white About 2 million of the blacks live in shacks in dusty townships that ring the city

Mrs Sylvia Motebula (26) is typical of the new Johannesburg

Last year, she moved with her husband and daughter from the remote black homeland of Venda and set up a sidewalk earring stand at a busy corner The family rented an apartment in Hillbrow, a ragged, crime-ridden area of high-rise apartments that whites deserted

"There was nothing in Venda," Mrs Motebula said "Hillbrow is very noisy and dangerous But I can make money "

Mini-businesses will create jobs, Govt told

STAR 13/12/91.

153A

By Michael Chester

The Government has been urged by the Department of Economics at Pretoria University to launch a dramatic new assault on the unemployment problem by a sweeping expansion of the informal sector

Special studies have recommended the injection of between R1 billion and R2 billion into programmes to provide thousands of jobless workers with the chance to start mini-businesses of their own

Action should also go hand in hand with the removal of any outdated regulations

The researchers argue that the programme could easily be financed by central Government and local authorities by a replanning of expenditure priorities, rather than an overall increase in public spending

The proposals follow disclosures that the formal business sector may have vacancies for fewer than one in every 10 of the current crop of 400 000 matriculant school-leavers as the recession drags on and worsens the unemployment dilemma

In particular, the scheme should concentrate on the creation of a nationwide network of "hives of industry" — the sort of complexes pioneered by the Small Business Development Corporation (SBDC) and tailor-made to house scores of entrepreneurs putting their skills into their own mini-ventures

The studies have heavily emphasised the enormous potential role of the informal sector to give a new boost to the whole economy — as proved by the economic miracles achieved by several Far East countries

The researchers insist that the cost of the programme would be modest when compared with the impact in socio-economic terms

Funds should be channelled through such specialised agencies as the SBDC, which had already created well over 280 000 new employment opportunities since it was conceived 10 years ago

The studies also advocate the introduction of a "fair business code" to put small ventures on an equal footing with big firms

Deregulation on a massive scale, especially at local level, should be implemented as thoroughly as possible, it is argued

"The role of small and medium businesses — in respect of income generation, employment creation and promoting individual initiative and creativity — should be publicised much more widely than in the past," says a special report

"In addition, occupational and career guidance in the schools should not be limited to employment opportunities (in the formal sector) but specifically emphasise the opportunities of entrepreneurial action

"Some training in entrepreneurial and management skills could form part of formal school curriculums, while facilities for this type of training should be available and more easily accessible throughout the community in general"

The researchers said the informal sector had already started to prove its potential clout in countering unemployment

They believed the Central Statistical Service had badly underestimated the size of the informal sector in an October 1990 count that estimated its current labour force at around 2,8 million

"Whatever the actual figures may be," says their report, "small-scale informal economic activity serves to redress at least two vexing problems in the South African economy it significantly reduces the level of unemployment and raises the income share of persons in the lowest brackets of the income scale

"The existence of a multitude of small producers across all sectors of the national economy is essential"

This gold rush is right up their street

Star 14/12/91 (1534

TRISH BEAVER

"Egoli" is the city of gold, they say

But its sidewalks are not paved with gold, instead, they're paved with hawkers dreaming of finding their fortunes

The city's pavements have become part of the heart of the city, pulsing with life Johannesburg is the largest city in South Africa and it has the largest number of street hawkers, each vying for a place on that dirty pavement of potential riches

Ingenuity and creativity have a large role to play in the success of a street stall Hillbrow has hundreds of them, each showing off a small part of South Africa to the hundreds of locals and tourists who pass by each year

Street-smart

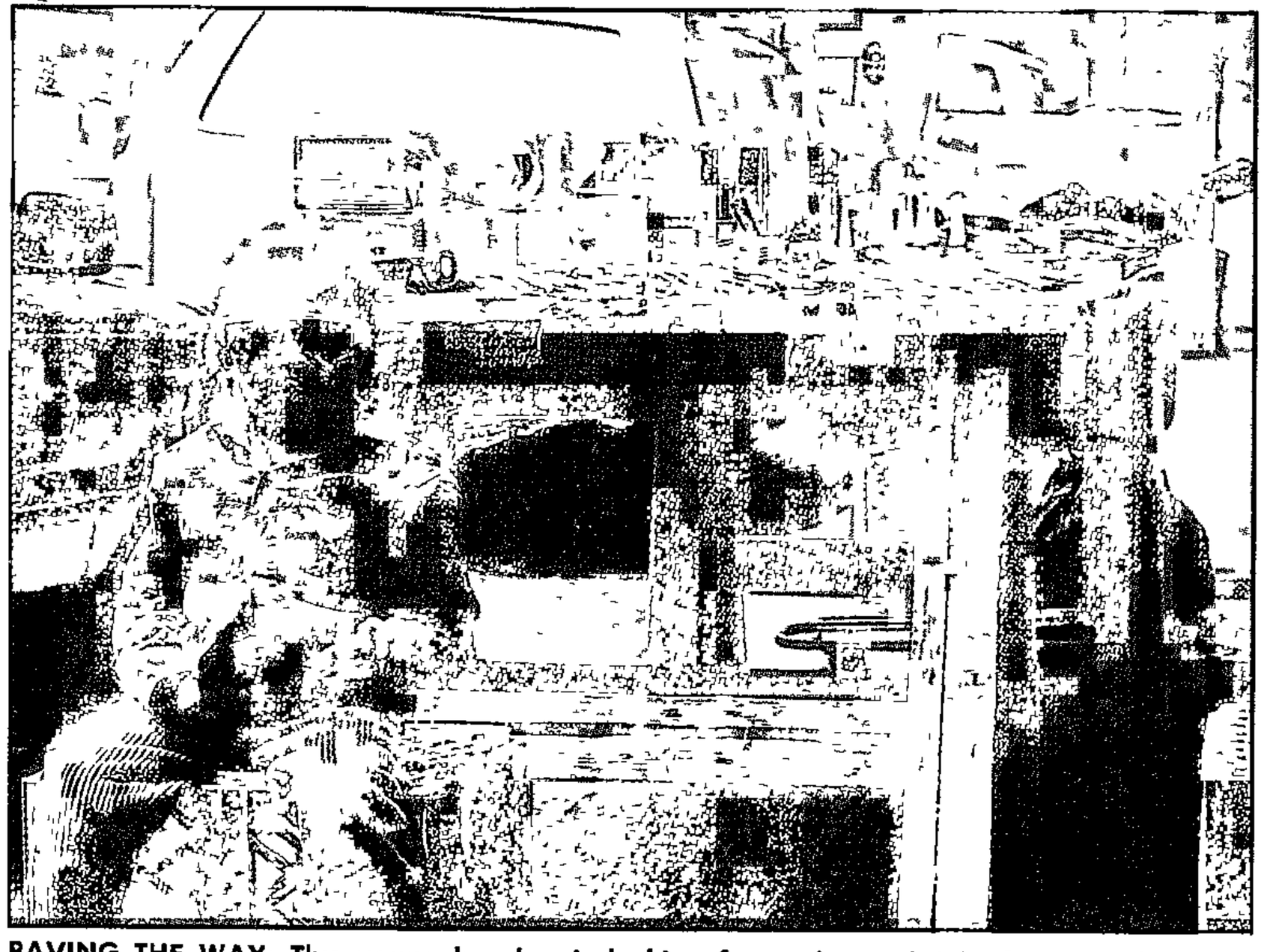
T-shirts, cosmetics, jewellery, posters, shoes, hats, scarves, carvings, vegetables — the list is as long as the street

"Have a look madam, we got no VAT!" says a street-smart hawker plying his trade along with others in Pretoria Street "I sell two for same price," shouts his neighbour

Waking at dawn, the hawkers rise from their township shanties and prepare their wares for the trek to town A collection of crates and cardboard boxes are used to pack their goods



SHORT BACK AND SIDES: Solly Mabuka and client at Solly's streetside barbershop.



PAVING THE WAY: This young hawker is looking forward to a bright future as he dons sunglasses and plies his goods to passing customers on a busy Johannesburg pavement.



CABBAGES GALORE The place to find fresh vegetables at dirt cheap prices is on the sidewalk.

Pictures: TOM EDLEY

It costs only R40 for a hawker's licence, but next year this will fall away. The only cost will be the initial outlay of setting up a stand

A hawker may choose a prime stand on the corner of Market Street or a little spot in Braamfontein — no hassles with a landlord over the rent, just a little inconvenience when it rains

Solly Mabuka is a professional barber and he conducts a roaring trade on the corner of Banket and De Villiers streets

People on their way to the taxi ranks who feel unhappy with their stubble or unruly hair can just perch on the two plastic deck-chairs and wait their turn for a quick trim

He started his haircutting outside the Wemmer hostel 37 years ago Then haircuts used to cost a mere 15 cents

But, he says, "you have to change with the times I charge R10 for a good cut, R2 for a shave"

Solly has invested his life savings in a portable electric generator, which powers his six variable electric razors — a far cry from the wooden stool and manual clippers he started with — but quality, he says, is still his secret to success

He dons a clean white overcoat with suitable ceremony before getting down to business

The city council is doing its best to accommodate this new breed of entrepreneur

Patricia Mamabolo, public relations officer for the African Council of Hawkers and Informal Business, says hawking is a great opportunity for the unemployed

"We have more than 900 000 hawkers in this country The deregulation of Johannesburg has made it easier for people to make a living

"It is a humble start but we have had many success stories, a few of our members started as hawkers and are now supermarket owners

"Hawkers are no real threat to the formal sector as their markets are different The hawker has a few goods and sells on a small scale with a small mark-up The formal sector is much more organised"

Dinkie Pillay, the council's informal market trading chief, says hawking is no longer frowned upon

"The city council has approved a training centre geared towards the informal sector, which will tell them of their rights and limitations

Chase on for Ms Fortune

C/Press 15/12/91

ISBA

Working girls hit big time

CP Correspondent

BC Stars, the first South African company to be owned by black women, this week carved a huge niche in business, when they took over a Benoni-based pottery factory.

The women have bought South African Potteries and hope to turn it into a multi-million rand industry They start work next month with 12 employees

The company was previously owned by Chaiphorn Lekcharoensuk, who sold it to BC Stars after many months of negotiations

Managing director Brenda Maisela said the factory has been selling to big white businesses like furniture shops, hypermarkets and supermarkets, with no direct selling to the black market

BC Stars has grabbed this chance to introduce pottery to a wider South African market, especially blacks



WOMEN ONLY ... Managing director Brenda Maisela.

"This is an opportunity for us to introduce pottery for domestic use to the black community

"We intend to produce pottery at a reasonable price for black consumers and to open outlets around Johannesburg so that we are within reach of our consumers," said Maisela.

Businessmen have shown a keen interest in becoming shareholders

BC Stars has shown the way for the formation of more women-only companies with men not serving on the board but only holding shares

Healthy prospects for Western Cape

Get prepared for growth SBDC

153A CT 16/12/91

By AUDREY D'ANGELO
Business Editor

THE Small Business Development Corporation (SBDC) is confident that the Western Cape region will continue to grow — probably more quickly — in 1992, regional GM Wolfgang Thomas says in a year-end review

"In the light of these prospects it seems all the more important that the SME (small and medium employer) sector in the Western Cape gets prepared for higher growth combined with improved productivity and more rapid job creation"

The SBDC in the Western Cape will co-operate with other organisations such as Fabcos, Wepcoc, Khaba and the chambers of commerce and industry to strengthen black business advancement and entrepreneurial development

It will expand its branch office structure — which has already been widened — arrange a broader range of training programmes and provide more accommodation in business "hives"

Thomas says grave concern about rising unemployment and sluggish economic growth "has, during the past year, led to a search for more promising strategies for regional economic growth adapted to the potential and special needs of every region in the SA economy"

In the Western Cape the SME sector was particularly strong and regarded as a promising foundation for future economic growth and job creation.

"Support for SMEs in the Western Cape has to be seen in the broader context of rapid, complex and far reaching changes occurring in the regional economy — including the economy of the greater Cape Town metropolitan area, its periphery and the outlying countryside areas.

"The acceleration of African urbanisation, the impending breakthrough with manufactured exports, a take-off in international as well as internal tourism, the rapid rise in the number of better educated school leavers, pressures to increase labour productivity as well as overall productivity, a continued shift towards more deregulation, greater tolerance for informal sector activities and closer big-business/small business co-operation — these are just some of the deeper lying structural adjustments the Western Cape sub-regions have to cope with."

Plea for small businesses

THEO RAWANA

TAXPAYERS should compel government to use their money to develop the small and medium business sectors, Prof Geert de Wet of Pretoria University's economics department says

Launching the 1991 edition of an economic research paper, Focus on Key Economic Issues, De Wet said both sectors had the potential to increase the welfare of everyone in SA

He said the potential of the sectors could be increased through funding from various sources, including government.

"And when we talk of government, we talk of taxpayers' money; the taxpayers have the right to dictate where their money should be spent. They have the right to tell government to use more money for the development of this sector."

The study, compiled by a team from Pretoria University's economics department on behalf of the SBDC, says while the importance of small and medium businesses seems minor when looked at in terms of overall production and employment, their contribution is important when viewed from the perspective that job creation provides income for people's effective access to goods and services produced

The study says at least 25% of agriculture, 77% of mining, 90% of manufacturing, 96% of commerce, 99% of construction and private transport and 90% of other selected services comprise small businesses.

It adds that where the small businesses predominate, they account for about 60% of the GDP in SA.

"The remaining 40% of the GDP is generated by public and private sector activity, and it is clear that the private businesses include a significant number of small business establishments, although this cannot be quantified for lack of suitable data."

SBDC plans upgrade scheme for spazas

1534

South 19/12/91 – 15/11/92

by Mbuyiselo Mtsheketshe

THE Small Business Development Corporation (SBDC) plans to assist spaza shop owners upgrade their enterprises

SBDC spokesperson Mr Roland Hein said the spaza upgrading aimed to assist existing and "dedicated entrepreneurs".

Hein said spaza owners will be assisted financially and receive training in business skills in "dummy shops" in a competition

The winner will be a spaza owner who has proven his or her ability to develop the shop from "a mere survival enterprise to a profit-making, independent business"

Out of thousands of spaza shops in the townships, a small fraction managed to grow into large shops

Spaza owner Mrs Thelma Mdivase of Guguletu said the project would be very useful for owners who want to erect buildings.

Mdivase, who uses one of her rooms to sell goods, is one of the spaza owners who received SBDC financial assistance.

"For spaza owners in the township, the project is an opportunity to open formal supermarkets depending the availability of sites," she said.

SOWETAN B

Codesa asked to guard small firms

Sowetan 19/12/91

THE National Industrial Chamber has called on the Convention for a Democratic South Africa to consider a ministry to protect the small business sector which could save the country from massive poverty and unemployment.

By SONTI MASEKO

NIC, the industrial arm of NAFCOC, believes the creation of a new ministry charged with creating a favourable climate for small business was a potential solution to South Africa's economic woes.

The plan was based on succcesful experiments both in the East and West, where the growth of small business has alleviated unemployment

According to NIC president, Mr Joe Mogodi, during the 80's small firms in Britain created more than a million jobs, twice as many as larger firms

"In South Africa, where 40 percent of all adults have no recorded employment and seven out of eight school leavers cannot find jobs, our biggest problem is job creation Yet the Government remains intransigent to our pleas - hence our appeal to Codesa " Mogodi said

Dynamic

"Democracy does not thrive in the midst of poverty and politics alone will not overcome the twin evils of unemployment and poverty A dynamic small business sector, however, will."

"The UK has a small firm minister whose task it is to create a supportive climate for small firms He is the political champion of small firms and ensures the legislative framework is appropriate for their growth

"With the help of a sympathetic government we can work this miracle in South Africa as well The whole structure of the economy must be overhauled if a healthy small firms sector is to arise.

"The sector has no champion at cabinet level Policy decisions are taken with little or no thought of their impact on small firms Their potential is largely ignored," the NIC said

Revised

Areas of legislation that the NIC envisages could be revised are

- The ammendment of restrictive and inappropriate legislation that discourages business growth,
- Training for adults in both job skills and entrepreneurship,
- Changing the emphasis in secondary education from academic to technical skills,
- The introduction of entrepreneurship as school subjects - according to NIC, 25 percent of people have entrepreneurial skills and education must help those children with the talent to create their own jobs,
- Providing "safety net" finance for samll business,
- Intervention by the ministry on behalf of small business where payments are unduly delayed, and
- Legislation making it illegal to withhold payment to small firms for periods longer than 30 days

solve the problem in education it, in ness, on needed an annual growth could be

Liquor Act exemption sought by stokvels

BD 20/12/91 (153A)

WILSON ZWANE

THE stokvel industry will urge government to exempt its members from provisions of the Liquor Act, because it believes they interfere with the stokvel culture

National Stokvels Association of SA (Nasasa) president Andrew Lukhele said yesterday stokvels were different from other liquor trade ventures in that they traded in liquor only after members made their contributions

"The requirement of the Act that liquor should be sold only from fixed premises does not apply to stokvels, which operate on a rotational basis We are, therefore, urging the department to exempt stokvels from the Act," Lukhele said

Nasasa would be make representations to the Trade and Industry Department, he said

Trade and Industry Department (Liquor Affairs) director D J Botha said in recent correspondence to Nasasa the department did not object to individual stokvel associations applying for liquor licences provided the applications related to particular premises

"The fact that liquor cannot be hawked from premise to premise is a fundamental principle embodied in liquor legislation down the decades," Botha said

Law Review Project executive officer Louise Tager said in a paper delivered at a Nasasa conference recently the Liquor Act was a serious obstacle for stokvels because it did not make any provisions for them

Licences which could be granted for the sale of liquor in terms of the Act such as club and tavern licences were not appropriate for a stokvel, Tager said

Surveys suggest there are 800 000 stokvels countrywide, with 10-million members It has been estimated that the informal savings clubs generate income of more than R200m a month

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FNB supports scheme to secure home loans

(153) (BD) WILSON ZWANE

ONE of SA's leading banks yesterday indicated it would back the plan by the National Stokvels Association of SA (Nasasa) to invest stokvel funds into unit trusts, to serve as collateral for home loans.

FNB senior GM Jimmy McKenzie said yesterday the plan was excellent and his bank supported it. The bank would "certainly consider accepting unit trust certificates as collateral for home loans", he said.

Should the scheme get off the ground, it would make people in the low-income category "bankable" by enabling them to acquire assets and build up a track record of payment, McKenzie said.

SA Perm housing GM Denis Creighton said he had no "informed comment" as the building society was still looking into the matter.

Wesbank senior GM Neville Nightingale, whose bank is financing minibus taxis by using stokvels, was not available for comment yesterday.

Nasasa president Andrew Lukhele said this week his association planned to alleviate the black housing crisis by diverting a sizeable proportion of stokvel money from commercial banks to unit trusts.

Trust certificates could be used as collateral

A key feature of the unit trust concept was that the financial risk would be taken away from the bank and assumed by the stokvel. "The bank will be lending money to the stokvel rather than individuals Stokvel members will then ensure loan repayments by means of peer pressure," he said. (BDay) 20/12/91

The scheme is the brainchild of Nasasa and Tremsen Brokers Services — a private company rendering financial advice to the informal sector.

Lukhele said financial institutions were reluctant to lend money to township residents, citing violence and non-payment as reasons.

SBDC urges promotion

THEO RAWANA

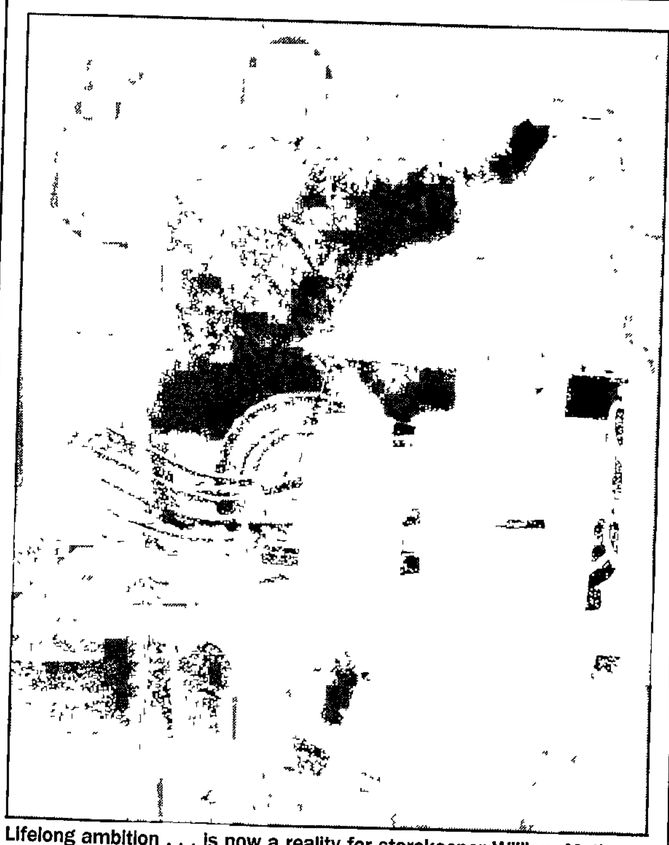
SMALL and medium enterprises formed about 85% of the 800 000 formal businesses in SA, a sector which should get more promotion for economic betterment, SBDC MD Ben Vosloo said yesterday.

In a statement marking the SBDC's 10th anniversary, Vosloo said the imbalances created by policies aimed more at supporting activities of big business than those of small and medium enterprises should be addressed.

"What is needed now in order to unleash the full job and wealth creation potential of this vital sector of the economy is a comprehensive and cohesive national small and medium enterprises strategy," Vosloo said.

New strategies should address such constraints as lack of access to capital, affordable business premises and markets, unnecessary regulation and inadequate support systems.

● See Pages 8-10



Lifelong ambition . . . is now a reality for storekeeper William Motjoadi. He is confident that his business will be a big success.

Business inspiration plus perspiration

(153A)

STAR 23/12/91.



Stoep Talk

MICHAEL SHAFTO

What do a communications centre, a whelk, a platteland hardware store and handwoven cloth rugs have in common?

They have been instrumental in winning money for various individuals in an annual competition that the magazine, Fair Lady, has been running for four years now in conjunction with a major insurance company

The Fair Lady/Liberty Life Business Start-up Awards for 1991 offered a R50 000 prize, and the judges this year decided to divide the amount between four imaginative entrepreneurs

Start

Sue Grant Marshall, Fair Lady associate editor, said that in four years the awards had helped 20 budding entrepreneurs make a start in life

"The point is," Ms Marshall added, "that between them they in turn have created jobs for hundreds of people, which is an important achievement in these times of high unemployment"

Mike Garbutt, senior Liberty Life executive, said "We are at the crossroads in terms of our future and, to be successful, we must mobilise all people to become more productive

"Therefore, the importance of small businesses as stimulators of growth simply cannot be underestimated."

If you haven't already, made a dash for the nearest dictionary and found it for yourself, you may be wondering what a whelk is

Let me explain that it looks like a garden snail and is an extremely popular seafood dish overseas Joy and Trevor Grey have done extensive research on the little-known whelks, imported here from Japan

The couple, who won R15 000 for their dream of marketing unusual seafoods, say the whelk is cheaper than any other seafood, and restaurateurs are responding enthusiastically to stocking supplies Their goal is to make whelks a household name

One of the most interesting individuals to walk away with a R10 000 award is peppy William Motjoadi

On a dusty site near the Pedi village of Mphahlele, some 50 km south of Pietersburg, William has turned a lifelong ambition into a reality He has always wanted to be a storekeeper and expects to have completed building the store by Christmas.

A construction company credit clerk, Mr Motjoadi was retrenched last year, but he allows nothing to get him down

He soon bounced back, selling tables, chairs and wax floor polish to hospitals, villagers and the Lebowa government. The nearest hardware store is in faraway Pietersburg, that's why he believes his operation has a good chance of success.

Specially inventive was Musa Mlangeni, a Soweto businesswoman, who won R15 000 for her communications centre scheme Existing communications services in Soweto are terribly inadequate, with phones frequently being vandalised and out of order

This gave Musa the idea to set up a series of centres with telephones, faxes, photostat machines and typewriters

Hospital

The first has already been established near Baragwanath Hospital, and she wants to erect more sturdy, portable prefab offices wherever people congregate, places like taxi ranks, supermarkets and clinics.

Employing 38 weavers is Eleanor McCarthy, a teacher who lives in the railway village of Donnybrook in the Drakensberg She has set up an industry weaving high quality rugs She, too, was awarded R10 000

They use a waste product, stentor strips, to weave their high quality, brightly coloured rugs and have become a big hit on the market.

It's just a matter of putting your mind to it

A remedy for herb sellers plundering

WILSON ZWANE

STREET vendors selling ingredients used in traditional medicines have come under fire from herbalists who accuse them of destroying natural resources

Herbalists say the indiscriminate stripping of bark from trees by the vendors endangered the ecosystem and should be discouraged.

African Skilled Herbalist Association president Lymon Msibi said vendors of bark and roots used in traditional remedies should be educated "not to molest but to respect the plants"

One way of doing this would be to invite vendors to join traditional healers and herbalists in efforts to establish nurseries where plants could be cultivated and exploited without damaging natural vegetation

An SA Nature Foundation spokesman said a project to establish such nurseries had been launched in the western Cape

He said the project, backed by a R647 000 grant from the foundation, was established last year after six people were arrested in Newlands Forest while stripping bark

But a Durban City Council horticulturist said he doubted nurseries would woo vendors away from natural bush where the ingredients were free

Mine guards

Black businessmen laud Codesa moves

Soweton 23/12/91

By JOSHUA RABOROKO

BLACK business has welcomed the launch of the Convention for a Democratic South Africa as an important milestone that might bring socio-political and economic development in the country

They expressed hope that the parties which either pulled out or refused to participate in Codesa will change their minds and join in the political transformation taking place in South Africa

The National African Federated Chamber of Commerce and Industries, the Foundation of African Business and Consumer Services and the Soweto Independent Shopkeepers Association, also condemned the violence

Nafcoc vice-president Mr Joe Hlongwane said Codesa was a good move towards liberation from the shackles of oppression provided black leaders avoided being co-opted by the Government.

It was unfortunate that some of the black organisations were not present at the signing of the historic agreement

He said black business should be invited to make a contribution because "political power without economic muscle will be useless in the post-apartheid South Africa"

He did not believe that sanctions against South Africa would be lifted immediately but said he expected they would slowly go away in the aftermath of Codesa

Nafcoc was concerned about the majority of black people who were poor and disadvantaged as a result of apartheid and wanted to see them economically empowered

One-man-one-light seen as key issue

While most South Africans can afford electricity, it remains unavailable to about two-thirds of the population, according to the SA Institute of Race Relations

The institute's latest Social and Economic Update 17 states that homes without access to electricity spent an average of R90 a month on fuel in the form of paraffin, candles and coal, while electricity could be supplied for less than half the cost

Almost 81 percent of the 7 845 schools under the administration of the Department of Education and Training did not have electricity, which limited their potential to provide a well rounded education programme, with audio-visual aids or electrical tools for technical courses.

Both the National Energy Council and Eskom aimed at providing energy to all South Africans, and Eskom hoped to provide 89 percent of the population with electricity by the year 2000 reports Update.

It said the pre-paid electricity meter known as the budget energy controller had been widely accepted The system operated with a disposable magnetic card which was slotted into a meter box in the user's home, and the user bought as much electricity as he could afford.

"Municipalities are making use of this system, and in Durban a plan has been introduced to electrify every home within its boundaries, including shacks, within the next five years, using the budget energy controller By 1996, it is hoped that 168 000 homes will be electrified"

Update reports that one of the systems Eskom is looking at, to provide electricity in areas without access to the national grid, is the Remote Area Power Supplies (RAPS) system, which would generate its own electricity or use a hybrid of energy sources such as solar power diesel generators and wind and hydro-turbines

Update's business section notes that in March the Government estimated that the informal sector was growing at 8 percent a year, while further research indicates that the number of people involved in the informal sector on a full-time basis increased by 20,5 percent between October 1989 and October last year Consequently, the job creation possibilities in the informal sector are of increasing importance.

The publication noted that the Johannesburg City Council had convened a group of 10 officials to advise hawkers individually, and intended to expand the programme.

The council had also erected folding shelters in the city for hawkers, and had encouraged private enterprises to make storage facilities available for hawkers' wares.

In Natal, further assistance had been given to hawkers in the informal sector through loans from the KwaZulu Finance and Investment Corporation (KFC) These KFC micro-loans were aimed at small industrialists in the informal sector or moving into the formal sector

Update notes that the single largest capital investment by an international company in the Small Business Development Corporation (SBDC) is that of German subsidiary Hoechst SA, which invested in shares worth R2,5 million in May This is linked to the newly launched SBDC hive project in Industria, Johannesburg, the purpose of which is to place small manufacturing businesses in "industry hives" under the tutelage of the SBDC

Update also reports that applications for over 40 million shares in National Sorghum Breweries (NSB) were received from about 9 000 distributors, consumers, members of the general public and employees, almost 90 percent of these applications coming from the black community

According to Update, the privatisation of NSB, now the largest black-owned company, could have important implications for the process of black economic empowerment.

"This is the only business entity which affords an opportunity for participating as owners, controllers, managers, directors, shareholders and distributors in a major company"

The publication reports that the minibus taxi industry had increased its share of commuter transport from 29 percent in 1987 to 44 percent last year, with the Southern Africa Black Taxi Association (Sabta) cornering 58 per cent of the total minibus-taxi market.

"But the industry has been hit by increasing costs of petrol and spare parts, as well as a rise in the price of new minibuses. As a result, owning a taxi is no longer the 'money-spinner' it used to be in the early 1980s. As commuters are unable to afford increased fares, profits have decreased."

A transport consultant, Paul Browning, told Update that the average monthly income of taxi owners had decreased from between R2 500 and R3 500 a vehicle owned, to between R1 500 and R2 500

Drivers employed by taxi owners had also been hit by increased costs. On average, a taxi driver must earn R200 a day to the owner, and anything over and above that was his own, so there was increased pressure to make as many journeys as possible with as many passengers as possible.

In addition, drivers must spend an average of R105 on new brake pads a week, and R6 a day on oil. — Sapa

This left 2,3-million unconnected houses which fall under other supply authorities such as homelands and municipalities

An Eskom spokesman said the estimated R6bn cost of the Electricity for All programme was calculated by using an average connecting cost of R2 000 per household and a figure of 3-million unelectrified homes within reach of its grid

...would use local labour

Contractors were invited to introduce themselves to their nearest Eskom district to keep informed about opportunities and bid for projects

According to a study by Prof Geert de Wet of Pretoria University, the electrification of 1-million households over five years could create 270 000 jobs and add 5% to SA's GDP

...announced him yesterday that Welgemoed had invited a delegation to meet him in Cape Town on Friday to discuss the issue

"The restructuring of the transport policy should go along with the overall economic policy — this has not been followed," he said

Clean-up begins in Phola Park

TIM COHEN

IN THE first step towards becoming a proper town, Phola Park squatter camp is being given a Christmas present — the immediate removal of huge piles of refuse. BDay 24/12/91

Transvaal MEC for Physical Planning and Development John Mavuso said in a statement yesterday that the refuse removal had begun and would be followed by the provision of running water and toilet facilities.

Early in 1992, Phola Park would become a proper town, following the allocation of R15m by the IDT for the development of 2 000 service sites.

Phola Park has been the scene of numerous bloody clashes between residents and nearby Thokoza hostel dwellers

Mavuso said the hostels in Thokoza would be upgraded. Plans for this were still being prepared.

The construction of the town would be primarily in the hands of the community, which has planned the layout of the town and the design of the houses.

SA is 'still producing too many academics, too few technicians'

THOUGH there is a distinct move towards technical and vocational study, most degrees awarded at SA universities continue to be in the arts, social science and education fields

The SA Institute of Race Relations' latest Social and Economic Update, released yesterday, said enrolments at technikons increased 258,2% between 1986 and 1990, while university enrolments rose 54,5%

Between 1975 and 1979 student enrolments at technikons grew 14,5% and university enrolments 54%

Of the university degrees awarded in 1989, 60% were in arts, social science and education, 13% in science and engineering and 9% in medicine

Update said the country was still producing too few technicians and more academically oriented graduates than it could absorb.

The percentage of pupils remaining at school until matriculation had improved from 6,3% in 1980 to 13,6% in 1985 and 33,5% in 1990

The DET had committed itself to overcoming backlogs in provision of textbooks, allocating R61,1m for books this year, and another R69,7m for books next year

In its health and welfare section, Update said another 45 000 places needed to be provided for black children in children's homes to achieve parity with accommodation provided for white children.

National Health Minister Dr Rina Venter had acknowledged that government spent six times more on children's homes for whites than on those for blacks

About R34,7m was spent on 5 075 white children and R5,7m on 1 257 black children, representing expenditure of R6 837 on each white child and R4 535 on each black child

Update reported a growing incidence of tuberculosis The Department of National Health and Population Development said that in 1988 there were 57 704 cases, in 1989, 68 075, and in 1990, a provisional figure of 65 435 was given Reports for that year were not yet complete.

Formal housing remained unaffordable for most blacks

Between 60% and 80% of the urban black population earned between R400 and R800 a month

Of this, about 37% (R148-R296) would be spent on food and 13% (R53-R104) on transport — Sapa

Stokvels at Bank workshop

WILSON ZWANE

THE SA Reserve Bank will convene a workshop on the regulation of informal savings institutions next month to which all interested parties, including the National Stokvels Association of SA (Nasasa), have been invited.

Nasasa president Andrew Lukhele confirmed his organisation had been invited to the workshop. BDay 24/12/91

"The convening of such a workshop is in keeping with government's undertaking that input will be required from the stokvels before the new Deposit-Taking Institutions Act is finalised," Lukhele said

The Act will be amended to find a new approach to the regulation of informal financial institutions

The office of the Registrar of Deposit-Taking Institutions said details of the workshop had still to be finalised

But Reserve Bank Registrar of Banks and Building Societies Hennie van Greuning has said his office had been assigned the task of rewriting the Mutual Building Societies Act "in consultation with the market to address the financial needs of the broader community"

Lukhele said the Reserve Bank indicated last year it was committed "to stabilising and promoting" stokvels. (153A)

Van Greuning said the informal savings clubs had a large potential to provide efficient financial services if they were to function within "a proper statutory framework conducive to their particular environment and development".

"Such a framework should take cognisance of the risks involved in these financial arrangements," he said

Lukhele said the stokvel sector relied on prudential regulation in the form of market discipline to protect the interests of their members

"In place of formal mechanisms, informal agents rely on their knowledge of one another to reduce the risk of lending"

If this form of regulation were to be replaced by more advanced levels of prudential regulation, consisting of extensive rules and regulations, the flexibility and low cost of a stokvel operation would be diminished, Lukhele said

Road deaths drop, but still costly to economy

WILSON ZWANE

ROAD fatalities have cost SA's economy more than R147m since the start of the December holiday — but the figures are well down on last year's

A National Road Safety Council (NRSC) spokesman said road fatalities since December 3 stood at 466 yesterday Of those, 187 were in the Transvaal, 107 in the Cape, 98 in Natal and 74 in the Free State

"Each road fatality costs the country's economy R316 000 in lost production, damage to property, medical costs and legal costs," the spokesman said

It has been estimated that road deaths cost SA about R6bn annually

However, this year's road fatalities were lower than the 800 deaths during the same period last year

Road deaths this year included 75 occupants of minibus taxis A Sabta spokesman said the decrease in collisions involving minibus taxis (99 people died in such collisions last December) was partly due to his organisation's safety campaign