

# Informal Sector - 1992

JANUARY - AUGUST.

# Stares as Bushmen visit Sandton

Star 3/1/92 (1534)

Ry. Juliette du Toit (482)

In the middle of the upmarket, perfumed ambience of Sandton's Village Walk, there was the smell of woodsmoke

Three Vasekela Bushmen in karosses sat carving wood with pen-knives around a small fire, half oblivious to the astonished gazes of affluent whites and even more astonished gazes of blacks. The three were trying to make money for food.

Artist and mentor Coral Fourie brought the three to the shopping centre some weeks ago at the invitation of an art gallery in the Village Walk.

The Bushmen don't do this often. Usually they sell their crafts — bows and arrows, carvings of animals, walking sticks, knives, snuff holders, ostrich eggs and wooden spoons — at Schmidtsdrift army camp, near Kimberley.

About 4 000 of them were brought from Angola, Namibia and other places to the army camp about two years ago.

The SA Defence Force provides tented shelter for them, but nothing else.

About 800 were trackers and soldiers for the SADF.

They and their families were given the choice of staying in Namibia or coming to SA.

Many remained in Namibia, but Angolan-born Vasekela Bushman Fernando Congo — whom Ms Fourie has dubbed Charlie Chaplin because of his cheerful disposition — said he would never go back because Swapo hated them.

His friend Paul Dama agreed. They would not admit it directly to The Star reporters, but they disliked being stared at, especially by blacks, said Ms Fourie.

They call them "Mandela men" and complain that they stare at them like animals, but never buy.

Schmidtsdrift is home at the moment, but is far from ideal. The usually high sexual morals of the Bushmen are on the wane because of overcrowding and



What on earth? . . . urban blacks stare at the shy Bushmen.

unnatural conditions in the camp. Alcoholism problems are taking root.

There was no nice soft sand at Schmidtsdrift, only rocks, said Fernando Congo.

There are no big trees for shade. It is scorching hot in

summer, and up until this year, some would die of exposure in winter.

"If only they could go somewhere, live freely anywhere

under the sun," said Ms Fourie.

She was appointed by the SADF to look after them, hav-

ing grown up with Bushmen in Botswana. But it was not a permanent post. Now there is no one to help the Vasekela seek out the woods they need, or obtain carcasses from farmers for sinews and leather.

A permanent settlement for

the Bushmen was to have been built at Schmidtsdrift, but the project has been suspended indefinitely while politicians squabble over who really owns the land, said Ms Fourie.

"It's always the innocent ones who suffer," she added.

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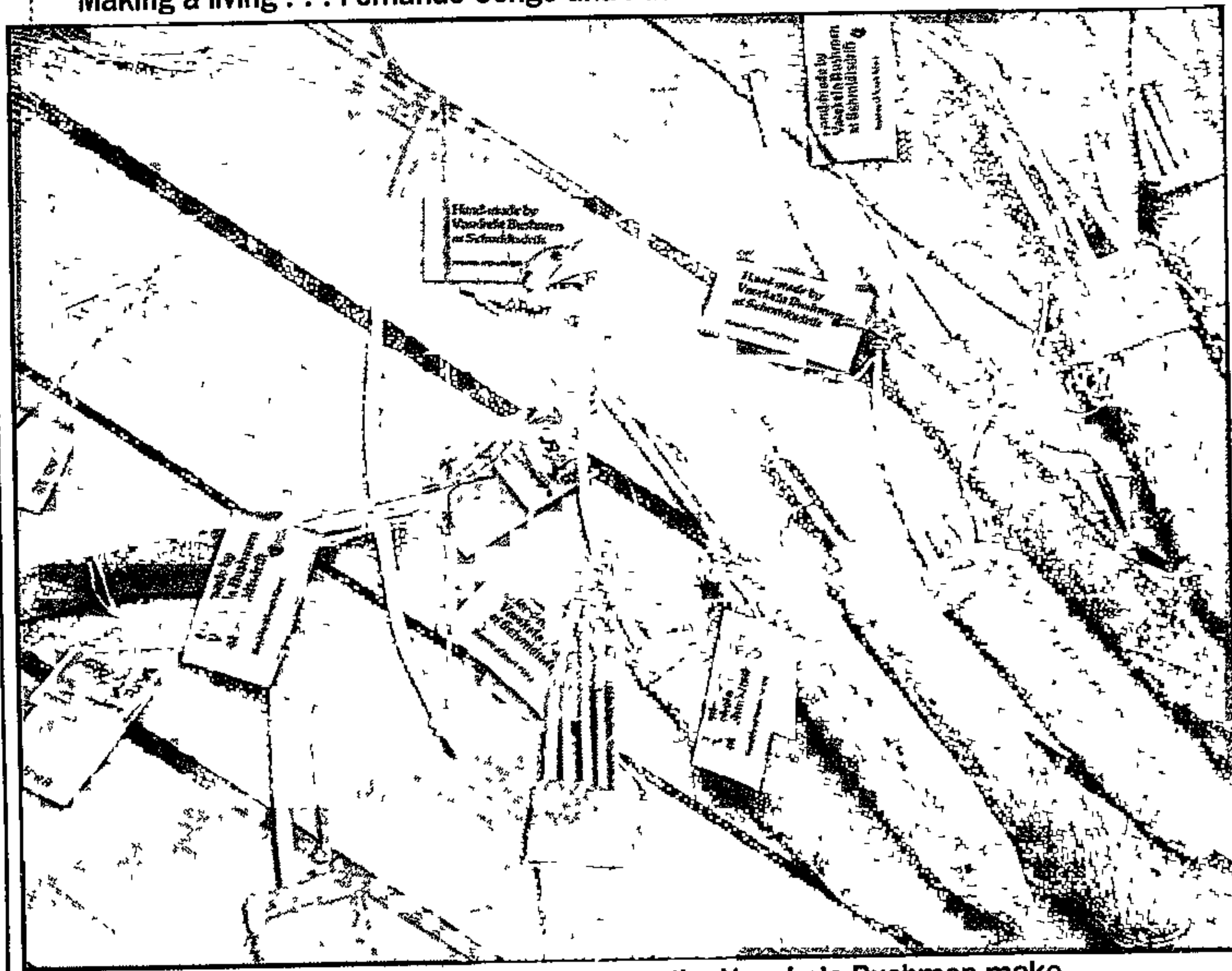
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STAR 3/1/92 (153A)



Making a living . . . Fernando Congo and Paul Dama make curios to stay alive.



Love arrows . . . some of the items the Vasekela Bushmen make.

Pictures Ken Oosterbroek

# SOWETAN-BUSINESS

## Informal sector poised to soar

Mr Friday Mavuso of Shap receives Sandown Rotary's Paul Harris Fellowship award from Mr Bevil Dustan for helping the disabled get work.



By JOSHUA RABOROKO

The survey was conducted among wholesale, retail and motor trade businesses and Market Research Africa was commissioned to conduct survey among consumers in November

It was conducted among black and white adults of 16 years and older in the major metropolitan areas

BER says the anticipated increase in unemployment is likely to impact negatively on business in general, but on consumer spending in particular. It is also likely to increase the crime rate and the cost of supporting the community

### Acceptable

Closely related to the inability of the economy to generate jobs, is the increasing tendency of the private sector to replace labour with capital.

Until businessmen and trade unions can work out an acceptable solution to the problems, the unemployment rate will remain high, and the socio-political climate will have negative impact on taking sound business decisions

The discontent among consumers - particularly the less affluent - with rising food prices resulting from VAT is posing problems for economic development.

Cosatu, backed by the ANC, is demanding higher wages to compensate for higher foodstuffs, medical services and medicine in particular. The Government has already yielded under pressure by reducing the VAT rate and by zero rating a number of foodstuffs

Black consumer confidence decreased during the fourth quarter, while that of white increased slightly, both however remained below neutral.

Progress on the political front towards the end of

the year, and a decline in township violence can contribute significantly to improved confidence, the survey found, adding that this will boost spending throughout 1992.

Wholesalers, retailers and motor dealers all continued to experience poorer sales volumes than a year ago, symptomatic of an economy still in recession

Expectations for the first quarter of 1992 are relatively better, but particularly retailers anticipate higher sales

volumes during the first quarter of this year.

Inflationary expectations were realised with the implementation of VAT, while expectations of even higher price increases have moderated among both wholesalers and retailers.

It appears likely that the upswing in the economy may start early in 1992, as retailers anticipate a relative improvement in business conditions only during the course of the first quarter.

*Sowetan 9/1/92*

1534



**LICENSING LAWS CHANGED TO BOOST TRADE —  
BUT CITY OFFICIALS FEAR A BOOM IN WAR LORDS**

# A new deal frees small businesses

(153A) S/Times (CM) 12/11/92

By EVELYN HOLTZHAUSEN

**SWEEPING** changes in business licensing laws have done away with red tape, freeing certain categories of the need for licences, and opening the way for the growth of small enterprises and informal trading.

But some councillors and officials are worried that the deregulation may lead to a free-for-all.

The new legislation is embodied in the Business Act passed during the last session of Parliament and is being phased into effect from January 1.

The new laws have been welcomed by the Small Business Development Corporation, businessmen and informal traders — but have come under fire from councillors and council officials who believe they will lead to a dramatic loss of council revenue and control over business in Cape Town.

Many also fear that the move could open the way for the "rule of the gun" like the bloody warfare over routes that followed the deregulation of the taxi industry.

"I think we are in for a whole heap of trouble — at least until things settle down," said the city's business licensing officer, Mr Henry "Boet" Windell.

## No control

"We could get into a situation where some traders in a particular area attempt to eliminate their competition through strong-arm tactics, as in the taxi war."

"In the past we could limit the number of traders in the same business in a particular area."

"Now there is no control other than market competition."

Mr Windell said problems could also arise for the Receiver of Revenue as the council helped him keep track of licensed businesses by forwarding him lists.

"The Receiver will now have no record of the establishment of new businesses," he said.

"On the positive side, more people will find it easier to establish their own businesses and earn an income."

Mr Windell's fears were shared by Mr Leon Markovitz, chairman of the city's Utilities and Works Committee.

"It means we have lost control over a large sector of business in Cape Town," he said.

"We will also lose revenue and have no formal record of exactly what business are operating in the city. This could open the way for an unsavoury element to begin trading in areas where we do not want them, such as near primary schools."

The regional manager of the Small Business Development Corporation, Mr Wolfgang Thomas, said the corporation welcomed the new laws.

"I believe much of the credit for the implementation of the new legislation is due to the efforts of the Small Business Development Corporation."

"There is no doubt that it is a dramatic breakthrough."

"There are still lots of 'ifs' and 'buts' which will cause a lot of tension but, on the whole, deregulation and the cutting of red tape to make it easier to establish a business must be welcomed."

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The opportunity for the "gross abuse" which had taken place under the licensing system — particularly in township businesses — had been largely eliminated, Mr Thomas said.

He dismissed fears that the new laws would lead to a drastic loss of council revenue.

In terms of the entire budget, the money lost was "peanuts", he said.

## Forces

He agreed that the new laws could lead to over-trading and "mafia-style" protection rackets. These could include high-street shoot-outs between competing traders and traders' resorting to enlisting the help of "war lords" to ensure their businesses survive.

"We live in a complex society, but in the end I think market forces will prevail and things will settle down," Mr Thomas said.

The changes are intended to remove much of the red tape that impeded the launching and growth of small businesses.

The legislation has had the effect of repealing between 60 and 80 local ordinances governing business activities.

The statutory requirements that remain deal essentially with health and other by-laws, including those concerned with areas of trading, town planning and safety and noise regulations.

A list of prohibited areas where trading will be banned is to be published by the Administrator in February or March.

**Who needs business licences? — Page 3**

# Govt plans 'indaba' for small business

TRADE and Industry Deputy Minister David Graaff is to convene an "indaba" of all the major players in the small business sector

Graaff said in Cape Town at the weekend that discussions at the meeting would concentrate on the future of the sector

He said small and medium businesses would also come up for discussion during his Budget vote in parliament

"A special division of the department has been formed to handle small business creation, and we are working on that at present," Graaff said. He said the small business office should be in operation by June this year

8/Day 13/1/92  
THEO RAWANA  
Graaff said he would invite individual businessmen and organisations such as the hawkers' council Achib, black business federations Fabcos and Nafcoc, Sacob and the Potchefstroom Small Business Advisory Unit.

(153A) 30 180  
Sacob deputy director-general Ron Haywood has stressed the need for government to be involved in developing the small and medium business sector "Although we have numerous development organisations and groups (estimated at more than 80), one important player is

missing and that is a government which has a co-ordinating role to develop and champion small business," Haywood said

Over the years, other business leaders, including SBDC MD Ben Vosloo, have been clamouring for government to recognise the small and medium business sector as an important creator of jobs, and deserving of similar attention to that accorded big business

Pretoria University economics professor Geert de Wet, launching an economic research paper conducted by his team last month, urged taxpayers to compel government to use their money to develop small and medium businesses



# Bold new plan to aid homeless

By JOSHUA RABOROKO

STOKVELS, which are black informal clubs investing about R170 million annually, are to embark on a business venture to provide housing options for the homeless.

The president of the National Association of Stokvels of SA, Mr Andrew Lukhele, said yesterday that a seminar would be held in Johannesburg on February 7 where details of the project would be explained.

He said the whole Stokvel City Housing Project as a business was dedicated to black economic empowerment in the interests of nation building.

## Solving

He said the limitation of the State's housing and local authority policies suggest that other options could be used in the search for stability in the townships.

Research has shown that most blacks stayed in shacks or informal houses which have sprung up in open places either within or adjacent the townships.

In the Pretoria, Witwatersrand, Vaal Triangle townships there are more than 412 000 formal township houses, 422 000 backyard shacks and 635 000 shacks on vacant land, according to research.

Lukhele said stokvels were planning to help alleviate the black housing crisis by diverting mil-



ANDREW LUKHELE

lions of savings from banks to unit trusts, which would serve as collateral for housing loans.

The arrangement would allow black savings to be ploughed back into the black communities, rather than having the money loaned to affluent whites.

## Catering

The South African financial system had until now been catering for regular earners with assets, fixed abodes and a track record of payment.

He said while that was a proven method of reducing the risk of non-payment, it excluded millions of blacks from formal financial assistance.

It also meant that savings by blacks were

largely used as loans to rich whites in the suburbs and "very little or nothing is in turn ploughed back into the black communities who provide it and need it most", Lukhele said.

The acute housing shortage could be reduced if ingenious methods were used by concerned people in South Africa.

## Sprung up

Stokvel members could use their unit trust certificates as collateral for home loans from banks.

As a result of reluctance to lend money to blacks because of violence, unrest and boycotts "black self-help" was important to solving the chronic shortage of housing.

"Members of the stokvel for housing will include people who are members of stokvel groups affiliated to Nasasa and relatives who are owners or tenants in rented township houses.

## Venture

It would also be ideal for houses in one street to be taken as a stokvel group because they know each other.

He said one of the first steps to be taken in this venture was for experts in town planning and related research fields to visit "targetted areas" such as Soweto.

"Some of the unique features include the adherence to health standards and kickbacks to tenants other than rents from backyard dwellers," he said.

# Reserve Bank sets out new deal for stokvels

STAR 23/1/92

By Sven Lünsche (153A)

The Reserve Bank is considering the creation of a legal framework to accommodate informal financial arrangements, such as stokvels.

Such a framework, the Bank believes, could offer a solution to the lack of financial services "for the many South Africans who are excluded from the formal sector".

The proposals were presented yesterday to a conference on "The role of financial markets in a changing SA" by Reserve Bank researcher Dr Nico Marais.

Dr Marais proposed the establishment of a working committee, representative of all interested parties, to draft realistic policies for the development of informal finance.

He said that stokvels, of which there are an estimated 800 000, together with credit unions, mutual thrift organisations and friendly societies, offered a solution to the lack of financial ser-

vices for broader communities. These informal arrangements could be upgraded and co-ordinated with existing formal arrangements by creating a legal framework through a proposed Co-operative Banks Act.

Such an Act would "provide for self-regulatory organisations and accommodate informal and more formal financial arrangements".

## Legislation

"Much would be achieved if all stokvels could belong to a single self-regulatory body, which, under the proposed Act, could work in consultation with the Registrar of Banks," Dr Marais said.

He said legislation should only be enacted which overcame the existing problems of informal finance, namely the inability to transfer funds over long distances, exploitation through formal excessive interest rates and the lack of start-up working capital.

"The larger the number of

members belonging to stokvels, the weaker the self-regulatory bond between them would be, and the stronger the rationale for additional measures to ensure prudence".

Dr Marais said the proposed Act should hold tangible advantages for informal institutions by providing them with the means to expand business beyond their traditional barriers, while enhancing proper risk management.

Furthermore, the Act should achieve a more workable relationship with formal financial institutions, which could become more actively involved in the provision of finance for the disadvantaged.

In his presentation to the conference, Standard Bank economist Nico Czipionka said that banks and other financial institutions had limits to "how far downmarket they can extend their operations".

He therefore proposed the establishment of three new specialist banking institutions catering

for the poorer communities

- A specialist Rural Development Bank using the basic structures of the existing Land Bank and funded jointly by the state and the private sector

- A Small Business Bank, structured and financed on a similar basis, to cater for small-scale lending to the informal sector in urban areas. The Small Business Development Corporation could form the nucleus of such a bank

- A National Building Society to generate funds for informal and sub-economic housing.

Such an institution could grow out of a partnership of the financial services sector, companies and the state.

Mr Czipionka said, however, that a central bank, furnished with legal independence, should be the core of SA's future banking system.

Such a bank should have sole control over managing the money supply through appropriate interest rate policies guided by a free and flexible foreign exchange market, he said.



# Definition of jobs 'needs to change'

SA NEEDS to adapt its definition of unemployed if the country really wants to address job creation effectively, says Small Business Development Corporation MD Ben Vosloo.

In a statement at the weekend, Vosloo said in SA, as in most developing economies, the main employment problem was the large number of under-employed people working in the informal sector.

"Many of these people work very hard in production of goods and services but because their activities are not recognised, recorded or protected, but regulated by the public authorities, most of them never progress to the formal sector where they could realise their potential more fully," said Vosloo.

The traditional Western definition of the unemployed usually implied those people between the ages of 16 and 65 who could and wanted to work, but could not find work or create self-employment within the formal sector.

SBDC economist Edwin Basson estimated that about 3,5-million of SA's economically able labour force of 14,3-million were active in the informal sector.

A further 2,8-million were either in subsistence agriculture or unemployed, he said.

In terms of the Western definition, Bas-

son said, about 6,3-million people would be regarded as unemployed giving SA an unemployment rate of about 44%.

He said that if those employed in the informal sector were taken into account the number of unemployed would drop to 2,8-million or 20% of the economically active population.

"Defining unemployment realistically is not a matter of semantics but of the utmost importance for future planning," Vosloo said.

Basson predicted that if the current growth rate in formal sector employment continued, no more than 8,5-million of the expected 20,2-million economically active people in SA by the year 2005 would have work in the formal sector.

The country would then, according to Western definitions, have an unemployment rate of about 78%.

However, Basson said if the traditional definition was to be relaxed and those employed in the informal sector considered as working, the unemployment rate would decline substantially to 22%.

"The informal sector must first be officially recognised before measures can be introduced to enable entrepreneurs to advance from this sector to the formal sector," stressed Vosloo — Sapa

153.17

# Achib help for *Southern* spazas

28/11/92

By DANIEL MAINE

THE African Council of Hawkers and Informal Businesses has negotiated a package for informal businesses to have access to loans and buy goods direct from wholesalers

This was said by the promotions and special projects manager, Mr David Moloantoa

The package will enable hawkers and spaza shop owners to avoid buying goods from unscrupulous sellers and thus drastically reduce prices. Wholesale buying cards are also available

All who are interested should attend a meeting at Ipelegeng Community Centre, Crossroads, on tomorrow at noon.



# Turning traders into tycoons

STAR 29/1/92

ISA



**W**Henever anyone draws an economic profile of South Africa, there is almost bound to be new confusion about the precise size of the unemployment problem. Estimates shrink or grow — depending on the argument one wants to prove.

For example, the most recent count of registered unemployment put the total at below 250 000, or a modest 4 percent of the non-agricultural labour force.

However, new studies by the Small Business Development Corporation show that a strict definition would put the total at 6.3 million — an unemployment rate of 44 percent.

Still more chilling are future projections, if one applies Western definitions that count employment only by the number of jobs in the formal business sector.

That, on forecasts by Professor Jan Sadie of Stellenbosch University, would threaten an

unemployment rate of an astronomical 78 percent, on the basis that by the year 2005 total employment in the formal sector may be no more than 8.4 million out of an overall labour force of more than 20 million.

The crucial factor overlooked in the extremes of estimates is the phenomenal growth of the informal sector — the thousands of hawkers and street traders whose incomes save them from total unemployment — and thousands more mini-businesses launched by entrepreneurs whose initiative was long stifled by apartheid regulations.

The accompanying SBDC graphic shows the impact on the economic scenario. The count shows the informal sector has created no fewer than 3.5 million jobs.

Tragically, counting one million workers living by subsistence farming, it still leaves a core of 2.8 million completely unemployed. Nor does it provide much comfort for 1991 school-leavers who were

A new count by the Small Business Development Corporation puts the number of workers in the informal sector at 3.5 million. The SBDC argues that a new national strategy is required to bring them into the economic mainstream to solve the unemployment crisis, reports **MICHAEL CHESTER**.

warned by the SA Chamber of Business that the formal sector had jobs waiting for only one in 10 of them.

The SBDC believes the analysis proves the time has come for South Africa to begin a radical re-think about solutions — starting with brand new definitions of unemployment.

"Under the traditional Western definition," says SBDC managing director Dr Ben Vosloo, "unemployment usually implies those people between the ages of 16 and 65 who can and want to work, but cannot find work or create self-employment in the formal sector."

"In South Africa, as in most development economies, the imbalances that favour big

business, he argues, is to create a national strategy for small and medium enterprises.

The SBDC is already planning a dramatic expansion of its training and support services

Dr Edwin Basson, head of the SBDC economic research unit, is suspicious about quick fixes to unemployment — in particular to the idea of creating a labour pool out of the ranks of the jobless to tackle the provision of basic services.

"The problem with this approach," he says, "is that it harks back to post-World War 2 strategies. It also lays the responsibility on the Government. Neither the present nor any future government will be able to generate enough funds to employ an extra 2.5 million to 4 million people during the next decade."

Dr Basson believes there are only two solutions. ● Long-term economic growth based on structural changes that will avoid the booms and slumps of many business cycles. Also new attitudes among busi-

ness and labour leaders to end a current trend for more capital-intensive industries rather than new projects that promise to create more new jobs.

"Labour will have to make a concerted effort to increase productivity, to decrease strikes and to de-politicise the factory floor," he says.

"Likewise, businessmen will have to address socially relevant issues, implying a constructive involvement in social development and upliftment."

The best possible social investment that business could make in the long run would be in training and business support services, he said.

● A much lower population growth rate. "This," he says, "would necessitate an increased awareness by all strata in society of the effects of over-population on wealth consumption and of the burden that a fast-growing population places on scarce resources."

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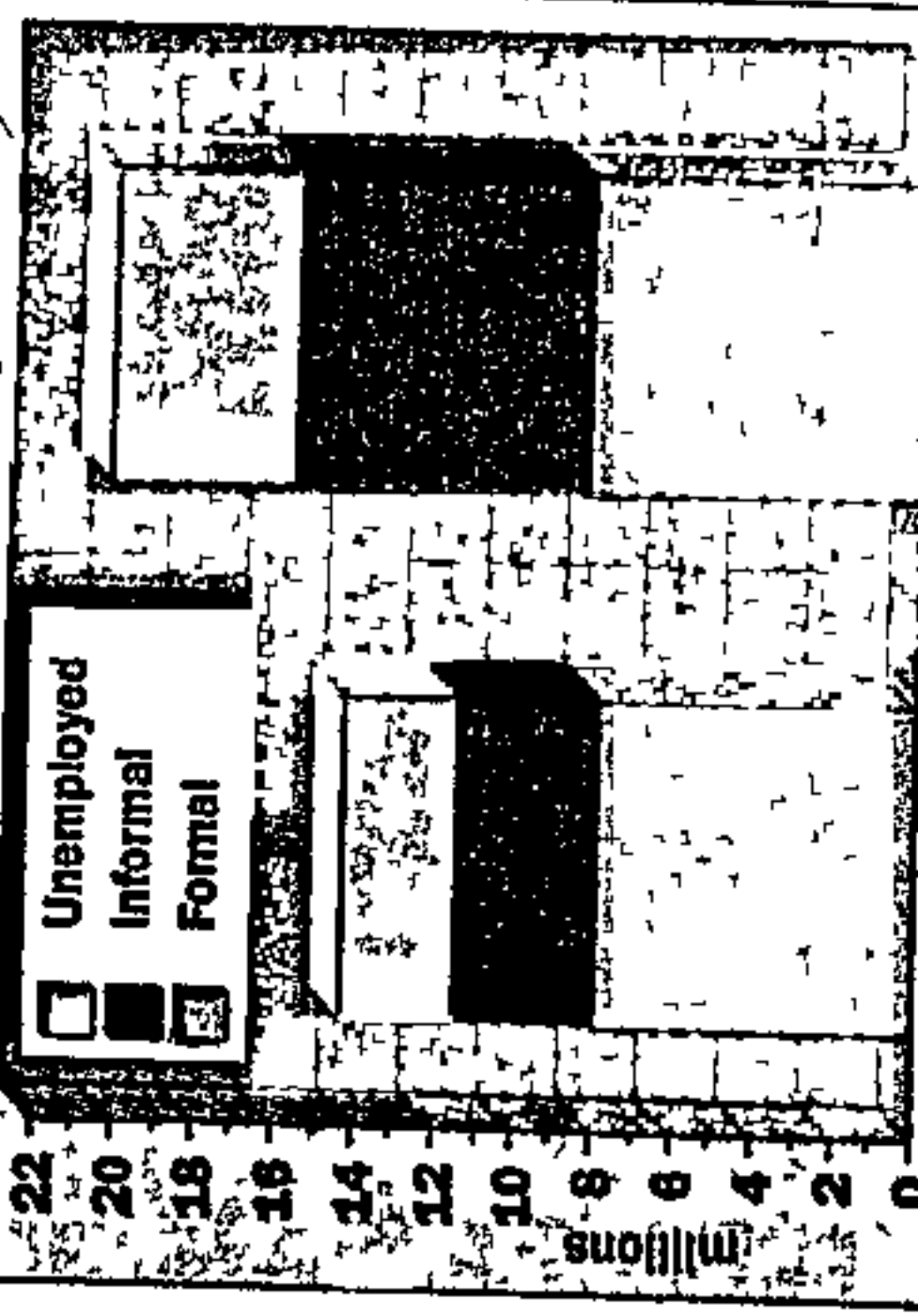
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## Labour Force Projections



1990

2005

Source: SBDC Economic Research Unit

The economic recession is biting deep, and unemployed people have little or no hope of finding jobs in the usual places. Instead of academic qualifications, the emphasis is now on resourcefulness in searching for ways to make ends meet. **MBUYISELO MTSHEKETSHE** reports

**O**PPORTUNITIES for entrants into the labour market are diminishing as South Africa ploughs through an extended recession. The overwhelming message from top economists is that it is no longer good enough for matriculants to produce their matric certificates — students need further training to find employment in the formal sector.

According to economists, nine out of 10 matriculants will not be able to find jobs in the formal sector this year.

The formal business sector is offering fewer than 40 000 new positions this year as the recession drags on and exacerbates the plight of the unemployed.

The chief economist of the Small Business Development Corporation (SBDC) Dr Ben Basson, said ingenuity would be the key to survival for jobless matriculants.

Basson said the corporation had no figures indicating how many of last year's matriculants were unemployed.

However, he said the capacity of the economy to absorb people without experience and qualifications was limited and matriculants would find it hard to find employment.

The only sector with opportunities for matriculants in the near future will be an informal sector, Basson said.

"We still need to add more emphasis to the role of the informal sector. It has generated new jobs in the past year," Basson said.

He said studies had also emphasised the enormous potential role of the informal sector to give a new boost to the entire economy.

South African Chamber of Business chief economist Dr Ben van Rensburg, said the number of vacan-

# **'Informal sector the only hope for jobless'**



**SCHOOL'S OVER:** But it takes more than book-learning for Khaya Yapi to secure a job in the middle of a recession

cies this year would provide employment for only seven to 10 percent of all new matriculants.

He said prospects would not improve unless South Africa began pulling out of recession in the next

two years.

"Students need to improve their education and develop their personal skills in order to find jobs," Van Rensburg said.

He said even university graduates

might find it hard to find a job in the formal sector during a recession.

Cape Town Chamber of Commerce human resources chief, Mr Charl Adams, said findings of a survey conducted recently by the University

of Cape Town indicated seven out of 100 matriculants would find jobs this year.

SBDC regional manager Professor Wolfgang Thomas said out of a total of more than 14 million people between two and three million were without regular income.

He said many of them were matriculants of past years or candidates of the 1991 examinations.

"Looking at the whole group of school leavers, matriculants constitute an elite of relatively better educated labour market entrants," Thomas said.

"The value of a matric remains significant even if the person takes some time to find a regular job."

Thomas said the rapid increase in the number of black matriculants was one of the most significant preconditions for more rapid longer run growth of the economy.

"To face this challenge statistical games about the percentage of those who can or cannot find employment are of no help," he said.

"We need practical support in the fields of career guidance, self employment preparation, traineeship opportunities and a new perspective which sees matriculants as a valuable long term asset in our economic growth process."

Unemployed matriculants are urging the government to channel funds through specialised agencies like the SBDC which has created more than 250 000 new employment opportunities since it was established 10 years ago.

Mr Khaya Yapi, who passed matric in 1990 and could not enter university because of financial problems, said he found it extremely difficult to get a job in the formal sector.

"Every day for the past two years I've had to buy a newspaper and wander around Cape Town in search of work, but I have not found anything," Yapi said.

He said he found matriculants who passed matric reasonably well and those who developed personal skills found it easier to find jobs than those who had no experience like himself.

But for Miss Dideka Sigenu, of Nyanga, it is the government that should be blamed for the high unemployment rate in the country.

Sigenu passed her matric at St Francis adult education school this year and plans to enrol for a training course as a computer operator.

"We are getting to a stage where the government has to take action to improve our economy," Sigenu said.

"We cannot afford the negative growth rate of this long recession."

PIC YUNUS MOHAMED



# Stokvels get their own newspaper

By JOE MDHLELA

THE Centre for Black Economic Development this week launched a monthly newspaper *Nacssa World* to help reach its more than 100 000 members throughout South Africa

The launch took place at a Press conference in Johannesburg on Tuesday

The executive director of CBED and chairman of the National Association of Co-operative Societies, Mr Sam Muofhe, said the newspaper would be freely available to their members every month

He said the revenue to sustain the newspaper would be derived mainly from advertising

'We are hoping that the newspaper will be able to pay for itself, as to a very large extent we would like to maintain editorial independence,' Muofhe said

He said he was aware that big business was trying to make inroads into burial societies, women's clubs and 'mehodisano', a venture that was totally their brainchild

'But I suppose in the free enterprise system these are some of the things we have to put up with,' Muofhe said

He said there were close to 850 000 societies and clubs in the country with membership close to 10 million

These societies and clubs generated about R250 million a year

'If societies and clubs knew the Johannesburg Stock Exchange and a portion of this money saw its way to the JSE, it would make a positive impact on share prices

'Disgracefully, societies and clubs still operate in an archaic fashion because they do not have access to information and training,' he said.

The newspaper would endeavour to educate societies and clubs about opportunities available to them.

'Through this medium we will try to educate our members about unit trusts and other business opportunities they can exploit'

Chairman of the CBDE Dr Nthato Motlana said the vision to own an authentic black Press dates back many years

He said even as late as during the days of the South African Students Organisation in the late 1960s and early 70s that vision was still espoused

'Black people wanted their own black voice to articulate their own experiences,' he said

He said the black militancy of the day ruled against the black Press having support from advertisement.

But Motlana said the reality of today was that newspapers would need to derive revenue from advertisements.

## 'Exempt stokvels from banking regulations'

1537 SHARON WOOD and WILSON ZWANE

THERE was no doubt stokvels deserved exemption from the Deposit-Taking Institutions Act, National Stokvel Association of SA president Andrew Lukhele said earlier this week. 150an 31/1/92

Speaking at an Informal Sector conference, Lukhele said: "Nasasa is keen on further discussions with the Reserve Bank on the condition that our members' interests are given a priority."

A Reserve Bank spokesman said Nasasa's stated willingness to attend the Reserve Bank stokvel workshop in mid-February was a positive development.

The workshop will seek a new approach to the regulation of informal financial institutions. Organisations involved in informal financing will present their views on whether co-operative banks and stokvels should be incorporated into, or exempted from, the Reserve Bank's regulatory structure.

Nasasa's approach to the regulation of stokvels was very similar to the approach suggested by the Bank, the spokesman said. The Bank suggested stokvels remain exempt from legislation and should be self-regulatory. Co-operative banks, however, should be exposed to a more formalised structure, similar to the legislation imposed on mutual building societies.

The Reserve Bank would act as a facilitator at the conference, giving suggestions but not directives and the final regulatory structure would be decided by the representative stokvel bodies.

"The convening of such a workshop is in keeping with the government's undertaking that input will be required from the stokvels before the new Deposit-Taking Institutions Act is finalised," Lukhele said.

# Debunking small-business myths

WIM 31/11-6/2/92  
Weekly Mail Reporter

MEL BROOKS, a senior consultant at the Centre for Developing Business at the Wits Business School, debunks 10 common misconceptions about small business

●**You must have substantial capital to start a business.**

The more successful small businesses are based on the skills of the owner, rather than the amount of money he has available

●**Banks don't lend to small business.**

Commercial banks are falling over themselves to lend to small businesses. But 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 feasibility of the venture, he will get a loan.

In addition to the commercial banks there are 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 collateral, they will insist on a professional approach by the entrepreneur.

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

●**Don't expect to profit from 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.

●**Fifty percent of small businesses fail in the first two years.**

This is a misrepresentation or misunderstanding of statistics. The reality is that of all businesses which have 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.**

This is not true of entrepreneurs who believe that they, and not outside factors, are responsible for their destiny. Individuals 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.**

153A  
The main motivating factors of most entrepreneurs are the desire for independence and the ability to control their own destinies and to utilise their talents more effectively than they can as employees.

●**Entrepreneurs are in search of power.**

The need to achieve and the desire to show direct results from their efforts is a greater driving force than the quest for power.

●**Small and home-based businesses' products are inferior.**

One only has to look at the crowds at flea markets, roadside stands and mobile fast-food vendors to know that this is not true. It is especially 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.



Feb 3 11 1972

# Police swoop on Mitchell's Plain hawkers

FEROZA MILLER, Staff Reporter

POLICE and traffic police have swooped on hawkers trading at Mitchell's Plain Town Centre, arresting four and confiscating their wares

The hawkers, who sell goods from clothing to cigarettes and perfume in the centre's walkways, were fined and ordered to move

The raid led to angry confrontation between vendors and police. Shops stopped trading

Many hawkers — mainly women — were fined between R50 and R150 for "obstructing free passage" and "unlicensed hawking"

Mr Ronald Stevens said they had permission from a hardware store to trade outside.

Hawkers met the Mitchell's Plain police station commander after the raid and said they were satisfied they would get a fair deal.

"The police are trying to put hawkers in legal trading places," said Mr T Abrahams

# Doing their own

## thing, and loving it

STAR 6/2/92  
By Jacqueline Myburgh

self-risk

153A

"You know when you have made a good profit and you know when you have done badly — you don't have to wonder whether your boss is lying to you," he said

Anton Hlengwa's business — also on President Street — has expanded to such an extent that he has set his wife up with a stall a few blocks away

Selling cigarettes and fruit, Mr Hlengwa makes more than R1 000 a month. Everything he sells costs less than the same items are sold for in regular shops — and it is fresher

Most people are struck by how fair hawkers' prices are, yet they make between 60 percent and 100 percent profit on most goods. For example, Mr Mavundla buys a box of mangoes for R10 and makes R6 profit on that.

So the future looks bright for newcomer to the hawking scene Frans Khoza

Selling cigarettes, chocolates and bubble gum, he started his business two weeks ago and so far has shown a profit of only R20

This is hardly enough to support a family of four and to pay his monthly rent of R50 in Meadowlands

There is hardly a vacant street corner in Johannesburg these days, fruit, cigarette and bubblegum hawkers crowd the pavements wherever one looks

There is a good reason for this, and it has very little to do with money. It has to do with being self-employed

Despite the searing heat, afternoon thundershowers and bustling pedestrians that are a fact of life in the city, hawkers come out onto the pavements armed with cardboard boxes and umbrellas every morning to earn money which they know is theirs

One such business person is Joanna Sithole who sells fresh fruit on President Street opposite the public library

She makes about R440 a month which is barely enough to look after her family, but says it beats working for somebody else

Like Duh Mavundla, she is extremely happy about what she does.

Mr Mavundla used to work as a chef, now he earns more than R600 a month selling fruit, cigarettes and sweets on the corner of Sauer and President Streets.

"Working as a hawker is a

Street trade

A hawker and customer on one of Jo'burg's busy streets.

Picture: Herbert Mabuza





Mandla Kumalo, Tsepo Mvuyana and Vusi Ngema have opened a paraffin distribution business which will serve the Orange Farm area as well as spaza shops in the vicinity.

## Trio's dream becomes reality

WHAT seemed a dream a few months ago has become a reality this week with the launching of Ukukhanya Paraffin Distributors at the informal settlement of Orange Farm.

The company is the brainchild of Mr Mandla Kumalo, Mr Vusi Ngema, Mr Tsepo Mvuyana and Mr Henrick Mdiniso.

"A few months ago we toyed with the idea of starting a distribution company, but did not have an idea where we would get funds.

BY JOE MDHLELA

"It was only after approaching Leadership Institute that our dreams slowly transformed into reality."

The institute is the advice centre that provides business training and helps connect budding businessmen with financial institutions.

"They introduced us to Anglo American and

Standard Bank, who undertook to fund the distribution project," co-ordinator of the company Kumalo said.

The depot and the offices of the company are in Orange Farm, near Residensia in Vereeniging.

Kumalo said Total South Africa provided the company with a 9200l bulk tank to store paraffin.

The company will also distribute motor oil and other petroleum products, said Kumalo.

The products will be targeted at spaza shops and formal retail shops in the black areas around Orange Farm, Residensia and Sebokeng.

"Residents of the informal settlement will benefit particularly from our presence in the area which is without electricity.

"We will also endeavour to keep our prices as low as possible so that the spaza shops can pass on these benefits to the end consumers," Kumalo said.

As opportunities for economic development in South Africa improve, the Western Cape needs to plan its own unique growth path. There is a great deal of potential in the region according to a panel from "Growing the Cape", a local business initiative formulating strategies for future economic development, **Rehana Rossouw** reports

South 13/2-19/2/92

GROWTH and development of the Western Cape economy depend primarily on the actions of its people and their ability to use their skills and energy to maximum effect.

However, to ensure the region's economy operates best for the needs of local people and reduces poverty and unemployment, a definition of the most promising areas for growth over the next five to 10 years is required.

"Identifying areas of growth and defining strategies to obtain them is what Growing the Cape is all about," says the organisation's first report, entitled "The Western Cape Economy in 1990: Sources of Growth to 2000".

"Growing the Cape requires input from a range of local leaders in formulating strategies and projects to promote economic development."

The project has been divided into three phases — collecting information, identifying the most promising sources of growth over the next decade and devising development strategies to obtain growth.

The project's first report was distributed in draft form and serves as a basis for a number of workshops attended by a broad range of leaders and experts.

The report outlines the state of the Western Cape economy, past growth and development performance and indications of longer trends and directions of expected future changes.

"Foreign and local trade have always played an important role in the early phases of the region's economic development," the report read.

"Between the thirties and early seventies the mining sector — almost totally absent in the Western Cape — was the 'engine' of economic growth in South Africa, but could only stimulate the Western Cape indirectly.

"With the rise of the industrial sector after 1922 and the increasing significance of heavy industry centred around raw materials and dominant markets, the Western Cape lost further in its relative growth in the country.

#### Dampened

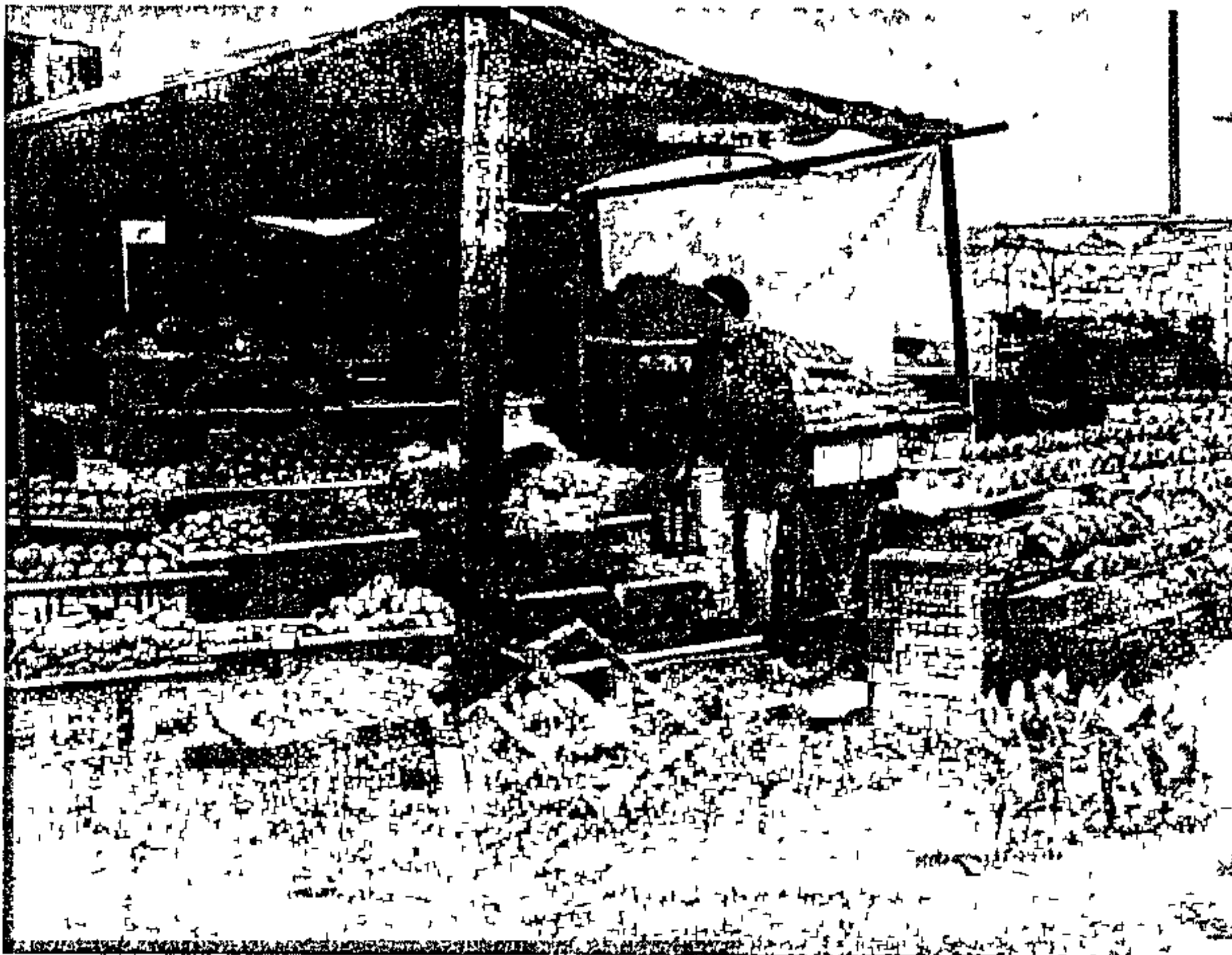
"The concentration of government and parastatals in the Pretoria/Witwatersrand area also dampened relative growth in the Western Cape, in particular during the years of rapidly expanding state spending."

"Systematic restriction of African migration into the Western Cape dampened overall population growth in the region and restricted the supply of low-wage, unskilled labour."

"South Africa's politics and isolated development restricted the growth of tourism, which had considerable potential in the Western Cape, but could not take off in the fifties and sixties."

The report said these and related forces shaped a pattern of comparative growth in the Western Cape, often described as "stagnating" or "declining", relative to the Wit-

# Wanted: Ideas for growing the Cape



**SMALL BUT BOOMING:** The small business and informal sector of the Cape economy is a vital growth area

watersrand, Natal and other growth points.

Due to the more stable pattern of economic development in the region, this relative decline was not always visible — the Western Cape improved its position during certain recessionary phases — nor did it bring a decline in living standards of people in the region.

"Yet it created a strong feeling among business and community leaders that the economic future is at risk," the report reads.

During the late seventies growth in the Western Cape picked up relative to other parts of the country, but the start of a more rapid influx of Africans into the region raised a new area

of concern — whether the region had a sufficiently strong and dynamic economy to absorb the larger population and still improve overall living standards.

With an eight to nine percent share in the South African population, the Western Cape's share in the country's Gross Domestic Product, aggregate Personal Income and Sector Output constitutes a good approximation of the performance of the regional economy.

The Western Cape economy lacks the mining sector but compensates by relatively greater strengths in agriculture, services, trade, accommodation and even the manufacturing sector.

"Compared to virtually all the other

regions in the country, the Western Cape has a broader based and better-balanced economic structure," the report stated.

The Western Cape further increased its relative share in the South African economy between 1984 and 1990 and grew somewhat faster than the national average.

"The absence of any single dominating sector — like gold and other mining in the Witwatersrand and (formerly) the automobile industry in the Eastern Cape — combined with the broad range of significant economic sectors has made the Western Cape economy less prone to violent upward or downward swings in its regional business cycle."



## Conflicting rules for spaza traders

THEO RAWANA

INFORMAL traders in the Kroonstad coloured township of Brent Park are being fined for operating "spaza shops", but their counterparts in the nearby black area of Maokeng are trading freely under the new Business Act. (153A)

Law Review Project executive officer Prof Louise Tager said yesterday the Act provided for black town councils to grant licences to backyard traders — but the same powers were not extended to white, coloured and Indian authorities.

Spaza shopkeeper Simon Tsoutse said yesterday he and four other operators in Brent Park had been victims of "harassment" by the local health inspectorate because the Kroonstad Town Council objected to them running businesses from home.

"I was first fined R100 in 1990, then later fined R250, while my wife also had to pay a R100 fine. I have been warned of another fine and three other spaza shop owners in the township have been given suspended sentences.

"All this happens while we pay the R11 trader levy to the Regional Services Council," said Tsoutse.

Tager said coloured and Indian areas were very restricted because they were wings of white local authorities.

A Kroonstad Town Council spokesman said the municipal regulations did not allow for the opening of spaza shops in the Brent Park township.

# Hawker stalls form part of responsibility programme

IN SUPPORT of the informal business, Mercedes Benz of South Africa (MBSA) will shortly provide stalls from which hawkers will conduct their business, chief executive of the company, Mr Christo Kopke said.

The stalls, to be erected at the factory's East London plant, have had the support of hawkers and workers, Kopke said.

He said this was part of the company's social responsibility programme.

"We could never have erected them without involving workers," Kopke said.

He said hawkers would operate from a hygienic environment.

The union and management were working hard to bring about a sound industrial relations climate.

By JOE MDHLELA

He said the hourly-paid work force was represented by the National Union of Metal Workers of South Africa.

"Numsa represents 60 percent of all hourly-paid employees."

He said the nine-week strike action that rocked the company in 1990 served as a lesson that there was a lot to be achieved in the area of industrial relations.

"We are proud that we are working more closely with the union to the satisfaction of both management and workers."

"Of course, we are far from perfect, but we are working hard to resolve the problems," he said.



## Township financing plan

810am 14/2/92 WILSON ZWANE (153A)

INFORMAL financial institutions had to join forces to establish a mutual society which would cater to township residents' financial needs, the National Stokvels Association of SA (Nasasa) said yesterday.

Nasasa president Andrew Lukhele said in an interview that since violence and non-repayments had put formal financial institutions off lending in townships, innovative thinking was needed.

"The informal savings clubs have to come together under one umbrella body, which will determine whether the problem will be resolved through the establishment of a mutual society," he said.

Nasasa will propose the formation of such a body at a conference convened by the SA Reserve Bank in Pretoria today.

# Hawking regulations to change

CT 14/2/92 153A

Staff Reporter

THREE months from now the bustle of street vendors on Cape pavements is expected to increase to levels only experienced thus far by visitors to the Far East.

Before, street vending was prohibited in all but specified places, but now the Administrator of the Cape, Mr Kobus Meiring, has published a list in the Official Gazette of places where street vending may not take place.

The vending provisions of the Businesses Act (No 71 of 1991), which have not yet come into effect, allow vending in all but specified places.

Places where vending will still be prohibited include beaches, pools, public resorts, hospitals, cemeteries, malls and undercover concourses, parks, schools, subways, tennis courts, bridges and viewing sites.

Interested parties have been invited to furnish their comments concerning this list in writing to the CPA within the next three months.

Meanwhile, the Road Traffic Act (No 29 of 1989) has been amended by the Businesses Act to allow carts and other non-powered vehicles to park on pavements.

## Clean-up for hawkers (153A)

EAST LONDON — Mer-  
cedes Benz of SA has  
built stalls and ablution  
facilities for hawkers  
operating outside its  
East London plant. This  
was all in a bid to en-  
courage free enterprise,  
and to provide a hygien-  
ic environment for the hawkers to live in, said  
Mercedes public relations manager Wendy Hoff-  
man — Own Correspondent





# Red tape is still strangling small business

**I**T is now generally acknowledged that the development of the informal and small business sectors of the economy, coupled with the stimulation of entrepreneurship, are essential elements in addressing the problems of poverty and unemployment in South Africa

Government and private sector spokesmen regularly prioritise these elements when giving lip service to the steps that need to be taken to restructure and revitalise the country's economy in a manner that will create and sustain an acceptable level of growth

Marginal progress has been made in practice to give effect to these goals through the changes in business legislation introduced last year, and aimed at substantially cutting away much of the red tape that has been strangling any meaningful growth and development of a vibrant small business sector in this country

In the 12 months that have passed since this dismantling process began it has become apparent that a great deal more still has to be accomplished, and with a greater sense of urgency, to remove the many statutory obstacles that remain

They are an anathema to the free market principles the authorities now claim to be striving for, and are out of step with the socio-economic realities of the largely third world component that makes up most of this country

Many of the laws, by-laws and local ordinances

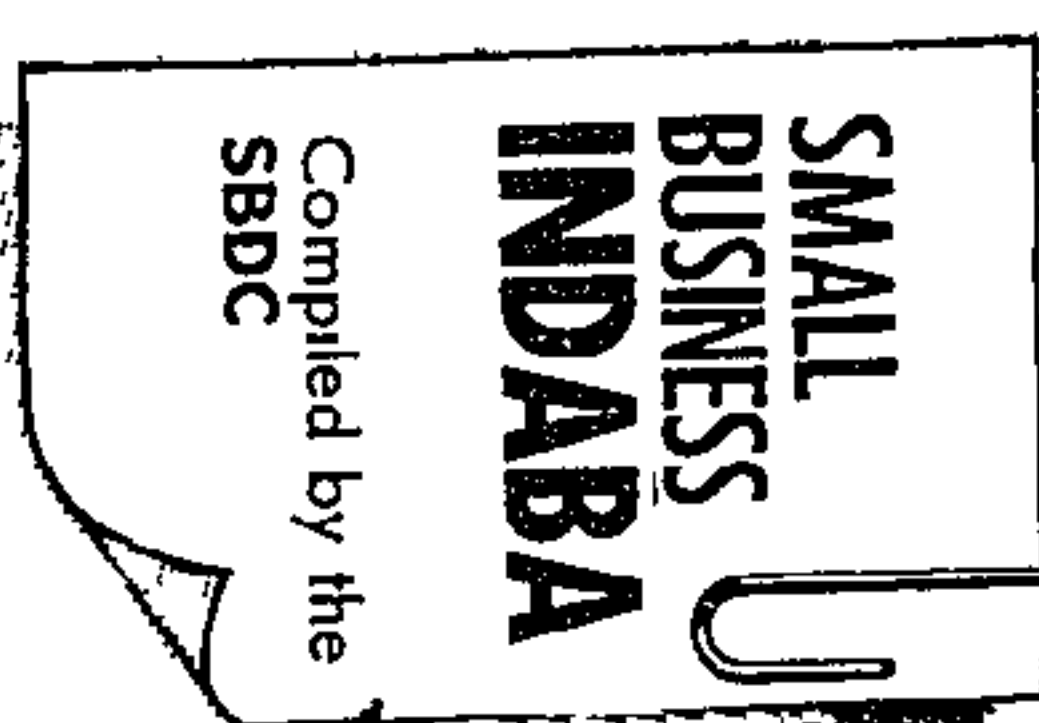
that remain — remnants of a past flawed, undemocratic process — still impose a retarding effect on capital accumulation, and place impenetrable barriers in the way of those attempting to climb out of a subsistence form of life style.

It is apparent that a greater degree of affirmative action may well be necessary to accelerate a movement towards levelling the playing fields. Only then will the small business sector be in a position to become a truly effective vehicle for the productive redistribution and creation of wealth.

The argument thus calls for any legislation and standards, tailored for a first world environment, to be scaled down in a manner which will enable the informal sector easier and less costly entry into the economic life of the community, and the opportunities to further develop.

South African can no longer continue with a system which imposes legal barriers protecting the vested interests of the privileged, developed sector of the economy, and creates a "closed shop" environment restricting the informal sector from access to the market place.

**T**HE liberalising of business licence requirements represents a start in the reform process



Other priority areas where there remains a need for change include:

- A dispensation that facilitates much easier access to land ownership, one of the primary ingredients of any wealth creation process

Capital formation in black communities has been severely retarded due to the fact that ownership of land has, until recently, not been available to them. The procedures and requirements for obtaining ownership still needs streamlining

- A system of "land use and zoning" that provides for the more flexible use of land for business purposes requires urgent attention

Successful economies rely on land use systems that provide for mixed usage particularly where a combination of business and residential use are accommodated, nuisance standards acting as the only control measure,

- An overhaul of the statutory requirements for the production and sale of agricultural products, reducing the role of marketing boards and their impact on the small producer and trader

Entry to the market place, is currently controlled in a manner that restricts competition, and results in the creation of unnecessary cost structures

- The enactment of a single set of standardised health regulations for the manufacturing, distribution and selling of foodstuffs that would replace numerous by-laws that demand compliance with costly standards

- A process of creating greater access to opportunities for small business, and coordinating various reform initiatives, by appointing a small business ombudsman. This function would include the evaluation of new and existing legislation and measures likely to impact on the efforts of small business

# Forum on informal finance sector

17/2/92

SHARON WOOD

STOKVELS would probably be exempt from the Deposit-Taking Institutions Act, the Reserve Bank said on Friday

A decision would still be made on the incorporation of community oriented co-operative banks within Reserve Bank legislation

These were the consensus views that emerged from the Reserve Bank's participatory workshop in Pretoria on the regulatory framework of the informal finance sector

Reserve Bank Registrar of Banks Hennie van Greuning again stressed the Bank did not want to regulate a

market which had already proved to work well and efficiently

The Bank proposed that stokvels be exempt from the Act and should be self-regulated by a representative body and that co-operative banks should be included as a separate chapter in the current Act

However, there was broad consensus among delegates that the future regulatory framework could be determined only by an informal finance forum which would bring together all informal financial institutions.

The end result would be popular and sustainable only if it had broad legitimacy and acceptability, said Civics Association of Johannesburg secretary general Cas Coovadia

Van Greuning accepted a proposal put forward by Coovadia that a broad consultative forum should be organised consisting of all informal financial institutions and other key players identified by these institutions. National Stokvels' Association of SA endorsed the proposal.

Van Greuning agreed to wait three months to hear the decisions made by the forum



# Thubane - the confident entrepreneur

THE young winner of the 1990 *Sowetan* Nation Building Business Ideas Competition, Mr Samuel Vusumuzi Thubane (24), is a confident entrepreneur who believes in high quality products.

Thubane, managing director of Tullys Knitwear in Mabopane Industrial Site, has used the R10 000 he received as winner of a competition to bolster his operations.

The competition was sponsored by three financial institutions as part of the Nation Building campaign aimed at ensuring that the interests of the

small businessmen and women can be made to grow to the advantage of South Africa.

Thubane, who was one of the two winners, has a great vision in business and wants to grow and create jobs in the wake of the soaring rate of unemployment estimated to be at four million.

He also wants to implement the business ideas he learned when he visited France this year at the invitation of the French Embassy in Pretoria.

By JOSHUA RABOROKO

"The visit was an eye-opener. I now believe in producing high quality material and fashions for the middle and up-markets," he said.

Probably the youngest successful businessman in South Africa today, Vusi, as he is popularly known by his customers and foes, was born in Kroonstad. His family later moved to Pretoria.

## Broker

Like many black township youths, Vusi's parents could not afford to send him to school after matriculating at Promec College in 1989.

"I wanted to be a stock broker at the Johannesburg Stock Exchange, but these ideas fizzled out when my parents could not afford to finance my education. I studied commercial subjects," he said.

He soon left his job as a clerk in Pretoria to join his mother, Miriam, who knit-

ted woollen jerseys, dresses, skirts, scarfs and other materials.

"I used to move from door to door selling my mother's products. I also participated at the flea market in Pretoria where I gained a lot of experience," he said.

He injected adrenalin into the business and it grew at an alarming rate. The space in the home became small and "we needed more room."

Vusi wanted to develop his business acumen and being a great reader of newspapers, he came across the *Sowetan* Business Ideas Competition, in our business pages.

He entered and was one of the lucky winners. He used the money to buy stock and a computerised sewing machine which he said was "just doing miracles - all sorts of knitwear - for me."

During last June Vusi and his mother moved to the Mabopane Industrial Site - Shop number 166, and telephone 01461-26577 - where their busi-



Vusumuzi Thubane does what he knows best.

but also garb for all sea-sons, he said, adding: "I want to become a man of all seasons."

His ambition is to compete with white manufacturers. During his leisure Vusi reads business books and says: "I want to expand my business education."

ness is growing. Vusi said he needed more machines because the present four could not cope with the demand and other ideas which he gained overseas.

His ambition was to knit not only woollen material,

## UNIT TRUSTS

General Equity Funds	Buyers	Sellers	Yield
BOE Growth	140.23	131.04	4.82
Fedpro	121.12	113.08	7.94
CU Growth	115.86	107.89	6.49
Guardbank Growth	237.07	2172.63	5.43
Momentum	237.63	222.29	5.00
Metfund	186.84	174.09	3.88
Medlife	117.67	109.99	n/a
NBS Hallmark	894.68	835.64	8.85
Norwich NBS	339.33	316.89	6.84
Old Mutual Investors	2775.63	2587.45	4.32
Sarlegio	130.00	121.75	5.40
Saga	2419.42	2257.58	4.82
Sarlam	1660.38	1550.02	4.89
Ganlam Index	1291.01	1205.90	4.39
Sarlam Dividend	455.27	424.94	5.11
Sarbank General	121.24	113.07	13.16
Southern Equity	186.19	174.20	5.07



# Black businessmen to exhibit wares abroad

SA's black businessmen will have an opportunity to exhibit their wares in three African countries this year

Business consultant Willie Ramoshaba said his company, W R Associates, had been co-ordinating trade missions for black businessmen in Africa and abroad for the past five years.

The intention was to broaden their horizons, Ramoshaba said

The missions had been to the US, the Far East, Malawi, Zimbabwe and Cameroon

"We are now setting a scene for business dealings between SA's black businessmen and their counterparts in other African countries

"We have arranged for small- to medium-sized black businesses to

exhibit their goods in Zimbabwe, Namibia and Angola this year."

The first trade show at which the South Africans would exhibit was the Zimbabwe International Trade Fair

This, he said, was expected to attract 270 000 visitors and 1 250 exhibitors.

Prospective exhibitors should not have qualms about financial support as his company had secured the co-operation of the Trade and Industries Department, he said.

"As a result (of this co-operation) each exhibitor will pay R6 980 instead of the normal cost of R16 000 or more"

## Lawyers oppose early releases

GERALD REILLY

PRETORIA — The Association of Law Societies has come out strongly against the early release of common law criminals.

In a statement last week association president Ed Southey said sentences imposed by the courts had to be served if respect for the law was to be upheld.

The association shared the concern of judges Didcott and Strydom in deploring the early release of jailed common law criminals.

"The association is sympathetic towards prison authorities and has an understanding for the overcrowding in SA jails."

But, Southey said, time and effort spent by professionals in determining suitable and just sentences were effectively overturned by early releases.

## Vegetable milk, straw bricks compete for award

BRICKS made of straw, milk from vegetables and biodegradable oil are just some of the 200 innovations entered in the Audi Innovators for the Environment Programme

The programme aims to encourage and reward solutions to environmental problems through the R250 000 Terra Nova Awards, which will be presented for the first time on Friday

One innovator, Len Bes-tele, has devised a way of utilising waste products such as sawdust, maize

stalks and straw to produce lightweight bricks and panning The system has been used in low-cost housing projects in Mauritius

Alan Winer developed vegetable milk with the same high-protein content as dairy milk The vegetable milk does not contain lactose, which can harm malnourished children

Samples of Winer's milk have been sent to the UN, which is apparently interested in using it in a

Mozambique famine relief programme

Entrants are not limited to private individuals Lubricant supplier Castrol has entered an environmentally friendly oil called Biolube 100 This marine engine oil recently won the Pollution Abatement Technology Award

C G Smith Chemicals has entered a product which it says provides an instant and cost effective clean-up method for polluted rivers and waterways The company found that hydrogen peroxide countered the ef-

fects of effluent spill quickly and efficiently

Institute of Inventors and Innovators Research and Development president Donovan Pilkington said it was heartening to see such a wide interest in the programme Entrants ranged from international firms to schoolchildren

## VAT confusing small firms

*316as 26/2/92*  
AN OPINION poll conducted by the Urban Foundation has indicated that the VAT system has caused confusion and dissatisfaction among small businessmen ~~(153A)~~

A statement yesterday said a poll conducted among the Sunnyside Group, a national alliance of about 50 small business associations, gave the main reasons for the dissatisfaction as being the high cost of complying with VAT, the complexities of administering the system and the harshness of the penalties. ~~(153A)~~ ~~(153A)~~

Sunnyside Group taxation committee chairman Ian Hetherington said the majority of group members did not understand how the tax worked and had difficulty with the registration process. Another factor was the high cost of VAT compliance for small businesses

The survey showed that half the respondents to the poll believed the tax in its present form would curtail the expansion of small businesses and informal sectors

The overall impression was that the VAT system was designed to be suitable to large corporations — Sapa.

**E**NRAGED HAWKERS and business leaders in the Western Cape have criticised vending restrictions proposed by the Cape Provincial Administration (CPA) as a ploy to harass and curtail the freedom of hawkers.

This follows publication of a list by the CPA in its official gazette, proposing places where street vending may not take place.

Many consumers rely on vendors for quality goods at lower prices than most supermarkets, and have even turned to them for lower-priced clothing.

The proposed list will prohibit hawkers from selling in places that include beaches, pools, public resorts, hospitals, cemeteries, malls, parks, schools, subways, tennis courts and bridges.

Street vendor Mr Joe Emile, who sells clothing at the market outside Cape Town railway station, said the CPA should not interfere with the freedom of hawkers.

"The CPA is now engaged in dirty tricks, trying to curtail the freedom of the vendors," Emile said.

"We urge them to keep out of our affairs as we should sell where we choose to make a living.

"Look at the market, it is so beautiful and it attracts the tourists, so how can we be moved away while we are an asset to the Department of Tourism?"

Emile said vendors paid R70 a day to Spoorneet for one stand.

He said he felt the motive behind the CPA proposal was to "resettle" hawkers so that the CPA could charge more and enrich itself.

Mrs Lolly Raa, a vendor at Cape Town's Greenmarket Square, said it was a matter of great concern that vendors had to be moved.

"The CPA should let people stay where they choose. There are people who sell fruit and vegetables at hospital gates and on the pave-

# Outcry Over CPA curbs on hawkers

153A South 27/2-4/3/92

ments. How are those people, who pay little or no rent, going to afford to pay high rentals if the CPA gives us new stands?" she asked.

"There is not much income from fruit and vegetables.

"For example, clothing traders could afford to pay rent on a daily basis, although it is not easy.

"So what about the destitute fruit and vegetable traders who rely on 20 cent and one rand sales of fruit?

**"I**T IS TIME the CPA reconsiders the proposal and allows people to maintain their families. "I agree people could be chased away from bridges as they might get hurt because it is not safe to sell next to a bridge."

A fruit seller in Woodstock who gave his name as Mano said many people had turned to hawking because unemployment was so high.

There were no other options. "Throughout the world there are street vendors and people enjoy the freedom of being allowed to trade

anywhere," Mano said.

"Thousands of families are supported by vendors. The CPA is really acting in bad faith as it is working for its benefit and not for the good of the hawkers."

A Gugulethu hawker said: "The legislation is an attempt to make the oppressed section of the community poorer at a time when the country is facing economic recession.

"The legislation is not going to benefit the oppressed as many economic-related laws have been enacted in the past by the South African government to benefit the rich section of the community."

The Western Cape branch of the Foundation for African Business and Consumer Services (Fabcos) said prohibiting vending in places like hospitals was "unacceptable."

Fabcos chairperson Mr Sam Tuntubele said "I am opposed to the informal sector being discouraged from hospitals as hawkers sell at hospitals to benefit the people. "It is imperative that the informal

sector should be encouraged, especially under the present economic climate," he said.

Tuntubele said people should not be permitted to sell on bridges for their own safety.

The Western Cape branch of the Small Business Development Corporation (SBDC) expressed dissatisfaction at the CPA proposals.

SBDC senior manager, Mr Johan Naude, said "We are not happy in principle, we have a problem with the proposed legislation and we will be putting our representations to the CPA as soon as possible.

"The whole spirit of the Business Act was to liberate the hawkers, now the CPA is trying to make things tricky to regulate them."

Naude said the envisaged legislation would bring about "the harassment of vendors at a time when the unemployment rate has reached alarming proportions."

"I have grave reservations about whether the CPA has a positive attitude towards the hawkers," he said.



## 'Vendors create jobs cheaply'

An extract from a letter sent by the SBDC to the Administrator, Mr Kobus Meiring

Dear Mr Meiring

153A

The Small Business Development Corporation (SBDC) objects strongly to the proposed vending prohibitions. Street vendors should be given freedom to operate

They are one of the few sectors in our economy where cost-effective job creation takes place.

The proposed regulations fly in the face of efforts to remove impediments to economic development and should be resisted by all organisations with an interest in economic empowerment

In the meantime, the vigorous enforcement of by-laws soon to be replaced, by certain local authorities, puts a question mark behind their commitment to enhance equal opportunity and economic freedom

*South*  
27/2-4/3/92 Yours faithfully  
Johan Naude  
SBDC Senior Manager

# Poor start for VAT

*Southern 27/2/92*  
THE new VAT tax has had a very poor start among small businessmen and in the informal sector

Among the main reasons for this have been the cost of complying with VAT, the complexity of registration and administration, and the harshness of the VAT Act penalties.

This has emerged from an opinion poll conducted among members of the Sunnyside Group, a national alliance of some 50 small business associations

The group has joined the VAT-Coordinating Committee in calling for the new tax system to be made simpler and fair, particularly to the poor and disadvantaged

The chairman of the group taxation committee, Mr Ian Hetherington, said "The poll indicates confusion and dissatisfaction with VAT and the need for a full analysis of VAT on small business

"Our member organisations, which rep-

resent several thousand small businesses, indicated that the majority of their members did not understand how the tax works, and had difficulty with the registration process "

Another significant factor to emerge was the high cost of VAT compliance for small businesses, who are usually critically dependent on minimising overheads

He said the introduction of the tax had been the direct cause of many small businesses losing customers

Those small businesses whose turnover was below the minimum requirement for registration of R150 000 a year were still often asked by their clients to provide the tax invoices defined by the VAT Act

In response, he added, some these small firms registered voluntarily, some satisfied their customers without a tax invoice, but about 25 percent of them lost those clients who demanded the invoice.

# SBDC introduces new courses

27/2/92

153P

THE Small Business Development Corporation is introducing new courses in its skills' training programme to cater more fully for the needs of the small and medium enterprise sector in South Africa.

In addition to two courses introduced in 1985, one elementary course on basic business skills and one advanced course on starting a new small business, the SBDC's training centres countrywide will be offering three courses aimed at improving the efficiency of established businesses.

## Relations

The first of the new courses, "How to manage and improve your business" starts next week. The other two courses, one on retail management and the other on labour relations starts in the next few months.

SBDC's senior general manager, Mr Toni Kedzierski, said an urgent need for business training, focused on improving already established businesses, emerged from more than 1 000 public queries dealt with daily by the corporation's 46 offices countrywide.

He said, "We decided to introduce a course on how to manage and improve a small business, which includes stock and debtors' control, time management,

costing and increasing sales and margins."

Because there were a large number of clients in retailing, a management course was acquired to cater for their specific needs. The course on labour relations for SMEs was included as the corporation's experience over the past 10 years had shown how crucial effective staff management was.

## Budgeting

The retail management course consists of shop design and layout, purchasing and pricing, merchandising, managing your workers, retailing principles and basic budgeting and elementary bookkeeping.

The labour relations' course introduces small business owners to issues such as discipline, dismissal and termination of contract procedures, group consultations, conducting of inquiries and dealing with grievances, trade un-

ions and strikes.

"Apart from needs established through public inquiries, we get feedback from the 328 retired business people taking part in our Mentor Advisory Programme. The new courses cover those issues which SME entrepreneurs have found to be vital for the efficient running of their businesses."

The two original courses - elementary Trident One-up Business training and the advanced "How to start your own business" - are still very much in demand and will be offered more frequently than in the past.

Classes are presented after hours once or twice a week for periods varying from seven to 14 weeks at reasonable prices.

Inquiries can be directed to Linbro Park Training Centre in Johannesburg, telephone (011) 608-3795/6 or 608-4052 or from any of the SBDC's six regional offices in all major cities.

## BUYING OR BUILDING YOUR HOME INVEST OR LOSS?

NEED TO KNOW MORE ABOUT STANDS, DESIGN, FINANCE CONTRACTS ETC., (A GUIDE TO OWNING YOUR IDEAL HOME) GIVES ALL YOU NEED TO KNOW AND MORE...

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# **R80-m scheme offers family protection for the hawker, spouse and dependents**

Sowetan 27/2/92 (153A)  
By JOSHUA RABOROKO

THE newly launched R80-million "micro loan scheme" to provide capital for hawkers and spaza shop owners is to be introduced later this year, according to the African Council of Hawkers and Informal Businesses.

The scheme was announced by Achib in conjunction with First National Bank, the Development Bank of Southern Africa, Investec and Fedlife to enable the informal sector to create jobs.

The organisation has reached an agreement with these organisations to turn "informal business into formal business" in South Africa.

At the launch of the scheme FNB's senior marketing manager, Mr Andrew Buttle, said the joint venture was created to serve the needs of small black entrepreneurs countrywide.

These needs included transaction needs; payment mechanisms; safety of cash, personal security, insurance, accumulation of capital savings and access to loan finance.

## **Endowment policy**

He said the more than 40 000 Achib members would be entitled to the FNB-Bob 2000 cards, a Federated Life funeral policy, Fedlife, Investec, innovative endowment policy, and individual and FNB and DBSA micro loan finance.

"The scheme provides exposure to services in the financial industry and a credit rating and track record Achib helps with the guidance and education of members," he said.

He added "Another objective we have attempted to achieve is the self-sustainability of the Achib organisation through good management and servicing the needs of its members."

It was hoped by using the scheme, members would gain access to a new market; develop hawkers as businessmen and women in terms of financial service and develop sound banking relationships with other members.

DBSA's business entrepreneurial development manager, Mr Mike Mohohlo, said he hoped the scheme would develop small business to create jobs as well as alleviate poverty in the black community.

## **Package**

Achib's president, Mr Lawrence Mavundla, said the package was designed to help make hawkers and spaza shop owners to be in a position to apply for a loan from a commercial bank.

In addition, he said, the scheme offered family protection for the hawker, spouse and dependents as well as the numerous benefits that Achib itself offered.

Fedlife's corporate public affairs general manager Mr Raymond Loughrey said his company was very conscious of helping small businesses.

# Starting your own business: look before you leap

STPA 2912192

(IS3A)

**S**mall businesses play a vital role in economic and social life. They provide substantial employment and opportunity as well as career satisfaction for the owners.

Running your own business is exciting and challenging. It is also complex, risky and demanding.

This series is designed to help people starting up businesses or who are running businesses in the early stages of development.

However, no guide can run your business for you. A business established through sound planning and appropriate professional advice is far more likely to succeed and deliver well-earned rewards.

**THIS is the first in a series adapted from "Starting and Running Your Own Business", published by the private business services division of chartered accountants KPMG Aiken & Peat.**

Before starting up, take a look at yourself. Before you even consider starting a business, think long and hard about it. Will you be able to cope?

There may be many reasons for starting your own business. You have taken early retirement or have been retrenched. Perhaps you have been running your own business for some time, but want to re-assess yourself.

Whatever the reasons, the demands are the same. You must have tenacity, self-confidence, enthusiasm and the

commitment to work hard.

The rewards are obvious: control of your own time, the ability to determine your own income to a greater extent, but most of all, the independence of being your own boss.

If you are starting your own business to fill in a gap until your next job or retirement or marriage to someone with plenty of money, or if you are using a business as a scheme to attract a government grant, we have one word of advice: DON'T!

You must have experience and

skills to offer.

For example, you may be an expert in the manufacture of plastic glasses, but on your own, you will be involved with not only manufacture, but also selling, marketing, administering, accounting, financing and personnel.

Apart from enthusiasm for your venture and a commitment to work hard, you will need to come to terms with the personal risks involved, as well as:

- Judgment and an ability to "come off the fence"
- Flexibility to deal with changing events and crises.
- Support from your family, who may have to put up with long hours

during start-up.

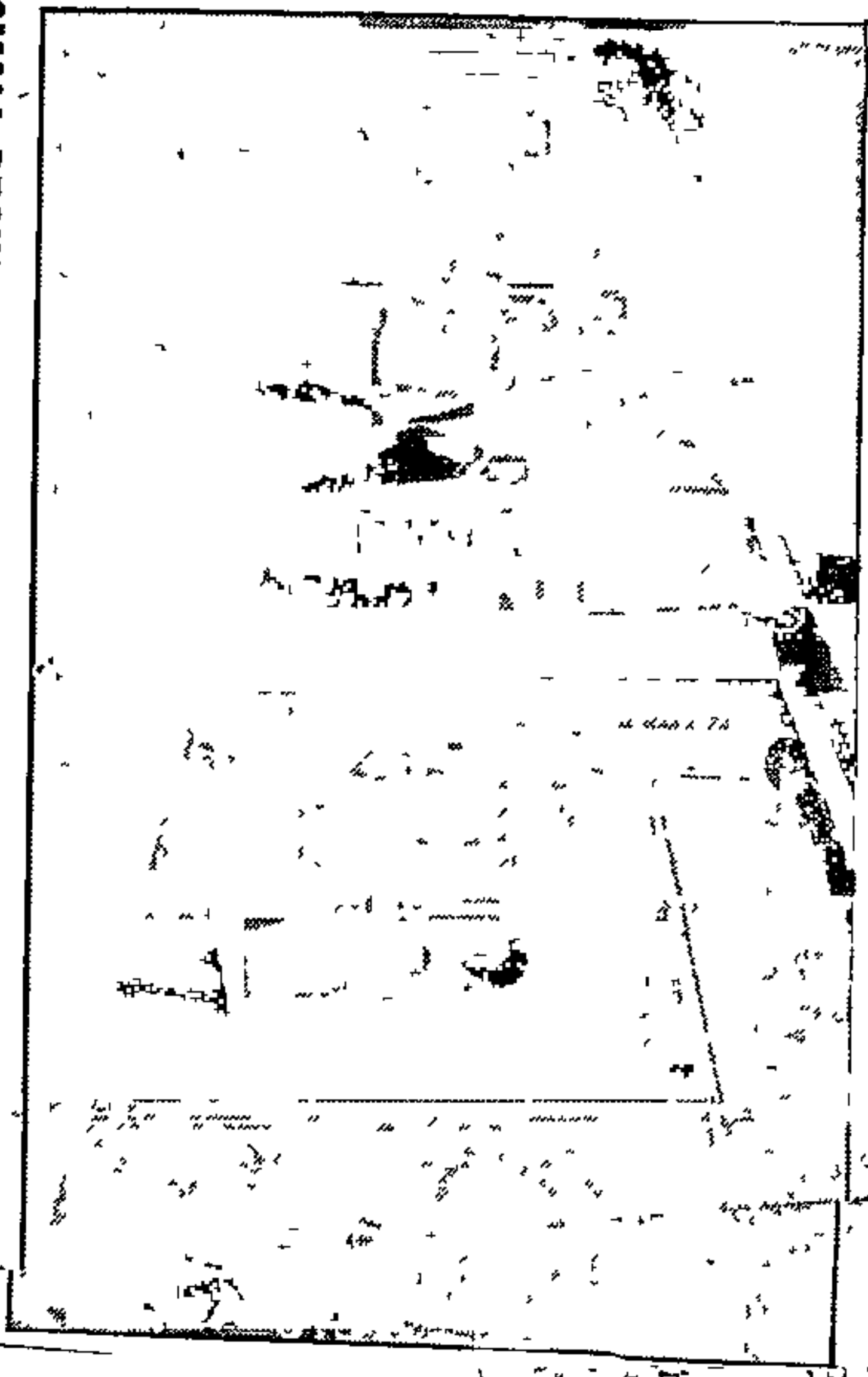
- Adequate personal resources to support yourself and your family, since the business in the initial stages may not provide enough cash flow.

The normal features of working for someone else, things you may take for granted, will disappear.

As a self-employed person, you will probably not have job security, a known and guaranteed income, set work and rest hours.

Consider, as long as it does not conflict with your present employment, setting up your business as a part-time venture until it generates sufficient income to support you.

- Next: Establishing your product and its market.



**SMALL BEGINNINGS:** The lure of being your own boss is great, but be sure you are capable of coping with the pitfalls that await you.



# Meirins backings down on hawkers issue?

(153ft) ACC 29/2/92

JEAN LE MAY

Weekend Argus Reporter

CAPE Administrator Kobus Meiring appears to be backing down after a concerted attack by organised business on his proposed measures to control hawkers.

His proposals would wipe out any benefits the hawkers could have reaped under the much-vaunted Businesses Act.

This act was hailed when it was passed last year as a great step towards deregulating the informal sector.

But a draft proclamation published in the provincial gazette on January 31 gave the impression that the authorities want "systematically to eradicate the income base of hundreds of thousand of people," said Small Business Development Corporation (SBD) regional general manager Mr Wolfgang Thomas.

"This step is a denial of the spirit underlying recent legislation as well as the whole government strategy of liberalising the economy and supporting small business," he added.

The SBD, the Cape Town Chamber of Commerce, and the Cape Peninsula Informal Traders' Association are fighting the proposals, and Wesgro too, has come out strongly against them.

Weekend Argus referred the issue to the Administrator, who replied in a statement through liaison officer Gerda Pretorius that all licensing authorities in the Cape Province had been asked to comment on the draft

proposals.

It was "not true" that the draft proposals were in conflict with the Act, said the statement.

"It has been the policy of the administration, throughout the process of implementation of the Act, not to place unnecessary restrictions on hawkers and other businesses.

"The publication of the list of prohibited places does not mean that a final list will be published, but we have to ensure that the interests of all sectors are addressed."

Asked to clarify this, Ms Pretorius said that what it meant was that if too many people objected, the Administrator would withdraw the list of prohibited places altogether.

Traffic departments, including that in Cape Town, have been criticised for being over-zealous and even hostile in their approach to hawkers, who complain of harassment and difficulty in recovering goods impounded by traffic officers.

Assistant traffic manager Mr Dick Rheeder said the department was preparing comments on the administrator's proposals. On the whole, hawkers performed a necessary function and "the ones who complain of harassment are usually those breaking the law," he added.

Moreover, it appears the Cape Town City Council could be acting illegally in still applying the regulations of the old provincial ordinance to hawkers.

City council public relations officer Mr Ted Doman told Weekend Argus the old ordi-

nance was still being applied "because we did not want a gap of several months before the publication of new regulations during which there would be no control at all."

To this the SBD commented "The Businesses Act was in the pipeline for years and became law in June last year. The city council has had plenty of time to get its act together."

The Administrator's proposals made it obligatory for hawkers to obtain written permission to trade and moreover listed 34 venues where no trading would be allowed.

The list includes some of the favoured sites for hawkers, including beaches, show grounds, malls, parking areas, parks, public resorts, public squares, sports fields, stadiums and viewing sites.

The proposed regulations would also make hawkers get permission from established businesses in the area if they planned to sell the same commodities, such as fruit or vegetables.

This requirement is similar to one at present in force under the old ordinance.

"For example," said Mr Doman, "hawkers who want to sell fruit outside the OK Bazaars in Adderley Street may only do so if the OK Bazaars does not object."

It is also proposed that traffic officers may summarily impound goods and vehicles belonging to any hawkers trading in the "wrong" places, and these will be released only when the hawker has paid any expenses involved. The authorities are specifically freed of

any responsibility for loss or theft. Perishable goods may be destroyed and if the hawker does not claim for them within three months the amount will be forfeited.

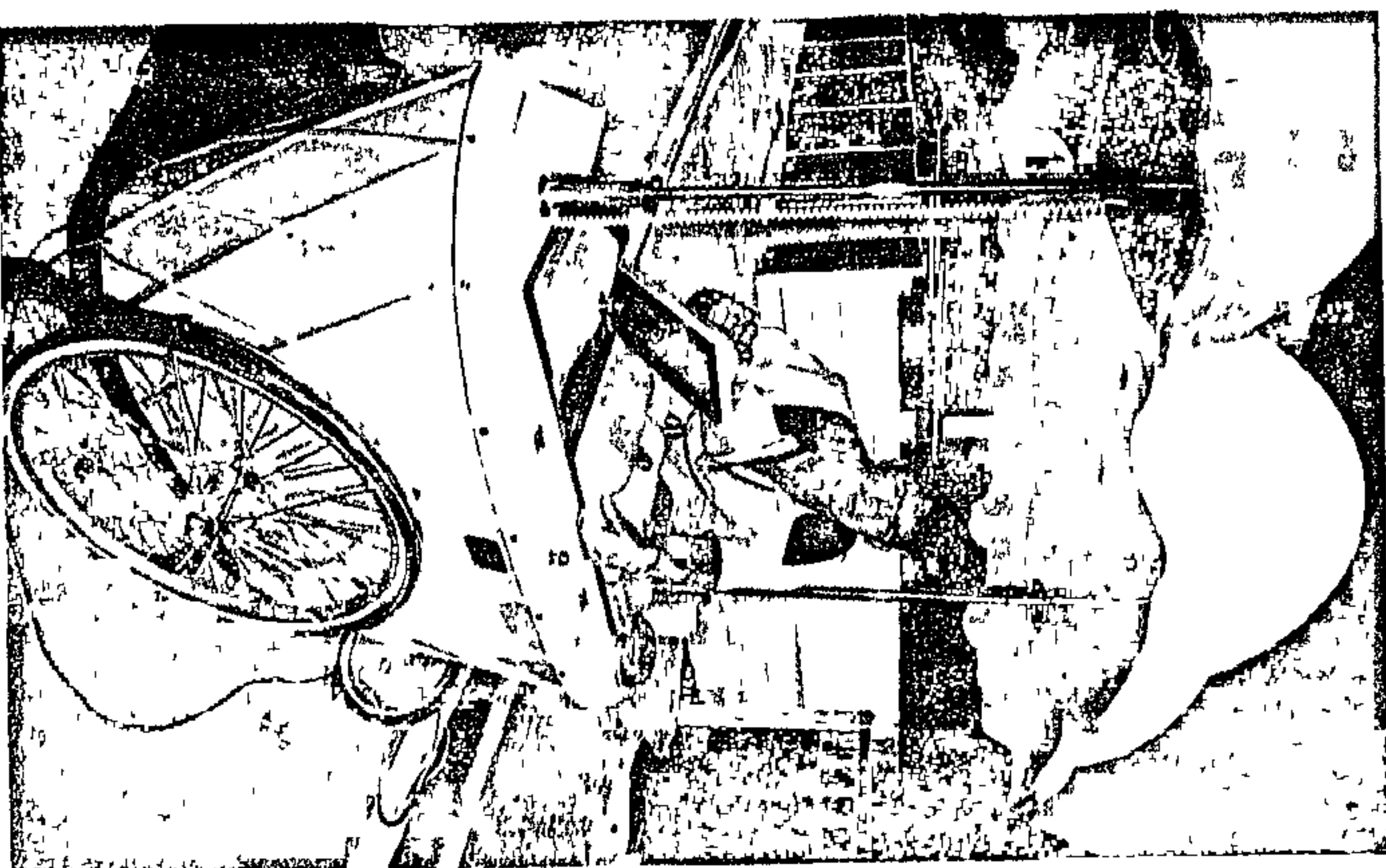
Mr Cassim Noorden, chairman of the Cape Peninsula Informal Traders' Association, told Weekend Argus the association planned to put forward strenuous objections to the proposals.

"We have 1 550 members in the Western Cape and our members feel it is short-sighted of the authorities to clamp down on hawkers when so many people are out of work and thousands make a living from informal trading," he said.

"It seems to us that the government is giving with one hand by deregulating informal trading and then taking away with the other by allowing the Administrator to clamp down as hard as ever."

"We would also like to see some change in the attitude of the traffic authorities, who seem to feel they can harass hawkers as much as they like."

The Cape Town Chamber of Commerce said it objected strongly to "this unnecessary and unwarranted move to reimpose licensing provisions on hawkers other than those who sell food." It has sent the administrator a lengthy memorandum in which it said it was "highly irregular and completely anomalous" to withdraw licences for hawkers (with some exceptions concerning food) and by the same measure require "written permission from the licensing authority."



□ GRAHAM POWELL with his R45 000 ice-cream cart



exceptions concerning food) and by the same measure require "written permission from the licensing authority"

☐ GRAHAM POWELL with his R45 000 ice-cream cart.

## Red tape killing the ice-cream man

JEAN LE MAY

Weekend Argus Reporter

(153A) 29/1/92  
GRAHAM POWELL, 27, thought he had it made when he rolled his R45 000 ice-cream cart into St George's Mall just after New Year. In the hot weather, his sales soared.

The traffic police thought otherwise. Graham has now been told that if the cops see his cart again in the Mall, they'll confiscate it.

Photographed at his Milnerton home with the inoperative cart, Graham said he had a valid hawkers' licence to sell food. But when he applied for permission to trade in the Mall it was refused by the traffic department.

"My father helped me with a loan to import

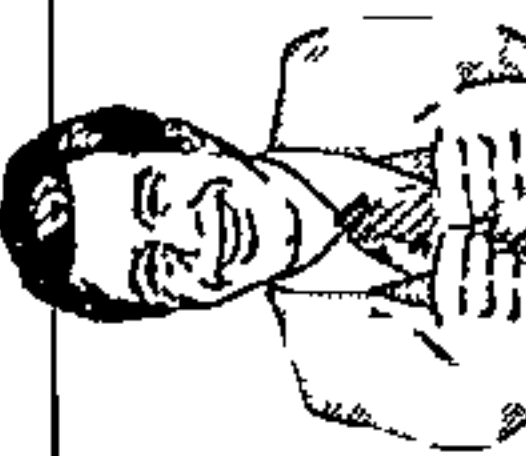
the cart from Spain," he said. "I have to pay R650 a month in interest and thanks to the traffic department I don't have an income."

Mr Steve Hofmeyr, senior traffic inspector, said Graham was told repeatedly to apply for a permit, but did not do so.

Reminded by Weekend Argus that under the Business Act permits are no longer required for hawkers, Mr Hofmeyr said "It's true that he doesn't need a permit, but he still needs permission. The traffic department decides where hawkers can trade."

The Small Business Development Corporation, said they were getting counsel's opinion on the issue.

**Start Your Own Business**  
A Star Survey



This survey was written and compiled by Susan Ramwell in consultation with leading figures in the industry.

# 'No shortage of ingenuity'

The South African economy's ability to provide jobs for new entrants into the job market has steadily declined since the '70s.

From 82.7 percent absorption of new job seekers from 1970 to 1975, it has fallen to only 7.5 percent absorption of new job seekers in 1989 to 1990 according to figures compiled by Dr Edwin Basson, Economist, Small Business Development Corporation.

Along with retrenchment's and linked to negative growth in Gross Domestic Product, it is

says this is not as big a threat as the growing number of young entrants to the job market who want work and cannot find it.

If it was not for employment in the informal sector official statistics would suggest that as much as 43 percent of our economically active age group is unemployed.

Thanks to informal sector employment, the portion of SA's potentially economically active population which receives no income is cut to about 20 percent. Unemployment as a percent-

age of the total population is about 6.5 percent, each earner having an average of four to six dependents.

The SBDC refers to what it calls SA's "Development Gap" — the gap created by too few jobs and too little money for infrastructure development for too many people.

Dr Basson believes the informal sector alone can be no panacea for current predicaments, but that business initiative in the informal and small to me-

dium sized business area holds great hope.

"While the informal sector does much to provide subsistence income levels to people who would not otherwise survive, its contribution to employment can only be significant for the country with upward growth to formal business activity."

But one of the most important aspects of the informal sector, he believes is that it is a wonderful training ground for entrepreneurs in natural free

market principles that costs the taxpayer nothing.

"They have to do well or they don't survive. That's the best way to learn business lessons," says Dr Basson.

The formal small to medium sized business sector contributed 45 percent of SA's Gross Domestic Product during 1991 compared to the large business sector's contribution of 32 percent. The informal sector contributed a further 13 percent and is an important area — particularly in providing subsistence income to families who would otherwise be destitute.

Looking at the 688 000 new employment opportunities created over the last 10 years we see 19 percent (130 000) of these came from the formal small to medium size business sector. A further 250 000 came from the Government.

The blooming of the informal sector can be seen on any city street in South Africa, with the growth in pavement hawking.

"We may have a shortage of funds for grassroots development and alleviation of poverty but I don't think we should underestimate the potential for individual ingenuity that exists."

There are other forms of assistance than financial such as marketers approaching informal entrepreneurs to help distribute their products in rural areas and townships, he says.

Since its inception in 1981, the Small Business Development Corporation has played an important role in changing South Africa's small business sector.

It has helped to create some 300 000 jobs in the past 10 years and has granted loans amounting to R1 246 million to 33 675 applicants.

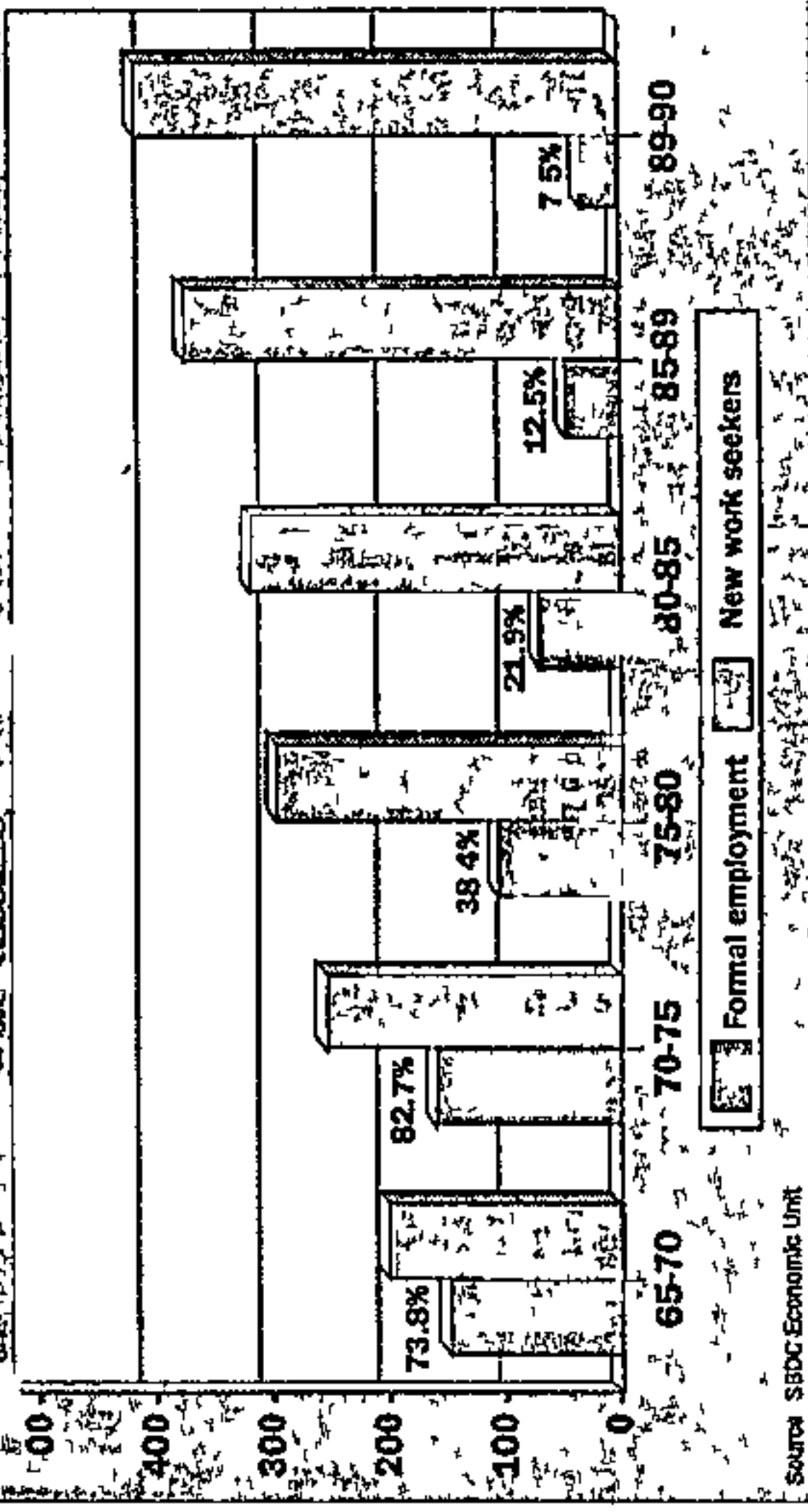
It receives approximately 1 000 inquiries for small business assistance each working day. It has succeeded in making a profit from what most bankers would find to be high-risk, low return investment.

The failure rate of its clients has been a relatively low 20 percent representing 10 percent of its loan portfolio.

The organisation's six main support services are information and advisory services, manpower subsidy scheme rebate scheme, mentor advisory programme, training services, subcontracting and marketing assistance.

There are 18 consultants at the SBDC's industrial hives around the country, 46 part-time offices in rural areas and 39 regional branch offices.

## Formal employment trends (Absorption ability of RSA economy)



# Stals warns (ISSA) CT 2/3/92 informal sector

**PRETORIA.** — The Governor of the Reserve Bank, Chris Stals, said the accountability of the Reserve Bank is towards the total community and its responsibility is to create a stable financial environment in which maximum economic growth can take place.

Speaking at the official launch of the Pretoria chapter of the Association of Black Accountants of Southern Africa (Abasa), Stals said savers, investors, consumers and traders would only be able to take rational decisions on the management of their finances if they had trust, faith and confidence in the banking institution.

He said accounting institutions such as Abasa had a role to play in this regard.

Referring to financial management risks, Stals said, while the bank was not prepared to interfere with informal institutions like stokvels, members of such institutions should bear in mind that the Reserve Bank would not accept any responsibility for the mismanagement of funds. — Sapa



# Stals warns <sup>(153A)</sup> informal sector <sup>CT 2/3/92</sup>

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# Money from 'old rags'



## Jumble sales only means of survival

(S3A)

*Sowetan* 3/3/92

SELLING used clothing is big business for scores of hawkers as the ranks of the unemployed swell.

They collect used clothing from middle-class friends and relatives.

The hawkers then sell the clothing cheaply, but at a profit.

Kliptown now has a growing market for used clothing.

Every Saturday scores of sellers go to the open veld next to Kliptown Station and display their wares on the ground.

The market starts early in the morning and continues until about 6pm.

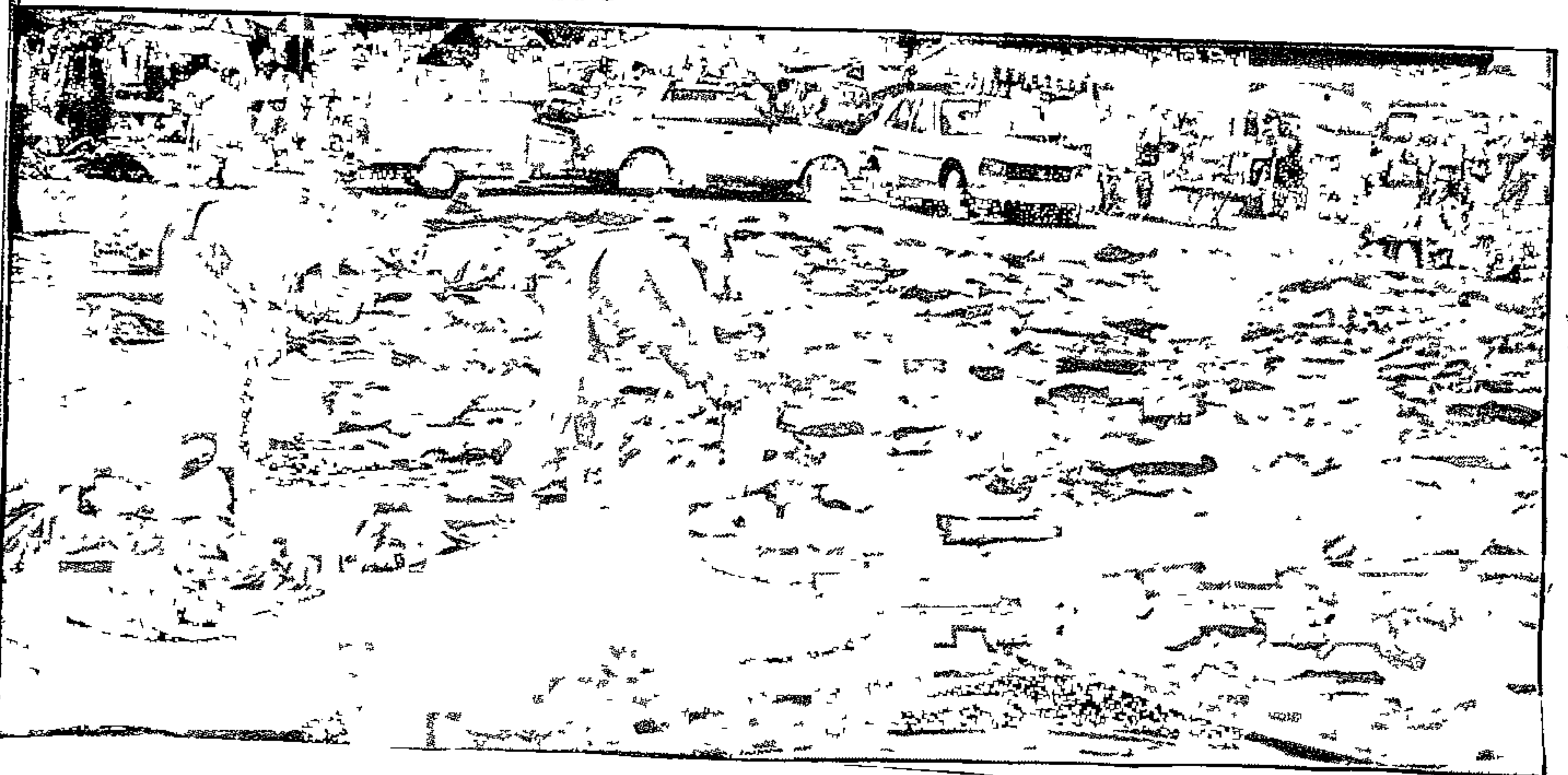
Shirts sell for about R5, trousers for R15, shoes from R10 a pair and jackets from R13.

Buyers come from squatter communities in and around Soweto.

Said a buyer: "I can no longer buy clothing from the shop and depend on jumble sales like these."

Said Ms Beatrice Nyandeni, a seller: "I fetch this clothing from Pretoria and other places and come and sell it here."

PICS VELI NHLAPO





# Business bodies to act on new law

Sowetan 5/3/92

153A

THREE business organisations are to embark on a massive campaign for the speedy implementation of specific clauses in the new Business Act, to come into effect later this year.

The Small Business Development Corporation

(SBDC), African Council of Hawkers and Informal Business (Achib) and Foundation of African Informal Business (Faibs) say some local authorities are opposed to the new law.

The Act, published in May 1991, has been de-

layed in many of the Conservative-Party controlled towns.

It repeals trading licences for all but three of the 60 to 80 different categories of business for which they were previously required. It also removes all restrictions on trading hours from Monday to Sunday and allows hawkers, apart from a few prohibited areas, to trade anywhere.

SBDC's managing director Dr Ben Vosloo has expressed concern over the delay in the implementation of the Act and said: "We have played an integral role in lobbying for the removal of unnecessary regulatory constraints which add to the burdens of starting and running business."

The corporation was concerned, however, Vosloo said, about some of the provincial regulations which have been published for comment as they seemed to be going against the spirit of the new Act.

Achib president Mr Lawrence Mavundla, said that the Act would make the "poor to become rich" and create jobs. He explained that in terms of the Act, no licences were required for people who wanted to start business.

Faibs general secretary Mr Ngebulana Mhlangabezi said the repeal of the Act was necessary if underprivileged people were to create jobs for the community.

## UNIT TRUSTS

### General Equity Funds

	Buyers	Sellers	Yield
BOE Growth	140 92	131 68	4 79
Fedgro	121 89	113 81	7 89
CU Growth	115 61	107 93	5 49
Guardbank Growth	2337 38	2188 25	5 40
Momentum	238 26	222 90	4 99
Mettfund	185 33	172 62	3 61
Metlife	117 23	109 58	n/a
NBS Hallmark	893 29	834 28	6 86
Norwich NBS	337 45	315 14	6 88
Old Mutual Investors	2832 38	2641 68	4 23
Safegro	131 15	122 61	5 36
Sage	2440 07	2277 14	4 58
Sanlam	1662 72	1552 28	4 68
Sanlam Index	1292 64	1207 40	4 38
Sanlam Dividend	453 14	422 80	5 13
Senbank General	121 88	113 67	13 23
Southern Equity	186 40	174 39	5 06
Standard	1112 44	1045 69	7 35
Syfrete Growth	270 48	253 14	4 59
Syfrete Trustco	116 30	109 01	n/a
UAL	2018 98	1891 68	5 14
Volkskas	137 92	129 03	6 95
Specialist equity Funds			
Guardbank Resources	148 13	138 69	5 57
Sage Resources	117 69	109 88	7 28
Sanlam Industrial	969 22	905 47	3 70
Sanlam Mining	305 61	285 32	5 50
Senbank Industrial	1245 34	116 97	11 74
Southern Mining	136 78	127 97	5 60
Standard Gold	178 99	167 65	7 27
UAL Mining and Resources	378 91	354 56	5 01
UAL Selected Opportunities	1717 41	1606 03	4 25
Old Mutual Mining	249 26	232 12	5 45
Old Mutual Industrial	359 09	334 51	4 15
Old Mutual Gold Fund	114 99	106 99	5 71
Old Mutual Top Companies	246 28	229 65	n/a
Income/Gilt Funds			
Metboard Income	99 09	98 05	17 61
Guardbank Income	112 55	110 24	16 75
Old Mutual Income	106 84	105 68	14 85
Standard Income	93 25	92 26	14 83
Syfrete Income	105 83	104 77	15 12
UAL Gilt	1132 69	1121 37	14 63

HELPING YOU MAKE THE MOST OF THE STOCK EXCHANGE



**OLD MUTUAL  
UNIT TRUSTS**



**BY JOSHUA RABOROKO**

*Sowetan 5/3/92*  
EXCELLENT results are being achieved by small manufacturers who have been established by the KwaNdebele National Development Corporation

Most of the small businesses are housed in nine industrial parks spread throughout the area, involving a total investment of R3 4 million, providing new job opportunities for more than 1 000 Ndebeles

Future plans include an industrial park at KwaMhlanga, extensions to existing parks and motor-town at Tweefontein at a total cost of about R2,5 million, and will provide premises for an additional 35 small manufacturers (153A)

This project began in 1983 and today more than 150 have already been successfully established, according to public relations consultant Mr Hans Lombard

The buildings in each park are spacious factory units, varying from 50 to 250 sq m

Senior manager of the KNDC small business development division Mr Poelhe Smith said each applicant was thoroughly screened for technical ability before being allocated a factory unit

Only after the applicant was well established and the enterprise running smoothly, may he apply for financial assistance from the small business development division of the KNDC

Interest rates vary from 14,5 to 22,5 percent

Workers receive specialised basic training in various skills at training centres run by the corporation,

Courses including administration, financial control and bookkeeping are available to the business owners

One of the first small businessmen to start in the Siyabuswa industrial park was Mr Frans Malaka, who owns the BB Furniture Manufacturers

A wide range of home and office furniture is made by nine fulltime workers whose wages are subsidised by the Department of Trade and Industry

Malaka began his operation in 1983 as one-man business equipped with a hammer, a hand-saw and other small hand tools

"My small business in KwaNdebele is booming," he said this week

**Mr Frans Malaka - owner of BB Furniture Manufacturers - with one of the headboards manufactured in his factory**



# Starting your own business: know the market

THE second article in a series adapted from "Starting and Running Your Own Business", published by the private business services division of chartered accountants KPMG Aiken & Peat.

**R**UNNING a business requires a variety of skills. It is preferable to have some expertise in the product that you intend selling because this can make the difference between success and failure, but other skills can be acquired along the way.

So, if you have been working in the motor industry for the past 20 years, you should think twice before setting up a toyshop. There are basic questions and actions you should consider.

Do you have a market? Establish an estimate of the total existing market for your product or service, or similar ones, as well as geographical and sociological distribution.

Focus only on potential customers. Widespread advertising coverage is rarely cost-effective, especially for the small businessman.

Initially, it is likely your business will be restricted to one particular town or city.

Find out as much as you can about the population and the other business activities to determine whether there will be a market for your product and what competition you can expect.

You will be able to get this type of information from government statistics and from studying local newspapers.



**FAST LANE:** In a fitness-conscious world, the owner of this business found a market for track suits, demonstrating the wisdom of groundwork.

For example, you would need to know the age, sex, spending patterns of potential buyers and the number of potential buyers in the area chosen.

Is there a trade association which deals with the product or service you intend offering?

Talk to others in the trade.

Then, establish a price. You must appreciate that you need to make a profit and that current market prices will impact on the price that you can charge.

As a small business, you are unlikely

to be able to affect the market. On the other hand, your competition may cut prices in an attempt to force you out of business, especially if they are large companies or groups.

You may also need to speak to potential customers and, as far as possible, ensure that they will buy your product or service if you start up.

Try to obtain a written statement to this effect (subject to conditions remaining unchanged) for your financial backer if you have one.

Other points to consider

- Is your product a copy of, or a similar design to another product? If so, you may be in breach of a copyright, design, trademark or patent.

- If there is something special about your product you may want to protect it, for example, by a patent.

- If your product does have some special or new characteristic which is perhaps unknown or untested in the market, consider having it tested.

- Local universities may be doing research in the same area, and mutual co-operation from the outset could be profitable.

- The SAB provides specifications for a large number of products. Approval by it means that you can mark your product with the SABs stamp. This may be important in gaining acceptance.

- Is the product that you are marketing about to be overtaken by changes in technology? If so, does your business have a long-term future?

- What are the expected future developments in the product(s) chosen and the market?

- Will you have to provide a warranty for your product? If so, a flood of warranty claims could bring a premature end to your business activities. Consider product insurance (see later).

- Do you need a licence to manufacture or sell your particular product? (see later)

- What will be the effect of the economic and political environment on your business?

**Next:** The costs that determine profitable pricing.



# BUSINESS

EDITED BY FRED ROFFEY

## SBDC steps in to help small businesses manage workforce

SMALL businesses can produce the right product at the right time and work hard at marketing it — but many have failed because they lack the vital skill of managing a labour force or dealing with trade unions

This has led the Small Business Development Corporation (SBDC) in the Western Cape to present an in-depth course on "Labour relations for the small business" for entrepreneurs in need of basic labour relations training

It will be held in the SBDC Small Business Centre at 60 Sir Lowry Road in Cape Town, every Tuesday and Thursday evening for five weeks, starting on March 17

"A tremendous need for training in labour relations among small businesses has prompted us to present this course," said Adv Johan Naudé, senior manager at SBDC Western Cape

5/Thurs 8/3/92  
"The successful running of a business and the ability to manage a work force are closely related to knowledge and skills in dealing with aspects such as grievances, dismissals and trade union negotiations

"The course is suitable for smaller businesses employing five persons, or medium sized enterprises employing up to 100"

He warned that the SBDC had encountered many examples of small businesses that had failed to make the grade merely because they had neglected to give sufficient attention to accepted labour practice, or the legal framework within which they had to operate as employers

SBDC case studies indicate that the ability to manage a labour force effectively is a pre-requisite for a successful business. The studies show

● A dismissal done incorrectly can paralyse a business when trade union action follows

● A businessman insufficiently acquainted with the requirements of an Industrial Council agreement can find himself at the wrong end of a claim for wages and contributions due

● A clear contract of employment may in many instances prevent misunderstandings between employer and employee

● Cultivating a constructive relationship with employees and ensuring open channels of communication can only benefit a business

The SBDC course will be conducted by experienced, professional teachers working in the field of small business development

It aims to give delegates knowledge, skills and guidelines in discipline, dismissal and termination procedures, addressing employee

problems, what to do and what not to do in strike situations, and preparing confidently for industrial relations negotiations

The course is also designed to give an understanding of the concepts of fairness and relationship building, the inherent nature of conflict, why employees join trade unions, what role trade unions play, and the benefits of constructive agreement and collective bargaining

It will include group discussions, case studies, role playing and video material based on actual incidents to supplement the course content

Delegates who pass the examination at the end of the 10-session course get a certificate. The course fee of R600 includes a full training manual with notes. Payment terms are available

Further details are available on (021) 462 1910



## 'Bank for the Poor' can be a role model

BANGLADESH'S Grameen Bank, known as the Bank for the Poor, is a grass-roots, community-orientated institution.

It is often cited by local analysts as a possible model for meeting the lending needs of the black community in SA.

The biggest hurdle the black community faces in gaining access to formal sector loans is lack of collateral — a requirement when applying for a loan at formal financial institutions.

### Regular

The Grameen Bank was started in 1976 as a private initiative to help the landless in Bangladesh whose lack of collateral prevented them from getting loans.

Loans are given to groups of five people who have established a regular pattern of weekly savings.

The first two borrowers in a group must make a number of regular weekly repayments before further loans can be granted to the other group members.

A 1989 World Bank report showed that by 1987 the Grameen Bank had

300 branches in 5 400 villages and over 250 000 people had been helped.

Loans averaging about R280 were granted, with 13% of its membership householders owning less than a hectare of land.

Close supervision of field operations and peer pressure ensured a 97% recovery rate.

Badan Kredit Kecamatan (BKK) in Java, Indonesia, is another example of community banking.

It lends small sums of money to middle-aged peasant women and relies on character references from the village leader and peer pressure for payments.

BKK is one of the most successful banks in the world. In 1987 it earned \$1.4m (about R4m) in profits.

### Adapted

It services more than 35% of central Java's 8 500 villages through 500 sub-district BKK units and 3 000 village posts.

Civic leader Cas Coovadia says there has been no concerted attempt to use the Grameen Bank example in SA because it would have to be adapted to suit the needs of the black community.

## Link between formal funding and micro lending essential

THE Development Bank of Southern Africa (DBSA) is involved in discussions with Nasasa on providing additional financing in the housing market, says DBSA GM Nick Christodoulou.

The DBSA has played a major role in housing and informal housing finance pilot projects, which attempt to build a synergy between stokvel resources, the Get Ahead Foundation and government intervention.

If proposals to the De Looor Committee on housing are accepted, a new and exciting interface will be created, he says.

The DBSA sees the informal sector as an important development area. Experience has shown the informal sector is better placed to reach and service borrowers.

The bank has recognised the emergence of such institutions and has responded by identifying a support programme to increase their impact as part of a comprehensive economic empowerment package, says Christodoulou.

The SA regulatory authorities are also concerned and supportive, he says.

### Support

This is manifested in recent discussions with informal financing institutions and the Reserve Bank.

The DBSA is providing institutional support programmes with financial assistance to three informal financial institutions.

"I expect our involvement to increase in the next year and it is certain that in the future such institutions will have a permanent



NICK CHRISTODOULOU

and important place in our economy."

It is also important to ensure the formal funding institutions and these emerging micro lending institutions do not develop in isolation of each other and that the mobilisation is harmonised, says Christodoulou.

"If such small lending institutions are able to capture an appropriate amount of available savings, it will provide a good way of channelling these savings into the developmental field."

## Forum to discuss the role of informal sector financing

STOKVELS should be free of regulation and there should be an informal finance forum to discuss the role informal financing should play in the formal

economy.

This is the consensus between authorities and grass-roots organisations which realise stokvels rely on flexibility and vitality to perform efficiently.

Stokvels have become visible since Nasasa's formation in 1988 and the formal sector has come to recognise them as an important sector of SA's financial system.

The Reserve Bank has recognised their importance and has embarked on a campaign to define the role of the informal financial sector within present deposit taking institution legislation.

It organised a participatory workshop in February for all involved in the informal financial sector to debate the issue of where community lending banks should stand in the Reserve Bank's regulatory framework.

The Bank has made it clear it wants to act as a facilitator to stokvel development rather than a regulator. It says it can add legitimacy to a market already functioning efficiently.

At the Reserve Bank workshop, delegates and the Bank accepted a proposal to develop an informal finance forum comprising all the organisations involved in informal financing.

After the workshop, a spokesman said the Bank was satisfied with the outcome because broad consensus was reached by market participants on the formation of an informal finance forum.

Future interaction between the Bank and the forum would be determined

by the needs of the parties concerned.

The main role of the Bank was to improve and facilitate the interaction of community lending institutions with the formal sector.

The increased acceptance of the community lending institutions could strengthen the contact between formal and informal finance, resulting in educational and financial involvement by formal banking institutions, the spokesman said.

Asked how important the Reserve Bank considered stokvels to be in the SA financial system, he said community lending institutions were the sole providers of finance to the broader SA community.

## Savings work

COMMERCIAL banks have woken up to the potential of the untapped stokvel market which represents more than R1.8bn in savings.

Standard Bank and the NBS followed the example of the Perm Club Account and recently developed products to cater for stokvel savings.

NBS implemented a high interest rate savings package, Club Saver, in January 1991 in recognition that the future of retail savings would be with senior citizens and the black market.

Operations director John Smale says "It is in the interests of all financial institutions to attract this segment of the market and this has taken on additional importance for savers because of financial institutions increasing their charges for high turnover transmission accounts."

Research into the traditional savings patterns of

blacks through a revealed a refined and native system, he

NBS preliminary search showed more 150 000 stokvels in existence, counted for a savings net in excess of R1

But many of these entities did not have accumulated funds, losing out on interest

### Experience

"We entered into discussions with stokvels and chairmen with our experience existing clubs, we able to create a signed around the club savers," Smale

As part of the implementation NBS introduced club management training for chairmen and a three-day course participants were presented



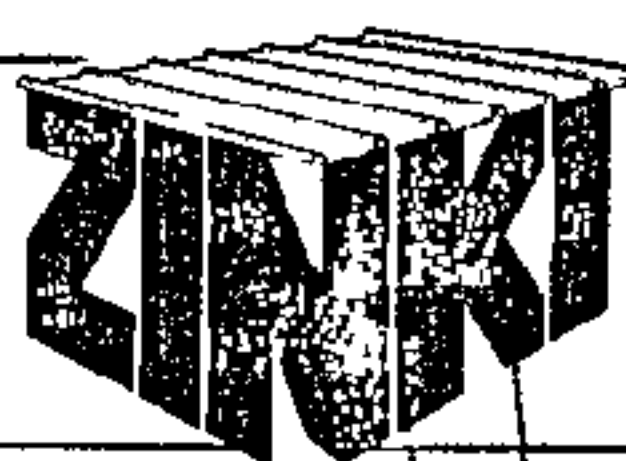
SOUTH AFRICA'S LARGEST BUYING GROUP, AND

DO A GOOD DEAL, BE

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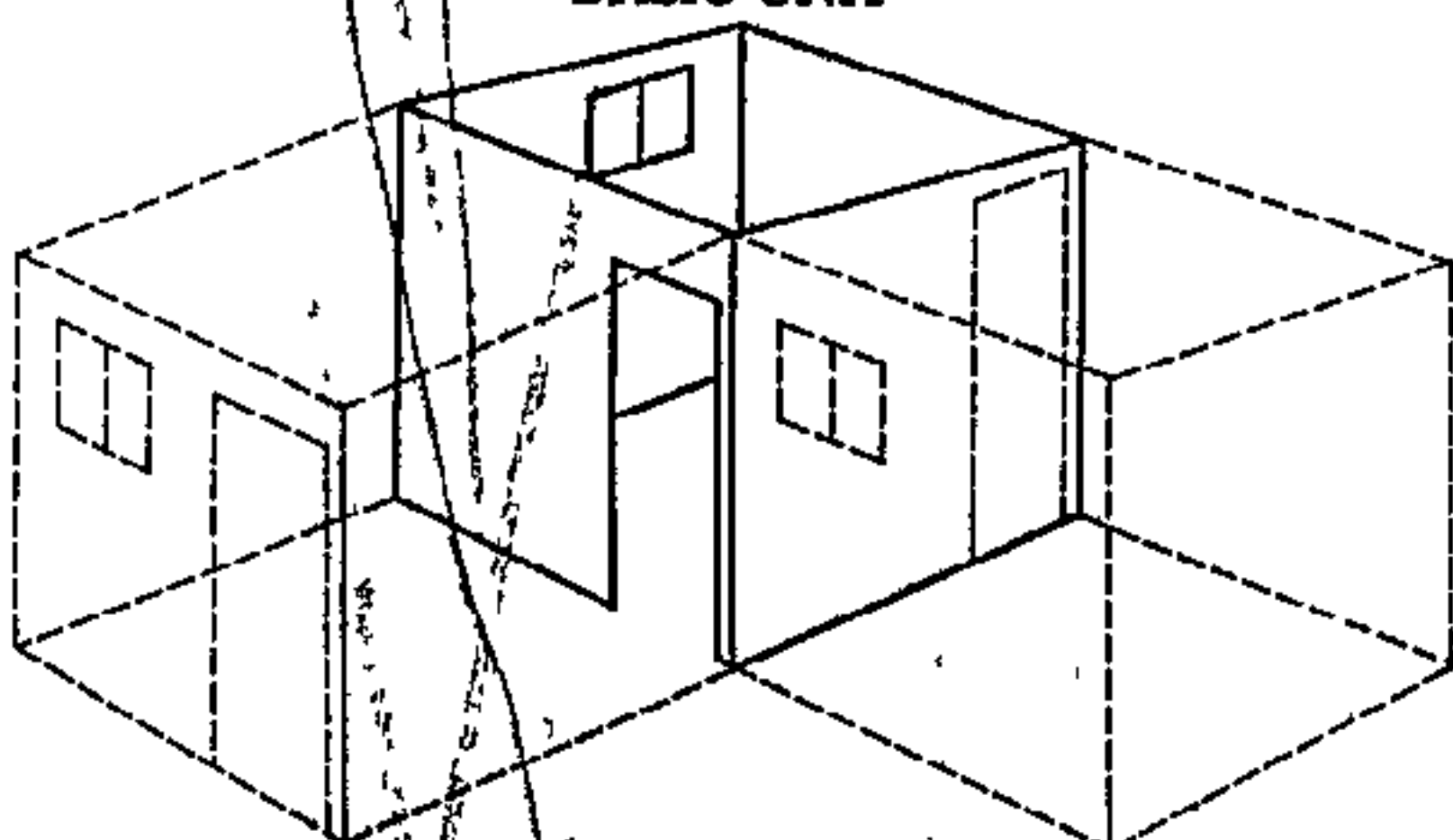
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# Savings worth more than R1,6bn

COMMERCIAL banks have woken up to the potential of the untapped stokvel market which represents more than R1,6bn in savings.

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Research into the traditional savings patterns of blacks through stokvels revealed a refined and innovative system, he says.

## Experience

"We entered into discussions with stokvels members and chairmen and, with our experience from existing clubs, we were able to create a product designed around the needs of club savers," Smaale says.

As part of the initial implementation programme, NBS introduced club management training courses for chairmen and after the three-day course participants were presented with

competency certificates

"The course is aimed at training stokvel chairmen in meeting and money management skills and leaving them in a better position to advise their members on personal money matters," says Smaale.

The account is book based and interest is paid monthly. It does not attract administrative charges and offers enhanced interest rates over individual savings accounts.

Standard Bank implemented its Society Scheme in September last year following a study into the stokvel industry and the bank is satisfied with the results.

Personal Banking and Marketing Services GM John Holloway says, "The bank has had positive feedback from stokvels, burial societies and organisations concerned with the black market on the approach we have taken."

"The consensus is that the bank has shown commitment to the product and the market."

Standard Bank identified the need to serve this segment of the market in terms of its needs. Research was undertaken to provide a greater understanding of the needs of stokvel users.

"Standard Bank went to the market and the people designed the product."

## Positive

Concept research results showed the savings account was enthusiastically accepted. The most positive aspects were the absence of bank charges and the ability to withdraw all the money in the account without being forced to close the account.

Other features of the scheme are it is book based, it has a tiered interest rate structure, interest is calcu-

lated on a daily balance and credited monthly.

The concept of a welcome kit was also viewed favourably. The welcome kit contains file folders, a society membership certificate and an attendance register.

The advertising for the scheme is targeted at the black market. It focuses on the stokvel concepts of togetherness and helping each other and contains generic words such as "sizani", "thusano" and "ukubambana".

These words describe the basic principles of stokvels and the target market can relate to them.

Stokvel gatherings were photographed to sustain the honesty, realness and earthiness created by the copy.

The Society Scheme is the first phase in Standard's strategy to meet the needs of the black community.

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BUYING GROUP, AND OUR INDEPENDENT MEMBERS DISPLAY THIS  
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# Business Day SURVEY

*The local financial system has always catered primarily for a First World clientele — regular earners with assets, a fixed abode and a track record of payment. While this reduces risk, it excludes millions of blacks. As a result, black communities devised their own informal financial systems — stokvels. SHARON WOODS reports*

## Liquor Act puts a damper on savings club gatherings

THE Liquor Act has been a serious obstacle to stokvels, says Law Review Project executive officer Louise Tager

Parties play an important role in the ceremony of stokvel savings clubs. Members take turns to host a party at which more is paid for food and drink than would be charged elsewhere.

The venue for the party varies. It may be a tavern, a shebeen, a restaurant or a night club, but most often it will be held at the home of a stokvel member.

It is difficult to draw a line between stokvels and shebeens because there is a lot of overlap between the two, says Nasasa president Andrew Lukhele.

This overlap has created confusion about the reasons for police harassment of stokvels.

Some believe it is because they contravene the Usury Act and others see the Liquor Act as the main problem.

While the right to hold parties requires no permission, the sale of liquor at stokvels has attracted the attention of the authorities responsible for the administration of the Liquor Act, says Tager.

The Liquor Act 27 of 1989 was passed to control the sale of liquor. It states any person who sells liquor without a licence is guilty of an offence.

### Unsuitable

There are various kinds of licences and each licence is subject to different conditions relating to the premises, hours of business and kinds of liquor which may be sold.

A person may apply for a club liquor licence, special licence or a temporary liquor licence.

Tager says it is clear the provisions made by the Liquor Act are unsuitable for stokvels because meetings are convened at relatively short notice at any home or other premises available

## Risk and sophistication dictate the rules

THE Reserve Bank says informal financial institutions should receive different regulatory treatment to take account of their level of sophistication and risk profiles.

Nasasa president Andrew Lukhele says it would be inappropriate to design one regulatory structure for stokvels given that there are several other forms of co-operative saving clubs, such as credit unions and mutual building societies.

Speaking at an Executive Seminars Informal Sector conference, he said, "Each of these institutions are co-operatives, but their level of sophistica-

tion, the risk taken and their cultural identity merit a distinction in regulatory treatment."

The Reserve Bank says stokvels should remain self-regulatory and the Bank will act merely as a facilitator to its development.

### Separate

Co-operative banks, on the other hand, would fall under a Co-operative Bank Act, presently the Mutual Building Societies Act.

The Bank's proposal is the Act should be a separate chapter of the Deposit Taking Institutions Act.

"The concept of regula-

tion is often misunderstood and seen as bureaucratic intervention in the affairs of market participants," Lukhele says.

As a result, the regulation of stokvels has been seen as a threat to informal financial arrangements.

"Stokvels are already regulated. They are subject to the discipline of their members who 'regulate' their affairs to ensure prudent conduct."

Lukhele says if stokvels were incorporated under a Co-operative Banks Act, self-regulation would not be replaced but enhanced to the benefit of the stokvels.

The Bank proposes that if community lending institutions (CLI) are exempted from the DTI Act, a CLI should be registered by Nasasa or SA Credit Union League and should comply with all the self-regulatory guidelines.

The two self-regulatory organisations should work in co-operation with the Bank's supervision department, it says.

Higher up the ladder of financial sophistication, co-operative banks should fall under a Co-operative Banks Act, where the entry requirements would be less restrictive than in the DTI Act.



LOUISE TAGER

and the hosts are usually not liquor licence holders.

Thousands of stokvel parties take place every week and if stokvel party conveners had to obtain a liquor licence the existing magistracy would be swamped with applications.

This makes the provisions of the Liquor Act unrealistic because it does not take account of the role of liquor in everyday activities.

"We cannot ask police not to enforce the law what we have to do is decriminalise the law and make it appropriate for SA," Tager says.

Nasasa, the government and the Reserve Bank have been addressing the problem.

Following a meeting at the Bank, Nasasa has had a further meeting with Liquor Board chairman Tommy Vorster.

## Syfrets is set to make unit trusts acceptable to all

A LANDMARK agreement between Syfrets and Nasasa last month will allow the specialist financial service group to administer stokvel funds and invest them in unit trusts.

This is the first tentative step by stokvels into the stockmarket.

Under the agreement, Syfrets will administer stokvel funds at a reduced price. This is possible because Nasasa will play a role in marketing unit trusts.

Syfrets will also formalise an educational programme designed to upgrade the investment expertise of Nasasa members.

Syfrets unit trust marketing manager Kevin Hinton says "The deal is a landmark in co-operation between big business and the informal sector."

Black unit trust holders comprise only 24% of unit trust holders, according to the 1990 Amps survey.

This points to a lack of awareness of the benefits that can accrue from investing in unit trusts.

Stokvels and unit trusts display many similarities because both involve the contributions of individuals to a pooled fund.

In the case of unit trusts, the fund is used to provide investors with increased access to a wide range of investments, while stokvels are informal loan saving schemes.

For decades, communities have been denied access to bank loans because they lack the security of property or insurance policies.

"Unit trusts provide a means for black economic empowerment and wealth creation."

"They are the ideal vehicle for black participation in the formal economy and will help participants understand the advantages of wealth creating investments," says Hinton.



# Financial system gears up to serve black clientele

THE SOUTH African financial system has always catered primarily for a First World clientele — regular earners with assets, a fixed abode and a track record of payment, says Nasasa president Andrew Lukhele.

"While this is a proven method of reducing the risk of non-payment, it excludes millions of blacks," he says.

It also means black savings, probably running into several billions of rands, are being used as loans to relatively affluent whites.

Little money is ploughed back into the community which provided it and which needs it most.

The situation is untenable, says Lukhele.

For decades, the black communities have resorted to ingenious methods of resolving the problem and one way has been through the stokvel system.

Informal financial arrangements reduce transaction costs and risks in ways denied to formal institutions.

## Flexibility

Freedom from regulation allows informal agents greater flexibility.

International experience shows it is possible to upgrade informal arrangements and link them to formal institutions, Lukhele says. But this implies building on, not supplanting, the existing arrangements.

In addition, history shows formal financial in-



ANDREW LUKHELE



stitutions have reformed and adapted in many countries where informal financial arrangements are strong, and as a result become accessible to the poor.

In SA, stokvels are attracting the attention of financial institutions which are competing vigorously for group savings accounts, says Lukhele.

In 1988, the Perm launched a Club Account, soon followed by NBS and Standard Bank with similar products.

Another financial institution, African Bank, has also expressed interest in informal savings schemes. CE Gaby Majomola said in early 1989 they were still researching where the needs of stokvel, burial societies and saving syndicates lay.

The only problem with the banks' stokvel schemes is stokvel members become savers and do not qualify for loans, says Lukhele.

## Agreement

In a bid to link stokvel savings and incentives in the form of loans, Nasasa and specialist financial services group Syfrets have clinched an agreement enabling stokvels to invest money in Syfrets administered unit trusts.

Lukhele says the strength of the project lies in Nasasa's ability to assist the community with loans to acquire homes.

This is done by diverting millions in stokvel savings from banks and building societies to unit trusts, which will serve as collateral for home loans.

"We believe the arrangement will allow black savings to be ploughed back into black communities, rather than the money lent to affluent whites."

Several commercial banks indicated they would back the Nasasa unit trust plan.

The scheme is relevant because it removes the eroding effect of inflation on stokvel savings.

## Investment in formal market promoted

NASASA has established a joint venture company to promote investment of stokvel savings in the formal market.

Tremsen Brokers, with directors Andrew Lukhele, Jabu Nabaso, Alan Denny and Stephen Japp, aims to break through black wariness of investing on the stock exchange and has taken a first step by introducing stokvels to the benefits of investing in unit trusts.

Nasasa president Andrew Lukhele says the problem is that in recent years community based savers have realised the benefits of fixed interest rate deposits, but banks and building societies offer nothing back to the community apart from a low interest rate.

The individual cannot utilise his group's deposit as collateral for a personal loan to build a house.

As a result, Nasasa is developing strategies with financial companies to adapt a unit trust as suitable for group lump-sum savings, he says.

A group with a R10 000 unit trust certificate lodged as collateral with a bank will have little difficulty obtaining a R6 000 loan against it, borrowing as a group and onlending to individual members at the rate agreed with the bank.

The individual borrower is now "free" to utilise the capital, under peer pressure.

The interest is paid to the bank through normal account transfers, says Lukhele.

The bank is unaffected in terms of its banking norms and lending criteria and is secure in its lending.

The bank is also funding the upliftment and betterment of the housing stock on a basis acceptable to the community, he says.

"It is hoped this product will increase the incentive for people to save or spend money for housing."

"It will also increase the connection between individual and group savings effort and their ability to improve their housing conditions."

"They will start regarding housing as a secure store of value or a vehicle for the accumulation of wealth," he says.

## Monthly pool has grown by 62,5%

THE latest Markinor survey of the informal financial sector indicates a 62,5% growth in the monthly pool collected by stokvels in metropolitan areas.

In 1991, stokvels collected an estimated R84m compared with R52m in 1989.

The latest figures include Cape Town and squatter areas excluded in the 1989 survey.

## Significant

Markinor research group director Peter Scott-Wilson says it is unclear how much of the money collected by the informal sector finds its way into the formal sector.

Stokvels represent a significant market mechanism and

are an important part of the African culture, he says.

Membership rose to 28% of blacks in metropolitan areas in 1991 from 25% in 1989, the survey shows — it rose to 1,3-million from 680 000 in 1989.

Scott-Wilson says while all types of stokvels are getting bigger, this is primarily as a result of expanded coverage.

Investment in business has increased at a higher rate than spending in other areas, he says.

"This growth is probably a function of the downturn in the economy and rising unemployment. It has provided the funds for developing new business."

The figures show burial societies have larger membership — in excess of 80, while other

types of stokvels tend to be smaller. Stokvel membership averaged about 20 a group.

The R26 average monthly contribution of members of burial societies, which account for 64% of stokvel members, is much smaller than the average monthly contribution of R102 at parties.

## Female

Stokvel members tend to be female and over 35 years of age, the research showed.

Income is not a strong deciding factor in stokvel membership, says Scott-Wilson. A household earning over R1 500 is just as likely to be a member as one earning under R1 000.

## Housing agreement hinges on proposals

THE Independent Development Trust Finance Corporation is looking at the Stokvel City Housing Project and is involved in negotiations with Nasasa.

An agreement to get involved in the project is subject to a proposal and business plan from Nasasa, says IDTFC senior manager Griffith Zebala.

IDTFC funds are earmarked for shelter because 58% of the housing market is in the lower income section of the black community.

The funds enter the black community through financial intermediaries or Group Credit Companies (GCC).

The board of the corporation has agreed to wholesale finance to the Western Cape GCC, Amatola Finance Corporation, Get Ahead, the Lowveld GCC and Masakani GCC.

The initial equity base comes from the IDT and institutional investors loan financing, says Zebala. Finance is made available

at 16,75% and is on-lent to the intermediaries at a rate of 18%.

Intermediaries, in turn, on-lent to borrower groups which fulfil eligibility criteria, such as the need for shelter. The IDTFC relies on peer pressure for repayment of loans.

If the IDTFC agrees to get involved in financing the Stokvel City Housing Project, the cost of the funds will depend on how much the market is prepared to fund them at, says Zebala.



# Concept built on trust has generated millions

STOKVELS have existed in the black community for over a century and form the basis of social life in the townships, harnessing millions of rands in black savings every month, says Nasasa president Andrew Lukhele.

In his book *Stokvels in SA*, Lukhele describes a stokvel as a type of credit union in which a group of people enter into an agreement to contribute a fixed amount of money to a common pool weekly, fortnightly or monthly.

The money collected is then either given to a member on a rotating basis or saved and used in an emergency.

## Honesty

Membership is voluntary and the introduction of a new member is made on personal recommendation. Honesty and reliability are important requirements for membership, as most stokvels do not have written agreements, says Lukhele.

Stokvels are found in rural and urban areas, in squatter camps, mine hostels, factories and police barracks and among the employed and unemployed.

The system of saving is reliant on peer group pressure, which prevents a member of the group from not paying his money into the pool.

The name originates from the rotating cattle auctions or "stock-fairs" of English settlers in the eastern Cape during the early 19th century, where black farmers and labourers exchanged ideas and gambled their resources.

the Cape blacks in the Great Trek in 1838. Its original form was a burial society created to help members meet the high cost of funerals at a time when cholera, smallpox, tuberculosis and typhoid were rife. Women then started forming stokvels to supplement their incomes, hosting parties at which an entrance fee was charged. The parties began to sell alcohol, because when women were forced to find ways to generate extra income, many of them turned to an old skill — the traditional skill of brewing beer, says Lukhele.

A variety of stokvels developed with the changing living conditions of blacks.

Burial societies, or Makgolas, were established in the latter part of the 19th century as blacks faced the high cost of funerals, which play an important role in the black culture. Members of a burial

## Forum will cater for community

VARIOUS organisations have been invited to the Informal Finance Forum, according to Civics Association secretary-general Cas Coovadia.

The forum will probably take place this month and will look at legislation to see if it can be amended to cater more for the community.

It will also consider alternative legislation, the role the Reserve Bank could play in making informal financial institutions viable and the initiation of training and development. Delegates at the Reserve Bank workshop in February agreed informal financial sector players had to go to the community to find

society either promise to contribute a certain amount if a member of the family dies or members contribute a fixed amount periodically and it is set aside in a bank account. Recent years have seen the formation of investment syndicates. Members subscribe funds to start a joint business or invest and at the end of the year profits are divided among them.

## Religious

Umgalelo clubs are dominant in western Cape townships and operate differently from Transvaal stokvels.

The clubs are religious and the minimum contribution is R50 a member every month. Umgalelo meetings start with a prayer and usually last for two days. On the second day of the party, the next member in line receives a lump sum. Stokvels are more than

just money-making ventures and over the years a sub-culture has formed around them, says Lukhele. The element of reciprocity is important at stokvel parties.

A member of a stokvel who supports the parties of another stokvel stands a greater chance of support when he hosts his own party than one who attends only the compulsory meetings of his own group.

Many stokvels have colourful names that identify the group with a consumer item such as Charles Glass, Benetton and Fatika (dish-cloth).

Rotating savings schemes are not unique to SA and the co-operation characteristic of stokvels can be found in similar institutions in other parts of the world.

In South Korea they are called "kye", in Jamaica they are "susu", in Egypt they are "gama'wah" and in Japan "ko".

the answers to how community lending institutions could fit into the Reserve Bank's legislative framework.

Only then will the results be popular and sustainable because it will have broad legitimacy and acceptability, says Coovadia.

The purpose of the forum will be to discuss issues raised at the Reserve Bank workshop and other matters relevant to local financial institutions and co-operative banks.

This will give direction to a process culminating in decisions on legislative and regulatory frameworks for informal financial institutions. A delegation will then

A STOKVEL City Housing Project — the latest brainchild of the National Stokvels Association of SA — focuses on building informal homes through access to cheap, convenient materials.

The aim of the project is an affordable solution to one of SA's biggest and most pressing problems.

Nasasa president Andrew Lukhele says "The cornerstone in building a secure future is an affordable house of acceptable standard for every family".

The strategy proposes the creation of building material depots in the townships.

The materials would be bought on a "cash and carry" basis and would be used to build informal housing in back yards.

"To keep materials affordable, the depots must be run at low cost and must not become profit centres," says Lukhele.

Expertise to run the depots could be supplied by various organisations and Iscor could also give assistance.

The leadership in the community should be consulted and involved in the implementation of the scheme, he says. Financing the initial

raise with the Reserve Bank and formal financial institutions on a number of issues.

These issues are the level and basis for exemption from the Deposit Taking Institutions (DTI) Act, the difference between a co-operative bank and a DTI and the basis of future interaction between community lending institutions, co-operative banks, DTIs and the regulatory authorities.

Organisations expected to attend the Informal Finance Forum are the Community Banking Project, Rural Finance Facility, National Union of Mineworkers, SA Credit Union League, Women's Bank, Planact and Nasasa.

## Self-help scheme will make cheap housing available

stock and setting up the depots could be done in conjunction with the manufacturers of building materials.

The cost of running the depots presents an ideal opportunity for the state to cost effectively subsidise low-cost housing in a fair and equitable manner, he says.

The depots could be ideal venues for the envisaged training programmes and once proper training is taking place quality of housing in the site and service and squatter areas would improve, says Lukhele.

"The project is nothing but a big stokvel for the provision of housing. "Nasasa has a responsibility to impart to the township residents the belief that, if well used, most of the self-help schemes such as stokvels could be a bootstrap used by the community to pull itself up."

Membership in the housing

townships to open places within or adjacent to them," says Lukhele. For members to take advantage of the "cash and carry" depot system for building materials, the scheme must be aimed at specific communities.

Small housing loan schemes could be implemented in the informal sector, he says.

Under the banner of Stokvel Investment Corporation (Sticor), the proposed investment wing of the project, members would be eligible for loans to build rooms in spaces available in backyards. The resources of Sticor would be handled by community-based trust.

The money to be loaned to members was expected to be generated by the Nasasa Unit Trust and the IDT Finance Corporation, with Nasasa as a financial intermediary.

## Backyards

Research into backyard dwellings showed that blacks who were unable to find a place in a formal house lived in the backyards of friends' and relatives' houses. Formal black houses had an average of 13 people living in them.

"The Stokvel City Housing Project is not only about the question of improving on the backyard dwelling concept. "The project will be expanded beyond the existing

## Pioneering Perm

THE Perm Club Account pioneered the move by formal financial institutions into the informal market.

A 1984 study on consumer savings habits by the Perm's eastern district region unearthed a huge untapped black savings market, says Perm spokesman Richard Ford. The study established stokvel groups held some 2 500 Perm accounts with a combined balance in excess of R5m.

The introduction of a product designed for this market was proposed and further research into stokvels and how to cater for their needs was commissioned.

The research established that the ideal product for stokvels was a book-based account with no charges. The club would decide on the number of office bearers and who would be authorised to sign for withdrawals. A better than average rate of interest was to be paid monthly and the rate would rise as the balance increased. Respondents said no minimum balance should be imposed on the account and it should remain open after distribution at the end of the year.

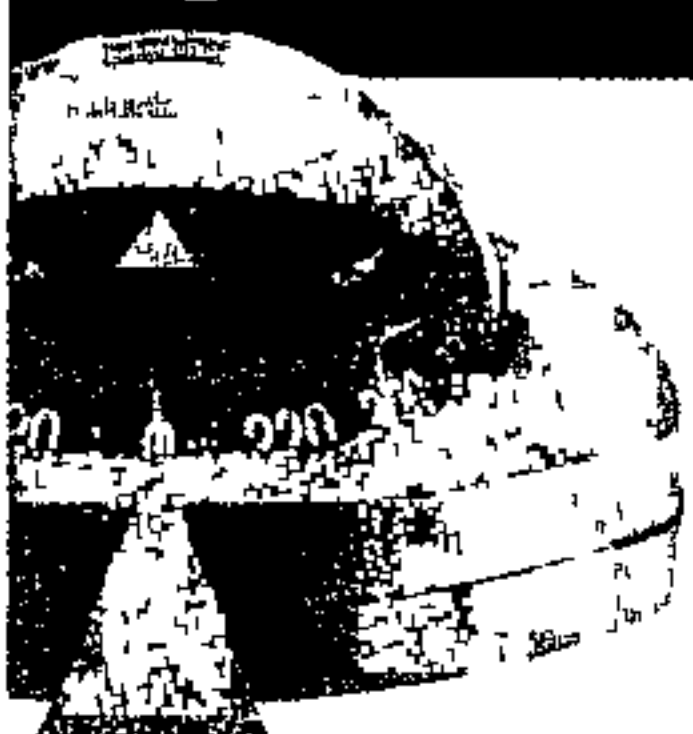
The Perm launched the Club Account in March 1988 as a controlled test. The test was so successful Club Account went national four months later.



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ENQUIRIES 0800 110-522

Stokvels

153A

B/DAY 11/3/92

# R16m for first step up the economic ladder

OVERSEAS and local corporate funds amounting to R16m are expected to be pumped into non-profit community development organisation Get Ahead this year.

The organisation's drive to economically empower blacks is spearheaded by the Stokvel Loans programme, with R5m out on loan to stokvels throughout the country.

The Stokvel Loans, or Micro Loans, programme was introduced in 1987, when it was recognised the stokvel concepts of peer pressure and group involvement were good substitutes for collateral and would ensure debt repayment.

The aim of the programme is to put emerging black entrepreneurs on the first step up the economic ladder and most of the Stokvel Loans finances informal ventures.

A business plan is essential when a stokvel group applies for a Get Ahead Stokvel Loan.

Get Ahead lends an initial R500 a member to a group with a minimum of five members and maximum of 10. All members must know one another and not more than two family

members are allowed in a stokvel.

The group has to function as a conventional stokvel for a month before receiving the loan and throughout the loan repayment period.

The leader of the group is expected to collect the stokvel savings and the loan repayments each month and hand the latter to Get Ahead.

If the loan is paid back in full and on time, the stokvel group may apply for a second loan of about R800

and after that a third of R1 000 — the maximum given by Get Ahead.

Interest on the loan is set at 32%, but 10% of this is set aside for the customer and given back after a year, when the loan is repaid.

The group is encouraged to use this 10% as a deposit on its next loan. Thus, the interest paid on the loan is effectively 22%, says Themba.

Get Ahead receives its funds from US Aid, 15 foreign governments and a

wide range of SA corporates. During 1991, the organisation received R12m from the various donors.

It has branches throughout the country, except in Cape Town. Get Ahead was forced to suspend its Cape Town branch because loans were not secure in the squatter camps.

Get Ahead branches can be found in the three Pretoria townships, the eastern Transvaal, Durban, Port Elizabeth and East London.

## Plan to upgrade backyard shacks

NASASA's Stokvel City Housing Project plans to uplift an existing and predominant form of black housing — backyard shacks.

Unconventional housing has emerged within townships, where tens of thousands of shacks have been built in back yards.

Shack-dwellers pay a monthly levy to the householder, says Nasasa president Andrew Lukhele.

Authorities have not attempted to remove these back-yard tenants, perhaps because they relieve them of the need to fund further housing, he says.

Shack dwellers have no direct dealings with black local authorities. Grievances about conditions or rents can only be directed at landlords.

Research shows shacks are more typically home to black people than are formal houses.

In the PWV region there are 412 000 formal township houses, 422 000 backyard shacks and 635 000 shacks on vacant land.

A shack or room in the back yard is the only option for those who cannot find a place in a formal house or hostel.

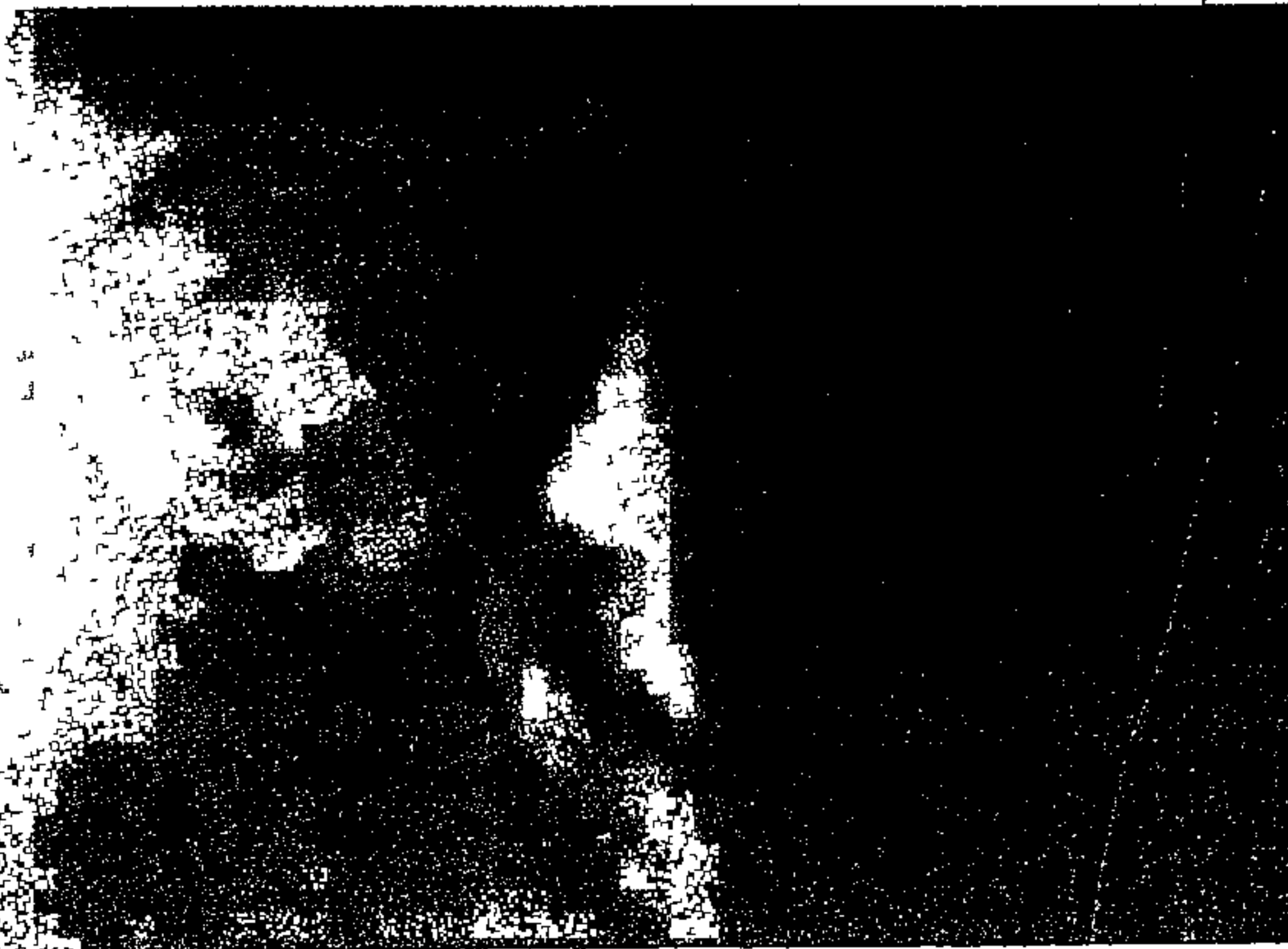
Shacks are common to

all urban townships and in parts of Soweto 60% (nearly two-thirds) of formal houses have rooms or shacks in their back yards.

Lukhele says affording a home does not necessarily mean owning a home and renting is likely to remain the most affordable option for the poor.

Backyard dwellings should be upgraded for rental because most black people are too poor to contribute to their housing, he says.

"It is imperative that cheap, affordable housing be made available for them."





IDT and institutional  
loan financing, says Ze-  
gance is made available

the funds will depend on how  
much the market is prepared to  
fund them at, says Zebala

changed ideas and gambled  
their resources

The stokvel concept trav-  
elled to Johannesburg with

Bank workshop in Febru-  
ary agreed informal finan-  
cial sector players had to  
go to the community to find

decisions on regulatory and  
regulatory frameworks for  
informal financial institu-  
tions

A delegation will then li-

## At last informal savings clubs come in from the cold

FORMAL recognition of  
stokvels began when the  
National Stokvels Associ-  
ation of SA was formed in  
early 1988

Nasasa was created be-  
cause its president, Andrew  
Lukhele, recognised the  
need for an organisation to  
fight for the rights of stok-  
vel members and promote  
recognition of stokvels as a  
source of informal credit.

An executive committee  
was formed to co-ordinate  
the association and trust in-  
herent in the groups.

The response to Nasasa  
by black and white commu-  
nities has been excellent,  
says Lukhele.

This can be judged by the  
formation of 40 new bran-  
ches by 1990.

The association's mem-  
bership grew to 8 000 stok-  
vel groups. Nasasa has a  
membership of about  
100 000, based on an aver-  
age of 12 to 13 people in  
each group.

The objectives of Nasasa  
are

- ☐ To serve as the mouth-  
piece for all stokvels affili-  
ated to Nasasa;
- ☐ To promote a positive  
perception of the stokvel  
movement as being an inte-  
gral part of the economic  
mainstream, and as a po-  
tential creator of jobs and  
wealth,
- ☐ To research, formulate  
and implement develop-  
ment plans in order to im-  
prove the operational effi-

ciency and effectiveness of  
stokvels,

☐ To help stokvel members  
promote the concept as a  
valuable self-help scheme,

☐ To arrange better deals  
with shops and other suppli-  
ers, such as furniture  
stores, hotels, supermar-  
kets and liquor stores,

☐ To provide an education-  
al counselling service for  
members on a variety of  
subjects, such as housing,  
financial management and  
legal matters,

### Training

☐ To provide training for  
members to enable them to  
operate in a professional  
and profitable way, includ-  
ing education and training  
on different forms of in-  
vestments and to negotiate  
on behalf of members for  
better deals with financial  
institutions,

☐ To work in co-operation  
with other business bodies  
to stimulate business skills  
among members;

☐ To serve as a marketing  
vehicle to facilitate the in-  
terface between black in-  
formal financial schemes  
and interested parties,

☐ To assist and encourage  
stokvel members in start-  
ing business ventures and  
co-operatives,

☐ To initiate, promote or  
oppose legislation which af-  
fects stokvels

## Stokvels spend R52 m a month!...

Reach this lucrative market  
by advertising in **eStokini**  
(The official NASASA Newspaper)

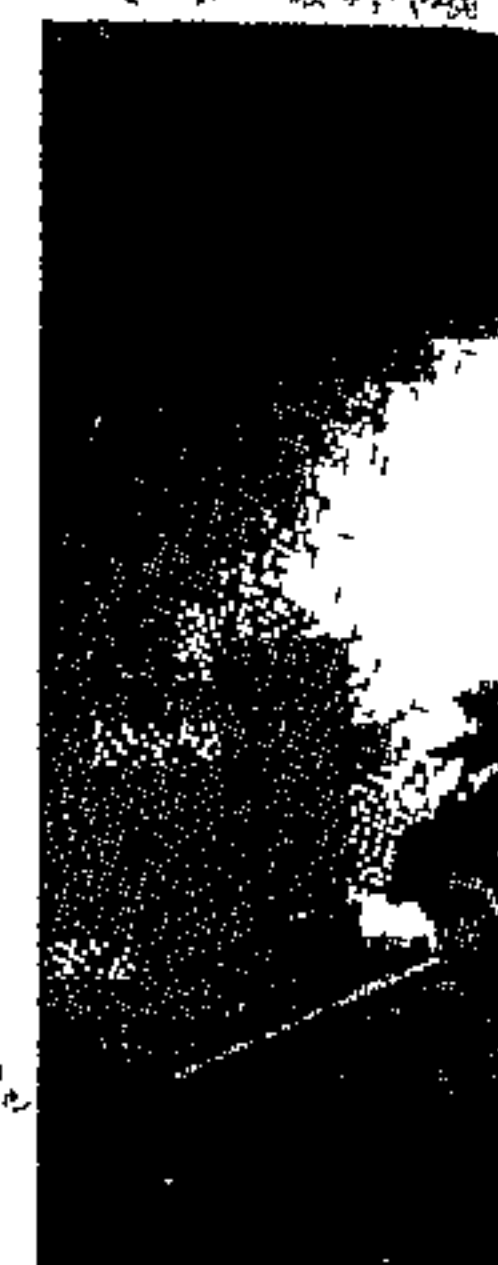
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(011) 789-2144

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# Solution for the homeless

By JOSHUA RABOROKO

*Sowetan* 12/3/92  
DEBRELL Projects Ltd, a subsidiary of Dordyl Steel, has established an effective solution to provide affordable housing for the homeless millions in South Africa

After consultation with numerous organisations local authorities, boards, individuals and groups, certain basic housing requirements were identified

These requirements were incorporated in the development of pre-fabricated "Zinki" housing systems

This extendable, durable, easy to erect system of housing is available to township developers, corporate housing, including informal sector such as hawkers and spaza shop owners, projects and individuals in existing townships

"Zinki" affordable housing is an effective, practical and manageable system. It is a system that caters for the bottom end of the housing market

The marketing director of the company, Mr Haydon Cairns, said in addition to providing housing, employment opportunities were there in the form of erecting the house after training in the necessary basic skills.

He said that, in addition to the "Zinki" units, the company looked at the informal sector by providing units for spaza shop owners. Single, double and triple units are available

The notion of "Zinki" homes has been welcomed by the president of African Council of Hawkers and Informal Businesses, Mr Lawrence Mavundla, who said it would help provide shelter for hundreds of spaza shop owners.



# SOWETAN

WITNESS THE [REDACTED] USE

I AM just wondering how the National Stokvels Association, which last Thursday said it was negotiating a joint venture with a leading white funeral undertaker, will benefit from the deal.

The stokvels are saving clubs and burial societies in which millions, if not billions, pass hands every year.

The country's major banks have been at each other's throats to get large slices of this stokvel money.

The banks are not the only people gunning for these funds, other types of businesses are doing the same. For instance, any bottle store would be delighted to have at least 100 stokvels buy their booze from them when they have their parties.

Same with white undertakers. They will give their right arms to have black burial societies have them bury their members. Imagine the smile any undertaker would have on his face if 50 burial societies, with 100 members each, used its facilities to bury its members or relatives. *Sowetan 12/3/92*

I did a simple arithmetic and found that in Soweto alone up to 500 people are buried each month. At roughly R2 000 a burial, it is more, undertakers share a cool million each month from Soweto burials.

Looking at the whole concept of joint ventures between black and white, they can only work if a service is shared. The black will then learn what he does not know from the white organisation, and the white will gain some market share from the black organisation.

However, the NSA does not have funeral undertakers as members. If they do, it is very few of them. This is what makes me wonder what benefits it (NSA) stands to derive from this marriage.

The deal, I am told, is that the company gets the stokvels to give their business to it via a funeral scheme, while it provides about R5 000 a month to help the NSA run its office. Negotiations are still going on.

R5 000 compared to what a white organisation gets when thousands of stokvel members use its facilities, is chicken feed. I desperately hope my information is wrong.

The NSA should be demanding 50 percent ownership of the business, and then it can say it has a very

It's

my

business



THAMI MAZWAI

good deal.

It's members will also benefit for the profits made by the company through the funeral scheme and its usual business, will be ploughed back to them in the form of dividends.

Also, I wonder why the NSA decides to help a white business organisation into the townships. I am not saying our folks are not strong enough to face such competition. Kupane in Orlando and DJ, the Makoti outfit, in deep Soweto, can make it against any opponent.

However, the NSA can't help white funeral parlours into the townships when our undertakers do not get customers from white suburbs, and no white organisation will in any case help Kupane into Houghton.

From the facts presented so far the NSA is turning itself into an aircraft carrier for white fighter planes.

If the white undertaker, and he is a very powerful and professional, wants to come into Soweto, let him do so, by all means.

But, as in this case, let us not have blacks help white people against blacks.

Please do not accuse me of being a racist. When Moses saw an Egyptian fight an Israeli, he did not ask who was right or wrong. He did the natural, helped his Israeli brother. I am unashamedly pro my brothers in the townships, and this is not racism.

# Undertakers slam stokvels

Sowetan  
21/3/92

153A

222

BLACK funeral undertakers have slammed stokvels for preparing to enter into a funeral service scheme with a white-owned undertaker who would then enter the black market.

The National Stokvel Association of South Africa announced last week it was getting into this venture for the benefit of both parties.

Nasasa's managing director, Mr Jabu Mabaso, said the partnership was viewed as another means by big business to help black business.

It will get funding for its infrastructural developments, and negotiations are continuing.

The move comes after Nasasa, an affiliate of Fabcos, severed relations with the black-owned 'Afsure Insurance Brokers' funeral scheme earlier.

Afsure's chief executive Mr. Khenkha Mthembu confirmed that Nasasa had severed relations with his company, but declined to comment further on the issue.

A senior executive member of the National Funeral Undertakers Association, Mr David Kupane, said the decision by Nasasa was

"shocking" at the time.

when black economic empowerment was the buzzword in business circles.

He said "The move is not going to enable the black rand to circulate among the black people."

Mr Tony Guinness, of City Funerals which serves most blacks, said he was shocked by the move.

"Black economic advancement will remain a dream if we still support people who have oppressed us for a long time. We need to support each other if we are to prosper in the future."



FM 13/3/92  
& Technology June 28) (153A)

These changes should have been made by the beginning of this year, but only the Cape Province has implemented the Act so far

Supporters of the Act now fear that not only are the provincial authorities dragging their feet, but also are attempting to thwart the Act's purpose. Says Small Business Development Corp (SBDC) MD Ben Vosloo "We are concerned that some provincial regulations that have been published for comment go against the spirit of the new Act."

Law Review Project executive officer Louise Tager admits that there is an impasse, but says the other three provinces have agreed to approach President F W de Klerk for interim relief. "The plan is to have a proclamation signed that will immediately exempt traders from licensing their businesses while the authorities sort out the technicalities of implementing the Act." She explains that, without such relief, traders still can be prosecuted for operating without a licence, though the Act has scrapped most licence requirements.

"The delay means that entry into the economy is being stopped at a time when we can least afford it."

Opponents of the Act argue that licensing provides a necessary control over businesses by ensuring compliance with health, town planning and other laws. They are particularly concerned that deregulation of the informal sector will cause chaos and threaten established businesses. The provinces also are not keen to lose licensing revenue.

Tager stresses that the Act still ensures

## DEREGULATION FM 13/3/92 Bureaucrats revenge

Last year, parliament passed the Business Act to deregulate trading. By scrapping trading licences for most businesses, lifting restrictions on shop hours from Monday to Saturday and allowing hawkers greater freedom, government hoped to give the informal sector a big boost.

But, one year later, many of the hurdles that the Act sought to remove still remain. The problem is that the drafters of the Act gave the provinces a hand in implementing the law and like bureaucrats everywhere, provincial officials also took an arm and leg. The Act cannot become fully operational in a province until the provincial administrator publishes certain regulations and repeals the ordinances mentioned in the Act (*Business*

discipline without interfering with freedom of trade. She says the Act removes barriers to entry into the economy without affecting existing laws, for example, liquor laws and residential trading laws. Tager, who made substantial proposals when the Act was drafted, suggests that while the Act rightly prevents hawkers from blocking entrances to buildings and public walkways, confining them to a demarcated area would deny the reality that street trading is here to stay.

Certainly, most of the fears about the Act are unfounded. Trading licences are still required for the preparation and sale of foodstuffs, except where food is prepared and sold in a private dwelling or farm stall, or on private land. Also still regulated are escort agencies and similar businesses. However, licences no longer have to be renewed annually.

The Act still restricts trading on Sundays to certain goods, except for Natal Hawkers who fail to remove their goods from a prohibited area may have their goods impounded, but the goods can no longer be confiscated or destroyed as before.

The SBDC vows to continue campaigning against regulations that unnecessarily restrict small businesses. Says the SBDC's Johan Naude "Next we hope to see the enactment of one set of standardised health regulations for the manufacturing, distribution and selling of foodstuffs to replace local

health by-laws that now require compliance with costly standards in terms of equipment and premises."

The SBDC also would like to see an end to the control exerted by the Marketing Boards over small and medium enterprise producers and traders.

FM 13/3/92

(153A)

# What makes Jo'burg tick

S/Time 15/3/92. (153A) (153B) (153C)

**Zambian journalist CHRIS CHITANDA recently spent a few weeks working on the Sunday Times. This is his view of the big city**

FIRST there is the bustle and the traffic; then there is the spectrum of races and sheer numbers of humans crowded in the streets, on buses and trains and cars snaking behind each other in long chains.

Careful here, my Zambian mind says, it would not do the old folks back home any good to hear that their chap got run down by a milk cart because he developed paralysis crossing one of the minor roads in a town where others have made fortunes.

This is not to be, for when the traffic lights say "pedestrians, cross the street" the motorists step on the brakes and give the foot plodders a chance to go about their business. Colour language is clearly understood here; red means "stop" and green indicates "proceed".

The buses are efficient and run on time. At least one gets to work on time with less queueing — that is, if one lives in the exclusive suburbs serviced by the double-deckers or some of the township routes serviced by the public bus company.

Then are the black taxis, for blacks? My question received a variety of answers, but I think that is what the idea is. In other circles they are called Zola Budds. These are the 16-seater mini-buses which ply their trade with the

trademark recklessness of privately owned public-service vehicles in this part of the continent.

One such bus has a candid sticker on its back "Careful this taxi can stop any time" — and indeed it can.

These are the guys who guard their bus routes so jealously that they would make our own bus drivers look like traffic wardens. Apartheid pushed the blacks so far from the town centre that they have to leave their various townships sometimes as early as 5am to be on time for work two or three hours later. Commuter transport is therefore mining gold of its own.

The taxi wars are so fierce that police have to move in with guns to disperse the warring factions, and most times temporary peace returns only after blood has been shed and a few lives taken.

Back to the city centre. One has to do a waltz through the wares piled high on the streets by a new wave of fortune-seekers on the gold-rich reef of Johannesburg.

The vendors have become a part of Jo'burg and appear to be there to stay. Oh, they come in all colours here, too. Indians, whites and blacks hawking food, clothes and general goods.

And a new colour has joined the street vendors. These are the Orientals with their tin and plastic watches and trinket jewellery piled on the makeshift tables at literally every street corner.

This phenomenon is a result of the scrapping of the hated pass laws and other restrictions which barred blacks from the city centres unless they were in active employment. When the police relaxed their fight against vendors all races moved in for the kill.

Johannesburg is truly cosmopolitan, race issues, I discovered, have been relegated to the exclusive clubs, schools, some hospitals and maybe corporate offices.

On the street everybody appears to treat everyone else equally. Not once was I "boyed" on the street, though I must admit not everybody warms up to strangers of an-

other race in this city. Even the ANC stalwart and leader of the Communist Party, Chris Hani, has been able to move into a conservative suburb with little or no hindrance. An unimaginable act a few years ago.

The history of South Africa is so clouded with mistrust between races that the country's people have been at each other's throats for the past two centuries.

The whites probably decided never to trust the man they found on the land from the time the Zulu king Dingaan mercilessly executed envoys sent to pay homage to him as the Boers were trekking north.

One thing I realised from the images that were staring at me in real life and in their frozen state from the newspapers and magazines. South Africans do a lot of their things with a great deal of passion.

They revere their God, love their women like mad and would die before giving up their land — both white and black. And when they decide to hate they hate with a totality that is final. Ironically, the blacks believe their sangomas — witchdoctors and wizards — so utterly that you wonder if they have ever heard of Jesus Christ.

● Chris Chitanda works for the *Zambian Weekly Post*



## Interest shown in contests

Sowetan 19/3/92

MANY black builders have shown interest in the South African Housing Trust's Design and Builder of the Year competitions as they contribute towards community participation and job creation.

Both competitions, which are being run for the fourth time this year, are aimed at serving the efforts of the lower income communities, according to SAHT's Mr Hennie Crowther.

He would not say how many people had already entered, but indicated that there was great enthusiasm from black entrepreneurs.

"The aim of the competition is to produce a design for a multi-purpose centre for entrepreneurs in a newly-created or already-existing informal residential neighbourhood," he added. The builder of the year is the only annual showcase for local builders who specialise in affordable housing.

The adjudication of the regional finals will be held in July and entries should be sent to SAHT, PO Box 3316, Randburg, 2125.

# SOWETAN BUSINESS

## Focus on small enterprises

2000-11-12-192

AN international conference focusing on the road ahead for small and medium enterprises in Africa will be held in Johannesburg from May 17 to 19.

To be hosted by the International Council of Small Business Southern Africa (ICSB-SA) in conjunction with the SBDC, it will be addressed by a number of international experts from Africa, Europe, the Orient and America

### Wealth creation

The theme of the conference - "Prosperity for Africa. The Small Business Way" - reflects the belief of the organisers that the development of the SME sector is the answer to the job and wealth creation needs of Africa as it has been in all successful economies around the world.

The conference will also contain workshop sessions such as training, advisory services, financing and research.

The president of the ICSB-SA, Dr Andre de la Harpe, said Africa was currently characterised by high unemployment -

ment, a shortage of skills, high population growth rates, a shortage of foreign capital and retarded rural development.

The SBDC's managing director, Dr Ben Vosloo, said the corporation was keen to establish interaction between the SME sectors in Africa and overseas countries.

"Africa has a lot to learn from the strategies for SME development being implemented in those countries. That sector in South Africa and in the rest of Africa does not yet enjoy the same status as it does abroad," he said.

The SME had proved itself to be the biggest and most cost-effective job and wealth creators.

To set a high standard for papers ICSB-SA has decided to allocate an award of excellence for the best paper at the conference, while the SBDC is sponsoring the overseas experts.

The conference is limited to 250 delegates. Bookings can be made through ICSB General Secretary, Mr JA van Rensburg, c/o The SBDC PO Box 7780, Johannesburg 2000.

(ISA) (S)



# Money pouring in for poor

Soweto 19/3/92

153A

TAXPAYERS' money is starting to pour into the transfer of serviced sites of land to poor families in various parts of the country.

By yesterday many contracts — some of them from blacks — worth more than R200-million had been signed between developers of 35 projects involving 28 978 serviced sites and the Independent Development Trust (IDT).

The exact number of black developers who will participate in these projects had not been released by the IDT officials by late last night, according to a spokesman in Cape Town.

However, it is understood that the Fabcos' affiliate, the African Builders Association (Aba) and Nafcoc's National Federated Builders Industries (Nafbi) have been approached.

On the brink of signature are two more massive contracts for

\* 8 000 serviced sites at Soweto-on-Sea, Port Elizabeth and

\* 4 000 serviced sites at the "Freedom Square

By JOSHUA RABOROKO

and Namibia" development near Bloemfontein

By the end of this month up to 75 projects across the country are expected to be signed and sealed

In terms of the scheme, breadwinners who earn less than R1 000 a month and have dependants living with them receive a site with water, sewerage and drainage services

As each site is transferred to a qualifying individual, the IDT pays out a subsidy of R7 500.

The developers range from local authorities to private developers and include utility and community trusts. Prominent leaders in black communities are involved in the developments

A feature of the IDT scheme has been the effective and responsible role played by community leaders in allocating sites to deserving individuals

The demand far exceeds the supply and great skills are necessary in ensuring fair play

Another feature has been the speed and ingenuity with which homes have been erected on serviced sites. Pride of ownership has also led to stand holders planting grass and trees on their sites

The IDT's communications director, Mr Jolyon Nuttall, said yesterday "Those who have been associated with the capital subsidy scheme have gained a great deal of know-how and expertise in the process."

"But, although we have allocated R750-million in total, it is only meeting about 10 percent of the need. We have been urging the authorities to make further funds available to us so that we can extend the scheme to thousands of other families."

The present allocation will give 100 000 people and their dependants — a total of about 700 000 in all — a site of their own

# Price increases ruffle feathers

Soweto 19/3/92

153A

SOWETO'S businessmen claim that they are being ripped off by Indian and white chicken dealers who have increased their prices significantly in the past months.

Mahlo Chicken Distributors said that the dealers have also refused to award them contracts to sell chicken to low-income families in the townships.

Live Cornish hens were selling at between R22 to R25 and these prices were unreasonable as they came after the introduction of Value Added Tax (VAT) which they claimed was having serious effects on the small businesses.

Major chicken sellers predicted that the future was bleak as prices will escalate because of the drought in the country.

They expressed these views after a survey of retail meat prices that showed chicken was still far and away the best buy for hard-hit consumers — the majority of them black.

## Spectrum

The survey, carried out by Agrichicks, covered the market spectrum from corner butcheries in the low income areas to "smart set" supermarkets.

"Chicken prices have been increasing like everything else in these inflationary times," managing director of Agrichicks, Mr Roger Meredith, said this week.

The secretary of Mahlo Chicken Distributors, Mr Sam Mohajane, said that black fowl dealers who depended upon middlemen — Indian and white farmers outside Soweto — for their supplies were shocked by the new prices.

He said the problem started with the introduction of VAT. In January, 1991, a fowl cost R13, in September it shot up to R17 and was now selling at between R22 and R25.

## High prices

"The black businessman is finding it difficult to cope with high prices as we serve the disadvantaged community in squatter camps and other poverty-stricken areas," Mohajane said.

He added that blacks depended largely on chicken for their food because they could

ford red meat.

"No Indians, no whites depend on live Cornish hens to the same extent as blacks, who are the poorest section of the community."

Major chicken dealers serving Soweto businessmen have exonerated themselves from the new prices, which they said was beyond their control.

The breeding manager of Festive, Mr Clive Jones, said that they severed relations with many blacks who had contracts with them because "they have simply let us down in terms of payments".

## Cash-flow

Many of them had cash-flow and transport problems. The company could not afford to lose money because "we have to feed and maintain the birds".

He denied that VAT was the reason for the new prices.

Cassamia Chicken Dealers' manager, Mr Bobby Cassamia, said in order to protect the birds they were forced to increase their prices. No business raised its prices as a result of VAT, he said, adding, "we know the law and will not rip off our people".

He predicted that the prices would rise as a result of the drought. Farmers would be hard hit by drought and be forced to keep their prices up.

A farmer, who did not want his name mentioned, said that the problem would be worsened by drought.



# Call for end to violence

By JOE MDHLELA

THE Centre for Black Economic Development has called for an end to violence so it could continue to promote "a spirit of entrepreneurship."

The CBED director, Mr Sam Muofhe, said his organisation's efforts were also hampered by unemployment and retrenchment, which had crippled the economy.

"We see our children living without proper nourishment, indeed, often going to bed with empty stomachs," Muofhe said. *Sowetan 20/3/92*

He said the spirit of enterprise among blacks had to be nurtured through grassroots organisations like burial societies, *mehodisoano* clubs and societies (IS3A)

With violence so prevalent, it would be difficult to realise the vision espoused by the CBED, Muofhe said.

# Provisions for small business disappointing

Southern 24/3/92

By JOSHUA RABOROKO

THE 1992 Budget was disappointing from the perspective of the job creating and growth potential of the small and medium enterprises

This was said by the managing director of the Small Business Development Corporation, Dr Ben Vosloo, this week

He said the contribution of R3,8 million which the SBDC received for SME compared dismally with the R2 billion voted for export incentives for big business, the R1,26 billion voted for regional industrial development and the R1 billion voted for agricultural relief

He said "It is significantly lower than the R283 million budgeted for industrial development or the R55 million budgeted for the promotion of tourism in the budget vote for the Development of Trade and Industry

He reiterated that the SBDC believed that the SME sector development would be of prime importance in addressing the pressing problems of economic growth and job creation

"We are therefore disappointed that the Budget once

again seems to promote high tech industrial development and exports as the cost of SME sector development

"Clearly SME development does not rank as a high priority in the development strategies and policies of the present Government

"The time is overdue to realise that current priorities, policies and institutional arrangements as far as the SME sector is concerned are totally inadequate in terms of what is required to build a better, more prosperous new South Africa. There is an urgent need for a national SME development strategy"

According to SBDC economist Dr Edwin Basson the budget does not contribute in any way to a general climate of growth as none of the four areas in which growth originates, namely consumer, government and investment expenditure or exports, will benefit from the budget.

He emphasised that those incentives in the 1992 budget that were going through to the business community, such

as the change on article 37 (c) of the Income Tax Act for mineral beneficiation, as well as the general export incentive scheme, would be of no advantage to the SMEs

Basson felt that the increased tax burden that individuals must carry would limit the influence of their expenditure on economic growth

Restricted consumer demand would have a dampening impact in the long run on production, specifically of luxury type items. The increased petrol price would also lead to a direct 0,5 percent inflation increase and approximately an extra 0,5 percent inflation increase in indirect price changes in the longer term. This would further limit the real level of expenditure that consumers could afford

Exports contributed approximately 25 percent to economic growth. Manufactured exports were less than 20 percent. As the general export incentive scheme tried to promote beneficiation, that is manufactured exports, the R2 billion that was voted for this purpose would have a very small effect on potential economic growth - probably less than a 0,5 percent impact on the growth rate itself



Mohale Mahanyele said NSB bursary fund would benefit technical students.



# Taking on business world

*So we can 24/3/92*  
ABOUT 12 graduate students, armed with a unique MBA from the Information Business Training Trust, (IBTT) will go about making their mark in the business world this week

The qualification has become known as "the township MBA" as it meets the needs of informal sector entrepreneurs

The programme's official name is One-Up Business Training. It is essentially user-friendly, bearing in mind that most trainees come from a severely disadvantaged background. Based on simple workbooks, it consists of eight modules covering the main aspects of informal sector business management.

This momentous day for the graduates has been facilitated by the Nedcor chairman's fund, whose sponsorship of R20 000 has paid for the costs of their tuition.

Perm's public affairs manager Mr Theo Coggin was on hand to present the cheque to Mr Tony Davenport, the

By JOSHUA RABOROKO

IBTT executive trustee Perm, a division of Nedcor, will become involved on the fund's behalf.

"With almost six million people unemployed we need to make a concerted effort to educate the informal sector businessmen with basic skills.

The SBDC estimates that this sector accounts for 30 percent of South Africa's gross national product (GNP), Coggin said at the graduation ceremony.

He said "The One-Up Business Training is not just a course. It covers the basic skills needed for basic numeracy and literacy in the South African context.

"Calculator skills, costing, merchandising, managing cash flow, forms part of this month-long course — skills that are sadly lacking in areas like the spaza shops."

The course costs R300 for each student. The student's fees are covered by sponsorship like that of Nedcor.

# Boost for homeless

Soulton 26/3/92  
 (153A) ~~153A~~ ~~153A~~ ~~153A~~

By JOSHUA RABOROKO

**MORE than 300 blacks have been trained by the South African Lumber Millers Association to build their own basic timber-frame home units.**

Building material depots in or near areas where millions of homeless people have erected temporary shelters were also established

By the end of the year it was expected that a substantial number would be trained, the company's head of community services, Mr Rulf Mahloko, said this week

The Urban Foundation estimates that there is a shortage of about 1.2 million units in major metropolitan areas in South Africa today

The foundation also says in order to eradicate this shortage, more than 61 000 units will have to be erected a month for the next 20 years. About 7 million people are living in informal housing, including backyards and squatters

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55044

divided along racial lines"

At the request of communities, the company had established training facilities where more than 310 people were trained free of charge to build their own basic home units.

Secondly, he said, the company was assisting communities and groups to establish depots countrywide where most people have the greatest needs in terms of decent, affordable building materials

### Great interest

Depots have been established in areas such as Soweto, the East Rand, Durban and eastern and western Cape. At the depots people can buy timber at almost cost price

Black communities expressed great interest and many community leaders, especially civic organisations, have visited the company to hear the full story and to see for themselves what the timber frame homes look like

The company's public relations officer, Miss Zigi Rwarwai, said that the many families in South Africa who live in informal settlement areas share a common dream that some day, they too would become homeowners

But, she added, for the dream to become a reality, they have to go through a great deal of pain and humiliation. The fact that they do not own land, have no resources or skills, compounds their problem

### The dream

She said in that light, Salma decided to join the other actors already involved in the quest for "the dream". The first thing the company did was to consult with the communities as well as getting them to participate from the onset.

"This approach has had positive results so far because the communities themselves are actively involved in making their dream a reality."

Although this was still the beginning, she said, 1992 could prove to be a very busy year at Salma as more communities were hoping to participate in the training programme

### Urban areas

It contends that the situation might become serious as the population continues to grow as a result of migration into the urban areas. According to the foundation, if the South African population continued to increase at a rate of 2.8 percent each year, by the year 2000 an additional 9 million people would need housing

Mahloko said there were indications that this number might increase

He added "Only a total effort of all the people of this country as well as the Government and the private sector can eliminate this shocking housing backlog"

"We cannot afford this state of affairs. Unless progress is made with improving housing, a continuous conflict situation will result in our society that was traditionally

**rf** *reshad's furnishers*



# Naccasa calls for peace

Sowetan 26/3/92

153A

**THE National Association of Co-operative Societies of South Africa (Nacssa) has appealed for peace, stability and community support.**

This was done in order to bring a spirit of entrepreneurship through burial societies, women's and meholisano clubs

"Let us stop the violence in the country and grow our economy," Nacssa's executive director, Mr Sam Muofhe, said at a function this week.

He presented cheques to the value of R5 800 to bereaved families of members of the Nacssa Funeral Scheme who were killed in acts of violence in Meadowlands last week

The cheques were received on behalf of Mr Samuel Matlou of the Know Your Neighbour Burial Society and Mr Steven Vilakazi, a member of the Tunguru Investment Club

Muofhe paid tribute to the role played by the victims in their societies as well as their contribution made by all victims of violence in the country

lence in the country

"Your spirits will encourage us to forge ahead in developing burial societies, women's and meholisano clubs during these trying times," he said.

He added that the societies could be used to the benefit and future well-being of not only the black community, but the South African economy.

"We have seen the horrors of massive unemployment and retrenchments cripple the economy because of apartheid," he said, adding: "We have witnessed the slow death of communities - black and white - dependent on the growth of the economy."

He also appealed to the Government, Codesa, Peace Accord, political parties, business and liberation movements, to speak out against violence. Very few business people in the informal sector could afford to carry out their operations in the wake of the violence, he said, reiterating the call: "Let us stop the violence"

## Plea for small business plan

27/3/92  
THEO RAWANA

A DEVELOPMENT strategy for small and medium business should become a key component in any new order for the future SA, SBDC MD Ben Vosloo said in Benoni last night.

Addressing a Benoni Chamber of Commerce AGM, Vosloo said the overall health of the SA economy depended largely on dynamic entrepreneurial activity in the small and medium enterprise sector.

"It is common knowledge that this sector can make a meaningful contribution to economic growth, employment generation and social progress," he said.

Of the about 810 000 formal business entities in SA, an estimated 91% or 720 000 could be classified in this sector, he said.

He added "Their estimated share in terms of GDP stands at about 50% and they employ approximately 2,4-million people — 30% of all formal employment opportunities.

The figures exclude the informal small business sector who accounted for about 15% of GDP, he said.

He said there were indications that large corporations paid taxes at a lower average rate than this sector. He called on government abandon its bias towards large business.



# SBDC earmarks small centre to help backyard businesses

By 28/3/92

Business Staff  
THE Small Business Development Corporation (SBDC) is to develop a small business centre in Retreat East with a range of small factories aimed at accommodating the upgrading of backyard businesses

"The location and size of the site is ideal to allow for a wider range of businesses. Anything from retailing, wholesaling, factory shops, down to exhaust and tyre-fitting can be considered," said Mr Wolfgang Thomas, regional general manager of SBDC in the Western Cape

An important feature of this development might be the opening of a sectional title register which will let entrepreneurs buy their units

"A need for business premises suitable for a wide variety of smaller businesses and providing accommodation of 50 to 200 sq m exists in this area," he said

"In coming weeks we will be conducting a market survey in the area to establish the exact needs as well as consult with community and business leaders. Community participation is an important ingredient of a

development process"

SBDC has achieved significant success with the development of industrial hives throughout the country. This concept entails the sub-division of existing large factories into smaller units or the construction of individual small factory units

These so-called incubators help entrepreneurs to develop their businesses in an affordable and supportive environment, often to the benefit of disadvantaged communities

In the Western Cape successful hives or micro factory centres are

operating in Blackheath, Paarl, Observatory, Athlone, Mitchells Plain and Philippi. The latter is the latest development and serves mainly the communities of Nyanga, Crossroads, Brown's Farm, Mitchell's Plain and Mandalay

Tenants have among other things been offered access to SBDC services such as loan finance schemes for viable businesses, networking opportunities, mentoring and training services and sub-contracts from larger enterprises

For further information call Mr John Morrison at (021) 462 1910.

# More join 'stokvel clubs'

CIPRESS

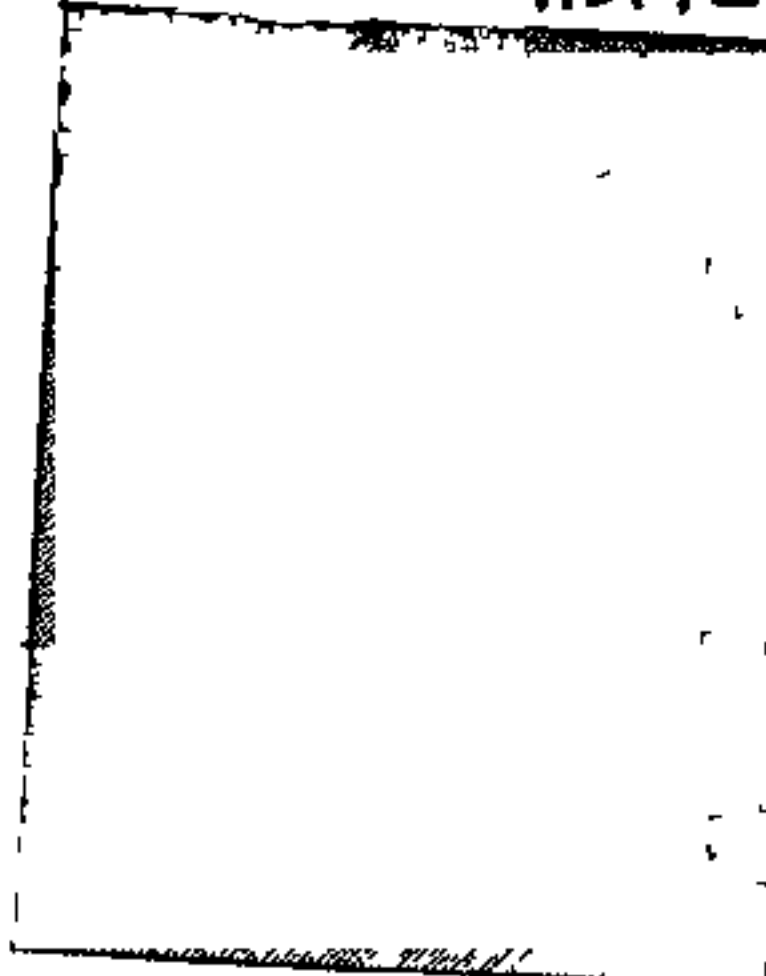
29/3/92

153A

MORE and more people are joining the Standard Bank Society Scheme, which works on the "stokvel" saving concept popularised by Andrew Lukhele, president of the National Stokvels Association of SA.

Standard Bank's John Holloway, divisional general manager of marketing services, said about the scheme: "The bank believes this to be 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."

One of the people who are excited by this new approach is Martha Ramothlola, treasurer of the



**ANDREW LUKHELE ... Popularised scheme.**

Fanang Diatla Society which has been operating from Diepkloof, Soweto, since 1979.

The group, with 35 families on its list, first operated on an ordinary savings account before learning about the new scheme.

They see a lot of advantages with the scheme, such as higher interest rates and less hassles with withdrawing large sums of money.

Ramothlola said all that was needed was to present your ID and signatures on the form.

"You are also informed on how your money works for you," she said.

According to Alphina Kgarosi, treasurer of the Mandebele Burial Society which operates from Molapo, Soweto: "There are no interest charges with the 'Grey Book' (that's what stokvel groupings call the book for the scheme).

"We receive monthly statements and all members love it."



SMALL BUSINESS

153A

FM 3/4/92

# Keeping the wolf from the door

**The argument** put forward by the Industrial Development Corp (IDC) for a greater say in the affairs of the Small Business Development Corp (SBDC) can hardly be said to be unreasonable in view of its being asked to contribute R750m of taxpayers' money over the next five years.

After all, the SBDC, while it operates on a much smaller scale, hardly lends money to the enterprises it is trying to nurture and then walks away. If it did, most of them would probably fail.

If the SBDC reasoned that it could ask for such a large sum and then have complete autonomy in its disbursement, it is out of touch with reality.

It doesn't matter that the IDC already owns half of it. The undertaking with the most resources can and should call the tune. Surely that is a business principle that the SBDC instils in the minds of its flock.

IDC MD Carel van der Merwe says such a large commitment of funds justifies asking for more control. "The IDC has no problem with the current operation and mission of the SBDC."

"But the additional financing that was considered was of such a scope and duration that we would have to account for the application of these funds within the norms laid down by the IDC."

Part of the problem is really one of identity. In a new world of fewer controls and less government, the IDC will probably not be sanguine about its future. Former UK PM Margaret Thatcher made short shrift of the institution there that it most resembled.

The objective of the IDC was to foster investment in specific industries with eco-

nomic or strategic merit. It is not there to foster employment in the informal sector. If its role is to change towards job creation, this should be the subject of careful study and decision by the Department of Trade & Industry.

Of course, to the SBDC, flushed with pride and not inconsiderable conceit, the IDC probably represents a vast repository of resources that it believes could better apply to its purpose, the creation of jobs.

As SBDC top man Ben Vosloo has oft been known to murmur, in its first 11 years the SBDC helped create and maintain about 310 000 jobs at an average cost of R9 000 a job, using R1,3bn in funds loaned to 36 000 recipients.

"Comparatively speaking, creating one job on the Columbus stainless steel project would cost about R1m," he says, referring to the State-assisted project that will cost R2bn and create 2 000 jobs.

That comparison is a dubious one. The IDC has helped create a productive industrial base with an appropriate infrastructure that has in recent years moved progressively into private sector ownership. The impetus that a resource of that size and nature can give to the macro-economy cannot be measured by the number of jobs its grassroots investments created.

It must be drawn wider.

The Democratic Party's Ken Andrew described the IDC's offer as "somewhat ominous. It would be highly undesirable for the IDC to take control of the SBDC. It would be against the existing partnership spirit between the State and the private sector under which the SBDC was created in 1981. An entrepreneurial culture is essential for the successful development of the small-and-medium-enterprise sector."

The SBDC is funded with share capital contributions made by the State and matched rand for rand by the private sector, with the State also contributing development funds. But the SBDC's board and executive committee are 75% controlled by the private sector — companies contributing R1m or more to share capital. If the IDC's offer had been accepted, it would have controlled 50% of the board and executive committee.

The controversy over the IDC's proposal may now be over, but it has highlighted an issue that occupies the minds of those who are wary of State intervention — should the State have any role in an institution as entre-

preneurial as the SBDC.

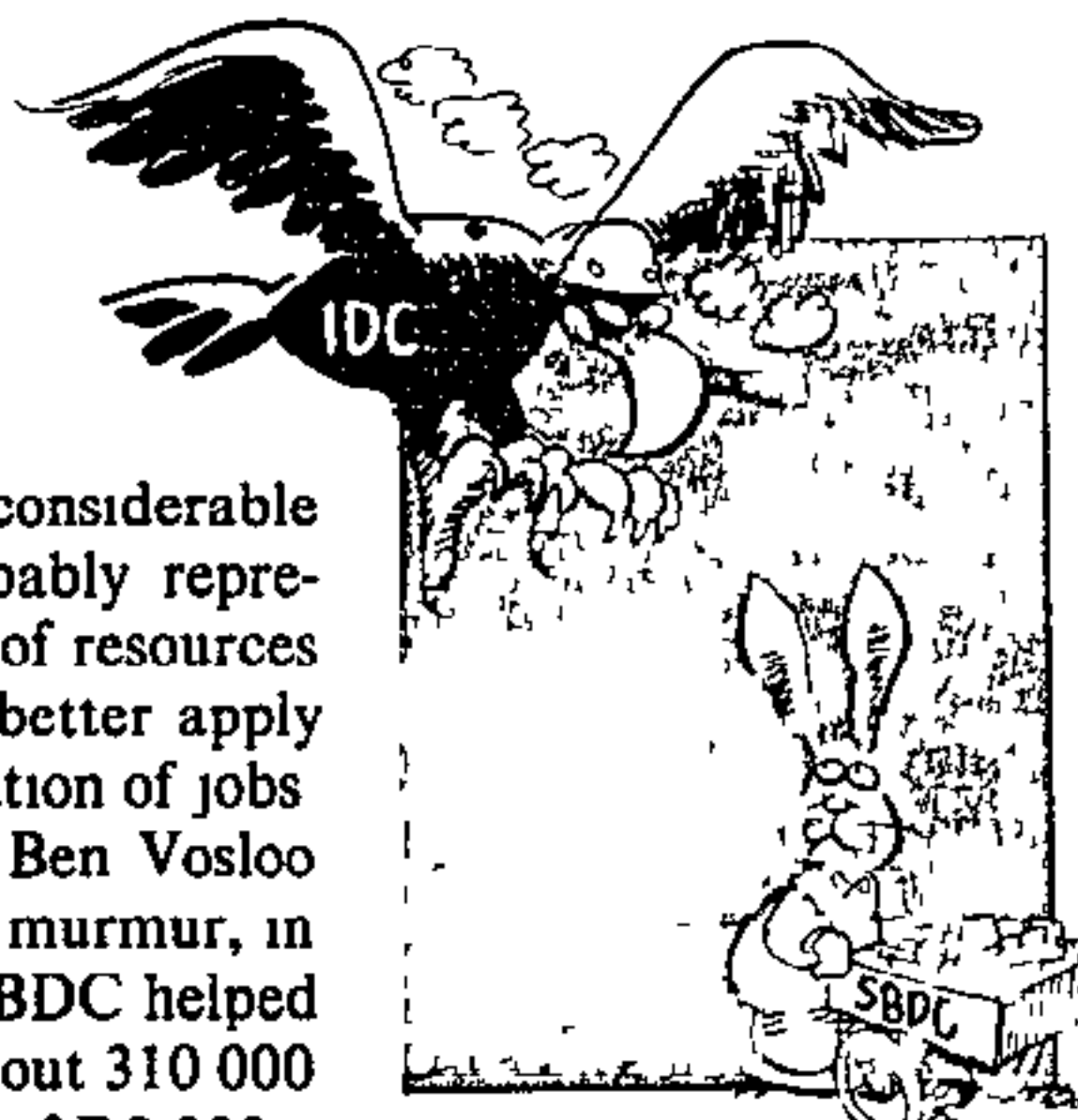
Vosloo, a political scientist not a businessman, says the State may have to decide whether it prefers a 100% State-controlled small-business development corporation, a fully privatised profit-orientated body that would not be able to finance high-risk ventures, or the existing partnership.

Another issue, says SBDC non-executive director Jurg Smit, may be whether government should be seen controlling a successful development body.

If that logic applies to the SBDC, how much more should it apply to

the IDC.

Trouble is, the SBDC may now have to turn to a World Bank agency for funds. And Washington bureaucracy may be worse than the IDC's.



## VIRGIN ATLANTIC

### Waiting for clearance

**Hypemaster** Richard Branson may have been slapped down a bit after he broadly announced last week that his Virgin Atlantic Airline would start flights to SA in October. He was told he first had a long line of hoops to jump through.

But Virgin may yet be able to start flying the London-Johannesburg route by the end of the year. Government apparently likes the idea of a discount airline bringing in thousands of extra visitors armed with foreign exchange. So Branson should be able to pass regulatory muster quickly.

Transport Minister Piet Welgemoed fully backs Virgin's application. In fact, he said in parliament recently that he would like to see return airfares to London cut to R1 200. But, under current regulations, he is just one of several authorities who must sign Virgin's application — and that could take months.

A fast track, however, may soon be in place.

The new aviation policy, aimed at lowering fares by breaking up the cosy oligopoly that exists on each international route, should be in place shortly. It is expected that the policy may give the Transport Minister the final say on applications for new services.

For its part, Virgin now says it plans to open a Johannesburg office by October and begin flights by Christmas. Spokesman Wil-

## CROSSED WIRES

After less than a week of public pressure, Telkom backpedalled this week and reinstated the five-minute metering period for local calls and pay-phone calls. Telkom had planned to reduce the metering period to three minutes, beginning April 1, resulting in a 91%-a-minute increase for five-minute local calls and a 67%-a-minute hike on five-minute pay-phone calls. The increases were first reported by the *FM* last week.

Says Telkom MD Danie du Toit: "We are aware that Telkom's services and costs affect the lives of all South Africans and have therefore decided to respond positively to the way in which consumers reacted to our initial announcement."



# Nasasa aims for empowerment

Sowetan 9/4/92

153A

2000

AS an avid reader of *Sowetan* and the president of the National Stokvels Association of South Africa, I would like to commend this newspaper for constructive reporting.

We at Nasasa believe that the general public is entitled to access to information regarding our activities. It is in that spirit that we accept the invitation to clarify the deal in question with alacrity.

The Foundation for African Business and Consumer Services held a conference on how to translate black economic empowerment into reality in September 1990 at Midrand, near Pretoria. Mr Thami Mazwai was there.

## Theory

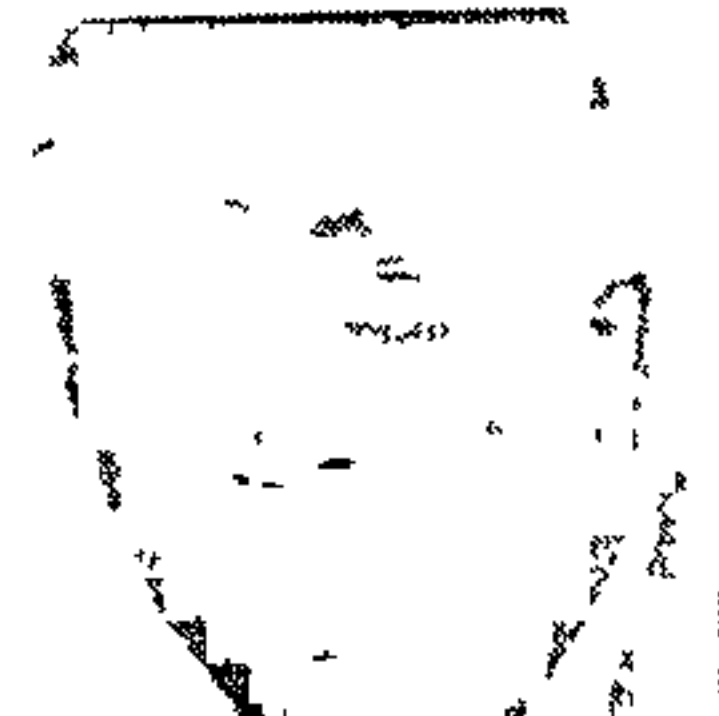
Reporting on the conference, the *Sowetan* (October 1 1990) stated "They (Fabcos affiliates) specified areas in which joint ventures could get off the ground. This should happen frequently. For far too long we have had conferences on black economic empowerment which were all theory and intellectualism."

## Resources

"Lack of resources and skills are a shortcoming of black business. On the other hand, whites have the capital and resources but do not have easy access to the black market."

"Black and white must now establish joint ventures and utilise each other's strengths, to the benefit of both. Once again, hats

This is a response from **ANDREW LUKHELE** (right), president of the National Stokvels Association of South Africa, to comments by **THAMI MAZWAI** in his *It's My Business* column.



LUKHELE

off to Fabcos for a start in the right direction."

With regard to a business deal between Nasasa and Avbob, one fails to contain the frustration over the inconsistency being displayed when we look at the success of the Afrikaner nation as a role model in business.

When the Afrikaner built their nation, they formed the Broederbond, which was jeered and placed under suspicion by non-Afrikaners. But it worked. Today we have Afrikaner banks and other institutions, such as Avbob.

## Opinion

It is very important that one should understand the depth of mistrust in the black community when it considers the role of white business during the apartheid era.

In my opinion, established business should aim to develop a new relationship between itself and emerging black business so as to help today's informal sector become a significant player in the mainstream economy.

The process will not be easy. I am also aware of the

past hostility between black and Indian funeral undertakers. In the middle of the crossfire is the black bereaved family, or broadly, the whole community.

## Venture

I am not convinced that the Indian funeral undertakers operating in black areas have any joint venture relationship with blacks.

Last year on TV, a black man representing an umbrella body of black undertakers, refused to regard their operations as a business. I was not surprised when the "opposition" unashamedly stated that they are in business.

Who determines which undertaker the bereaved family should appoint? Does the colour of the undertaker or his service serve as the key feature to be considered?

## Burial

One question raised by *Sowetan* was that as Nasasa represents stokvels and burial societies and does not have funeral undertakers as members, how does it benefit?

We have discovered that most stokvel members are not covered against death through funeral policies. Even those who belong to burial societies have raised some reservations that the money is often insufficient to cover expenditure.

## Launched

Nasasa has recently launched a funeral scheme of R6 a month per family which is meant to help to share the risk with an insurance company. The policy is in no way designed to replace burial societies, but merely to supplement them.

The next step is to protect our members from using their lucrative funeral scheme to benefit people who are not sensitive to the idea of serving them well.

Last year I received a letter from Avbob via Mr Jabu Mabaso, the managing director of the marketing arm of the organisation, which contained a proposal for a working relationship with Nasasa. The proposal came through a Fabcos coordinator.

## Explore

The executive will explore involving our members in running funeral undertakers in a manner that will generate more income for them.

Our objectives are to assist and encourage stokvels in starting business ventures and co-operatives.

Nasasa will play a role in introducing stokvels to the world of business. We are totally committed to black economic empowerment.



**SOWETAN**  
Building the Nation

**DOES OUR CITY**

# Joint venture cut above rest

Sowetan 9/4/92

1534

A JOINT venture between two organisations in the haircare industry has been formed to build 'home saloon units' for the emerging black backyard operators in the townships.

The project - a milestone in the industry that contributes more than R300 million to the country's economy - has been established by the Afro Handdressing and Beauty Association of Southern Africa and Revlon hair manufacturing company.

The news was announced to Sowetan Business by Abhasa's chairman, Mr Xolani Qubeka, who said the first units would be launched at the end of the month.

The project would be designed by Abacus Technology company and included R1 000 worth of haircare products/stocks to the first owner, which Qubeka said would be a 'kick-start' to entrepreneurs.

The unit would cost R15 000 and a deposit of R4 500 would be paid, he said, adding, that the association's foundation scheme would be used to obtain loans from Future Bank, which is a joint venture between Fabcos and Wesbank.

Abhasa, an affiliate of Fabcos, said more and more salons have realised the importance of not only offering hair-related services, but instead make their salons one-stop beauty outlets.

Qubeka said the industry was abuzz with activity of late

By JOSHUA RABOROKO

Everybody was talking education. One of the most important events of this year would be erecting units for members, especially those who operated their businesses in backyards.

The black haircare industry is part of the informal sector that could provide employment for up to 8 million people by the year 2000, according to the 1991/92 survey of the South African Institute of Race Relations.

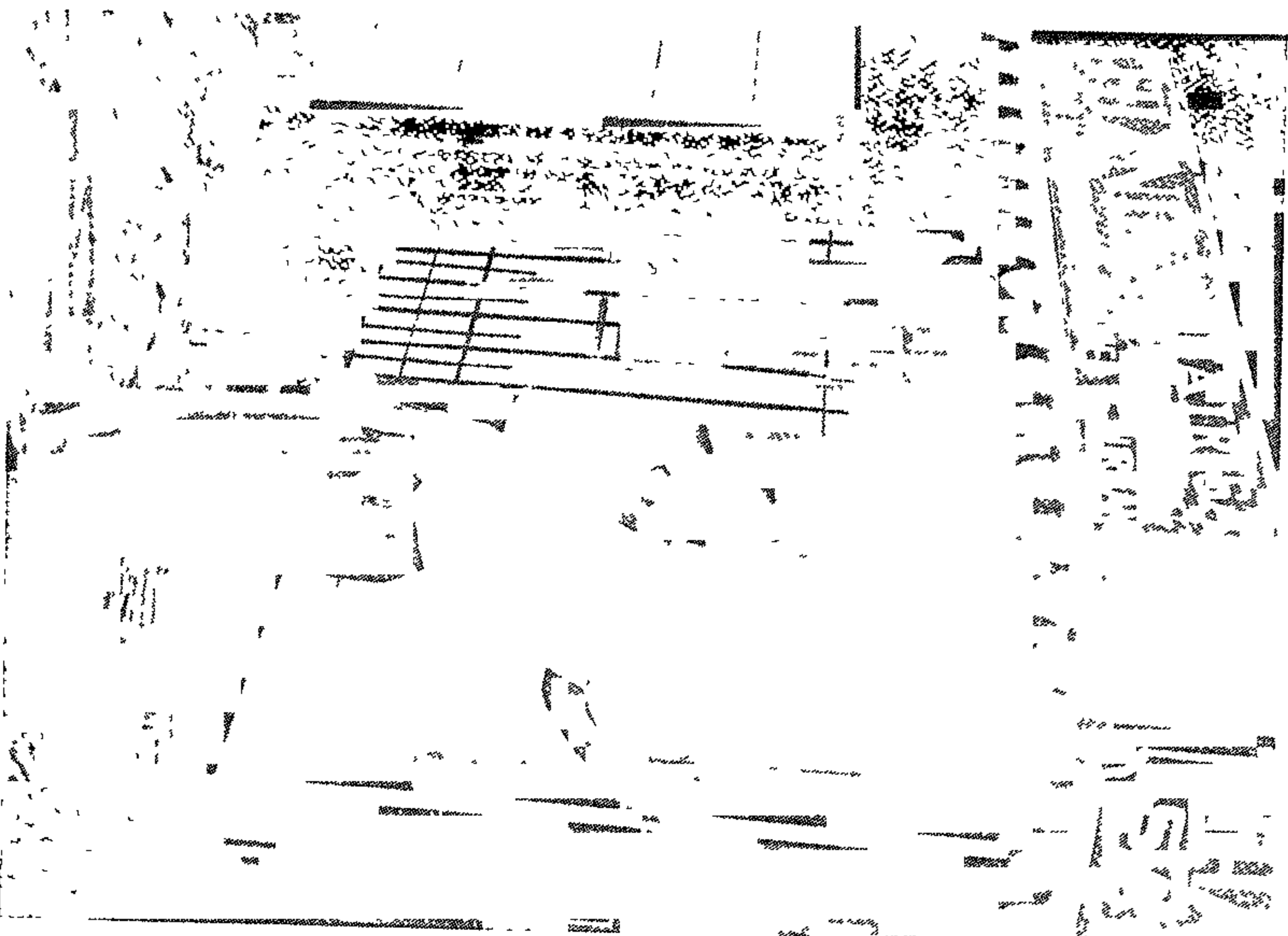
The survey says by the end of the century 45 percent of the consumer retail market is expected to be African. By the year 2000 black consumers could earn 80 percent of South Africa's disposable income, the survey says.

Qubeka said that there were more than 6 000 black hair saloons that created jobs for the unemployed in the townships and, if properly managed, could be a force to reckon with in future.

They (hair saloons) provided a crucial role in serving a specific market by providing convenience, credit and bulk facilities and keeping adequate stocks.

He said that South Africa's high rate of unemployment, declining unemployment in rural areas and urbanisation had all contributed to the growth of the informal sector.

Thandi Nkosi outside her salon unit in Tsakane.



# Contractors form association

A GROUP of QwaQwa contractors have formed an association - the Tsweelopele Building Association - with the aim of training black builders and building low cost housing in the rural areas.

There is a problem in that most local contractors in the building industry are stifled by lack of working capital and the QwaQwa Housing Corporation has established a working relationship with black contractors.

*Sowetan 9/4/92*  
The corporation would assist the local contractors by providing bridging finance in the form of a short term loan at prime interest rates

The corporation's communications manager, Mr Michael Ntuli, said that although ownership of property as security was not a pre-requisite, contractors who owned property had an advantage in obtaining a loan

About R2,8 million was granted to clients of local contractors for the construction of houses in the greater Phuthaditjhaba area in 1991

As a variation of the scheme, the corporation provided building material, and the contractors supplied labour only.

Both schemes have proved to be effective in promoting viable business for the contractors

In order to broaden the

scope of involvement with Tsweelopele contractors an agreement was reached for them to build about 100 low cost houses in Tshiane district

He said during the run of a project there were spin-offs for the surrounding communities

One of these is the low cost of outlets for the informal sector

In Qholoane, one of the corporation's biggest projects, there have been up to 100 small business operators who sold food and other items to the large work force on site

Many new house owners displayed entrepreneurship by converting part of their houses into "spaza-shops"

Improvements on the houses were soon evident after occupation

One major advancement in quality was achieved through a change from self-

climbing shutter concrete houses to conventional black structures

One of the major contributing factors to the housing crisis in South Africa is the inability of its people to afford a house of their own.

About 64 percent of potential home-owners are unable to buy a house through conventional loan facilities

"It is evident, therefore, that innovative methods have to be applied to keep house prices as low as possible and to facilitate loan finance," Ntuli said

In financing low cost housing, the corporation is proud to have done away with red tape and other intimidating factors

During 1991 alone, the corporation granted low cost housing loans to the value of R225,5 million



# the business15

## Think small with 'micro factories'

South 11/4-16/4/92

**H**ELP IS AT hand for entrepreneurs wanting to build businesses in an affordable and supportive environment. The Small Business Centre planned for Retreat East is the brainchild of the Small Business Development Corporation (SBDC).

The corporation has developed a series of these "industrial hives" countrywide. In the Western Cape, micro factories are operating in Blackheath, Paarl, Observatory, Athlone, Mitchells Plain and Philippi.

The latter is the latest development and aims to serve mostly the communities of Nyanga, Crossroads, Browns Farm, Mitchells Plain and Mandelay.

Mr Wolfgang Thomas, regional general manager of the SBDC in the Western Cape, said that in coming weeks it would "conduct a market survey in the area to establish exact needs and to consult with community and business leaders".

"Community participation is an important ingredient of a development process," he said.

The industrial hive concept entails the sub-division of existing large factories into smaller units, or the construction of individual small factory units.

Thomas said the development would focus on a range of small factories aimed at accommodating the upgrad-

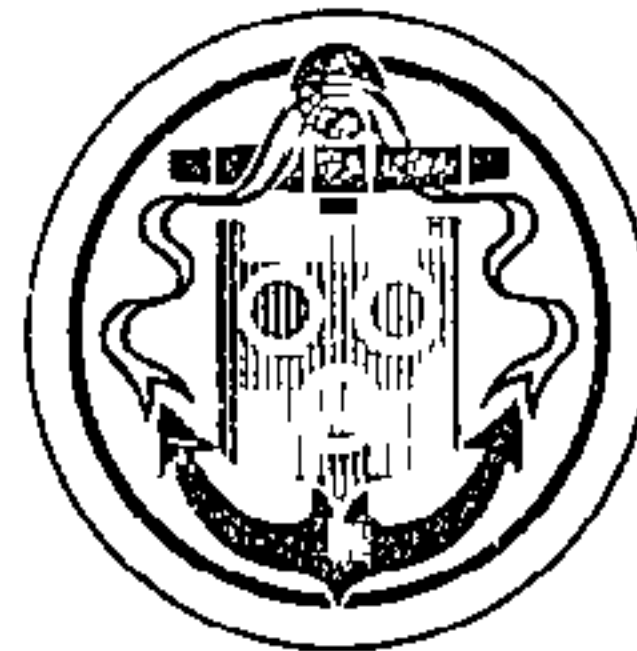
ing of backyard businesses.

The location and size of the site allowed for a range of businesses. Anything from retailing, wholesaling and factory shops down to exhaust and tyre-fitting could be considered, he said.

An SBDC statement said tenants would benefit from premises at reasonable rates, as well as SBDC services such as loan finance schemes for viable businesses, networking opportunities, monitoring and training services and sub-contracts from larger enterprises.

"Some of the hives provide communal spraybooths and workshops equipped with the kind of machines that cannot normally be afforded by start-up businesses. These facilities can be hired by tenants on a coin-operated system," it said.

Project manager Mr John Morrison said phase one of the Retreat East complex could be completed by February 1993, depending on the results of the market survey.



CITY OF CAPE TOWN

# Carts plan opens vista for vendors

A MOBILE vending unit which would save Johannesburg's 5 000 street vendors from selling from boards and bins would soon hit the streets, the Johannesburg City Council said at the weekend.

Dinky Pillay, the council's assistant director for informal sector development, invited the private sector to buy advertising space on these carts.

Mobile vending unit manufacturer The Munch Hut developed a cart with 16 advertising spaces. The Munch Hut MD Trevor Jones told the launch of the project on Thursday.

Jones said his company would rent advertising space to raise revenue to fund the manufacture of more carts.

Munch Hut would rent the carts to vendors at R3 a day, maintain and repair the

trolleys and monitor them to see that standards were maintained. It would also hold promotional competitions among hawkers.

The company would, in conjunction with the council, provide training and support for the hawkers and try to obtain discounts for them through bulk buying.

The trolleys are designed to handle anything from food to textile goods.

Secure overnight storage facilities would be obtained within the CBD for the hawkers and cleaning facilities for trolleys would also be provided.

The SBDC would provide finance for renting and to vendors who chose to buy the units, which sold at between R200 and R500.

THEO RAWANA (153A)

# Easter clashes on Reef feared

INKATHA and ANC officials have expressed fears of largescale township violence on the Reef over the Easter weekend.

Inkatha officials claim major attacks on their supporters have been planned, and many migrant workers from Natal have cancelled trips home over the holiday weekend.

The ANC has vehemently denied it has any part in such plans and says the Inkatha statements are a bid to divert attention from the real perpetrators of violence.

WILSON ZWANE

An ANC spokesman charged that hostel dwellers were planning a campaign of attacks on taxis in the townships.

Inkatha West Rand spokesman Humphrey Ndlovu said his organisation had information that Xhosa-speaking people, with the backing of Umkhonto we Sizwe, were bent on attacking hostels and Zulu speakers on the Reef.

Ndlovu said recent attacks on the East Rand squatter camps of Crossroads in Katlehong and Zonkizizwe near Vosloorus were a prelude to a "big scale" attack on all "places regarded as Inkatha strongholds".

Inkatha national chair-

man Frank Mdlalose recently claimed the ANC was amassing weapons on the Reef to attack hostels over the Easter weekend.

The ANC repudiated the claim.

ANC PWV spokesman Ronnie Mamoepa said at the weekend ANC members had been warned that taxis passing near hostels in the townships might be attacked from today.

Ndlovu said extra policemen and SADF members should be deployed in the townships to prevent violence.

Police spokesman Capt Nina Barkhuizen said there were police patrols in unrest flashpoints and reinforcements would be sent to any township if requests were received.

## DURBAN OPPORTUNITY

I have fully equipped office/rep's/storage  
I need product to sell in the Natal area



## Shebeens set to import their beer

THEO RAWANA

SAB has welcomed the chance to compete with the National Taverners' Association, which has started importing a leading Zimbabwean beer *8 days 13/4/92*

The association — which represents shebeen owners around the country — will distribute Zimbabwe National Breweries' Zambezi Lager through its members

And Zimtrade, a Zimbabwean trade organisation which led a delegation on a tour of SA last week, saw the deal as a "break-through"

Taverners' president David Mokoena said last week his association had sealed a deal making it the sole distributor of Zambezi Lager

"The 340ml bottle is upmarket in price and in taste and we have had a good reception from the market," Mokoena said

The beer won a "blind tasting" gold medal in Canada last year, he said

Mokoena said his association was approached last year by Zimbabwe National Breweries to go into the venture with them. Final agreement was reached in February and the formal launch of the beer would take place tomorrow

Zimtrade CE Morrison Sifelani said it was wonderful to hear that the deal had been sealed "It's a breakthrough for Zambezi Lager"

"The beer is our national pride and it has had significant sales in the UK," he added

Mokoena said "We are testing the waters and aiming for bigger sales"

SAB public affairs manager Adrian Botha said SAB had no problem if the NTA was bringing the beer into the country through a third party

"We will treat them as any other competitor. We will see them at the market," Botha said

## COMPANIES

### Republic of China scheme offered in SA

SA entrepreneurs wishing to establish their own factories could benefit from a low interest finance scheme offered by the Republic of China for the purchase of plant for more than 500 turnkey projects from that country *B12 an 13/4/92*

The scheme, already seven years old, but offered in SA for the first time at the Rand Show, has helped establish small to medium businesses in more than 100 countries and regions around the world, republic representative Kehsin Wu said

The Republic of China Export-Import Bank provides three main types of medium- and long-term financing schemes for a maximum of seven years through its fixed rate relending facility, already available through SA's Standard Bank, Nedbank and First National Bank

The schemes provide financing for up to 85% of the contract value and require at



EDWARD WEST



least 15% cash payment. Interest is fixed between 7% and 8,5% SA banks also charge a 1,5% premium a year *(153A)*

Once a decision has been reached on the product, the Republic of China government and industry-backed Package Plant Promotion Group provides detailed descriptions on the manufacturing process, the type of plant and equipment required, number of employees needed and names of suppliers of raw materials. *(153A)*

This enables the businessman to decide on a project's feasibility, Wu said

Until last week mostly blacks, particularly from Botswana, had expressed an interest in the scheme

Wu said the Republic of China viewed SA as having vast undeveloped manufacturing potential



# Bank City to allow 'upmarket' hawkers only

1810am 15/4/92 153A  
FIRST National Bank (FNB) is to set aside areas for informal traders' stalls in the new Bank City complex in Johannesburg, but will attempt to attract more upmarket wares.

The more unsophisticated traders, people selling individual items on soapboxes, will be prevented from trading on the covered pavements surrounding the complex.

FNB has bought the pavements from the Johannesburg City Council.

A spokesman for the bank said yesterday a square with facilities for dozens of traders would be set up at one end of the

DARIUS SANAI

complex. The bank would also provide vendors with barrows at selected street corners. But no trading would be allowed on the covered pavements themselves, or in the complex's main piazza.

The pavements, which were narrow because half the width was occupied by flowerbeds, would become clogged if traders were allowed to operate there. And the piazza would be lined by shops, whose managers would be "understandably put out" if hawkers were allowed to operate

there. "We also intend to discourage the lower end of the informal business scale from trading there," an FNB spokesman said yesterday.

FNB says its plans, which have not yet been finalised, were drawn up with the approval of the African Council for Hawkers and Informal Business (Achib). Achib president Lawrence Mavundla would not comment on the plans yesterday.

The FNB spokesman said no policy decision had been made yet on how to keep unwanted traders out — "but in the end, it is private property".

**KENNISGEWING 344 VAN 1992****VERANDERING VAN SKIP SE NAAM**

Ek, Louis Botha, van die Hoofdirektoraat Seevisserie van die Departement van Omgewingsake, gee hiermee kennis dat as gevolg daarvan dat die huidige naam van ondergenoemde skip nie in lyn is met die nomenklatuur van departementele skepe nie, ek kragtens regulasie 6 van die regulasies op die Registrasie van Skepe, 1977, aansoek gedoen het om die naam te verander en dit onder sy nuwe naam in die hawe van Kaapstad te registreer

*Ampelike nommer* 19112  
*Bruto tonnemaat* 625 57  
*Netto tonnemaat* 247 11.  
*Huidige naam* Ludovic Jego  
*Nuwe naam* **Algoa.**

Naam en adres van eienaars: Departement van Omgewingsake, Privaatsak X2, Roggebaai, 8012

Enige besware teen die voorgestelde naamsverandering moet aanhangig gemaak word by die Direkteur-generaal Departement van Vervoer, Privaatsak X193, Pretoria, 0001, binne 30 dae nadat hierdie kennisgewing verskyn het  
 (16 April 1992)

**KENNISGEWING 348 VAN 1992****DEPARTEMENT VAN MANNEKRAG****NASIONALE MANNEKRAGKOMMISSIE VERSLAG OOR DIE INVLOED VAN RELEVANTE ARBEIDSWETGEWING OP DIE KLEINSAKESEKTOR**

In opdrag van mnr P G Marais, LP, Minister van Mannekrag, word 'n opsomming van bogemelde verslag in die Bylae hieronder vir algemene inligting en kommentaar gepubliseer. Die volle verslag is op aanvraag verkrygbaar van

Die Sekretaris  
 (Vir aandag Mnr. N. Muller)  
 Nasionale Mannekragkommissie  
 Privaatsak X316  
 PRETORIA  
 0001

Telefoon (012) 3106-454  
 Telefaks (012) 320-2059

Enige kommentaar op of vertoe oor die verslag moet binne 90 dae vanaf die datum van publikasie van hierdie kennisgewing op skrif by die Direkteur-generaal, Departement van Mannekrag (Vir aandag Mnr I Mulder), Privaatsak X117, Pretoria 0001, ingedien word

**BYLAE****NASIONALE MANNEKRAGKOMMISSIE OPSOMMING VAN 'N VERSLAG OOR DIE INVLOED VAN RELEVANTE ARBEIDSWETGEWING OP DIE KLEINSAKESEKTOR****1. INLEIDING****1.1 Algemene agtergrond**

Suid-Afrika ervaar reeds vir 'n geruime tyd baie ernstige probleme betreffende hoe werkloosheidskoerse, lae lewenstandaarde en 'n baie ongelyke

**NOTICE 344 OF 1992****CHANGE OF VESSEL'S NAME**

I, Louis Botha, of the Chief Directorate Sea Fisheries, Department of Environment Affairs, hereby give notice that in consequence of the present name of the undermentioned vessel not being in keeping with the nomenclature of vessels adopted by the Department I have applied under regulation 6 of the Registration of Ships Regulations, 1977, to change the name and to have it registered in its new name in the port of Cape Town

*Official No* 19112  
*Gross tons* 625 57  
*Net tons*: 247 11.  
*Present name* Ludovic Jego.  
*New name*. **Algoa.**

Name and address of owners: Department of Environment Affairs, Private Bag X2, Roggebaai, 8012

Any objections to the proposed change of name must be lodged with the Director-General Department of Transport, Private Bag X193, Pretoria, 0001, within 30 days of the appearance of this notice  
 (16 April 1992)

**NOTICE 348 OF 1992****DEPARTMENT OF MANPOWER****NATIONAL MANPOWER COMMISSION REPORT ON THE INFLUENCE OF RELEVANT LABOUR LEGISLATION ON THE SMALL BUSINESS SECTOR**

By direction of Mr P G Marais, MP, Minister of Manpower, a summary of the above-mentioned report is published in the Schedule hereunder for general information and comment. The full report is available on request from

The Secretary  
 (Attention of Mr N. Muller)  
 National Manpower Commission  
 Private Bag X316  
 PRETORIA  
 0001

Telephone (012) 3106-454.  
 Telefax (012) 320-2059

Any comment or representations on this report must be submitted in writing to the Director-General, Department of Manpower (For attention Mr I Mulder), Private Bag X117, Pretoria, 0001, within 90 days from the date of publication of this notice

**SCHEDULE****NATIONAL MANPOWER COMMISSION A SUMMARY OF A REPORT ON THE INFLUENCE OF RELEVANT LABOUR LEGISLATION ON THE SMALL BUSINESS SECTOR****1. INTRODUCTION****1.1 General background**

South Africa has for some considerable time now, experienced very serious problems in terms of high unemployment levels, low living standards and a very



verdeling van rykdom en ekonomiese mag. Ekonomiese groei is die belangrikste wyse om hierdie probleme aan te spreek, alhoewel uiteenlopende menings gehuldig word oor hoe presies 'n hoër ekonomiese groei koers in Suid-Afrika bewerkstellig kan word.

Die rol van die kleinsakesektor kan nie geïgnoreer word nie gesien in die lig van die groot potensiele bydrae wat klein ondernemings kan lewer tot ekonomiese groei en die voorsiening van werkgeleenthede in Suid-Afrika. Die bydrae van klein ondernemings tot die bruto binnelandse produk in Suid-Afrika vergeleke met sekere ander lande word as onvoldoende beskou en dit is noodsaaklik om hierdie sektor tot sy volle potensiaal te ontwikkel.

Bo en behalwe ekonomiese groei, sal Suid-Afrika ook meer produksiegeïntereerd moet raak met meer mense wat betrokke raak by die eienaarskap van produksiemiddele. Dit impliseer dat meer ondernemers ontwikkel sal moet word, en dat meer ondernemings tot stand gebring sal moet word. Die eienaarskap van ondernemings is tans grootliks in die hande van 'n baie klein deel van die werksame bevolking gekonsentreerd en dit is van die uiterste belang dat meer mense in dié verband betrokke sal wees. Die skepping en daaropvolgende ontwikkeling van nuwe ondernemings is een baie belangrike manier waarop dit bewerkstellig kan word, alhoewel nie die enigste manier nie. Dit is voordie-hand-liggend dat nuwe ondernemers ook die eienaars van hierdie ondernemings moet wees en dat eienaarskap nie beperk moet word tot bestaande (groot) eienaars van kapitaal nie.

Die stimulering van klein formele en informele ondernemings ten einde hul te laat groei, om meer werkgeleenthede en rykdom vir die bevolking van Suid-Afrika te skep, is daarom baie belangrik. Talle ander lande ervaar die sterk invloed van die kleinsakesektor in die sin dat hierdie sektor verantwoordelik was vir die skep van die meerderheid werkgeleenthede gedurende die afgelope dekade in daardie lande.

Klein ondernemings verkeer egter in 'n moeilike posisie in vergelyke met groot ondernemings. Hulle ondervind gewoonlik 'n tekort aan kapitaal en is aangewese op finansiële instellings vir kapitaal, wat teen hoër koerse as aan groot ondernemings (wie boonop oor eie interne finansiële middele beskik) aangebied word. Klein ondernemings moet gewoonlik ook meer vir hul insette betaal aangesien hulle nie in grootmaat aankope kan doen nie. Die klein ondernemer moet voorts alleen alle funksies vervul wat in 'n groot onderneming deur gespesialiseerde personeel vervul word, bv. algemene bestuur, finansiële bestuur, bemerking, produksie en arbeidsverhoudinge. Kleiner ondernemings verkeer dus in 'n benadeelde posisie in vergelyke met groter ondernemings en veral multi-nasionale liggame. Talle lande erken die spesiale omstandighede en strukturele swakhede van klein ondernemings deur vir die spesiale behandeling van hierdie ondernemings te voorsien.

unequal distribution of wealth and economic power. Economic growth is the most important avenue for addressing these problems, although there are many diverse views as to exactly how South Africa should achieve a higher economic growth rate. (153A)

Given the large potential contribution small businesses can make with regard to economic growth and the provision of employment in South Africa, the role of this sector cannot be ignored. Compared with certain other countries, the contribution of small businesses to the gross domestic product in South Africa is considered insufficient and it is necessary to develop this sector to its full potential.

In addition to economic growth, South Africa should also become more production orientated with more people becoming involved in the ownership of the means of production. This implies that more entrepreneurs should be developed, and that more businesses should be formed. The ownership of businesses is at the moment concentrated largely in a very small proportion of the working population and it is of the utmost importance that more people should be involved in this respect. The creation and subsequent development of new businesses is one very important way in which this could be done, albeit not the only way. It is self-evident that new entrepreneurs should also be owners of these businesses and ownership should not be confined to existing (large) owners of capital.

The stimulation of small formal and informal businesses in order for them to grow, to create more employment opportunities and wealth for the population of South Africa, is therefore very important. Many other countries have experienced the strong influence of the small business sector in that this sector has been responsible for the majority of new jobs created in those countries during the past decade or so.

Small businesses are, however, in a difficult position vis-à-vis large businesses. They usually lack capital and are dependent on financial institutions for capital, which is provided at higher interest rates than for big business (who in addition have at their command own internal finance resources). Usually small businesses also have to pay more for their inputs because they cannot buy in bulk. The small entrepreneur furthermore is usually the sole person who performs all the functions which in a large business are undertaken by specialised personnel, e.g. general management, finance, marketing, production and labour relations. Smaller businesses are therefore at a disadvantage compared to bigger businesses and especially multinational corporations. Many countries acknowledge the special circumstances and structural weaknesses of small businesses by providing for special treatment of those businesses.



Dit word ook tot 'n beperkte mate in Suid-Afrika gedoen, bv by wyse van die stigting en subsidiering van kleinsakeontwikkelingskorporasies, spesiale behandeling van ondernemings met 'n klein omset in terme van AVB (en BTW) bepalings, die deregulering van die vervoermywerheid en vereenvoudigde lisensievereistes. Vanuit die sakektor is daar die afgelope tyd in toenemende mate vertoe ontvang wat daarop wys dat arbeidswetgewing moontlik ook 'n belemmerende invloed op die kleinsakesektor uitoefen. Alhoewel regulering ook groot ondernemings in vele opsigte negatief beïnvloed, word die klein onderneming in groter mate geraak weens sy besondere sensitiwiteit vir die hoe koste wat die nakoming van wetlike vereistes as gevolg van regulering meebring. Wat groot ondernemings as geregverdigde regulering beskou, kan deur kleiner ondernemings as "oorregulering" ervaar word. Talle vertoe het daarom die skeiding tussen klein en groot ondernemings vir wetsdoeleindes bepleit, soos wat die geval in verskeie ander lande is.

Dit is in die lig hiervan dat die NMK deur die Minister van Mannekrag versoek is om ondersoek in te stel in welke mate die toepassing van arbeidswetgewing nadelige gevolge vir klein ondernemings inhou, en of beleid in die verband verander behoort te word.

## 1.2 Opdrag

Die Minister van Mannekrag het die NMK op 7 April 1989 versoek om ondersoek in te stel na en verslag te doen oor—

1.2.1 die koste wat die huidige proses van geskilbeslegting en litigasie ingevolge die Wet op Arbeidsverhoudinge, 1956, ten opsigte van klein sakeondernemings tot gevolg het,

1.2.2 die invloed van arbeidswetgewing op die totstandkoming en funksionering van klein sakeondernemings en of dit nie tot werkloosheid bydra nie,

1.2.3 hoe die regte van individuele werkgewers en werknemers opgeweeg moet word teenoor die groter gemeenskaplike belang,

1.2.4 of dieselfde beginsels op groot sowel as klein ondernemings van toepassing moet wees, en

1.2.5 die moontlikheid van spesifieke wetswysigings, indien nodig.

## 1.3 Doel van die ondersoek

1.3.1 Die doel van die ondersoek is om binne bogenoemde opdrag die invloed van relevante arbeidswetgewing op die kleinsakesektor te analiseer en om aanbevelings te doen oor die moontlike akkommodering ten opsigte van die onderskeie arbeidswette van die besonder klein onderneming, soos in par 2.7 as 'n mikro-onderneming gedefinieer. Die doel is verder om veral prosedures te vereenvoudig en die administratiewe las op die mikro-onderneming te verlig sonder om die basiese regte van werknemers aan te tas. Die bedoeling is dus om die groei en ontwikkeling van mikro-ondernemings te stimuleer ten einde werkskepping optimaal te bevorder.

**1.4 Onderwerpe nagevors:** Bo en behalwe die aanbevelings wat hieronder bespreek word, is die volgende onderwerpe ook nagevors en in die verslag oor kleinsake opgeneem.

1.4.1 Die belangrikste redes waarom die groei van klein ondernemings in Suid-Afrika gestimuleer behoort te word,

1.4.2 'n kort oorsig van bestaande arbeidswetgewing wat 'n potensiele invloed op die kleinsakeman kan hê,

This has also been done to a limited extent in South Africa, e.g. through the formation and subsidisation of small business development organisations, special treatment of businesses with a small turnover in terms of GST (and VAT) provisions, the deregulation of the transport industry and simplified licensing requirements. An increasing number of representations have, however, been received from the business sector pointing to the fact that labour legislation is possibly also hampering the small business sector. Although regulation also negatively influences large businesses in many respects, small businesses are affected to a greater extent because of their particular sensitivity to the higher costs associated with compliance with legal requirements resulting from regulation. What may be considered as justified regulation in large businesses could be considered as "overregulation" in smaller businesses. Many representations have therefore called for a distinction to be made between small and large businesses for purposes of legislation, as is done in several other countries. (IS3A)

It was in this light that the Minister of Manpower requested the NMC to investigate the extent to which labour legislation could be detrimental to small businesses, and whether policy in this regard should be changed.

## 1.2 Directive

On 7 April 1989 the Minister of Manpower requested the NMC to investigate and report on—

1.2.1 the costs incurred by small businesses as a result of the present process of dispute settlement and litigation in terms of the Labour Relations Act, 1956;

1.2.2 the influence of labour legislation on the establishment and functioning of small businesses and whether this leads to unemployment,

1.2.3 how the rights of individual employers and employees should be weighed against the greater interests of the community,

1.2.4 whether the same principles should be applied to large as well as small businesses; and

1.2.5 the possibility of specific legislative amendments, if necessary.

## 1.3 Purpose of the investigation

1.3.1 The purpose of the investigation is, within the scope of the above directive, to analyse the influence of relevant labour legislation on the small business sector and to make recommendations for the possible accommodation under the various labour laws of the particularly small business, which is defined as a micro-business in par 2.7. The purpose is, furthermore, to simplify procedures, in particular, and to ease the burden on micro-businesses without affecting the basic rights of employees. The aim is, therefore, to stimulate the growth and development of micro-businesses in order to promote the optimum creation of employment.

**1.4 Topics investigated:** Apart from the recommendations which are discussed below, the following topics have also been investigated and are included in the small business report.

1.4.1 The most important reasons for stimulating the growth of small businesses in South Africa,

1.4.2 a brief description of existing labour legislation that could have a potential influence on the small businessman,



1.4.3 die toegewings wat tans in arbeidswetgewing in Suid-Afrika sowel as in sekere oorsese lande ten opsigte van klein ondernemings gemaak word;

1.4.4 'n bondige samevatting van 39 Nywerheidshofuitsprake waarby klein ondernemings betrokke was ten einde vas te stel of die omstandighede van die klein onderneming in Nywerheidshofuitsprake in ag geneem word, en

1.4.5 'n samevatting van die vertoe ontvang, gevolgtrekkings asook aanbevelings wat reeds in ander relevante studies voorgestel is vir die wysiging van arbeidswetgewing ter akkommodering van klein ondernemings

**Nota:** Die volledige verslag is op versoek beskikbaar by die NMK-direktoraat

*Kontakpersone:*

Mnr. N. Muller. Tel. (012) 310-6454

Mev. M. M. E. Holtzhausen. Tel (012) 310-6335.

## 2. AANBEVELINGS

2.1 Die aanbevelings in hierdie verslag moet gesien word in die lig van die toegewings wat reeds ten opsigte van die onderskeie arbeidswette gemaak word, soos in Hoofstuk 4 van die verslag bespreek.

2.2 Die NMK stel voor dat slegs **bale klein** ondernemings aanvanklik geakkommodeer word, wat mikro-ondernemings genoem sal word (kyk par 2.7 vir die omskrywing). Die term "klein onderneming" kan in hierdie verslag derhalwe verwys na 'n onderneming wat groter is as 'n mikro-onderneming, soos omskryf. Daar moet ook op gelet word dat die begrip "mikro-onderneming" die basiese uitgangspunt is vir die benadering wat in paragraaf 2.8 ontwikkel word. Alhoewel daar besef word dat die term "klein onderneming" die meer algemeen aanvaarde konsep is, is "mikro-onderneming" derhalwe vir doeleindes hiervan verkies.

2.3 Uit die staanspoor moet daar benadruk word dat 'n balans tussen die belange van werkgewers en werknemers steeds van die uiterste belang is. Die doel van die ondersoek is om klein sake-ontwikkeling te stimuleer asook om werkgeleenthede te skep sonder om afbreuk te doen aan die basiese regte van werknemers.

2.4 Dit is ook nodig dat arbeidswetgewing algemeen aanvaarbaar moet wees vir die breet publiek wat gewillig daaraan kan en mag voldoen. Indien nie, het dit dikwels tot gevolg dat wetgewing geignoreer en omseil word, en dit lei dikwels tot onnodige kriminalisering van aktiwiteite. Indien wetgewing geignoreer word omdat dit oorregulerend is, skep dit minagting vir die reg. Dit is dus noodsaaklik dat 'n onderneming in 'n posisie moet wees om aan arbeidswetgewing te voldoen, en dat alle onnodige beperkings verwyder moet word.

2.5 Verdere navorsing oor die mate waarin arbeidswetgewing die vesting en groei van klein ondernemings belemmer, word deur die NMK nodig geag en kan daarop dui dat arbeidswetgewing 'n groter of kleiner inhiberende effek op die groei van klein ondernemings kan hê

1.4.3 current concessions in labour legislation in South Africa as well as in certain overseas countries with regard to small businesses. (153A)

1.4.4 a brief summary of 39 Industrial Court decisions that have a bearing on small businesses in order to determine whether the circumstances of small businesses are taken into account in Industrial Court decisions; and

1.4.5 a summary of representations received and conclusions drawn from these as well as recommendations in other relevant studies for amending labour legislation in order to accommodate small businesses

**Note:** The complete report is available on request from the NMC directorate

*Contact persons:*

Mr N. Muller Tel (012) 310-6454

Mrs M. M. E. Holtzhausen Tel (012) 310-6335

## 2. RECOMMENDATIONS

2.1 The recommendations in this report should be seen in the light of the concessions already made with respect to the various labour laws, as discussed in Chapter 4 of the report.

2.2 The NMC proposes that only **very small** businesses should initially be accommodated, which will be referred to as micro-businesses (see par 2.7 for definition). The term "small business" in this report could therefore refer to a business that is larger than a micro-business as defined. It will also be seen that the term "micro-business" is the basic point of departure for the approach developed in paragraph 2.8. Although it is realised that the term "small business" is the more generally accepted concept, "micro-business" has therefore been preferred for present purposes

2.3 At the outset it must be stressed that a balance between the interests of both employers and employees is still of the utmost importance. The aim of the investigation is to stimulate small business development and the creation of employment without detracting from the basic rights of employees

2.4 It is also necessary that labour legislation should be generally acceptable to the broad public who can and may willingly comply with it. If not, this often results in legislation being ignored or circumvented, and this in turn often results in the unnecessary criminalisation of activities. If legislation is ignored because it is overregulation, this creates disrespect for the law. It is therefore essential that a business should be in a position to comply with labour legislation and that all unnecessary restrictions should be removed

2.5 Further research on the extent to which labour legislation hinders the start-up and growth of small business is regarded by the NMC as necessary and may indicate that labour legislation could have a greater or lesser inhibiting effect on the growth of small business



2.6 Die NMK stel die volgende benadering voor wat gevolg kan word ten einde klein ondernemings en mikro-ondernemings te akkommodeer:

2.6.1 Die huidige stelsel van aansoek om en toestaan van vrystelling moet in die eerste plek gehandhaaf word en moet meer toeganklik vir mikro-ondernemings gemaak word. Alle ondernemings (groot en klein) moet steeds in staat wees om aansoek te doen om vrystelling kragtens arbeidswetgewing. Mikro-ondernemings moet steeds in staat wees om aansoek te doen om vrystelling van regulasies of hindernisse waarvan hulle nie outomaties vrygestel is ooreenkomstig die voorstelle in hierdie verslag nie. Paragraaf 2.8.1 verskaf meer besonderhede oor hierdie benadering.

2.6.2 'n Kantoor vir mikro-ondernemings moet binne die DMK ingestel word, en 'n fasiliteerder, wat die belange van sowel mikro-ondernemings as hulle werknemers bevorder, moet aan die hoof daarvan staan. Die fasiliteerder moet die stelsel van uitsluitings en die omskrywing van mikro-ondernemings monitor, maar dit moet slegs op aanbeveling van die NMK gewysig word. Die fasiliteerder moet nie die werk van die KSOK en ander soortgelyke liggame dupliseer nie. Paragraaf 2.8.2 verskaf meer besonderhede oor hierdie benadering.

2.6.3 Die stelsel van individuele vrystellings slegs op aansoek moet ook aangevul word deur administratiewe en ander toegewings wat outomaties aan mikro-ondernemings toegestaan moet word. Hierdie benadering impliseer algemene uitsluitings vir alle mikro-ondernemings slegs met betrekking tot die aanbevelings in hierdie hoofstuk. Daar moet benadruk word dat die doel nie is om alles omvattende vrystelling van bestaande arbeidswetgewing aan mikro-ondernemings te verleen nie. Daar word beoog dat die NMK aanbevelings moet doen oor verdere uitsluitings of skraping van bestaande uitsluitings, en interaksie tussen die NMK en die fasiliteerder sal vir hierdie doel nodig wees. Paragraaf 2.8.3 verskaf meer besonderhede oor hierdie benadering.

## 2.7 'n Omskrywing van 'n mikro-onderneming

Die NMK besef dat dit bykans onmoontlik is om 'n universele omskrywing van 'n mikro-onderneming wat op alle nywerheidssektore van toepassing is, te formuleer. Die NMK stel voor dat die volgende omskrywing derhalwe as 'n minimum riglyn beskou moet word.

2.7.1 'n Mikro-onderneming is 'n onderneming wat—

2.7.1.1 'n onafhanklike regs- en ekonomiese eenheid is (dit sluit enige onderneming uit wat 'n filiaal van 'n ander onderneming is of wat op enige wyse met so 'n onderneming verbind is),

2.7.1.2 bestuur en beheer word deur 'n natuurlike persoon wat ook die eienaar van die onderneming is,

2.7.1.3 normaalweg nie meer as vyf permanente (voltydse of deeltydse) werknemers in diens het nie (ondernemings met enige aantal los werkers op 'n deurlopende basis, asook arbeidsmakelaars, word van hierdie omskrywing uitgesluit), en

2.6 The NMC proposes the following approach that may be adopted to accommodate small and micro-businesses: (153A)

2.6.1 The present system of application for and granting of exemptions should in the first instance be maintained and be made more accessible to micro-businesses. All businesses (large and small) should still be able to apply for exemption under labour legislation. Micro-businesses should also still be able to apply for exemption from those regulations or hindrances from which they are not automatically exempted in accordance with the proposals in this report. Paragraph 2.8.1 provides further details concerning this approach.

2.6.2 An office for micro-businesses should be established within the DMP and should be headed by a facilitator who would promote the interests of both micro-businesses and their employees. The facilitator would monitor the system of exclusions and the definition of micro-businesses, but these should only be changed on the recommendation of the NMC. The facilitator should not duplicate the work of the SBDC and other such bodies. Paragraph 2.8.2 provides further details concerning this approach.

2.6.3 The system of individual exemptions on application only should also be supplemented by administrative and other relief which should be granted to micro-businesses automatically. This approach implies general exclusions of all micro-businesses regarding the recommendation in this chapter only. It should be emphasised that the aim is not to grant micro-businesses blanket exemptions from the existing labour legislation. It is envisaged that the NMC should make recommendations on further exclusions or the deletion of existing exclusions, and interaction between the NMC and the facilitator would be required for this purpose. Paragraph 2.8.3 provides further details concerning this approach.

## 2.7 A definition of a micro-business

The NMC realises that it is virtually impossible to formulate a universal definition of a micro-business that is applicable to all industrial sectors. The NMC proposes that the following definition should therefore be seen as a minimum guideline.

2.7.1 A micro-business is a business which—

2.7.1.1 is an independent, legal and economic unit (this excludes any business that is a subsidiary of another business or that is in any way connected with such a business),

2.7.1.2 is managed and controlled by a natural person who is also the owner of the business,

2.7.1.3 normally employs no more than five permanent (full-time or part-time) employees (businesses with any number of casual workers on an on-going basis as well as labour brokers should be excluded from the above definition), and



2.7.1.4 'n jaarlikse omset het van hoogstens R250 000 soos in 1990 gewaardeer, wat gereeld deur die DMK hersien moet word.

2.7.2 'n Mikro-onderneming mag nie die wet omseil in dié sin dat dit nie geskep mag wees deur die verdeling van 'n bestaande onderneming of deur die uitkontraktering van sy dienste of produksieproses nie. Die eienaar van 'n mikro-onderneming mag nie die eienaar van 'n ander onderneming wees nie.

2.7.3 Bostaande omskrywing van 'n mikro-onderneming moet as 'n basiese (minimum) omskrywing beskou word. Daar word beoog dat, waar daar binne 'n sektor ooreengekom word om die omskrywing te wysig ooreenkomstig die spesifieke omstandighede in daardie sektor, so 'n voorstel aan die fasiliteerder gemaak kan word. Die NMK kan op grond van sulke ooreenkomste algemene wysigings aan die omskrywing aanbeveel.

## 2.8 'n Meer uitvoerige ontleding van die voorgestelde benadering

### 2.8.1 Die proses van aansoek om vrystelling

2.8.1.1 Ten einde die groei van die kleinsakesektor, ondernemersinisiatief en/of werkgeleenthede te stimuleer, word daar aanbeveel dat 'n klousule soos wat reeds in die nywerheidsraadooreenkoms van die Natal Master Builders and Allied Industries Association vervat is, in alle nywerheidsooreenkomste ingesluit word. Die volgende is 'n voorbeeld van so 'n klousule <sup>(1)</sup>

- “(a) Die doel van die Ooreenkoms is om die vaardigheidsvlak van elke werknemer te erken, om geleenthede vir sy verdere vordering te bied en om vlakke van besoldiging en ander diensvoorwaardes vir werknemers vas te stel sonder om ondernemersinisiatief en ontwikkelingsgeleenthede enigsins te beperk.
- (b) Waar 'n werkgewer of 'n werknemer die Raad daarvan kan oortuig dat enige van die bepalinge van hierdie Ooreenkoms ondernemersinisiatief en/of werkgeleenthede beperk, kan sodanige werkgewer of werknemer by die Raad aansoek doen om vrystelling van daardie spesifieke bepalinge en die Raad kan sodanige vrystelling verleen.”

2.8.1.2 Die bestaande prosedures waarvolgens vrystellings versoek word van die DMK en sodanige ander liggame as wat deur hierdie wette beheer word, moet behou word, maar die stelsel moet vereenvoudig word, veral vanuit die oogpunt van aansoek. Die vrystellingsproses moet gemonitor word ten einde inligting te voorsien oor hoeveel aansoeke om vrystelling in werklikheid ontvang is, hoeveel volle en gedeeltelike vrystellings toegestaan is, en hoeveel aansoeke geweier is. Die fasiliteerderskantoor moet die vrystellings wat deur nywerheidsrade en die DMK verleen is, monitor. Hy moet afskrifte verkry van die weierings en

2.7.1.4 has an annual turnover not exceeding R250 000, as valued in 1990, to be reviewed regularly by the DMP

(153A)

2.7.2 A micro-business should not evade the law in the sense that it should not have been created by the division of an existing business or by the contracting out of its services or production process. The owner of a micro-business should not be the owner of another business.

2.7.3 The above definition of a micro-business should be regarded as a basic (minimum) definition. It is envisaged that where there is agreement within a sector to change the definition according to the specific circumstances in that sector, such a proposal could be made to the facilitator. The NMC could on the basis of such agreements recommend general changes to the definition.

## 2.8 A more detailed analysis of the proposed approach

### 2.8.1 The process of applying for exemptions

2.8.1.1 In order to stimulate the growth of the small business sector, entrepreneurial initiative and/or employment opportunities, it is recommended that a clause, as is already incorporated in the Industrial Council agreement of the Natal Master Builders and Allied Industries Association, should be included in all industrial council agreements. The following is an example of such a clause <sup>(1)</sup>

- “(a) The purpose of the Agreement shall be to recognise the level of skill of every employee, to provide opportunities for his further progress and to establish levels of remuneration and other conditions of employment for employees without in any way restricting entrepreneurial initiative and employment opportunities.
- (b) Where an employer or an employee can satisfy the Council that any of the provisions of this Agreement are restricting entrepreneurial initiative and/or employment opportunities, such employer or employee may apply to the Council for exemption from those specific provisions and the Council may grant such exemption.”

2.8.1.2 The existing procedures according to which exemptions are requested from the DMP and such other bodies, as are controlled by these Acts, should be continued, but the system should be simplified, particularly from the point of view of application. The exemption process should be monitored to provide information on how many applications for exemption have actually been received, how many full or partial exemptions have been granted, and how many applications have been refused. The facilitator's office should monitor the exemptions granted by industrial councils and the Department of Manpower. He should get copies of the refusals and statistics regarding those

<sup>(1)</sup> 'n Klousule wat in al die ooreenkomste van die Natal Master Builders and Allied Industries Association verskyn en wat die doel van die ooreenkoms omskryf

<sup>(1)</sup> A clause which appears in all the agreements of the Natal Master Builders and Allied Industries Association and which describes the purpose of the agreement



statistieke ten opsigte van dié wat verleen is. Dit is ook belangrik om te weet na watter bepalings die meeste verwys word in die aansoeke om vrystelling, aangesien dit 'n aanduiding kan gee van die mees problematiese bepalings

2.8.1.3 In baie gevalle gaan mikro-ondernemings bloot mank aan die kennis en vaardighede wat nodig is om die verskillende vrystellingsvorme wat vereis word, in te vul. Daar word voorgestel dat nywerheidsrade en afdelings in die DMK voorsien word van aansoekvorme (wat deur die fasiliteerder opgestel moet word), wat beskikbaar gestel kan word aan mikro-ondernemings ten einde hulle meer bewus te maak van hulle regte en verpligtinge in verband met die verkryging van vrystelling. Dit moet egter slegs 'n riglyn wees en moet nie voorskrywend wees nie. Die prosedure vir aansoek om vrystelling en vir aantekening van appèl moet vir die onderskeie arbeidswette dieselfde wees.

2.8.1.4 Die stelsel in ooreenstemming waarmee die Loonraad en die nywerheidsrade vrystelling of verligting aan mikro-ondernemings verleen, moet voortgesit en aangemoedig word. 'n Verslag rakende besonderhede van vrystellings moet by die jaarverslag van die DMK ingesluit word.

#### 2.8.2 *Die instelling van 'n fasiliteerderskantoor.*

2.8.2.1 'n Fasiliteerderskantoor moet deur die DMK ingestel word, met aan die hoof daarvan 'n senior beampte in die Departement (voltyds of deelyds). Die fasiliteerder moet 'n tweeledige rol vervul deur die belange van sowel die werkgewers as die werknemers te dien.

Daar moet volle interaksie met alle betrokke partye wees, bv. vakbonde, nywerheidsrade, kleinsakeorganisasies, ens. Die fasiliteerder moet geen uitvoerende, ongekontroleerde bevoegdhede besit nie, moet nie met die selfbestuur van nywerheidsrade kan inmeng nie, en mag nie aansoeke om vrystelling goedkeur of weier nie. Die fasiliteerder moet 'n afskrif ontvang van alle weerings van vrystelling en moet statistieke rakende die uitslag van aansoeke om vrystelling monitor. Hy moet bystand verleen met inligting en advies oor die wetlike regte en pligte van mikro-ondernemings. Die fasiliteerder behoort egter nie advies aan individuele werkgewers te verskaf nie. Dit word beskou as die taak van die streekdirekteure en ander personeel van die DMK asook kleinsakeontwikkelingsorganisasies.

'n Belangrike taak van die fasiliteerder sal ook wees om beperkings te ondersoek wat op klein ondernemings geplaas is, en om sodanige inligting aan die NMK voor te lê. Hy sal verder daarvoor verantwoordelik wees om in samewerking met die betrokke nywerheidsraad riglyne aan die NMK voor te stel oor die uitbreiding of verandering van die basiese omskrywing van 'n mikro-onderneming vir nuwe ondernemings sodat hierdie ondernemings, ten minste gedurende die eerste jaar in bedryf, outomaties vir die beoogde toegewings kan kwalifiseer.

granted. It would also be important to know which provisions are most often referred to in applications for exemption, as this might give an indication of the most troublesome provisions.

(153A)

2.8.1.3 In many instances micro-businesses simply lack the knowledge and skill to complete the different exemption forms required. It is proposed that industrial councils and sections in the DMP be issued with application forms (to be drawn up by the facilitator) that could be made available to micro-businesses to make them more aware of their rights and duties in connection with obtaining exemptions. This should, however, merely be a guideline and not be prescriptive. The procedure for application for exemption and for registering appeals should be the same for the various labour laws.

2.8.1.4 The system in accordance with which the Wage Board and the industrial councils offer exemption or relief to micro-businesses should be continued and encouraged. A report concerning details of exemptions should be included in the Annual Report of the DMP.

#### 2.8.2 *The establishment of a facilitator's office.*

2.8.2.1 A facilitator's office should be established by the DMP and should be headed by a senior official within the Department (full-time or part-time). The facilitator should fulfil a bipartisan role by serving the interests of both employers and employees.

There should be full interaction with all parties concerned, e.g. trade unions, industrial councils, small business organisations, etc. The facilitator should have no uncontrolled executive powers, should not be able to interfere with the autonomy of industrial councils and should not approve or refuse applications for exemption. The facilitator will receive a copy of all refusals of exemption and will monitor statistics regarding the outcome of applications for exemptions. He will assist with the information and advice on the statutory duties and rights of micro-businesses. The facilitator should, however, not give advice to individual employers. This is regarded as the task of the regional directors and other staff of the DMP as well as the small business development organisations.

A major task of the facilitator would also be to investigate restrictions placed on small businesses and to submit such information to the NMC. He would further be responsible for proposing guidelines to the NMC in co-operation with the industrial council concerned, regarding the extension of or changes to the basic definition of a micro-business for new businesses so that these businesses can automatically qualify for the intended concessions, at least during their first year of operation.



2.8.3 *Die beginsel van algemene toegewings vir mikro-ondernemings.*

2.8.3.1 Sekere toegewings vir mikro-ondernemings soos omskryf moet in arbeidswetgewing beliggaam word, veral met betrekking tot administratiewe vereistes.

2.8.3.2 *Klein ondernemings moet op die volgende wyses vir hierdie toegewings oorweeg word*

- (a) Mikro-ondernemings soos omskryf kan outomaties vir hierdie toegewings kwalifiseer. Dit sal derhalwe nie vir hulle nodig wees om aansoek te doen om gesertifiseer te word nie
- (b) Daar word voorgestel dat nuwe klein ondernemings wat nie voldoen aan die omskrywing in paragraaf 2.7 nie, ook outomaties vir hierdie toegewings moet kwalifiseer, ten minste gedurende die eerste jaar in bedryf. Werkgewers en werknemers binne nywerheidsrade moet 'n toepaslike omskrywing vir hulle spesifieke sektore in hierdie verband bepaal (byvoorbeeld om die voorgestelde vyf werknemers tot 20 te vermeerder). Hulle kan selfs besluit om die basiese omskrywing deur hulle uitgebreide omskrywing te vervang nie slegs vir nuwe ondernemings nie, maar vir alle ondernemings wat voldoen aan die kriteria wat in hulle omskrywing gemeld word
- (c) Gegronde riglyne moet deur die fasiliteerder in samewerking met die betrokke nywerheidsraad opgestel word met betrekking tot die uitbreiding of verandering van die basiese omskrywing in paragraaf 2.7, wat ook aan die NMK voorgelê moet word vir 'n aanbeveling

2.9 Die NMK stel in die algemeen voor dat die administratiewe las op klein ondernemings rakende die onderskeie arbeidswette verlig moet word. Daar moet minder rompslomp en formaliteite vir alle ondernemings wees, nie slegs vir mikro-ondernemings nie

2.9.1 Vertoe dui daarop dat een manier waarop die administratiewe las vir nuwe ondernemings verlig kan word, is om een adres te hê waarheen alle inligting rakende arbeidswetgewing wat voorgelê moet word, gestuur kan word. Wanneer 'n onderneming byvoorbeeld kragtens die Ongevallewet en die Werkloosheidsversekeringswet geregistreer word, word baie inligting gedupliseer en moet dit binne 14 dae na die aanvang van sakewerksaamhede aan albei kantore gestuur word. In hierdie geval kan die inligting na een adres gestuur word, waarvandaan dit na die onderskeie kommissarisse aangestuur sal word. Dit moet op alle nuwe ondernemings van toepassing wees. Die toepassing van hierdie voorstel op alle bestaande ondernemings word nie as 'n praktiese alternatief beskou nie

2.9.2 By die toepassing deur die DMK van die onderskeie arbeidswette moet die spesifieke omstandighede (insluitende die grootte) van klein ondernemings in aanmerking geneem word, soos wat reeds in sommige gevalle gedoen word. 'n Benadering wat meer op bystand as op regulering gegrond is, moet gevolg word

2.8.3 *The principle of general concessions for micro-businesses*

(153A)

2.8.3.1 *Certain concessions for micro-businesses as defined should be embodied in labour legislation, especially regarding administrative requirements*

2.8.3.2 *Small businesses could be considered for these concessions in the following ways*

- (a) Micro-businesses as defined would automatically qualify for these concessions. It would therefore not be necessary for them to apply to be certified
- (b) It is proposed that new small businesses that do not comply with the definition in paragraph 2.7 should also automatically qualify for these concessions, at least during their first year of operation. Employers and employees within industrial councils should determine an appropriate definition for their specific sectors in this regard (for example to increase the proposed 5 employees to 20). They could even decide to replace the basic definition with their extended definition for not only new but all businesses that comply with the criteria stated in their definition
- (c) Sound guide-lines should be drawn up by the facilitator in co-operation with the industrial council concerned regarding the extension of or changes to the basic definition in par 2.7, which should also be submitted to the NMC for a recommendation.

2.9 The NMC generally proposes that the administrative burden on small businesses, regarding the different labour laws, should be simplified. There should be less red tape and fewer formalities for all businesses, not only micro-businesses

2.9.1 Representations have indicated that one way in which the administrative burden could be alleviated for new businesses, would be to have one address to which all information regarding labour legislation that is required to be submitted, could be sent. For example, when registering under the Workmen's Compensation Act and the Unemployment Insurance Act much information is duplicated and has to be sent to both offices within 14 days after the commencement of business operations. In this instance the information could be sent to one address, from which it would be forwarded to the respective commissioners. This should apply to all new businesses. The application of this proposal to all existing businesses is not regarded as a practical alternative

2.9.2 In the application by the DMP of the different labour laws, the specific circumstances (including the size) of small businesses should be taken into account, as is already done in some instances. An approach that is based more on assistance than regulation should be followed



2 10 Die NMK stel voor dat kleinsakemanne hulself sover moontlik moet bekwaam deur die nodige vaardighede en kennis te verwerf ten einde vaardig te word op die gebied van arbeidswetgewing

## 2.11 Die Wet op Arbeidsverhoudinge, 1956 (WAV)

Mikro-ondernemings moet nie van die WAV uitgesluit word nie. Die volgende aspekte moet egter aandag geniet:<sup>(2)</sup>

2 11.1 Moontlik die grootste probleem wat deur klein- en mikro ondernemings m.b.t. arbeidsverhoudinge ondervind word, is die gebrek aan kennis betreffende die wetgewing. Daar word dus aanbeveel dat daar meer van riglyne gebruik gemaak moet word wat 'n uitbreiding van die algemene gedragskode kan wees en waarvan die laasgenoemde deur die NMK voorsien word om as getuie in die hof aangebied te kan word. Riglyne vir mikro-ondernemings en ander ondernemings oor byvoorbeeld 'n prosedure vir die hantering van geskille kan deur die hergestruktureerde NMK opgestel word in ooreenstemming met die President van die Nywerheidshof en ander belanghebbende partye. Riglyne moet nie slegs gepubliseer en aan die hof beskikbaar gestel word nie, maar moet ook deur kleinsakeontwikkelingsliggame, werkgewersorganisasies, ens. beskikbaar gestel word sodat hulle hul lede dienoreenkomstig kan inlig en adviseer. Weens die wyd uiteenlopende aard van ondernemings kan hierdie riglyne moontlik opgestel word om voorsiening te maak vir sektorale verskille. Daar is egter ook heelwat ondersteuning vir riglyne wat op 'n nasionale grondslag toepaslik is.

2 11.2 Die NMK is van mening dat, indien 'n mikro-onderneming by 'n geskil betrokke is, die betrokke partye ook aangemoedig moet word (direk of indirek) om hulle geskille te bespreek en daaroor te onderhandel voor verwysing na 'n nywerheidsraad of versoeningsraad. Die party met 'n grief moet die ander party in kennis stel en aan hom die geleentheid bied om te reageer voordat hy hom wend tot eksterne meganismes soos nywerheidsrade, versoeningsrade, ens. In die NMK se aanbevelings aan die Minister van Mannekrag aangaande die moontlike toepassing van die WAV en die Loonwet op plaaswerkers, het alie lede saamgestem dat partye tot 'n dispuut aangemoedig moet word om, as 'n eerste stap, hulle dispuut op die laags moontlike vlak te bespreek, d.w.s. by die bron van die dispuut en dat die werkgewer en werknemer primêr op hierdie stadium betrokke moet wees. Die meerderheid van die NMK was van mening dat daar nogtans geen beperking op die werknemer of werkgewer moet wees om bystand van buite te verkry nie,

<sup>(2)</sup> Daar moet op gelet word dat die aanbevelings rakende die WAV vergelyk is met, en in die meeste gevalle in ooreenstemming gebring is met die voorstelle van die Tegnieke Komitee betreffende die Konsolidasie van die Wet op Arbeidsverhoudinge, sowel as die NMK se aanbevelings rakende die insluiting van plaaswerkers onder die WAV. Dit is gedoen ten einde te verseker dat die voorstelle wat betrekking het op klein sake in die verskillende ondersoeke in ooreenstemming met mekaar is.

2 10 The NMC proposes that small businessmen should qualify themselves as far as possible by acquiring the necessary skills and knowledge to become competent in the field of labour legislation (153A)

## 2.11 The Labour Relations Act, 1956 (LRA)

Micro-businesses should not be excluded from the LRA. The following matters should, however, receive attention <sup>(2)</sup>

2 11.1 Possibly the greatest labour relations problem experienced by small and micro-businesses, is the lack of knowledge regarding the law. It is thus proposed that greater use should be made of guidelines that could constitute an extension of a general code of conduct, the latter of which the NMC foresaw could be presented in evidence in court. Guidelines for micro-businesses and other businesses on, for instance, procedures dealing with disputes, could be drafted by a restructured NMC in consultation with the President of the Industrial Court and other interested parties. Guidelines should not only be publicised and made available to the courts, but also be distributed through small business development bodies, employer organisations, etc., so that they can inform and advise their members accordingly. Considering the divergent nature of businesses, these guidelines may possibly be drafted to make provision for sectoral differences. There is also, however, much support for guidelines that are nationally applicable.

2 11.2 The NMC feels that if a micro-business is involved in a dispute the parties concerned should also be encouraged (directly or indirectly) to negotiate or discuss their differences before referral to an industrial council or conciliation board. The party with a grievance should inform the other party and give that party the opportunity to respond before he resorts to external mechanisms such as industrial councils, conciliation boards, etc. In the NMC's proposals to the Minister of Manpower regarding the possible application of the LRA and Wage Act to farm workers, all members agreed that parties to a dispute should be encouraged to discuss, as a first step, their dispute at the lowest possible level, i.e. at the source of the dispute and that the employer and employee should primarily be involved at this stage. The majority of the NMC felt that there should, however, be no restriction on the worker

<sup>(2)</sup> It should be noted that proposals relating to the LRA have been compared to and in most respects have been brought in line with the proposals of the Technical Committee on the Consolidated Labour Relations Act as well as the NMC's recommendations regarding the inclusion of farm workers under the LRA. This is done in order to ensure that the proposals regarding small businesses in the different investigations are congruent.



sels nie op hierdie aanvangstadium nie, alhoewel sommige lede baie sterk gevoel het dat daar geen buite-inmenging op die aanvangstadium moet wees nie. Sommige lede het gevoel dat daar een of ander wyse moet wees om partye aan te moedig om hulle geskille sonder buite-inmenging te bespreek. Aangesien dit onprakties sou wees om dit as 'n onbuigsame vereiste in wetgewing in te sluit, behoort hierdie proses ingesluit te word in óf 'n kode of riglyne (soos voorgestel in par 2 11.1), wat deur die hof in berekening gebring moet word.

2 11.3 Indien die geskil nie by wyse van gesprekvoering tussen die partye besleg kan word nie, moet dit na mediasie of arbitrasie of na 'n nywerheidsraad verwys word, of 'n versoeningsraad moet ingestel word. Hierdie prosedures sal verpligtend wees alvorens verdere aksies geneem word, bv 'n staking, uitsluiting of verwysing na die Nywerheidshof Landdroste, plaaslike regspraktisyne en sels moontlik beamptes van die DMK moet ook beskikbaar wees om as arbiters op te tree. Die mening is egter uitgespreek dat plaaslike regspraktisyne en beamptes van die DMK nie op hierdie stadium kundig genoeg is om as arbiters op te tree nie. Om hierdie probleem reg te stel is dit van kardinale belang dat hulle spesiale opleiding in die verband ontvang. Dit is beklemtoon dat ten einde hierdie persone suksesvol as arbiters te laat optree, hulle oor die nodige legitimiteit moet beskik, d w s deur beide partye ondersteun word. Die riglyne moet bepaal dat partye moet poog om ooreen te kom op 'n persoon om die geskil te besleg of te arbitreer, eerder as om die weg van 'n versoeningsraad te volg indien dit 'n reis oor lang afstande en hoe koste behels.

2 11.4 Dit sal nie moontlik wees om 'n geskil na die Nywerheidshof te verwys nie, of om op 'n wettige staking of uitsluiting aanspraak te maak nie, indien die party wat die Hof nader of wat die staking/uitsluiting verklaar, nie die nywerheidsraad- of versoeningsraadvergadering bygewoon het nie, tensy die hof op goeie gronde die betrokke partye hiervan kwytsteld.

2 11.5 Die NMK stel voor dat mediasie en arbitrasie aangemoedig moet word as alternatiewe geskilbeslegtingsmeganismes, waar partye wat verkies om van arbitrasie gebruik te maak, deur die Staat gesubsidieer word. Die voorstelle met betrekking tot die rol van mediasie as 'n alternatiewe geformaliseerde geskilbeslegtingsmeganisme vis-a-vis nywerheidsrade en versoeningsrade, is in dié verband in lyn met die voorstelle van die Gekonsolideerde Wet op Arbeidsverhoudinge. Hangende die finale Gekonsolideerde Wet op Arbeidsverhoudinge, behoort die WAV gewysig te word om vir mediasie as alternatief tot 'n versoeningsraad of nywerheidsraad, voorsiening te maak. Om arbitrasie vir staatsubsidie in aanmerking te laat kom, moes die partye die toepaslike kode of riglyne, soos voorgestel in paragraaf 2 11.1 hierbo, gevolg het, aansoek gedoen het vir die subsidie en die subsidie moet 'n vasgestelde bedrag per arbitrasie wees. Hierdie voorstelle, indien geïmplementeer, sal vir klein ondernemings en hulle werknemers van groot hulp wees.

or the employer getting outside assistance even at the initial stage, although some members felt very strongly that there should be no outside interference at the initial stage. Some members felt that there should be some or other way to encourage the parties to discuss their differences without outside interference. Because it would be impractical to incorporate this as a rigid requirement in legislation, this procedure should be included in either a code or guidelines (as proposed in par 2 11.1), which should be taken into account by the court. \*\*

(153A)

2 11.3 If the dispute cannot be settled by discussions between the parties, it should be referred to either mediation, arbitration or an industrial council, or a conciliation board should be established. These procedures will be compulsory before taking further action, e.g. a strike, lock-out or reference to the Industrial Court. Magistrates, local lawyers and possibly even officials of the DMP should also be available to act as arbitrators. The opinion was expressed, however, that local lawyers and the officials of Manpower are at this stage not knowledgeable enough to act as arbitrators. To rectify this problem, it is of utmost importance that they should receive special training in this regard. It was emphasised that if such persons are to be successful as arbitrators, they must have the necessary legitimacy, i.e. supported by both parties. The guidelines should provide that parties should endeavour to agree on the person used to mediate or arbitrate the dispute, rather than following the conciliation board route if this involves travelling over long distances and high costs.

2.11.4 It should not be possible to refer a dispute to the Industrial Court, or to embark upon a legal strike or lock-out if the party applying for relief or instituting the strike/lock-out has failed to attend the industrial council or conciliation board meeting, unless the court on good cause shown, condones such a failure.

2 11.5 The NMC proposes that mediation and arbitration should be encouraged as alternative dispute resolution mechanisms, with parties using arbitration being subsidised by the State. As regards the role of mediation as an alternative formalised dispute resolution mechanism vis-a-vis industrial councils and conciliation boards, these proposals are in line with the Consolidated Labour Relations Act (CLRA) proposals in this regard. Pending the final CLRA, the LRA should be amended to make provision for mediation as an alternative to a conciliation board or industrial council. In order for the parties to qualify for a state subsidy re arbitration, the parties must follow the code or guidelines applicable as proposed in paragraph 2 11.1 above, must apply for the subsidy and the subsidy should be a fixed amount per arbitration. If implemented these proposals would greatly assist small businesses and their employees.



2 11 6 Nywerheidsrade en die voorsitters van versoeningsrade moet 'n groter fasiliterende rol speel. Hulle kan selfs die rol van 'n mediator vertolk indien albei partye daartoe instem. Die voorsitter moet ook in staat wees om 'n nie-bindende aanbeveling te maak aangaande die beslissing van die geskil indien beide partye hom daartoe versoek. Behoorlike opleiding behoort aan die voorsitters van versoeningsrade gegee te word. Kommer is uitgespreek oor die hoe omset van die voorsitters van versoeningsrade, aangesien dit grootliks bydra tot die gebrek aan kundigheid wat ervaar word.

2 11 7 Oor die vraag of regsverteenwoordiging by versoeningsraad- en nywerheidsraadvergaderings toegelaat moet word wanneer mikro-ondernemings betrokke is, is die standpunt van die NMK soos volg: 'n Ampsdraer of beampte van 'n vakbond of werkgewers-organisasie mag as verteenwoordigers van die partye optree. 'n Regspraktisyn moet slegs met die toestemming van elke ander party tot die geskil toegelaat word, tensy die regspraktisyn self 'n party tot die geskil is. Indien geen ooreenkoms tussen die partye bereik word nie, moet die voorsitter van die versoeningsraad, arbiter, bemiddelaar, voorsittende beampte, ens. uitspraak gee.

2 11 8 Die volgende aanbevelings met betrekking tot nywerheidsrade en hulle ooreenkomste word gedoen:

2 11 8 1 Daar word aan die hand gedoen dat die algemene benadering moet wees om nie in te meng met die selfbestuur van nywerheidsrade nie. Nywerheidsrade moet egter aangemoedig word om vrystellings op meriete toe te staan, waar die grootte van die onderneming een belangrike faktor moet wees.

2 11 8 2 Waar partye by 'n nywerheidsraad die promulgasie van 'n ooreenkoms versoek het wat lone reel, kan die Minister weier om dit te doen tensy die raad gepoog het om op versoek voldoende voorsiening te maak vir die akkommodering van die behoeftes van klein ondernemings, of tensy die raad vertoe deur die nie-partye (bv. klein ondernemings) wat geraak word, aangevra en oorweeg het.

2 11 8 3 Aansoeke om vrystelling van nywerheids-raadooreenkomste moet op 'n geformaliseerde wyse hanteer word, m.a.w. afskrifte van alle aansoeke wat geweier is, moet na die fasiliteerder se kantoor in die DMK gestuur word, maar slegs vir sy inligting. Alle weierings moet vergesel word van 'n brief aan die aansoekers waarin die redes vir die weiering en die appel-prosedure uiteengesit word. Die fasiliteerder sal nie die beslissing van die nywerheidsraad kan omkeer nie. Indien die beslissing omgekeer moet word, moet die normale appelprosedure gevolg word.

2 11 8 4 Die administratiewe las met betrekking tot nywerheidsraadverpligtinge moet verlig word. Indien mikropartye ingesluit word of verkies om onder 'n nywerheidsraadooreenkoms ingesluit te word, ongeag of hulle partye of nie-partye is, moet die nywerheidsraad byvoorbeeld oorweeg om voorsiening

2 11 6 Industrial councils and the chairpersons of conciliation boards should play a greater facilitating role. They should even fulfil the role of a mediator if both parties so agree. If both parties request him to do so, the chairperson must also be able to make a non-binding recommendation on the resolution of the dispute. Proper training should be given to the chairpersons of conciliation boards. Concern is also expressed on the high turnover of the chairpersons of conciliation boards, as this contributes greatly to them not being knowledgeable enough. (153A)

2 11 7 On the question of whether legal representation should be allowed at conciliation board and industrial council meetings when micro-businesses are involved, the views of the NMC were as follows. An office-bearer or official of a trade-union or employers' organisation may act as a representative of the parties. A legal practitioner should be allowed to the dispute only with the consent of every other party, except if the legal practitioner is himself a party to the dispute. If no agreement is reached between the parties, the chairperson of the conciliation board, arbitrator, mediator, presiding officer, etc. should give a ruling.

2 11 8 The following recommendations are made with regard to industrial councils and their agreements:

2.11 8 1 It is proposed that the general approach should be not to interfere in the autonomy of industrial councils. Industrial councils should, however, be encouraged to grant exemptions on merit, where the size of the business will be one important factor.

2 11.8 2 Where parties to an industrial council have requested the promulgation of an agreement which regulates wages, the Minister may decline to do so unless the council has endeavoured upon request to accommodate the needs of small business or unless the council has called for and considered representations by affected non-parties (e.g. small business).

2 11 8.3 Applications for exemption from industrial council agreements should be treated in a formalised manner, i.e. copies of all applications that have been refused should be forwarded to the facilitator's office in the DMP, but for his information only. All refusals should be accompanied by a letter to the applicants setting out the reasons for refusal and the appeal procedure. The facilitator would not be able to overturn the decision of the industrial council. If the decision is to be overturned, the normal appeal procedure should be followed.

2 11 8 4 The administrative burden in respect of industrial council obligations should be alleviated. If micro-parties are included or choose to be included under an industrial council agreement, be they parties or non-parties, the industrial council should for



te maak vir die betaling vir bestaansversekering op 'n kwartaallikse of ander basis. Nywerheidsrade moet ook die verantwoordelikheid op hulle neem om mikro-ondernemings op 'n gereelde basis in te lig oor die gelde wat aan die betrokke nywerheidsraad betaalbaar is. Nywerheidsrade moet die stroomlyning van die stelsel ondersoek ten einde hierdie laste op mikro-ondernemings te verlig.

2.11.9 In die geval van geskille oor ontslag moet die partye 'n keuse hê om die geskil na die Nywerheidshof of na die voorgestelde Klein Arbeidshof te verwys. Die Klein Arbeidshof moet ook in afgelee gebiede beskikbaar wees, bv. deur regspraktisyne van naburige dorpe op 'n ad hoc-basis as voorsittende beamptes aan te stel. Dit sal tot voordeel strek van veral die mikrosakeman. Voorsittende beamptes moet (soos ook in par. 2.11.3 uitgewys) derhalwe spesiale opleiding ontvang om hulle in staat te stel om kundig te wees m.b.t. die beslissings van die Nywerheidshof (sodanige opleiding moet deur die DMK aangebied word). Dit sal tot 'n groot mate teenstrydige uitsprake, wat deur kleinsakemane as problematies beskou word, voorkom. Indien die partye dit verkies om die Klein Arbeidshof te benut, moet daar geen reg tot appel of regsverteenvoording wees nie. 'n Hersiening moet moontlik wees. Dit moet ook vir die Klein Arbeidshof moontlik wees om op enige stadium voor uitspraak, op versoek of uit eie beweging, enige aangeleentheid na die Nywerheidshof te verwys vir 'n besluit. Die aangeleentheid van Klein Arbeidshof word breedvoeriger bespreek in die NMC se aanbevelings oor die toepassing van die WAV op die landbou.

## 2.12 Die Ongevallewet, 1941

Die NMC het aansienlike steun vir ondergenoemde voorstelle ontvang. Aangesien dit baie nou verband hou met die vereenvoudiging van die administratiewe verantwoordelikhede van veral werkgewers van mikro-ondernemings, is dit van die moontlike oplossings wat saam met ander moontlikhede verder deur die Ongevallekommissaris ondersoek moet word.

2.12.1 Daar word voorgestel dat alle werkgewers van mikro-ondernemings ook deur hierdie Wet gedek moet word, behoudens die huidige beperkings van maksimum inkomste en sektor.

2.12.2 Die Wet moet steeds te alle tye vir werkgewers en werknemers geld. Die Wet stel werkgewers tans van siviele aanspreeklikheid vry ten opsigte van eise vir beserings aan diens wat deur die Wet gedek word. Vrystelling van voordele wat aan mikrowerkgewers toegestaan word, laat hulle dus weerloos vir siviele skadevergoedingseise. Daar word voorgestel dat veral die volgende artikels van die Wet vereenvoudig word om die administratiewe las op mikro-ondernemings te verlig.

2.12.2.1 Ingevolge artikel 96 moet elke werkgewer wat 'n onderneming in die Republiek bedryf, binne veertien dae na die datum waarop hy besigheid begin, die voorgeskrewe besonderhede van sy onderneming aan die Kommissaris voorlê.

instance consider making provision for social security payments on quarterly or other bases. Industrial councils should also assume responsibility for advising micro-businesses on a regular basis concerning the money due and owing to the industrial council concerned. Industrial councils should investigate the streamlining of the system to alleviate these burdens on micro-businesses. (153A)

2.11.9 In the case of dismissal disputes the parties should have the choice of referring the dispute to the Industrial Court or to a proposed Small Labour Court. The Small Labour Court should also be available in outlying areas, for instance by appointing lawyers from neighbouring towns on an *ad hoc* basis as presiding officers. This would be to the advantage of micro-businessmen, in particular. Presiding officers should therefore (as also pointed out in par. 2.11.3) receive special training (such training to be presented by the DMP) to enable them to be knowledgeable of decisions of the Industrial Court. This would to a great extent prevent conflicting judgments which are being experienced as problematic by small businessmen. If the parties have chosen to utilize the Small Labour Court, they should have no right to appeal nor to legal representation. A review should be possible. It should also be possible for the Small Labour Court at any time before judgment, on application or of its own motion, to refer any matter to the Industrial Court for its decision. The matter of Small Labour Courts is dealt with in greater detail in the NMC recommendations on the application of the LRA to agriculture.

## 2.12 The Workmen's Compensation Act, 1941

The NMC has received substantial support for the undermentioned proposals. Because they relate very much to the simplification of administrative responsibilities, especially of micro-business employers, these are among the potential solutions that should, together with any other possibilities, be further investigated by the Workmen's Compensation Commissioner.

2.12.1 It is proposed that all micro-business employers should also be covered under this Act, subject to the present limitations of maximum income and sector.

2.12.2 The Act should continue to apply at all times to employers and employees. The Act at present relieves employers of civil liability in respect of injury-on-duty claims covered by the Act. Any exemption of benefits granted to micro-employers would therefore leave them vulnerable to civil claims for compensation. It is proposed that the following sections of the Act, in particular, should be simplified in order to reduce the administrative burden on micro-businesses.

2.12.2.1 In terms of section 96 every employer operating a business in the Republic shall, within fourteen days of the date on which he commences business, furnish the Commissioner with the prescribed particulars of his business.



2 12 2 2. Ingevolge artikel 97 moet elke werkgever aantekeninge hou van lone, werktyd en die stukloon en oortydloon ten opsigte van al sy werkers en van enige ander voorgeskrewe besonderhede en moet hy daar die aantekeninge binne redelike tye op versoek aan enige ingevolge artikel 17 gemagtigde persoon ter insae voorlê

2 12 2 3 Ingevolge artikel 68 moet elke werkgever wat vir aanslag aanspreeklik is, tussen die eerste en een-en-dertigste dag van Maart in elke jaar, of, indien hy na laasgenoemde datum vir aanslag aanspreeklik word, binne een maand nadat hy aldus aanspreeklik geword het, aan die Kommissaris 'n staat in die voorgeskrewe vorm stuur wat hy as juis gesertifiseer het en wat aantoon die bedrag van lone aan sy werksmense betaal gedurende die tydperk vanaf die eerste dag van Maart van die onmiddellik voorafgaande jaar tot en met die laaste dag van Februarie van die daaropvolgende jaar, en sodanige verdere inligting as wat voorgeskryf word of wat die Kommissaris van hom verg 'n Werkgever wat versuim om aan die bepalings of aan enige vereiste van die Kommissaris te voldoen, is aan 'n misdryf skuldig.

2 12.2.4 Artikel 51 plaas 'n verpligting op die werkgever om onverwyld, nadat hy in kennis gestel is of te wete gekom het van 'n ongeval van 'n werker, die ongeval op die voorgeskrewe manier aan die Kommissaris te rapporteer. Artikel 15 (4) (betaling van 'n boete) kan veral 'n onbekostigbare finansiële las op mikro-ondernemings plaas. Kragtens artikel 52 moet die werkgever sodanige verdere besonderhede as wat die Kommissaris vereis oor die ongeval aan die werksman, sy beserings, sy verdienste en sodanige ander feite waarvan hy kennis dra, verskaf 'n Werker of werkgever wat versuim om aan die bepalings van artikels 51 en 52 te voldoen, is aan 'n misdryf skuldig.

2.12 2 5 Artikel 75 bepaal dat 'n werkgever sodanige hulpmiddele en dienste vir eerste hulp aan sy werkers moet verskaf in die geval van 'n ongeval wat hulle kan oorkom, as wat voorgeskryf word ten opsigte van die soort onderneming waarby hy betrokke is.

2 12 3 Eienaars van mikro-ondernemings, soos omskryf, moet in staat wees om 'n geskikte, vasgestelde jaarlikse bedrag per werker direk aan die Kommissaris (of by enige poskantoor), te betaal om volle dekking vir die jaar met minimum verdere vereistes wat die hou van rekords of die voorlegging van jaarlikse opbrengste betref, te verkry. Besonderhede ten opsigte van beserings aan diens sal egter steeds aangeteken moet word. Die praktiese implikasies van hierdie voorstel moet in samewerking met die Kommissaris bepaal word.

2 12 4 As 'n werkgever registreer, moet besonderhede wat kragtens die verskillende arbeidswette vereis word, na een adres gestuur word, van waar dit na die verskillende afdelings in die DMK versprei moet word.

2 12 2 2 In terms of section 97 every employer shall in respect of all his workmen keep records of wages paid, time worked and payment made for piece-work and overtime, and of any other particulars prescribed and he shall at all reasonable times produce such records, on demand, to any person authorised under section 17 for his inspection (153A)

2.12 2 3 In terms of section 68 every employer liable to assessment shall between the first and thirty-first day of March in each year, or if he becomes liable to be assessed after the last mentioned date, within one month after having become so liable, transmit to the Commissioner a statement in the prescribed form, certified by him as true, showing the amount of wages paid to his workmen during the period with effect from the first day of March of the immediately preceding year up to and including the last day of February of the following year, and such other information as may be prescribed or as the Commissioner may require from him. An employer who fails to comply with the provisions or with any requirement of the Commissioner shall be guilty of an offence.

2 12.2 4 Section 51 imposes the obligation on the employer to forthwith, after having been notified or having gained knowledge of the happening of an accident to a workman, report the accident to the Commissioner in the manner prescribed. Section 51 (4) (payment of a penalty), in particular, can place an unaffordable financial burden on micro-businesses. In terms of section 52 the employer shall supply such further particulars as the Commissioner may require of the accident to the workman, his injuries, his earnings, and such other matters as are within his knowledge. A workman or employer who fails to comply with the provisions of sections 51 and 52 shall be guilty of an offence.

2 12 2 5 Section 75 provides that an employer shall furnish and maintain such appliances and services, for the rendering of first aid to his workmen in case of an accident, to them as may be prescribed in respect of the class of business in which he is engaged.

2 12 3 Micro-business owners, as defined, should be able to pay an appropriate, fixed annual amount per worker direct to the Commissioner (or at any Post Office) to obtain full coverage for that year with minimum further requirements as far as record-keeping and the submission of annual returns are concerned. Particulars regarding injury on duty would however still have to be recorded. The practical implications of this proposal should be assessed in conjunction with the Commissioner.

2 12 4 When an employer registers, the particulars required in terms of the various labour laws should be forwarded to one address, from which they should be distributed to the various sections in the DMP.



**2.13 Die Werkloosheidsversekeringswet, 1966**

2 13 1 Die meerderheid van die vertoe wat ontvang is, het aangedui dat die toepassing van die Wet verpligtend moet wees vir die werknemers van mikro-werkgewers. Dit sal die moontlikheid van 'n verlies aan inkomste wat voortspruit uit werkloosheid as gevolg van beëindiging van diens, siekte, kraamverlof of die aanneming van kinders verminder en sal voorsiening maak vir enkelbedragbetalings aan afhanklikes van oorlede bydraers.

2 13.2 Daar word voorgestel dat die nakomingskoste vir mikro-ondernemings verlaag word deur hulle in staat te stel om 'n geskikte, vaste jaarlikse (of kwartaallikse) bedrag per werker direk aan die Kommissaris (of by enige poskantoor) te betaal om volle dekking vir die jaar (of kwartaal) vooruit te verkry sonder verdere vereistes ten opsigte van die hou van rekords of die voorlegging van maandelikse opgawes. Dit sal die Fonds versterk en uiteindelik die werkloos bevoordeel. Die praktiese implikasies van hierdie voorstel moet in samewerking met die Kommissaris bepaal word.

2.13.3 Daar word ook voorgestel dat veral die volgende artikels van die Wet vereenvoudig (of indien moontlik herroep) moet word om die administratiewe las op mikro-ondernemings te verlig.

2 13.3.1 Artikel 28 verplig elke werkgewer wat in die Republiek sake doen, om binne veertien dae na die datum waarop hy sake begin doen het, aan die Direkteur-generaal op die voorgeskrewe manier die voorgeskrewe besonderhede van sy onderneming voor te lê.

2.13.3.2 Ingevolge artikel 29 moet elke werkgewer 0.9% van elk van sy werknemers se loon aftrek en uit sy eie gelde 0.9% van elke werknemer se loon die Fonds laat toekom.

2.13.3.3 Artikel 30 bepaal dat elke werkgewer wat aanspreeklik is vir bydraes, binne tien dae na die einde van elke kalendermaand 'n staat, saam met die bedrag van die bydraes wat hy moet betaal, in die voorgeskrewe vorm wat sodanige besonderhede ten opsigte van daardie maand bevat as wat voorgeskryf is, aan die Direkteur-generaal stuur.

2 13.3.4 Kragtens artikel 32 moet elke werkgewer ten opsigte van elke bydraer in sy diens aantekeninge hou van lone betaal, tyd gewerk en betaling gemaak vir stukwerk of oortyd en van sodanige ander besonderhede as wat voorgeskryf is, en moet hy sodanige rekord vir 'n tydperk van drie jaar na die datum waarop genoemde rekord gemaak is, behou.

2 13.3.5 Artikel 33 bepaal dat werkgewers verslagkaarte moet behou vir al hulle werknemers wat daarop geregtig is om kragtens die Wet voordele te ontvang.

2 13.3.6 As 'n werkgewer nie tot die Fonds bygedra het nie, moet die verskuldigde bedrag ten bedrae van drie jaar se loon aan die Fonds betaal word.

**2.13 The Unemployment Insurance Act, 1966**

2 13 1 The majority of representations that were received, indicated that the application of the Act should be compulsory for the employees of micro-employers. This would counter the possibility of a loss of earnings, arising from unemployment owing to termination of employment, illness, maternity or the adoption of children, and would provide for lump-sum payments to the dependants deceased contributors (153A)

2 13 2 It is proposed that the compliance costs for micro-businesses should be reduced by enabling them to pay an appropriate, fixed annual (or quarterly) amount per worker direct to the Commissioner (or at any Post Office) to obtain full coverage for the year (or quarter) in advance with no further requirements as to record-keeping or the submission of monthly returns. This would strengthen the Fund and would ultimately benefit the unemployed. The practical implications of this proposal should be assessed in conjunction with the Commissioner.

2 13 3 It is also proposed that the following sections of the Act, in particular, should be simplified (or if possible rescinded) in order to reduce the administrative burden on micro-businesses:

2 13.3.1 Section 28 compels every employer operating a business in the Republic to furnish the Director-General within fourteen days of the date on which he commenced business, in the prescribed manner, with the prescribed particulars of his business.

2.13.3.2 In terms of section 29 every employer shall deduct 0.9% from each of his employees' earnings and out of his own moneys 0.9% of the earnings of each employee and remit this to the Fund.

2.13.3.3 Section 30 provides that every employer liable to contribute shall, within ten days after the end of every calendar month, transmit to the Director-General, together with the amount of the contributions he is required to pay, a statement in the prescribed form, containing such particulars in respect of that month, as may be prescribed.

2 13.3.4 In terms of section 32 every employer shall keep in respect of every contributor employed by him records of earnings paid, time worked and payment made for piecework or overtime and of any other such particulars as may be prescribed, and shall retain any such a record for a period of three years after the date on which the said record is made.

2.13.3.5 Section 33 provides that employers shall retain contributors' cards for all their employees who are entitled to receive benefits in terms of the Act.

2.13.3.6 If an employer has not contributed to the Fund, dues totalling three years' earnings must be submitted to the Fund.



2 13 4 As 'n werkgewer registreer, moet die besonderhede wat ten opsigte van die verskillende arbeidswette vereis word, na een adres gestuur word, van waar dit na die verskillende afdelings van die DMK versprei word

#### 2.14 Die Loonwet, 1957

2 14 1 Die NMK is van mening dat die Loonwet nie die funksionering van mikro-ondernemings ernstig belemmer nie, maar beveel aan dat die vereistes vir die hou van aantekeninge vereenvoudig word.

#### 2.15 Die Wet op Basiese Diensvoorwaardes, 1983

2.15 1 Die NMK beskou nie die bepalings van die Wet op sigself as onnodig beperkend nie, en hy reken ook nie dat enige omvattende vrystelling van enige van die bepalings van die Wet nodig is nie. Die NMK stel voor dat die Wet as geheel vereenvoudig word, veral ten opsigte van die hou van aantekeninge. Die huidige stelsel van *ad hoc*-vrystellings moet egter behou word en deur die fasiliteerder gemonitor word (kyk par. 2.8 2)

2.15 2 Daar word verder voorgestel dat riglyne opgestel word rakende die verlening van vrystellings kragtens die Wet. Die NMK stem saam dat die volgende faktore belangrike oorwegings moet wees: die aard van die onderneming, of 'n ooreenkoms bestaan het tussen 'n werkgewer en 'n werknemer, die grootte van die onderneming en hoe lank dit reeds in bedryf is.

#### 2.16 Die Wet op Masjinerie en Beroepsveiligheid, 1983

Die NMK se oorspronklike voorstelle ten opsigte van hierdie Wet was meer verreikend maar het nie wesenlike steun ontvang nie. Daar was egter wye steun vir die volgende voorstelle:

2 16.1 Die Algemene Administratiewe Regulasies uitgevaardig kragtens artikel 35 van die Wet en afgekondig by Goewermentskennisgewing R 2206 van 5 Oktober 1984.

2.16 1 1 Daar word voorgestel dat mikro-ondernemings vrygestel word van regulasie 15 (registrasie van fabriek), 15A (nommering van afsonderlike werkplekkamers) en 15B (vertoning van vervangde kennisgewings en tekens) van die Algemene Administratiewe Regulasies

2.16 2 Die Algemene Veiligheidsregulasies uitgevaardig kragtens artikel 35 van die Wet en afgekondig by Goewermentskennisgewing R 1031 van 30 Mei 1986

2 16 2 1 Die siening van die NMK is dat al die Algemene Veiligheidsregulasies behou moet word, maar dat dit gestroomlyn word om aan die behoeftes van mikro-ondernemings te voldoen en 'n klousule insluit wat vereis dat redelike maatreels getref word om die veiligheid van werknemers te verseker

2 13 4 When an employer registers, the particulars required in terms of the various labour laws should be forwarded to one address from which they should be distributed to the various sections in the DMP.

#### 2.14 The Wage Act, 1957

2.14.1 The NMC is of the opinion that the Wage Act does not seriously hamper the functioning of micro-businesses, but recommends that the record-keeping requirements should be simplified

#### 2.15 The Basic Conditions of Employment Act, 1983

2 15 1 The NMC does not consider the provisions of the Act to be unnecessarily restrictive in themselves, nor does it consider any blanket exemption from any of the provisions of the Act to be necessary. The NMC proposes that the Act as a whole should be simplified, especially in respect of record-keeping. The present system of *ad hoc* exemptions should, however, be retained and should be monitored by the facilitator (see par. 2.8 2).

2 15 2 It is further proposed that guidelines should be drawn up regarding the granting of exemptions under the Act. The NMC agrees that the following factors should be important considerations: the nature of the business, whether an agreement existed between an employer and an employee, the size of the business and how long it has been in operation.

#### 2.16 The Machinery and Occupational Safety Act, 1983

The NMC's original proposals regarding this Act were broader in scope, but did not receive substantial support. There was, however, wide support for the following proposals:

2.16 1 The General Administrative Regulations made under section 35 of the Act, as published under Government Notice R. 2206 of 5 October 1984

2 16 1 1 It is proposed that micro-businesses should be exempted from regulations 15 (registration of factories), 15A (numbering of separate rooms of workplace) and 15B (display of substituted notices and signs) of the General Administrative Regulations

2 16.2 The General Safety Regulations made under section 35 of the Act, as published under Government Notice R. 1031 of 30 May 1986.

2 16 2 1 The view of the NMC is that all the General Safety Regulations should be retained, but should be streamlined to meet the needs of micro-businesses and should include a clause requiring that reasonable measures be taken to ensure the safety of employees



2.16.3 Die regulasies uitgevaardig kragtens artikel 51 van die Wet op Fabrieke, Masjinerie en Bouwerk, 1941 (Wet 22 van 1941), en afgekondig by Goewermentskennisgewing R 929 van 28 Junie 1963, wat geag word kragtens artikel 35 (6) van die Wet op Masjinerie en Beroepsveiligheid, 1983, gemaak te wees

2.16.3.1 Daar word voorgestel dat mikro-ondernemings slegs die basiese fasiliteite moet verskaf waaraan hulle kan voldoen en dat hulle gevolglik van regulasies B3 (sanitêre geriewe), B4 (wasfasiliteite), B7 (aantrekkamers), B8 (rus- en eetkamers) en B10 (voorsiening van sitplekke) vrygestel moet word

2.16.4 Voorleggings dui daarop dat daar ook oorweging gegee kan word aan die vrystelling van mikro-ondernemings van die regulasies hieronder. Hoewel daar 'n mate van steun hiervoor was, is dit die NMK se siening dat dit verder ondersoek moet word om die uitwerking daarvan op mikro-ondernemings te bepaal. Alvorens sodanige ondersoek gedoen is, kan geen wesenlike aanbevelings gemaak word nie

2.16.4.1 Regulasie 3 (konstruksie) van die Elektriese Installasie-regulasies uitgevaardig kragtens artikel 35 van die Wet op Masjinerie en Beroepsveiligheid, 1983, en afgekondig by Goewermentskennisgewing R. 2271 van 11 Oktober 1985,

2.15.4.2 regulasies 2 (termiese vereistes), 3 (beligting), 4 (vensters), 6 (huishouding), 7 (geraas), 8 (maatreels teen oorstroming) en 9 (brandmaatreels en maniere van uitgang) van die Omgewingsregulasies vir Werkplekke uitgevaardig kragtens artikel 35 van die Wet op Masjinerie en Beroepsveiligheid, 1983, en afgekondig by Goewermentskennisgewing R 2281 van 16 Oktober 1987,

2.16.4.3 regulasie 9 (gesoneerde gebiede) van die Asbesregulasie uitgevaardig kragtens artikel 35 van die Wet op Masjinerie en Beroepsveiligheid, 1983, en afgekondig by Goewermentskennisgewing R 773 van 10 April 1987,

2.16.4.4 regulasies 2 (toesig oor masjinerie), 7 (aanmelding van insidente in verband met masjinerie), 8 (aanmeldbare stowwe) en 9 (inligting rakende regulasies) van die Algemene Masjinerieregulasies uitgevaardig kragtens artikel 35 van die Wet op Masjinerie en Beroepsveiligheid, 1983, en afgekondig by Goewermentskennisgewing R 1521 van 5 Augustus 1988, en

2.16.4.5 regulasies 2 (veiligheidstoerusting) en 4 (kennisgewings) van die Regulasies vir Elektriese Masjinerie uitgevaardig kragtens artikel 35 van die Wet op Masjinerie en Beroepsveiligheid, 1983, en afgekondig by Goewermentskennisgewing R 1593 van 12 Augustus 1988

2.16.5 Die NMK is van mening dat verdere ondersoek kan aantoon dat bykomende vrystellings en uitsluitings vir mikro-ondernemings vereis word en moontlik kan wees. Daar word egter aanbeveel dat, ten minste, die vrystellings of uitsluitings beëindig word—

2.16.5.1 as 'n mikrowerkgewer aan 'n misdryf skuldig bevind word kragtens artikel 28 van die Wet op Masjinerie en Beroepsveiligheid, 1983, wat voorsiening maak vir oortredings en boetes, of

2.16.3 The regulations made under section 51 of the Factories, Machinery and Building Work Act, 1941 (Act 22 of 1941), as published under Government Notice R. 929 of 28 June 1963, which are deemed to have been made under section 35 (6) of the Machinery and Occupational Safety Act, 1983 (153A)

2.16.3.1 It is proposed that micro-businesses should provide only the basic facilities with which they can comply and should therefore be exempted from regulations B3 (sanitary conveniences), B4 (washing facilities), B7 (change rooms), B8 (rest and dining-rooms) and B10 (provision of seats)

2.16.4 Representations have indicated that consideration could also be given to exempting micro-businesses from the regulations mentioned below. Although these regulations have received some support, the view of the NMC is that this matter should be further investigated to assess the impact of these regulations on micro-businesses. Until such investigation has been undertaken, no substantial recommendations can be made.

2.16.4.1 Regulation 3 (construction) of the Electrical Installation Regulations made under section 35 of the Machinery and Occupational Safety Act, 1983, as published under Government Notice R 2271 of 11 October 1985;

2.15.4.2 regulations 2 (thermal requirements), 3 (lighting), 4 (windows), 6 (housekeeping), 7 (noise), 8 (precautions against flooding) and 9 (fire precautions and means of egress) of the Environmental Regulations for Workplaces made under section 35 of the Machinery and Occupational Safety Act, 1983, as published under Government Notice R 2281 of 16 October 1987;

2.16.4.3 regulation 9 (zoned areas) of the Asbestos Regulations made under section 35 of the Machinery and Occupational Safety Act, 1983 as published under Government Notice R 773 of 10 April 1987,

2.16.4.4 regulations 2 (supervision of machinery), 7 (reporting of incidents in connection with machinery), 8 (notifiable substances) and 9 (information regarding regulations) of the General Machinery Regulations made under section 35 of the Machinery and Occupational Safety Act, 1983, as published under Government Notice R 1521 of 5 August 1988, and

2.16.4.5 regulations 2 (safety equipment) and 4 (notices) of the Electrical Machinery Regulations made under section 35 of the Machinery and Occupational Safety Act, 1983, as published under Government Notice R 1593 of 12 August 1988

2.16.5 The NMC is of the opinion that further investigation could indicate that additional exemptions and exclusions for micro-businesses are required and may be possible. However, it is recommended that, at the very least, the exemptions or exclusions should cease—

2.16.5.1 if a micro-employer is convicted of an offence in terms of section 28 of the Machinery and Occupational Safety Act, 1983, which provides for offences and penalties; or



2.16.5.2 gedurende enige tydperk waarin sodanige werkgewer nie aan die kriteria volgens die omskrywing van 'n mikro-onderneming voldoen nie

2.16.6 Die NMK is van mening dat die Wet ten opsigte van sekere regulasies steeds te ingewikkeld is, ten spyte van die vereenvoudiging van die Wet gedurende die afgelope paar jaar, en dat daar 'n groot behoefte aan verdere vereenvoudiging is. Sekere tipes werk, veral bedrywighede wat vir die gemeenskap skadelik kan wees, moet egter steeds voldoende geregleer word.

## 2.17 Die Wet op Mannekragopleiding, 1981

2.17.1 Die NMK is van mening dat dit nie nodig is om met betrekking tot hierdie Wet 'n spesiale bedeling daar te stel of om mikro-ondernemings spesiaal te akkommodeer nie.

2.17.2 Aangesien mikro-ondernemings egter dikwels nie bewus genoeg is van beskikbare opleidingsfasiliteite en hulle eie opleidingsbehoefte nie, behoort die DMK en die kleinsakeontwikkelingsorganisasies te poog om hulle meer bewus te maak van die noodsaaklikheid van opleiding en behoort hulle nywerhede ook te stimuleer om hulle eie opleidingsliggame te vorm.

2.17.3 Daar word algemeen erken dat mikro-ondernemings 'n groot bydrae lewer tot opleiding, veral indiensopleiding, en hulle verskaf ook waardevolle ondernemersontwikkeling. Die NMK is egter nie ten gunste van die subsidiering van mikro-ondernemers om hulle in staat te stel om self opleiding te verskaf nie, maar is sterk ten gunste van die voortsetting van die subsidiering van kleinsakeontwikkelingsorganisasies, wat by die DMK moet registreer en opleiding verskaf aan mikro-ondernemers en die werknemers wat in hulle ondernemings in diens is.

## 2.18 Slotopmerkings

2.18.1 Hierdie voorstelle verteenwoordig 'n poging deur die NMK om maniere te formuleer waarop die tersaaklike arbeidswetgewing aangepas of hersien kan word. Uit vertoe blyk dit dat daar 'n wye verskeidenheid van sowel werknemer- as werkgewersienings is oor die verskillende aangeleenthede. Daar sal waarskynlik tekortkominge in hierdie verslag wees, maar daar word gehoop dat dit nietemin sal bydra tot die groei en ontwikkeling van mikro-ondernemings om die proses van werkverskaffing te bevorder, wat in belang van beide mikrowerkgewerondernemings en hulle werknemers sowel as van Suid-Afrika in die bree sal wees.

(16 April 1992)

### KENNISGEWING 349 VAN 1992

DOEANE- EN AKSYNSTARIEFAANSOEKE  
LYS 14/92

Onderstaande aansoeke betreffende die Doeane- en Aksynstarief is deur die Raad van Handel en Nywerheid ontvang. Enige beswaar teen of kommentaar op hierdie vertoe met binne ses weke na die datum van

2.16.5.2 during any period in which such employer does not comply with the criteria contained in the definition of a micro-business

(IS3A)

2.16.6 The NMC is of the opinion that the Act is still too complicated in regard to certain regulations, in spite of its simplification during the past few years, and that there is a great need for further simplification. Certain types of work, especially those activities that could be harmful to the community, should, however, still be regulated to a sufficient extent.

## 2.17 The Manpower Training Act, 1981

2.17.1 The NMC believes that it is not necessary to have a special dispensation or special accommodation for micro-businesses regarding this Act.

2.17.2 However, as micro-businesses are often not sufficiently aware of available training facilities and their own training needs, the DMP and the small business development organisations should endeavour to make them more aware of the necessity for training and they should also stimulate industries to form their own training bodies.

2.17.3 It is widely recognised that micro-businesses make an important contribution to training, especially on-the-job training, and also provide valuable entrepreneurial development. The NMC is, however, not in favour of the subsidisation of micro-entrepreneurs to enable them to provide training on their own, but is strongly in favour of the continuation of the subsidisation of small business development organisations, which would register with the DMP and provide training for micro-entrepreneurs and the employees employed in their businesses.

## 2.18 Concluding remarks

2.18.1 These proposals represent an endeavour by the NMC to formulate ways in which the appropriate labour legislation could be adjusted or reviewed. Representations indicate that there are a wide range of both employee and employer views on the various matters. Shortcomings may be found in this report, but it is hoped that it will nevertheless contribute to the growth and development of micro-businesses to further the process of job creation that will be in the interests of both micro-employer businesses and their employees and also in the wider interests of South Africa.

(16 April 1992)

### NOTICE 349 OF 1992

CUSTOMS AND EXCISE TARIFF APPLICATIONS  
LIST 14/92

The following applications concerning the Customs and Excise Tariff have been received by the Board of Trade and Industry. Any objections to or comments on these representations must be submitted to the Chair-



hierdie kennisgewing aan die Voorsitter, Raad van Handel en Nywerheid, Privaat Sak X753, Pretoria, 0001, gerig word. Die aandag word daarop gevestig dat die skale van reg wat in die aansoeke genoem word, dié is wat deur die applikante aangevra is en dat die Raad, afhangende van sy bevindinge, hoer of laer skale van reg mag aanbeveel.

#### Algemeen:

1. Skrapping van tariefsubpos 2904 20.30 deur die voorsienings by tariefsubpos 2904 20 te vervang deur die volgende

Subpos	Beskrywing	Skaal van reg
2904 20	Derivate wat slegs nitro- of slegs nitro-sogroepe bevat	
10	Xileenmuskus	vry
20	Ander muskus	vry
40	Trinitrotolueen	10%
90	Ander	10%

[RHN-verw T5/1/15 (920115)  
mnr. G S Bester]

#### Applikant:

Die Kommissaris van Doeane en Aksyns, Privaat Sak X47, Pretoria, 0001

2. Wysiging van die voorsienings by tariefsubpos 2517 41 deur vervanging van die bestaande voorsiening deur die volgende:

Subpos	Beskrywing	Skaal van Reg
2517 41	Van marmer	vry

#### Applikant:

Die Kommissaris van Doeane en Aksyns, Privaat Sak X47, Pretoria, 0001

[Opmerking: Die aansoek het tot gevolg dat die onderverdeling van die tariefsubpos verval en dat die reg op marmerspaanders indeelbaar by tariefsubpos 2517 41 10 teen 'n skaal van reg van 15 persent *ad valorem* tot vry verlaag word.]

[RHN-verw T5/2/5 (920107)  
mnr. G. S. Bester]

3. Wysiging van die voorsienings by tariefsubposte 2917 19 30 en 2917 19 40 deur die vervanging daarvan deur die volgende

Subpos	Beskrywing	Skaal van Reg
2917 19 90	Ander	10%

[RHN-verw T5/2/6/2/1 (920136)  
mnr. D. Potter]

#### Applikant:

Die Kommissaris van Doeane en Aksyns, Privaat Sak X47, Pretoria, 0001

Lys 13/92 is by Algemene Kennisgewing 330 van 10 April 1992 gepubliseer  
(16 April 1992)

man, Board of Trade and Industry, Private Bag X753, Pretoria, 0001, within six weeks of the date of this notice. Attention is drawn to the fact that the rates of duty mentioned in the applications are those requested by the applicants and that the Board may, depending on its findings, recommend lower or higher rates of duty.

1531

#### General:

1. Deletion of tariff subheading 2904.20 30 by the substitution for the provisions under tariff subheading 2904 20 of the following

Subheadings	Description	Rate of Duty
2904 20	Derivatives containing only nitro or only nitroso groups	
10	Xylene musks	free
20	Other musks	free
40	Trinitrotoluene	10%
90	Other	10%

[BTI Ref T5/1/15 (920115)  
Mr G S Bester]

#### Applicant:

The Commissioner for Customs and Excise, Private Bag X47, Pretoria, 0001

2. Amendment of the provisions under tariff subheading 2517 41 by the substitution for the existing provision of the following

Subheading	Description	Rate of Duty
2517 41	Of marble	free

#### Applicant:

The Commissioner for Customs and Excise, Private Bag X47, Pretoria, 0001

[Note: This application will result in the deletion of the subdivision of the tariff subheading as well as a reduction in the rate of duty on marble chippings classifiable under tariff subheading 2517 41 10 with a rate of duty of 15 per cent *ad valorem* to free of duty.]

[BTI Ref. T5/2/5 (920107)  
Mr G. S. Bester]

3. Amendment of the provisions under tariff subheadings 2917 19.30 and 2917 19.40 by the substitution therefor of the following

Subheading	Description	Rate of Duty
2917 19 90	Other	10%

[BTI Ref T5/2/6/2/1 (920136)  
Mr D Potter]

#### Applicant:

The Commissioner for Customs and Excise, Private Bag X47, Pretoria, 0001

List 13/92 was published under General Notice 330 of 10 April 1992  
(16 April 1992)

# Cheap shebeen snacks

*S Times (BUS) 19/4/92 (153A)*  
THE South African Taverners Association (SATA) and Tongaat subsidiary Funa Foods have launched a joint venture

Working with Promosales, the company that put them together, they have developed a menu for shebeens.

Promosales managing di-

rector Peter-Stephen Shrimpton says the tavern and shebeen owners are developing their own brand names and packaging for the products they will serve.

He says the deal should ensure that tasty and nutritious food is served in shebeens for less than R2



Cosatu backs growth strategy

# Plans to ease labour law for small business

6/10/92 21/4/92 153A

THE National Manpower Commission has recommended the easing of labour laws and regulations applicable to small businesses as part of a strategy to encourage economic growth.

The call for a special dispensation for small business has the support of Cosatu, whose commission representatives have signed the report.

In the report, a summary of which was published in the Government Gazette last week, the commission said a balance between employer and employee interests was "of the utmost importance".

The aim of the investigation, commissioned by the Manpower Ministry in April 1989, was to "stimulate small business development and the creation of employment without detracting from the basic rights of employees".

The commission was therefore opposed to granting small businesses blanket exemptions from labour legislation — including wage-regulating instruments. But its recommendations would streamline the process by which they were exempted if they could provide adequate reason for this, and also reduce to a minimum the red tape involved in complying with labour law.

Acting commission chairman Frans Barker said yesterday that, while the recommendations were not dramatically far-reaching, he hoped they would encourage a process which would bring more concessions in the future.

The initial draft was more drastic, but it had to be adjusted in an effort to seek consensus, he said. Not only the unions, but also big business which feared unfair competition, were opposed to comprehensive exemptions for small businesses.

The recommendations, if accepted,

ALAN FINE

would apply to "micro businesses" defined as units employing no more than five people with an annual turnover of up to R250 000 measured in 1990 terms. They should be independent, and managed and controlled by the owner.

The report proposed that each industrial council agreement include a provision stating that its purpose was not to restrict entrepreneurial initiative. Where it could be shown that this was occurring, the council could grant exemptions from specific provisions of its agreement. Unless the councils complied with this, or agreed to call for and consider representations from small businesses covered by them, the Minister should refuse to promulgate wage-regulating agreements.

As regards the Basic Conditions of Employment Act, the commission proposed the retention of the existing ad hoc system for granting exemptions to the Act's minimum standards, except that a set of guidelines be drafted. These guidelines should take into account the nature of the specific business, its size, how long it had been in operation and whether an agreement existed between the employer and employee.

The commission proposed that micro businesses and new small businesses (employing, say, up to 20 people) should be automatically exempted from particular provisions of the Act, especially administrative requirements.

This should apply not only to industrial council requirements, but also to particular laws. For example, there could be rationalisation of the repetitive information which had to be provided in terms of

□ To Page 2

## Small business

153A

the Unemployment Insurance Act and the Workmen's Compensation Act.

The commission recommended that, to lighten their administrative burdens, micro businesses be permitted to pay their Unemployment Insurance, Workmen's Compensation and Industrial Council-imposed social security contributions quarterly or even annually.

The report suggested the appointment of a "facilitator" to monitor the exemption process and recommend improvements.

The report also proposed a simplified dispute-settling procedure in terms of the Labour Relations Act. Greater emphasis should be placed on alternative dispute resolution through mediation and arbitra-

tion — subsidised by the state — rather than the normal procedures involving industrial councils, conciliation boards and the Industrial Court. 6/10/92 21/4/92

It also proposed that micro businesses be exempted from aspects of the Machinery and Occupational Safety Act, including regulations relating to sanitary and washing facilities, dining rooms and provision of seats. Further investigation was required into regulations on lighting, thermal requirements, noise, windows and fire precautions.

The Manpower Department has called for comment and representations on the report within 90 days.

From Page 1

# Jobs *Southem* is the *23/4/92* thorny issue

The development of the economy, including the stimulation of small business, is an essential ingredient in the changing South Africa

In the present climate of political change, it becomes imperative to ensure that there is parallel economic development, according to Natbev's corporate social responsibility report released this week.

The report describes some of the company activities over the past year in the fields of the informal sector, business development, education and community development.

## Problem

In the opinion of Natbev and the Bottlers of Coca-Cola, the most pressing problem facing South Africa is unquestionably jobs

Thousands walk the streets with little or no hope of finding employment in the formal sector of the economy, the report states

It says approximately 500 000 people enter the job market each year, of which the formal sector creates 35 000 extra jobs a year

The remaining 465 000 unemployed are left with two options.

Join the informal sector and be self-employed, or

Starve

This, the report says, has resulted in the rapid growth of the informal sector and is one the most important reasons for the Coke system's involvement in this sector



# How government boosts unemployment

153A

**Early last year**, Rex Williams bought a caravan and set up a general dealer's shop in his backyard, in a coloured township near Vryburg in the Cape Williams — unemployed for nearly five years — ploughed his life's savings and a great deal of hard work into the venture. Business boomed for the father of two.

Then came some unwelcome attention from the municipality.

Williams was operating with a valid hawkers' licence but the municipality won an interdict in the Supreme Court against his operation in mid-December and halted his livelihood. The council argued that Williams' caravan operation contravened the Town Planning Scheme which prohibits trading from a residential site. Instead, the council wants him to trade only from a few remote areas, where, Williams argues, there is hardly any market.

Williams is appealing with the help of the Small Business Development Corp (SBDC), but, almost five months after he was forced to stop trading, he has no idea when the matter will be resolved. So he and his family wait patiently and survive on his wife's meagre earnings.

Government has taken several major steps in recent years to help entrepreneurs like Williams. In particular, the Businesses Act, passed last year, abolished trading licences for most businesses, lifted restrictions on shop hours and allowed hawkers greater freedom.

But regulations continue to harass small businesses, often blocking entry to the marketplace. Unnecessary laws still restrict the acquisition and use of land, and the production and distribution of foodstuffs and liquor by small businesses. Misguided usury laws also retard small businesses by capping the interest rates on loans at far below the level that banks can profitably lend to this sector.

Government bureaucrats, fearful that deregulation might end their jobs, also frustrate the reform process. In the case of the Businesses Act, President F W de Klerk has been asked to hasten its implementation to avoid further delays by foot-dragging local authorities.

This is illustrated by the Williams case, where a Supreme Court interdict was obtained despite provisions in the Businesses Act.

Says the SBDC's Johan Naude "Our current statutory framework is still bent on controlling and restricting access to business opportunities." Deputy Trade & Industry Minister David Graaf, however, stresses that government is committed to continued deregulation, though administrative bottlenecks are a problem.

Still, many argue that a stroke of the legislative pen would immediately free conditions for countless businesses and create

much-needed jobs.

In any economy, while large corporations get most of the attention, small businesses create a large percentage of the jobs. In SA, small and medium businesses contribute an estimated 45% to GDP, according to SBDC GM Ben Vosloo.

This sector can be stimulated in many ways.

Take for instance property ownership. While the demise of the Group Areas Act ushered in greater property ownership rights for blacks, the procedures and requirements for obtaining ownership are still complex, unrealistic and costly.

This is particularly so for an entrepreneur trying to acquire a business stand in a township. Says Naude "An applicant can obtain ownership only through a cumbersome method of tender, even where the applicant has occupied the stand for 20 years." He explains that there is a mechanism that allows the occupant the first option but this is subject to the cost.

"The administrator can intervene and allow the occupant's tender where this is lower than another tender. But the occupant's tender cannot be less than the cost of the property — an amount determined by the cost of services and the market value." In reality



**Deregulation** this entrepreneur could sure use some

this mechanism provides scant relief and much uncertainty.

Applicants must approach the administrator in a delegation — a lengthy and costly procedure that, at the end of the day, doesn't guarantee any success, he says.

Laws restricting the use and zoning of land also hamper many businesses. The mixed use of land — for residential and business purposes — is mostly prohibited and rezoning is costly, lengthy and usually unsuccessful.

An application to rezone takes an average of six months. Says Naude "We need a system that provides for the flexible usage of land for business and residential purposes. Successful economies rely on mixed usage,

with nuisance standards (such as for noise) acting as the only control measure." He points out that this was the route adopted by countries such as Taiwan, Japan, South Korea and Hong Kong.

The entrepreneur who manages to clear the first hurdles to find premises then faces a host of statutory controls regulating the production and sale of agricultural products.

Says Naude "Almost 30 marketing boards control small producer and trader involvement in a manner that restricts competition and results in unnecessary costs." He suggests that quality control can take place without stringent controls on marketing.

## Onerous health standards

The Law Review Project's Louise Tager says the standards imposed by health authorities also hamper small businesses. "Requirements are unnecessarily high and involve large capital expenses, effectively barring entry into the market."

But health authorities have long argued that the regulations are essential to ensure quality control on products and services. For example, a person wanting to start a food outlet must ensure the premises comply with rules on lighting, tiling, ablution and many other factors.

Naude says all that's needed is one set of standardised regulations for the manufacturing, distribution and selling of foodstuffs that would replace the various costly by-laws. "Regulations tend to overregulate by providing for every theoretical risk. Legislation needs to provide only minimal regulation. We can deal with the exceptions as they arise."

Tager says regulations to impose health requirements based only on cleanliness and hygiene are now under consideration.

Another area that restricts small business is labour law. Many of the hard-won labour gains enshrined in the numerous Industrial Council agreements hamper rather than help small businesses.

Naude points out that small businesses are disadvantaged by the centralised bargaining in forums dominated by larger businesses. "As a result, agreements impose requirements more suitable to big companies," Naude says.

He suggests that a differentiated approach is needed to cater for small businesses. In this regard, the proposals of the National Manpower Commission, published in last week's *Government Gazette*, go some way to alleviating the plight of small businesses.

Tager admits that mediation to encourage small business will always be at the cost of labour rights. She suggests an economic forum is needed to resolve this issue.

"It's a sensitive issue requiring debate and consensus."



# Soweto developers unite to fight whites

Sowetan 27/4/92 (153A)

By JOSHUA RABOROKO

THE Soweto Developers and Builders Forum was launched last week to end the monopoly of white established companies

This was confirmed by the forum's secretary, Mr Chris Jiyane.

He said the forum would ensure that black entrepreneurs obtained their rightful share of land allocations and building contracts in the townships

He said local authorities always claimed that there was no land available to build homes, yet white companies that normally operated on the periphery of the townships, obtained land easily

"This practice has resulted in white-built properties being vandalised - apparently because they are

associated with 'foreigners' in the townships," he said

The forum disapproved of the vandalism of property, however, it felt that black developers and builders were unfairly treated by the authorities

Other aims include

- Overcoming the historical obstacles in the way of the growth and development of black builders and developers and allied traders,

- Becoming for the local and other authorities the channel of land and building contract allocations in so-called "black" areas;

- Providing the training and education necessary to

enable the black entrepreneur to take his rightful place in the construction industry,

- Educating the people in all aspects of home ownership,

- Fostering black economic empowerment and wealth in the black property market, and

- Generating employment and business opportunities for black builders, developers and allied traders

He said that over the years the black developer and builder had been at a disadvantage in competing against established developers, even in those areas designed for black occupation

tion and ownership

As a result of these circumstances, he said, the black builder had not possessed the necessary skills, experience or financial resources to be able to tender successfully against his corporate counterpart

He said that the forum would ensure that potential home buyers were not ripped off by "fly-by-night" property developers by advising them on how to obtain new homes

Many blacks were ignorant about how to obtain a home - the reason they were being exploited and ripped off millions of rand by "foreigners" in the townships

"We will also ensure that they get affordable financial help in the wake of money lenders being reluctant to do so," he said, adding, "the forum is a vehicle blacks can use to eradicate large scale swindling"

The forum would hold regular seminars where blacks would be advised on property development.

SDBF's secretary Mr Chris Jiyane.





# Give loans, banks urged

*Sowetan 30/4/92*

**STATE President FW de Klerk has urged South African banks to help expand the informal sector by granting them loans.**

Speaking at the official opening of the new Bankcity of the First National Bank, he said banks could not disregard the emergence and the expansion of the informal sector and the very special financial needs of its participants

He said stokvels, for example, were already bringing the informal sector into the banking world and were already meeting needs in which the formal sector might have failed

"It is encouraging to note, therefore, that this Bankcity complex is providing special facilities for the recognition and accommodation of informal economic activities

"This demonstrates that the banking community is not aloof to the needs of small operators in the world of business"

He said the opening of the complex, with all its modern facilities, was not only an important event for the bank

It was also a symbol of progress and of confidence in the future of the country - a country involved in a major programme of reform and economic development

It was encouraging to hear that South African banks were making use of the new opportunities that were now opening up for them, by establishing their presence in major international financial centres, as well as in developing African countries

These developments brought responsibilities with them. In many respects the foreign branches, subsidiaries and offices of South African banks were perceived to be representative of the prevailing customs and standards of the country

*153A*

By JOSHUA RABOROKO

It was imperative that they should carry with them the sense of discipline and the high moral ethics for which South African financial institutions had become known

"The changing environment of banking is not confined to the international scene. Exciting challenges are also emerging in the changing domestic environment

"Banking institutions have very special responsibilities. They are the most important custodians of the savings of the public and they manage the cash reserves and the payments system of the market economy, he said

"In fulfilling these functions, banks have to meet the financial needs of all the people of the country, the rich and the poor, the haves and the have-nots, the lenders and the borrowers. Any banking system that caters only to the wealthy is looking for trouble," he said

De Klerk said that South Africa was looking to its bankers to help lead it into a new cycle of prosperity. On its part, he added, the Government accepted its responsibility to create an environment conducive to overall political and macro-economic stability, as well as sound international relationships

However, the daunting problems of unemployment, poverty, low economic growth, the uneven distribution of wealth and income and growing expectations, even to the point of unrealistic demand, had to be faced together

"I have no doubt that the banking sector will play a significant part in finding solutions to these problems," he said

# Boost for the small guys

*Sowetan 30/4/92*  
*(153A)*  
**A MULTI-million rand Business Entrepreneurship Initiative (Be-In), aimed at involving the entire South African business community, was launched by the Small Business Development Corporation (SBDC) with the backing of Nedcor, the founding sponsor.**

The aim is to create and foster an entrepreneurial culture in South Africa through large-scale media involvement and expansion of business skills training facilities and opportunities

South Africans will be introduced to the project on May 1 with a day-long Eduspectrum programme on CCV Television, one of the major participants in the project

Cash prizes of up to R20 000 could be won on the day by viewers who phone in with the brightest ideas for job-intensive business enterprises.

An exciting "Ned Enterprise millionaires Competition" for innovative small and medium enterprises (SME) will also be announced

South African entrepreneurs who have a proven record of success will share their secrets with viewers.

**By JOSHUA RABOROKO**

Budding entrepreneurs will also be advised about the support, funding and training facilities available countrywide from the SBDC

To encourage as many as possible to watch the Be-In launch on May 1, Eduspectrum will be advertising the event in the print media and on CCV and M-Net as from today

The SABC has committed itself to featuring the Be-In campaign on three TV programmes every week on Eduspectrum on Saturdays, on TSS on Sundays and on TV1 on Thursdays. The campaign will be sustained throughout the year by the regular broadcasting of Be-In campaign features on these three TV channels and on nine radio stations

In addition to regular Be-In campaign on the three SABC-TV channels, CCV will also be screening a weekly youth drama series and GMSA viewers will be entertained with a series of South Africa's successful entrepreneurs and how they made it

Other elements of the initial stages of the campaign include a Future Finders Fair and Career 2000 road show and the large-scale expansion of business skills training courses through the newly founded small and medium size enterprises (SME) Training Foundation

SBDC's managing director, Dr Ben Vosloo, said "The main aim of the Be-In project is to promote self-employment as a viable and exciting career opportunity and to establish an environment in South Africa in which entrepreneurship can thrive

"South Africa has to follow the example of the world's most successful economies, such as the Pacific Rim countries, which are based on vibrant SME sectors. In these countries the SME sectors have proven themselves to be the fastest and most cost-effective job creators and that is exactly what South Africa needs to counteract poverty and unemployment"

Mr Neville Edwards of Ned Enterprise said that his division was established to nurture entrepreneurship; its objectives are in line with the aims of the Be-In project, making it the ideal vehicle for participation

"It is time that South Africans wake up to the fact that, unless adequate action is taken, the country will be heading for socio-economic collapse. Close to 60 percent of our population are living below subsistence level

"In addition, the formal employment sector will only be able to absorb 7 percent of all matriculating school leavers in 1992. The only answer is the rapid development of the SME sector"

The SBDC will invest an initial R2 million in this project and is inviting South African business community to take part

"We believe that the private sector's involvement in the Be-In project will be an investment in the development of a stable, prosperous and growing South African economy," he said



See the attached report

in letter 2-14/12

SOWETO black entrepreneurs believe that vast funds allocated to black housing and upgrading of township projects should be channelled directly to black builders

The secretary of the Soweto Developers and Builders Forum, Mr Chris Jiyane, said that they made proposals to the local authorities and the Department of Education and Training (DET)

They held discussions with the Soweto City Council about the allocation of sites, building of homes and upgrading and improvement of projects in the townships

Recognising problems inherent in this situation, the council requested the local builders to form a community-based organisation to represent black builders and developers in Soweto

The forum proposed to take jobs such as improvement of roads, building and renovation of homes, schools and recreational facilities

By so doing, he added, the forum would create wealth for entrepreneurs and jobs for the poor families, already reeling under the escalating cost of living and at a time when the country's unemployment rate is swelling daily due to the recession

It is estimated that about four to six million people are unemployed in South Africa, according to unofficial reports, while the government puts the figure at a million

unemployed

Jiyane said that the forum aimed at generating employment and business opportunities for black builders, developers and allied traders in the townships

"We also aim to educate our people in all aspects of home ownership," he added

Many school buildings in Soweto were dilapidated with broken windows and rafters destroyed as a result of unrest and mayhem in the townships

"We have appealed to DET, through the funds available from the Government, to give contracts to black builders and developers to repair damage at schools," he said

He added that the forum had emphasised to the authorities that it was vital to give such contracts to blacks to enable them to earn a living

During the course of these events, he said, the forum would engage and teach youths how to fit windows as well as to inculcate the sense of belonging and responsibility in the community

"We also hope they will earn money to further their education," he added

Jiyane said black builders knew best what sort of houses to provide as well as opportunities that existed for small builders in their areas

# Negotiate terms of your lease with care

**B**EFORE you sign a lease, read it very carefully and consult your professional adviser. All terms are negotiable.

To a large extent, the lease you obtain will depend on the state of the property market at the time and on the negotiating strength of the parties involved.

In particular, can you negotiate

- A lower initial rental?
- Reduced annual escalations?
- A rent-free period?
- Payment by the landlord for improvement or refurbishment?
- Payments by the landlord of any of the outgoings (for example, rates and taxes) associated with the property?

## Weighing up conditions

Ensure that the lease clearly defines the extent of the premises being let.

The term of the lease is important. A

*STAR 2/5/92* *(153A)*

**LAUNCHING A COMPANY: A series adapted from Starting and Running Your Own Business, published by the private business services division of chartered accountants KPMG Aiken & Peat.**

long lease may reduce flexibility. A shorter lease with an option to renew might be preferable, although this depends on current economic conditions.

Find out who is responsible for insurance, property taxes and maintenance.

How do rent, rates and service charges (on a rand/sq m basis) and annual escalations and rent-review clauses compare with other premises?

You must expect to pay a deposit (normally, one month's rental) and you may be required to sign a personal guarantee (avoid this if possible).

Remember that a verbal lease, binding

on both parties, is recognised in law. These should be avoided and all agreements should be in writing.

Does the lease permit an assignment or the sub-letting of premises? Many do not.

Remember, if the premises include living accommodation the tenants would normally be very difficult to remove.

You need to consider the tax implications of your choice of premises. Lease payments are normally fully deductible for tax purposes.

There is an annual allowance of 5 percent on the cost and improvements commenced on, or after, January 1, 1989.

Allowances only apply to buildings used in the process of manufacture — but where the "non-manufacturing" content of the building is less than 10 percent measured by floor area, then allowances are given for the whole building. You need to be careful, therefore, about the allocation of space on your premises.

*Next week: Buying an existing business*



# TRENDS

Helping you keep up with the future

## MOWING:

Keeping the lawn trim is a job tackled regularly by more than 75 percent of men in Britain. The number of women who tackle this task regularly has fallen from 45 to 38 percent since 1989 — Daily Mail



## CRIME:

Britain's education secretary says growing crime among youth is due to a dwindling belief in hell and the "fear of eternal damnation". Unemployment may be a factor too, say experts. — The Economist

# Buying 'grey' products is cheaper

STAR 4/5/92

153A

**TRADE WINDS**  
Parallel importing looks set to flourish in South Africa, where large profit margins, devalued currency and punitive import duties have made standard Western "mod-cons" into luxuries  
**ADAM GORDON** reports.

JUST imagine if local dealers were scratching each others' eyes out to cut profit markups and bring us better prices on imported products. It sounds too good to be true, but it's happening. South African importers, long protected by manufacturer-authorised sole national franchises, are slowly waking up to a painful new culture called parallel importing.

Parallel or "grey" importers are those retailers who skip the national distributor and buy stock directly from overseas, usually from mega-wholesale stores in the Far East.

This means goods such as video machines, compact discs and computers go through fewer South African middlemen and their markups. And the best part is, it's all perfectly legal. Provided, of course, the correct import duties are paid and the item itself is not a fake.

The parallel market first emerged in the late '80s when Japanese manufacturers, struggling to move stock on recession-hit world markets, started bypassing their own distributors and dumping wares with large wholesalers in Hong Kong, Singapore and the US.

Circumventing authorised distributors in search of better prices has increasingly become a part of the international retailer's armoury. The Durban Supreme Court smiled on the free-trade ethic in 1987 when Roopchand Brothers Ltd, who were importing TDK tapes directly, won a landmark case against official distributors Frank and Hirsch (Pty) Ltd.

Two Appeal Court decisions later that year confirmed the principle: no dealer can use a trademark as a badge of control to monopolise import or distribution.

Barring government intervention, parallel trade looks set to flourish here where large profit margins, devalued currency and punitive im-



port duties have made standard western "mod-cons" into luxuries.

It is believed there are already hundreds of local grey traders. Some retail through their own shops and many operate through flea markets — price is normally the clue to the whereabouts of the grey market. The KXF50 Panasonic fax machine, usually sold for about R3 000, is now available through some dealers at no more than R1 800. It was originally priced above R4 000 in major chain stores.

A National G100 video camera normally sells for about R3 290. Grey traders sell it for R2 390. The price of a Sharp 7450 video camera has been cut from R3 990 to R2 790.

Danny Lessem, a parallel importer based at offices in Yeoville, sells Ray-Ban sunglasses for R210. Other outlets don't do better than R300. "Freeing the market brings the prices down. Larger retailers are forced to get more competitive and

put pressure on the official suppliers," says Mr Lessem. Not surprisingly, the grey market has caused sharp words and advertising campaigns from official stockists who try to warn the public off cheaper merchandise.

Errol Guggenheim, managing director of Frank and Hirsch, says grey imports could destroy the local consumer electronics business.

"Companies invest millions in a brand name product — advertising it, promoting it, establishing a sales and support infrastructure. When the name has been established in the market the parallel importer brings it in and reaps the benefits without incurring any of the costs."

"It costs us millions to set up service centres, keep spares and send technicians overseas to learn to service intricate merchandise."

"Because of the current economic hardships the consumer is blinded by price discounts, but who will make the long-term investments?"

"Suddenly, people will find there is no longer the service infrastructure to keep products going. Inevitably, the reputation of the brand name deteriorates and everyone suffers."

Parallel importer Younis Karim, whose shop in Klerksdorp is regularly swamped by price-wise pilgrims, says "World distribution operates between five and 10 percent (profit margin) these days. Local agents are squeezing because they are used to their 40 or 50 percent."

"The big agents must not seek protection from free market principles, or dictate prices to the retailers. They must tighten up their operation, reduce their large structures and bring their margins into line."

"They talk about service but we know authorised dealer's product support is not so great. We offer a better guarantee and we'll swap or repair everything we stock."

## TOMORROW

Big brother is watching you. warns the South African National Consumer Union as it aims to ensure consumers get a fair deal

LETTERS

# Row after flea mart evictions

153A  
CT 4/5/92

Staff Reporter

ABOUT 160 flea market traders, many of whom are dependent on Sunday trading, have nowhere to go after being evicted from the Muizenberg pavilion yesterday

Municipal beach constables approached the traders shortly after they set up their stalls yesterday morning and told them that their lease had expired at the end of April and they had to leave

This started a war of words, with disconsolate traders claiming city council discrimination against them and the assistant city administrator disputing the marketers' version of the row

Ms Samantha Pettifer, whose mother was the leaseholder for the Muizenberg flea market, said a council official had told her trading could continue until a proposed redevelopment of the pavilion commenced

However, last Thursday she was told by the city council that the flea market was not allowed to trade Ms Pettifer said she then contacted assistant city administrator Mr Ben van Rensburg, who told her trading could continue

When the traders were confronted by the beach constables yesterday Ms Pettifer again called Mr Van Rensburg, who told her that she was not allowed to trade at the pavilion

Mr Van Rensburg vehemently denied Ms Pettifer's allegations, saying the decision to end flea market trading was made by the council, and he did not have the authority to allow trading

"Not even the town clerk can give them permission," he said

The council had also not received a written application for an extension of the lease, Mr Van Rensburg said

The stallholders, some of whom have traded at Muizenberg for five years, were up in arms over the council decision

"Where will we go?" one said "There's no business in Hout Bay, and no space in Green Point"

"It's a disgrace," said another "There is a lot of unemployment, and when people try to employ themselves they are closed down"

Many of the traders have just purchased stocks They demanded to know whether the city council would compensate them for their losses

"A flea market generates a lot of business They're putting people out of a livelihood," Ms Pettifer said, contending that businesses in the area benefited from the amount of people who wandered the flea market

Spokesmen from the nearby Mike's Kitchen and Milky Lane restaurants agreed with this, saying the loss of the flea market would markedly affect their Sunday business



## A week to focus on small business

(153A)

THEO RAWANA

ABOUT 100 business organisations and institutions would take part in at least 400 events in the 1992 Small Business Week (SBW) at the beginning of October, SBW national committee chairman Toni Kedzierski said yesterday.

Addressing an introductory week in Johannesburg, Kedzierski said this year's event, with the theme Our Key to Wealth, was aimed at making decision-makers aware of the importance of small business.

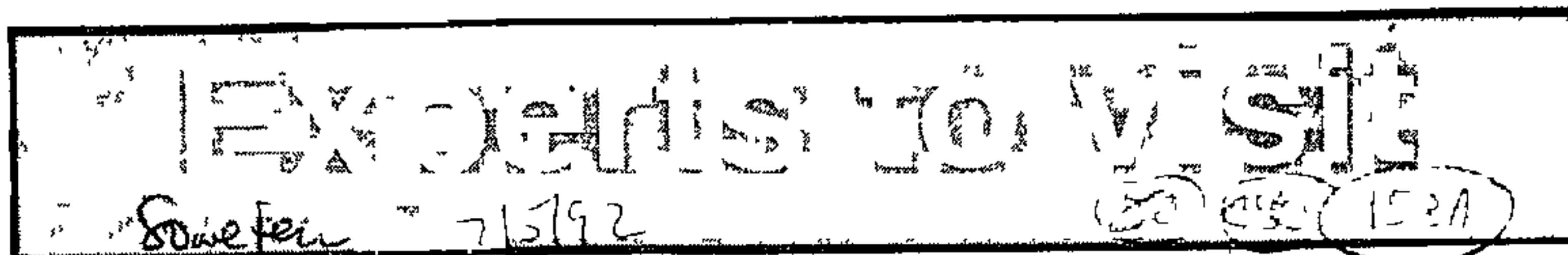
"Local authorities countrywide are going to get involved in the campaign, which will give the country one week to focus on small business," he said.

The SBW's six regional committees would engage in events ranging from trade fairs, exhibitions, breakfast seminars, flea markets to workshops and competitions.

"The idea is to promote a culture of entrepreneurship among South Africans so that they will see self-employment as a viable career prospect."

"We would like to change the perception that small business means small profits and encourage a larger sector of our community to get involved in informal sector activities to help them progress to the formal sector and medium-sized business," said Kedzierski.

The following companies and organisations are represented in the national co-ordinating committee: First National Bank, Standard Bank, Anglo American and De Beers, Southern Life, Fabcos, the Get-Ahead Foundation, the National Association of Women Business Owners, Wits University and Potchefstroom University.



EXPERTS from 13 foreign countries will be addressing South Africa's first international conference for the small and medium enterprises (SME) sector from May 17 to 19 in Johannesburg.

The theme of the conference is "Prosperity for Africa, the Small Business Way" and is organised by the International Council for Small Business (ICSB) and the Small Business Development Corporation (SBDC).

Eight speakers from Europe, South and North America and Asia will exchange their knowledge on SME development with their counterparts from South Africa and seven other African countries.

The opening address will be delivered by SBDC's managing director, Dr Ben Vosloo, and a gala dinner for speakers and delegates will be hosted by Mr Jan Burger, the mayor of Johannesburg.

The European experience will be presented by Professor Hans Pleitner, director of the Swiss Research Institute of Small Business Administration at the University of St Gallen; Italian small businessman Mr Alfredo Fava Minor; Dr Petrus Thys president of NCMV (the organisation for independent entrepreneurs) in Belgium, Mr Clive Woodcock, British publisher and visiting Professor for small business at Stirling University, Scotland, and Dr Vihari Patel, director of the Entrepreneurship Development Institute of India.

Vosloo said "The success achieved in Pacific Rim countries over the past decade or more by focusing their economic strategies on their SME sectors, emphasise the fact that the 'Small Business Way' is also the answer to Africa's economic and unemployment problems."

He said the SBDC was bringing speakers from abroad to the conference to encourage greater interaction regarding SME development between Africa and other countries.

"We believe that Africa has a lot to learn from the SME strategies in other countries and we hope that a conference of this nature will give impetus to the process of getting a national SME strategy implemented as an integral part of South Africa's economic policy."

The president of the International Council For Small Business — Southern Africa — said that the greatest challenge facing Africa over the next decade was to create a continent-wide small business culture.

"Progress has been hampered by economic factors such as low productivity levels and high entry barriers to overseas markets. Many theories have failed in practice, one being that African economies should be kick-started with big investments from abroad," he said.

Bookings and queries should be addressed to: The General Secretary ICSB-SA, Mr JAJ van Rensburg, PO Box 7780, Johannesburg, 2000 Tel (011) 643-7351 or fax (011) 632-2791.



# Stokvel unit trust on the way

SI Time (BUSS) 10/5/92

By CIARAN RYAN

THE National Stokvels Association of SA (Nasasa) is to launch a unit trust for stokvels.

Stokvels are savings clubs in the black community. Surveys suggest there are 24 000 stokvels in major metropolitan areas and as many as 800 000 countrywide with a total membership of 10-million.

Their cash flows are estimated at more than R200-million a month, most of which is placed with financial institutions.

A stokvel unit trust could provide a better return on savings and allow members greater access to formal borrowing.

Stokvel members are generally drawn from poorer sectors of the community. They are a poor credit risk in banking terms.

## Better

Stokvel members complain that they are denied access to formal borrowing, but their savings are lent to relatively wealthy whites with good credit ratings.

Nasasa spokesman Stephen Japp says: "A unit trust will give stokvel members a better return on their money. They will be able to offer unit trust money as collateral against loans from the financial institutions."

But some fund managers suggest there is no need for a stokvel unit trust. Existing unit trusts can handle this business. There is nothing to stop stokvel members from collateralising their investments through unit trusts. It is estimated that 25% of unit trust holders are black.

Syfrets and Nasasa will teach stokvel members how the JSE and unit trusts operate. Together with Old Mutual, Syfrets is preparing a package to show people how to profit from shares and unit trusts.

Syfrets has agreed to administer stokvel funds at a reduced price.

● See page 4.

6/10/92 12/5/92

### Self-employment call

SA should change from a country of employees to one of entrepreneurs, Manpower Minister Piet Marais said in Pretoria yesterday.

Opening the Careers 2000 exhibition in Pretoria, he said many underqualified workseekers would be unable to find jobs in the formal sector and would have to turn to self-employment

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# Black business loses millions

Sowetan 14/5/92

BLACK business has lost millions of rands because of the political violence in Mzimhlophe and neighbouring townships in Soweto in the past few weeks.

The violence has hampered the process of peaceful political transformation and threatens a legacy of difficult divisions and deep bitterness and poses a threat to the economy

## Downward

This was told to Sowetan Business by the secretary of the Soweto Independent Shopkeepers Association (SISA), Mr Thami Skenjana, who said the situation could lead the area on a downward path to poverty, unless it was reversed soon.

He said the main areas affected included Mzimhlophe, Zone One Meadowlands, Orlando West, Dobsonville and small businesses near hostels

By JOSHUA RABOROKO

About three shops had closed down near the Mzimhlophe Hostel while several others faced the prospect of closure as patronage had seriously dwindled.

Customers in the beleaguered areas were reluctant and afraid to patronise the shops because they feared being attacked, robbed and possibly killed when shopping in the area.

He said that the potential

for further conflict was high and political leaders had warned that the townships could slip into a civil war.

"We want to minimise the human costs of change in the townships. The violence is simply unacceptably high in terms of human costs, as well as having a damaging effect on investors," he said.

Townships needed peace and political stability more than ever before if economic growth and job creation were to be achieved on

a large scale.

The continuing violence was destroying productivity in small and large businesses.

It caused despair among all population groups and business was forced to relocate or close down.

## Trauma

And it did not stop there - the trauma of violence was also brought into the workplace.

He said poverty and unemployment must be seen as one of the main contribu-

tory factors - among several others - to the repeated violence in the townships.

He called on political leaders, civic associations and trade unions to come to a conference to discuss the violence that is affecting black business in the townships.

"We can no longer operate normally. We are forced to close early to avoid clashes between rival groups and those people who take advantage of the situation," he said.

# Starting a business

153A

Star 16/9/92

**C**OMMENTS made about a business also apply to the purchase of a company or close corporation (the difference between these types of organisations was described earlier in this series)

In particular, you must obtain professional advice and the necessary finance before you commit yourself to purchasing a company or close corporation

The financial statements of a limited company are required by law to be audited

This means that an independent expert has to examine the financial statements and much more reliance can therefore be placed on audited, as opposed to unaudited, financial statements

This may make the valuation of the business easier, as the financial information on which it is based is more reliable.

The financial statements of a close corporation do not have to be audited, but must be reviewed by an accounting officer

This provides some degree of comfort as to the accuracy of the figures in the financial statements

Before committing yourself to buying a business, your accountant should examine the last three years' audited financial statements as well as up-to-date management accounts and projections (if available) particularly as regards the valuations of assets, contingent liabilities, and the company's tax position

Remember that when you are buying a company or close corporation, you acquire everything that it owns and owes,

Adapted from **Starting and Running Your Own Business**, published by the Private Business Services Division of chartered accountants KPMG Aiken & Peat.

including all liabilities, whether disclosed or undisclosed.

It may be preferable to acquire certain specified assets, rather than all the assets of the company. Your accountant will be able to advise you in specific instances.

Beware of people trying to sell a "tax loss" as an asset.

It is true that, in normal circumstances, tax losses can be set off against future income, but there are anti-avoidance provisions contained in the Income Tax Act

## Share transfer

A change in shareholding accompanied by even a relatively minor change in the nature of the business could cause the company to lose any tax loss benefit

When a share in an existing company is transferred, stamp duty is payable on the fair market value of the consideration. This is generally payable by the purchaser

Always make sure you have adequate finance (see later articles in this series) before committing yourself to the purchase. This applies to purchasing a business, a company or a close corporation

□ Next week *Franchising and other opportunities*



## traditions

## Home is where this hearty brew is ...

South 16/5-21/5/92

Migrant workers say only 'umqombothi' can quench their thirst — for friendship and for home **Sabata Ngcai** reports

**O**NLY WHERE there are migrant workers is the bitter-sour taste of *umqombothi* to be found. "Township residents come to the migrant labour hostels to share the traditional Xhosa beer because this is the only place it is brewed," says hostel dweller Mr Jackson Phelemehlweni.

The heady, comforting beverage is welcomed in townships and the usual tensions and differences between migrants and locals are forgotten for a while as the two groups slake their thirst on *umqombothi* after at weekends.

And only this beer can make a hostel dweller far from his rural area feel at home.

"*Umqombothi* is brewed because we — the people from rural areas — are used to it and feel at home when we drink it," says Phelemehlweni.

The beer is the life blood of Xhosa tradition and to abandon it, or to frown upon those who drink it, would be to betray one's ancestors and fall prey to bad luck.

In our tradition a man who does not brew beer in his household is not a man at all, says Phelemehlweni.

But migrant labourer Mr Elliot Mase contests this, saying that when the beer is brewed in the townships it loses its dignity because it is brewed to make money.

"Traditionally, the beer was brewed only when a customary ritual was performed."

The beer is also brewed when

someone dreams about a request from ancestors.

"It is our belief that when Xhosa people dream about our ancestors, we must brew beer and ask people to come and drink, without asking for payment. Then the ancestors will be appeased," says Mase.

"And when a son attends circumcision school the beer is brewed to rejoice with the community."

But now the beer has become a commodity, in the urban areas because women there brew the beer for sale," he says disdainfully.

Each person or community has a set method of making the brew.

Ms Nosizile Mdozana described how she went about making her beer.

"We take some unsifted maize-m meal, a large amount of malt and a small quantity of cold water."

Hot water is added and the liquid is left for 20 to 30 minutes to ferment. More cold water is added to half fill the container. The next morning I take the liquid that has separated from the mixture — which is by then sour — and boil it.

The boiled liquid is added to the mixture. The porridge is left to cool, poured into a container and left to foam for a few days.

Then we strain the beer with an oblong traditional strainer made of a grass-like material."

Mr Poliso Henqu says that although the beer is usually brewed by women, men are the ones who decide how it should be consumed.

One woman who brews and sells *umqombothi* defends the sale of the beer.

"In the rural areas it is traditionally not for sale, but as we have to buy every ingredient in the townships, we are forced to sell it."

But she admits that it "must be the fastest selling commodity" in the townships.

A can (about two litres) of the beer sells for R2,20, half this amount costs R1,10.

"Migrant workers say beer and brandy alone cannot quench their thirst. So they asked the women to brew *umqombothi*," says the woman.



**DRINKING IN TRADITION** The task of brewing 'umqombothi' falls on Xhosa women. The men, meanwhile, drink deep and enjoy the camaraderie.

Photo: Yunus Mohamed

# Venture capital can create jobs

Bloubaai 19/15/92

MONEY invested in venture capital funds could create 500 000 to 2-million jobs during a period of five years, Small Business Development Corporation (SBDC) senior GM Jo Schwenke said yesterday.

Schwenke was speaking at the fifth annual conference of the International Council for Small Business of Southern Africa in Johannesburg.

If long-term insurers and pension funds could be persuaded to invest 1% of their cash flow a year (R400m) in properly constituted venture capital funds over five years, it would create 4 000 enterprises and 500 000 jobs.

Schwenke also proposed that the state put R2bn a year into properly constituted development venture capital funds every year for five years.

These funds should be invested in trusts managed by the private sector so the "chances of nonsense could be totally eliminated".

About 50 000 enterprises could be created by this investment and anything from 500 000 to 2-million people would be employed, Schwenke said.

This investment, which would constitute 2,5% of the present Budget, could be funded out of deficit or through the formation of a revolving fund. The venture capital funds would be run by "competent practitioners, experts who could select wisely".

"Venture capital goes out and looks for an investment," he said.

SBDC and IDC personnel would be more suitable to run the funds than bankers.

Venture capital funds had produced healthy profits for investors in the UK and US and there was no reason this could not happen in SA.

JONNO WATERS (1534)

Schwenke said in the UK, £6,2bn had been invested since 1985. More than £2bn was available for new investment.

However, if institutions and government were unwilling to risk the funds, they should try a pilot run with modest amounts of R50m or R200m. These investments could be deposited in two separate trusts managed by the SBDC.

Approached for comment yesterday, SBDC MD Ben Vosloo said the idea of using the country's savings more constructively was not new.

For the past 10 years the corporation had recommended that savings be mobilised to create new assets rather than refinancing existing investments.

However, the idea's time had come, he said.

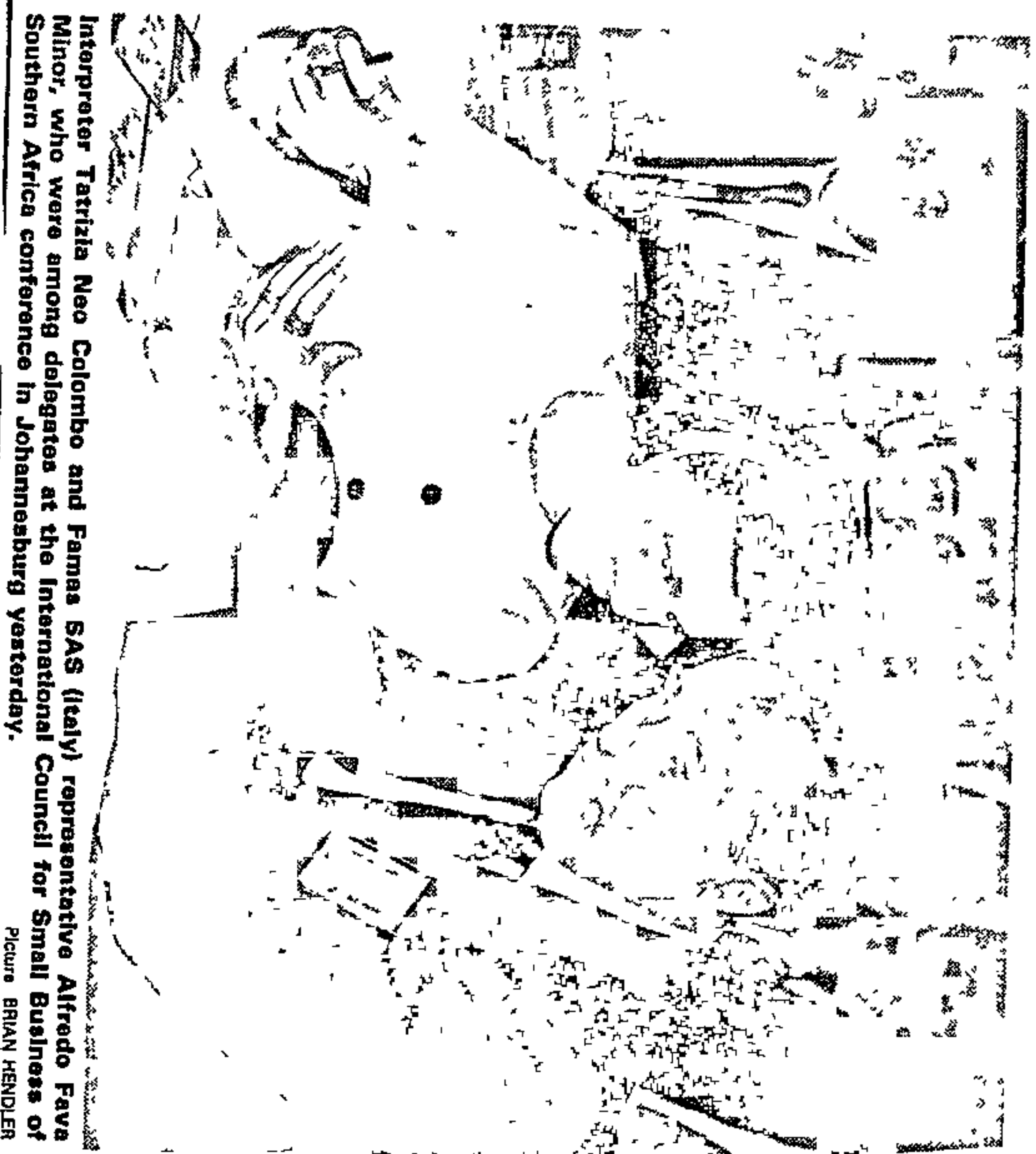
"Existing markets are expanding and new markets are opening up."

"We now should be using our savings properly."

Unisa senior marketing lecturer Michael Cant said the education system's inability to equip all young South Africans with the necessary work skills meant that 7,3-million half-skilled and unskilled people would be without work by the year 2005. He expected that there would be a shortage of 920 000 managers and skilled workers.

He said there was a real need for training. The problem did not lie with education offered by universities and technicians but with individuals who did not complete their school careers.

Small businessmen had to be trained to survive. Putting abundant resources to work in the economy was a way of solving unemployment.



Interpreter Tatizla Neo Colombo and Fama SAS (Italy) representative Alfredo Fava Minor, who were among delegates at the International Council for Small Business of Southern Africa conference in Johannesburg yesterday.

Picture: BRIAN HENDLER



# Training centre for small business

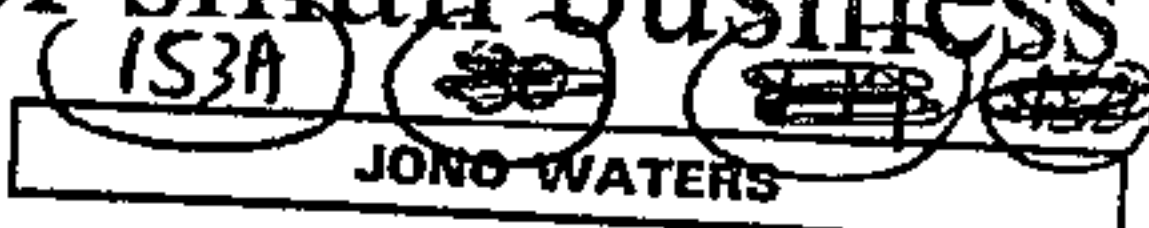
Monday 20/5/92

A SMALL and medium enterprise training institute has been established by the Small Business Development Corporation to meet SA's urgent need for business training, MD Ben Vosloo said yesterday.

He told the International Council for Small Business of Southern Africa conference in Johannesburg that insufficient attention had been paid to the self-employed owners and managers of small and medium enterprises. These were major stimulators and creators of job opportunities and economic growth.

The SME Training Institute would focus on developing entrepreneurial, administrative, business and management skills.

Vosloo said the SBDC had tried to create an "entrepreneurship culture" over the past 10 years and to do this training had to be accessible, affordable and relevant to the needs of the community.



SBDC Cape senior GM Wolfgang Thomas said the pendulum in Africa was swinging away from state intervention towards private enterprise, decentralised government and self-employment and had dramatically increased interest in the role of the entrepreneur. But, to grow, Africa needed a larger reservoir of experienced, self-confident and well motivated entrepreneurs.

The stock of non-African entrepreneurs was also inadequate and their role in development was still impaired by the "inadequate integration between them and the African entrepreneurial groups".

Enterprise magazine reports the SBDC has granted more than 36 000 loans totalling more than R1,3bn over the past 11 years.

# SBDC (153A) launches training institute 20/5/92

JOHANNESBURG — A small and medium enterprise training institute has been launched to meet the country's urgent need for business training, the Small Business Development Corporation announced yesterday.

The SME Training Institute would focus on developing entrepreneurial, administrative and business and management skills.

SBDC MD Dr Ben Vosloo said insufficient attention had been paid to the self-employed owners and managers of small and medium enterprises — who were the major creators of jobs.

"There is a vast need for appropriate training which is accessible



## US boost for black business

STAR 2115192  
A United States congressional grant of \$240 million (about R680 million) to promote black small business development in South Africa should materialise within two months.

The latest edition of Finance Week says the SA-American Enterprise Fund will be facilitated by a Bill put before Congress by House of Representatives Africa Subcommittee chairman Mervyn Dymally, a

leading member of the Congressional Black Caucus.

The Bill preamble says the fund will "promote equitable participation in a competitive free market in SA by the black population, including the ownership of business concerns, participation in the agricultural sector, and joint ventures between US persons and black citizens".  
— Staff Reporter

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Don't ignore small business  
153A  
2/5/92

By JOSHUA RABOROKO

SMALL enterprises in Africa had a role to play in the social and economic development of the continent, speakers said at a business conference held in Johannesburg this week.

Speaking at the fifth conference of the International Council for Small Business Southern Africa, Dr Ben Vosloo, managing director of the SBDC, said more and more policy makers were turning to the small to medium enterprises for solutions to unemployment, poverty and social unrest.

He said this sector had proved it had great potential in providing increased output and job creation.

The general secretary of the Preferential Trade Area for Eastern and Southern African states, Dr Bingu Wa Muthanka, said small enterprises had a critical role to play in Africa.



## BUSINESS

# Big problems for small business

21/05/92 2215-281912

**W**HILE much is made of the key role small business will play in future economic growth, very little emphasis is placed on how this sector should be encouraged.

For valid business reasons financial institutions often apply stringent regulations on providing start-up finance for prospective entrepreneurs and the paper chase on the Johannesburg Stock Exchange has frozen a lot of capital which could otherwise be available to small businesses.

There is also a lack of financial instruments to lend money to small businesses.

For instance, unless one has saved enough capital or has raised money from family and friends to start up a business, the few options available are to apply to agencies such as the Development Bank, the Small Business Development Corporation (SBDC) or the Industrial Development Corporation, or to employ a broking firm to raise venture capital from merchant banks or the JSE's venture capital market (VCM).

All these are often difficult as they require a considerable amount of collateral which many entrepreneurs — especially those operating in the informal sector — simply don't have.

SBDC senior general manager Jo Schwenke noted at the organisation's Prosperity for Africa: The Small Business Way conference this week that since blacks often lack the collateral to use the banking system they turn to venture capital, only to find that "while some projects have the potential to earn healthy returns for true venture capitalists many would yield only modest returns, too low for the conventional venture capitalists".

Another tendency among money-lenders, says Get Up foundation managing director Lin Anderson, is to favour large-scale lending, thus prejudicing small entrepreneurs who require only small amounts. Hence big business tends to prefer group lending when it comes to black borrowers.

"They like to think that blacks are somehow different from other people, wanting to borrow together, do business together and are only too happy to

*Small businesses may be the way forward for the South*

*African economy — but*

*many entrepreneurs do not*

*have the capital or the*

*collateral to get started.*

*MONDLI MAKHANYA reports*

*pay each other's debts," says Anderson.*

Various proposals for more accessible financing have been bandied around, and time and again Bangladesh's Grameen Bank crops up.

While this bank has certainly perfected the art of lending to the small man at reasonable interest rates, points out Anderson, it should not necessarily be held up as the model since its daily functions entail a lot of work and detail — the kind of time and resources the country may not necessarily have.

Noting fund managers' and financial institutions' aversion to risk, Schwenke advocates that insurers and pension funds be persuaded to invest

at least one percent of their annual cash flow in venture capital funds over a period of five years. This, he believes, would yield R2-billion over five years for use by entrepreneurs.

Even if this money was employed in failed ventures, it would not be wasted because they would nonetheless generate economic activity. But the shortfall would be that most of the recipients would be white businesses in the "First World sector" of the economy.

Hence a separate fund would be needed for mainly black development venture funds and this would require annual state donations of up to R2-billion over a period of five years.

"Such an injection of R10-billion over five years into the hands of dedicated professionals will have a dramatic effect on the distribution of business ownership in South Africa," says Schwenke.

In the short term, however, he says we should look to foreign development agencies which have shown an interest in investing in the country — albeit in small amounts.

The SBDC is also looking at under-

writing share issues of companies wishing to invest in the VCM. The third option Schwenke suggests is the establishment by the state and financial institutions of development funds under the management of bodies such as the SBDC. These would be mainly used for risky business ventures which show a high chance of success.

But the informal sector has remained marginalised as no collateral is available and the returns would be minute.

What Anderson's Get Up foundation has, however, managed to do is to open the door to the very small informal-sector borrower. These loans go as low as R50 and a borrower need only have collateral of about R7. Anderson says repayments have up to now been almost 100 percent.

"The informal sector is important because it is the spontaneous response of poor people towards solving their problems themselves. Lending can and should strengthen such businesses as a weapon against poverty and backwardness."

# Franchising and other business opportunities

STAR 2315192



153A

**Y**OU may have the skills and personality needed to start your own business, but you may not be able to determine the type of business you want to enter.

Whatever route you decide, you should consult your accountant and attorney before involving yourself in any business opportunity **Franchising:**

"Franchising" is running a business of your own, selling someone else's product.

The scope of franchises is wider than you may think.

Fast food chains (such as Wimpy and Kentucky Fried Chicken) are well-known operations, but many other products and services are available on a franchise basis. Starting a franchise operation is not as risky as starting from

ADAPTED from "Starting and Running Your Own Business", published by the private business services division of chartered accountants KPMG Aiken & Peat.

scratch on your own

You may have the advantage of not needing to establish a market for your product.

As a franchisee you have certain advantages over the person setting up on his own. Remember, though, that you are still running your own business.

All the points mentioned in our previous articles are relevant.

The basis of any franchise is the agreement.

You must look at this very carefully. It is a good idea to consult your accountant and attorney before entering into any agreement.

The points to check vary with the

type of business you are planning, but there are certain aspects you should consider in each:

- Are you technically able to deal with the product or services that you will be offering?
- Is the product offered an exclusive one, or is there competition?
- How much control and assistance does the franchisor provide?
- If possible, ask other franchisees about the business and the franchisor's operating methods.
- Is the franchisor financially sound?
- If the franchisor is operating in a business which involves changing technology, consider whether he has

the expertise and resources to keep up with the market.

- How long is the term of the franchise — what are the arrangements for terminating it and what fee is payable?

- If the products are sourced from overseas, what are the delivery times and risks of delays, and is there potential for foreign currency losses?

**Other ways of starting your own business:**

There are other methods of starting your own business (for example, creating a joint venture with an existing firm or partnership or selling your idea to an investor, who will then support you).

These may particularly appeal to you if you have the skills, personality and an idea which you want to develop, but do not have the funds

available

Conversely, you may have cash to invest in a business but are unclear as to exactly what sort of business

There are ways of meeting potential partners and/or investors.

Consider approaching a business broker who introduces people looking for finance to those who are prepared to place capital, or the owners of a business who want to sell.

Various newspapers, technical and professional journals also often have a business-opportunities section in their classified columns.

But in all cases you should consult your professional advisor before launching into any unusual schemes and ventures.

□ *Next week: A plan for the business*



Extremely low disposable income is one of several reasons investors have been reluctant to finance shopping complexes in the townships. But this pattern may be changing, argues

**Macdonald Temane:**

**C**AN South Africa's black dormitory cities ever sustain regional shopping centres? The answer is yes and no.

Undoubtedly, there would be enough people per square kilometre living around such a centre. However, the disposable income in these areas is extremely low.

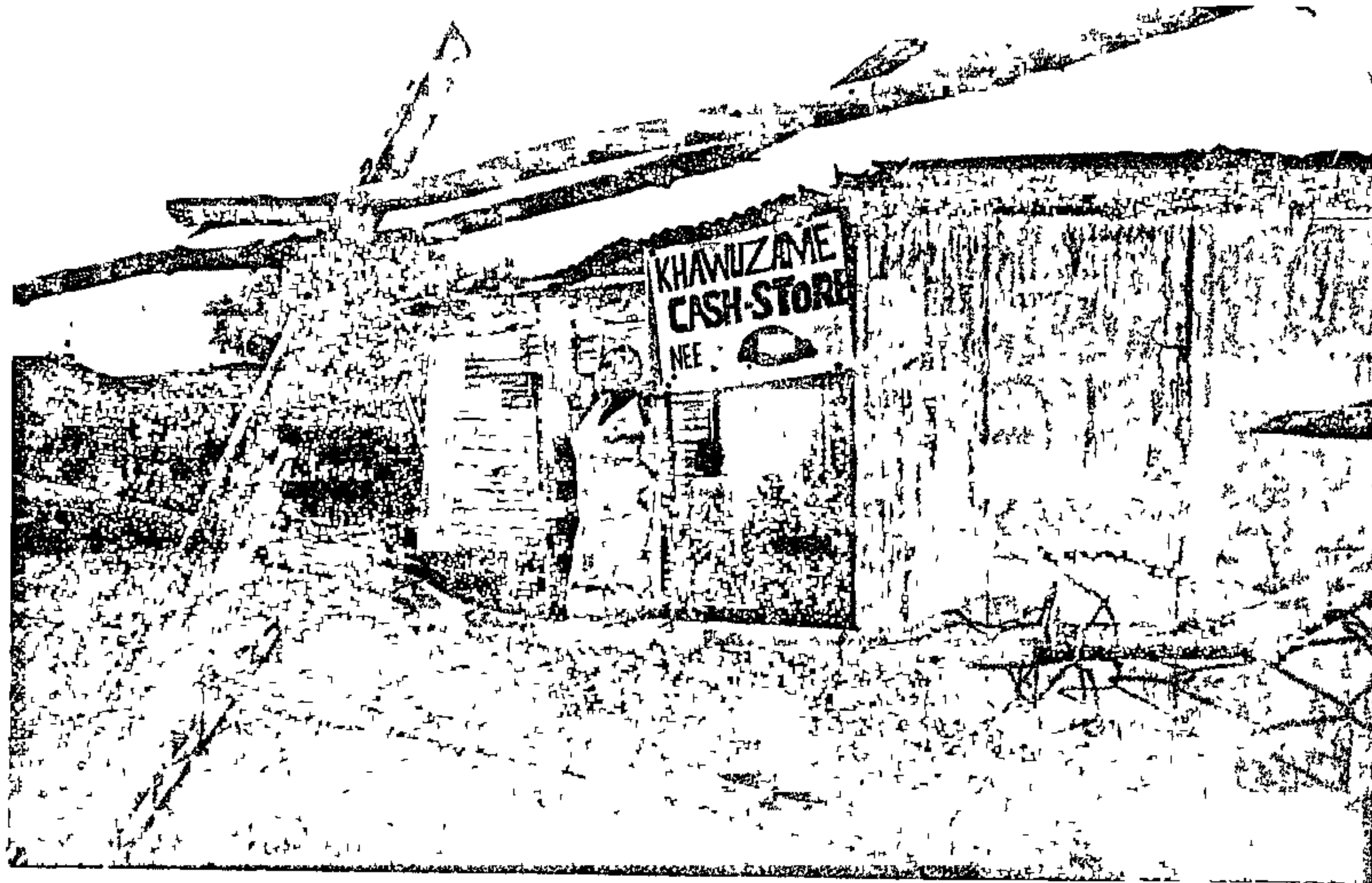
Shopping centres in black townships compete directly with attractive centres situated nearby.

One should remember that travelling to the other centres is part of the weekend entertainment of township residents, given the limited entertainment and sports facilities in most black townships. Many townships lost income earners in the higher groups following the abolition of the Group Areas Act. This does not affect spaza shops since higher-income earners do not buy there anyway. It does, however, affect spending levels at regional shopping centres inside the township.

Business premises are scattered in an unplanned fashion. Thus, regional shopping centres are usually not located in good spots.

The consumption and buying patterns of township residents are other obstacles regarding the economics of large shopping centres. Most residents buy small quantities frequently, with buying periods peaking in the early morning and late afternoon.

Notwithstanding these factors, there can be little doubt that quantities consumed in the major townships are very high. South Africa's recent political history has created a climate where public opinion for or against a shopping centre can easily



**SPAZA-SHOP.** Spaza owners' fear that large shopping centres threaten their livelihoods

Photo: Yunus Mohamed

## Township Davids, Goliaths ready for shopping battle?

be influenced by pressure groups. In particular, the participation of anchor tenants — the major national consumer chains — is still a thorny issue, with spaza-shop operators regarding large shopping centres as a threat to their livelihoods.

This is essentially the same type of opposition found among white and coloured entrepreneurs during the early seventies when hypermarkets were introduced in the urban areas.

We all know the added benefit of a regional centre is the general stimulation of local shopping. Areas such as Sandton and Rosebank near Johannesburg are proof of this phenomenon.

Yet, spaza-shop operators are aware that such supplementary "buying" of supermarket clients

hardly extends to those in the lower-income range who consume basic goods. Thus, what undoubtedly is an advantage to an up-market clothing boutique in the Sandton area, does not apply to a poorly organised and highly-priced spaza operator close to a new Pick & Pay hypermarket in the townships.

The opposition from retailers in the townships is based on the reasoning that they and the anchor tenant carry similar merchandise.

This latter view may be shortsighted, yet one should bear in mind that about 80 percent of the disposable income of township dwellers is still spent outside township borders.

Money is, in fact, spent where it is earned and new regional shop-

ping centres would compete for the 20 percent of the disposable earnings that reach the townships.

Established retailers in the townships may actually have a point.

Only if the overall patterns of job creation, income generation and consumer spending change and a greater balance is achieved between black and mixed areas, can one expect a change in attitude from the township operators.

The situation is not static, however. The population in the township increases rapidly and so does the disposable income of blacks in South Africa. The increasing effectiveness of collective bargaining further increases disposable income among township residents.

With the rapid political changes, effective influence on the spending

of pension-fund savings will also soon have an effect on the investment patterns of investors.

While these factors of change are in progress, township communities may also be changing their attitudes. Visible signs of successful partnerships between white and black enterprises, the spreading of franchise and successful clustering of black-owned enterprises around some of the regional shopping centres may lead to such changes.

Thus, it may be too early to reach a conclusion on the future of regional shopping centres inside the black residential areas.

Macdonald Temane is managing director of the Soweto Investment Trust Company. His article appears in the latest issue of *Die Suid-Afrikaan*.

South 23/5-27/5/92

15311

# This doll's gotta lotta style!

She built  
a mansion  
out of a  
molehill

By KATE MAMABOLO

SHE was retrenched  
three times. Today  
she's a hotshot.

From a small office and  
three machines in 1987,  
Lucia Mothiba, 43, has  
risen to the post of man-  
aging director of her own  
firm.

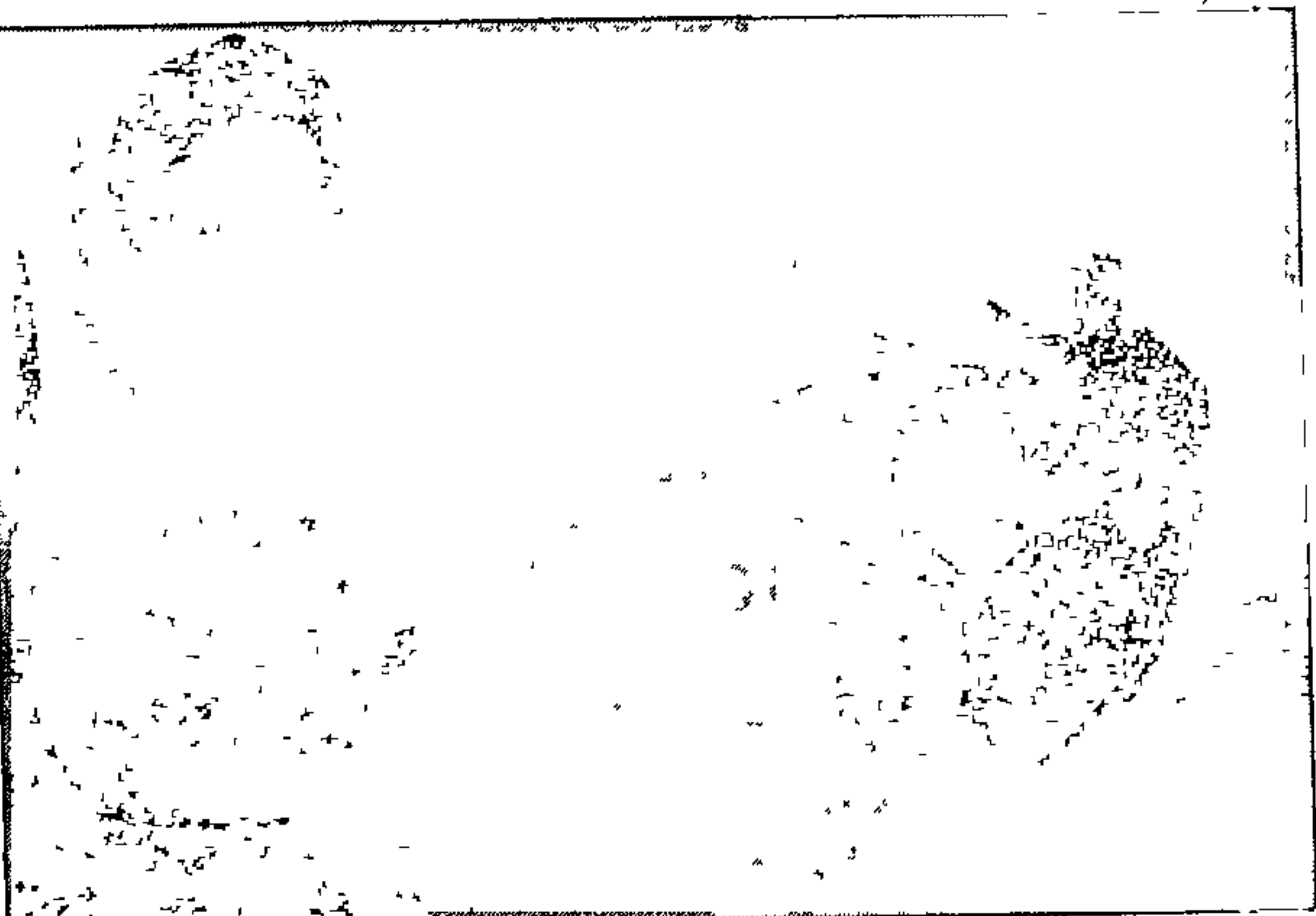
Besides running her  
thriving interior decorat-  
ing company, Lucia has  
founded an interior deco-  
rating school.

Her company caters  
for big names like design-  
er Ronald Sanders, with  
whom she shares prem-  
ises.

Besides the orders she  
does for interior compan-  
ies, Fabric Library also  
uses her services in their  
showroom. In 1990 Lucia  
designed for Sun Interna-  
tional.

Lucia said interior  
decorating was a rare ser-  
vice in our society.

She said: "This is not  
only a business to me, but  
a talent. I have not gone  
to school for what I am



**GOT THE TOUCH ... Interior decorator Lucy Mothiba with her presti-  
gious 1991 Matchmaker award.**

*Cipres 24/592*

doing. I did not even fin-  
ish my high school. But  
the work that I do encour-  
ages my creativity. Give  
me anything to work on,  
and you will be amazed at  
what I can do."

"A high percentage -  
99 percent - of my clients  
are white. All my clients  
are satisfied and refer  
others to me. Only a few  
black people use my ser-  
vices."

She said that while  
blacks had mastered the  
art of elegant dress, "we  
cannot dress our homes in

the same fashion."

And yet, she said interi-  
or decorating could be in-  
expensive.

"Old furniture can be  
beautifully refurbished  
by applying a few simple  
but effective techniques."

Confirming her talent,  
Lucia's stand at last  
year's Matchmaker Semi-  
nar was judged best out of  
100 exhibitors.

Her busy little factory  
in Eastgate Extension 11  
is run by three employees  
operating four machines.  
This obviously means

plenty of hard work and  
overtime during busy  
times.

Students of her interior  
decorating school in  
Marlboro do a year-long  
course.

Lucia said that the  
would-be decorator's ba-  
sic requirement was taste  
before creativity.

Northern Venture Cap-  
ital Trust takes care of  
the expenses such as ma-  
chinery.

Behind every success-  
ful woman there's a man  
- in this case it's her hus-  
band, James.



# Unite, top banker tells businessmen

BLACK businessmen should not let petty business differences separate them if they wanted to hasten economic growth

This was said by Mr Solly Makole, Free State and Lesotho regional manager of the African Bank, at the opening of the 28th conference of the Free State African Chamber of Commerce in Thaba Nchu at the weekend

Makole said it was important for blacks to take part in all sectors of the economy in order to alleviate problems facing them

He said blacks should not restrict themselves to businesses such as taverns and informal trading stores

Also speaking at the conference, the national deputy president of the National African Federated Chambers of Commerce, Mr Archie Nkonyeni, said South Africans should avoid what befell the rest of Africa where political liberation did not go side by side with economic liberation.

He said there was still much needed to be done to redress economic problems - Sapa

## UN renews plea for Mozambicans

*Own Correspondent*  
LONDON — The UN yesterday renewed its call for the SA government to grant refugee status to 100 000 Mozambicans who have fled across the border. *Bl Day 27/5/92*

A spokesman for the UN High Commissioner for Refugees (UNHCR) in Geneva said it had asked government to extend their mandate in SA to cope with the growing crisis in the refugee camps.

In September last year, the UN signed an agreement to assist in the repatriation of 15 000 exiled South Africans. The operation began in December — marking the first time in 30 years that a UN body had been allowed to operate in SA.

Now the UNHCR was trying to persuade SA to give the refugees UN protection, said Christien Berthiaume at the UNHCR headquarters in Geneva.

The drought and civil war in Mozambique has resulted in a continuous stream of exiles — in spite of the forced repatriation of up to 50 000 people a year.

BBC news yesterday highlighted the plight of the refugees who walk for days and risk their lives crossing the electrified border fence into SA to escape drought, famine and civil war.

According to the BBC, SA has maintained that giving Mozambique's exiles UN refugee status is not an option.

## ANC, govt agree to more meetings

*Bl Day 27/5/92*  
SENIOR members of government and the ANC who met on Monday night agreed that more bilateral meetings should take place in an effort to bridge differences that had emerged at Codesa, sources said yesterday.

The meeting, attended by government's senior negotiators and a host of senior ANC members, was held in an attempt to clear the air after more than a week of vociferous public debate.

The decision to hold more bilateral meetings is perceived as one method of ensuring the progress of negotiations, which currently hang in the balance following the impasse at Codesa II.

If more bilateral meetings between the ANC and government are held, the focus of negotiations will inevitably move away from Codesa to these meetings between the two leading members of the two main blocks at Codesa.

The focus of discussions at the Monday night meeting was the outstanding disagreements which emerged during discussions in Codesa's working group 2 which was dealing with the form of the interim gov-

ernment and the constituting-making bodies.

However, no solution was proposed to any of the major outstanding disagreements between government and the ANC. Neither did the parties broach the thorny issue of the percentage required for a new constitution to be passed.

The issue of the Codesa forum which will decide these issues was also not agreed, although it is known government is in favour of merging Codesa working groups two and three which have the task of discussing transitional government.

There is some hope that agreement on the outstanding issues will be reached before the current session of Parliament ends in June, and both government and the ANC have publicly stated their intention to pursue this goal. However, the chance is considered small.

The meeting was held in a friendly atmosphere and the damaged relations between the two sides, exacerbated by the series of accusations and counter-accusations, were partially healed, a source said.

## Informal sector in anti-AIDS project

*Bl Day 27/5/92*  
THEO RAWANA  
AMERICAN Duncan Earle, director of Population Services International (PSI), is planning to use the informal sector to distribute 4-million condoms a year in the AIDS-stricken Natal province.

Business development magazine Enterprise reports that Earle will mount the first phase of the project with extensive research to establish a new brand of condom that markets within the culture of SA.

A private, non-profit organisation, PSI has launched health and family planning programmes in 25 developing countries around the world, including about 12 in Africa. Earle aims to enlist an "army of wholesalers" who will make condoms and vital health information available in shebeens, bars, spaza shops, factories, transport depots and through pavement hawkers.

These retailers will also act as advisors and will be equipped with basic training, says Earle.

He plans to get the condoms on sale throughout Natal by mid-year and go nationwide next year.

The main thrust of the condom programme is to curb the spread of the HIV virus which leads to AIDS, and which is particularly prevalent in Natal, says Earle.

Earle says that at R1 each condoms are too expensive for the average South African, so PSI intends slashing the retail price to between 15c and 20c a piece, or 50c for a pack of three.

While parent company PSI-USA has pledged substantial funding, PSI has also been negotiating with a number of top SA companies for financial support.

The entire project is being run by Earle from his office in Durban.

He was responsible for launching similar projects in Cameroon, the Central African Republic and Benin.

## Gambler cites Act in reneging on debt

CAPE TOWN — A Sea Point casino is suing a Constantia man for a R75 000 gambling debt which he refuses to pay, claiming it is not enforceable by law and that he lost the money playing an illegal game of chance.

Highstead Entertainment, trading as The Club, claimed in the Supreme Court in Cape Town on Monday that Ruby Rutenberg of Daw Avenue had stopped payment of a cheque for R75 000 in settlement of losses for one night's gaming and demanded immediate payment with interest.

In an affidavit Rutenberg admitted stopping the cheque, but said he was entitled to do so.

He said he issued the cheque to The Club in settlement of a gambling debt which was not enforceable by law and which he was not obliged to pay because the transaction was in contravention of the law.

On April 21 he went to the casino and arranged for The Club to provide him with credit. Before being given his chips he had to sign a blank cheque which would prevent a gambler from later refusing to pay.

He was provided with chips worth R75 000 and by the end of the evening had lost the lot.

He played a game called ace high which was a variation of blackjack.

The game was "predominantly one of chance", as even a skilful and experienced player could do little when he had a weak hand, Rutenberg said.

Although it was sometimes contended that "card counters" — players who had the rare ability to count and remember which cards had been dealt — could predict with a some accuracy what most of the remaining cards would be when the game had progressed to a certain stage, he disputed this — Sapa.



By Louise Burgers  
Municipal Reporter

Plans for an impressive R173 million multi-modal transport, retail and entertainment centre — to be known as Metromall — were unveiled by the black taxi industry, property developers and the Johannesburg City Council yesterday

The ambitious project will be partly owned by, and mainly operated by, the black taxi industry. Metromall will combine shopping, office and entertainment fa-

# Blacks to have big stake in new centre

Star 24/9/92

cilities with the core transport elements and facilities for commuter convenience. More than 100 000 people, 8 000 taxis and 1 600 buses are expected to use the centre in the north-western CBD — straddling Sauer Street, bordered by Bree, West, Pim and Simmonds — daily.

The Foundation for African Business and Consumer Services (Fabcos) and the Southern African Black Taxi Association (Sabta) will be the anchor tenants with an initial 40 percent ownership stake in the taxi and vehicle services operating company — the Transport Utility Corporation — with an option to up that stake to 60 percent.

Gover Properties has appointed Ampros as project managers for the construction of Metromall and will then cede its rights in the development to Transcentre Developments Limited (TDL), an unlisted property stock company.

TDL will be owned by institutional investors, primarily pension funds, with no single investor holding more than 20 percent. It is envisaged that ground floor level pedestrian networks will connect with Fraser and Diagonal streets and a skywalk and underpass will provide safe crossing at the busy Sauer/Bree intersection.

A total of 19 200 sq m of retail space will be provided for facilities such as supermarkets, restaurants, banks, clothing stores and fast-food outlets. The Metromall site is on 3,5 ha of council-owned land in the north-western CBD and includes the existing Newtown and Kazernie bus and taxi terminuses and the Kazernie parking garage, which will be revamped and upgraded. The taxi operators will be granted a 50-year lease by the city council, with the option to renew for a further 49 years.

Roof-top vehicle-related activities will generate income and capital value for Fabcos and Sabta, whose members will have first choice to lease space for businesses such as petrol outlets, wash bays and repair/maintenance garages, as well as spares, battery, exhaust and tyre distributors. The two-year construction will start before the end of the year.

Sabta/Fabcos president Tom Ngcoya praised the city council for sticking to its promise to plan along with the taxi industry. "The council has shown a willingness to share what it has to offer, and so become

THE COMPLETE GUIDE TO HUMAN



ONE MILLION PARTICIPATE





ernment and the military in Haiti, and yet another expressed serious concern about a proposed Spanish

insecurity created by a permanent crossfire between drug cartels, Marxist guerrilla movements and rightwing paramilitary groups has

country where there is no freedom of expression whatsoever

"In Haiti, one could say there is simply no Press," Calderon said

## Investment product being tailored for stokvel members

STOKVELS and a major financial institution are edging closer to producing a new investment product for stokvel members. *B10an*

And a number of investment companies in the US and Britain have signalled they would invest in the product, provided it yielded good returns and was "benefiting the people on the ground". *2915192*

National Stokvels Association of SA (Nasasa) president Andrew Lukhele recently announced that his organisation planned to help alleviate the black housing crisis by diverting millions from banks to unit trusts, which would serve as collateral for home loans since banks were reluctant to lend money to township residents.

Lukhele said the arrangement would allow black savings to be ploughed back into black communities, rather than having the money lent to affluent whites

The latest Markinor survey of the informal financial sector indicates a 62,5% growth in the money collected by stokvels in urban areas.

WILSON ZWANE

In 1991, stokvels collected an estimated R84m a month compared with R52m in 1989. Membership also rose to 1,3-million from 680 000 in 1989

Nasasa consultant and Tremsen Broker Services MD Stephen Japp said yesterday although some Nasasa members had invested in Syfrets-administered unit trusts, the services group was unable to produce "the type of product which Nasasa wants"

Nasasa had, therefore, entered into a joint venture with a major financial institution with a view to developing a "unit trust product tailored to meet the needs of the stokvel members"

Japp would not name the financial institution, but said it was anticipated that the unit trust product would be available within three months.

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## 'Affirmative quotas fail'

WILSON ZWANE

AFFIRMATIVE action programmes fail in SA because they are geared towards meeting recruitment quotas rather than developing the potential of blacks and women. *B10an*

This is the view of human resources consultant Linda Human in a paper to be delivered at next month's fourth annual conference of the Institute of Personnel Management's (IPM) human resources development division.

She says other reasons for the failure of affirmative action programmes are. *2915192*

- That blacks and women are expected to function in a white male world which remains uncommitted to people development;
- A lack of commitment on the part of top management.

"It is time for managers to accept their responsibilities in relation to the disadvantaged... it is also time for blacks and women to accept responsibility for their own development," says Human

government and the military in Haiti, and yet another expressed serious concern about a proposed Spanish

insecurity created by a permanent crossfire between drug cartels, Marxist guerrilla movements and rightwing paramilitary groups has

country where there is no freedom of expression whatsoever

"In Haiti, one could say there is simply no Press," Calderon said

## Investment product being tailored for stokvel members

STOKVELS and a major financial institution are edging closer to producing a new investment product for stokvel members. *B10day*

And a number of investment companies in the US and Britain have signalled they would invest in the product, provided it yielded good returns and was "benefiting the people on the ground". *2915792*

National Stokvels Association of SA (Nasasa) president Andrew Lukhele recently announced that his organisation planned to help alleviate the black housing crisis by diverting millions from banks to unit trusts, which would serve as collateral for home loans since banks were reluctant to lend money to township residents.

Lukhele said the arrangement would allow black savings to be ploughed back into black communities, rather than having the money lent to affluent whites.

The latest Markinor survey of the informal financial sector indicates a 62,5% growth in the money collected by stokvels in urban areas.

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By CHRIS MABUYA: East London

THEY own their own cars, they send their kids to schools and universities, and when they talk about business prospects, they say "the sky's the limit".

Yuppies? Not really. They are a group of hawkers at the Mdantsane Highway Terminus, in Ciskei.

They have spurned mainstream jobs and remained on the streets — one of them for more than 30 years — selling their wares to the public. The results have been worthwhile. As Ladylock Skeyi explained: "Hawking has been seen as a job for uneducated people but I'm sitting here with my matric certificate."

Skeyi, mother of eight children, started hawking in 1960. She never worked at anything else and resisted her husband's attempts to persuade her to look for "better jobs".

Her first selling stand was simply three empty cupboard containers turned upside-down for the fruit and *vetkoek* she sold to school children.

"Those were really trying times," she said.

Besides not receiving any moral support from her husband, who felt she could do better with her qualifications, she would often be outside the whole day without selling anything.

"People sometimes just ignored me and I began suspecting others of having bewitched my

# There's no business like hawkers' business

(week 29/5 - 4/6/92)

business. At other times we had to run away from the police or have our stuff confiscated.

But *vilanzenzela* (the will to wake up and do something for yourself) Skeyi on her feet in 1964 she identified the Mdantsane Highway Terminus, the biggest bus and taxi station in the Ciskei, as a good place for hawking.

She was later nicknamed *Masekeseko* — the name she gave to the chicken she sold. And then she was joined by her husband, after persuading him to leave a company where he earned very little.

Even the death of her husband in 1981 did not tempt her to "look for greener pastures" elsewhere.

The decision paid off. Skeyi, now president of the Ciskei Hawkers' Association, owns two vehicles (a car and a van) and was able to send all eight children to school.

As a committee member of an organisation involved with "street kids", Skeyi said she

encourages other hawkers not to take their children away from school.

Another hawker, Hilda Ngayi, joined this "informal business" in 1970. Like Skeyi, her beginnings were also very humble: she initially had to display her wares on empty samp bags.

A former factory worker, Ngayi became dissatisfied with her job and decided to work for herself and the family. So she took to the streets, at first selling cow skins at 60 cents each, and then at a later stage vegetables and live chickens.

An organiser of the Ciskei Hawkers' Association, Ngayi also speaks of a very successful life. She has three children — all of whom she managed to send to school. She also bought herself a van which she now uses for shopping at East London's municipal market. "We are going forward and the sky is the limit," she said.

But hawking does not involve selling only vegetables and chickens. The trade accommodates all who share the idea of *vilanzenzela*.

Priscilla Mamati, who left Cape Town in 1972 to work as a nurse at Mdantsane's Cecilia Makhwane Hospital, resigned in 1986 after discovering she had a talent for sewing.

Like other beginners in the hawking trade, she had no experience in business. At first she tried to sell vegetables, but "I used to cry if I spent one day without gain", said Mamati.

Then she decided to concentrate on sewing from home. This was so successful she could afford school fees for her son, who is now studying part-time for a university degree. Mamati also drives her own car and is involved in the Ciskei Hawkers' Association.

Victims of the high rate of unemployment in the region and unresolved labour disputes have also found their place in this "underground economy".

Fuzile Dunywa, new to the hawking business, had been out of work since 1987. "I am one of the victims of unfair dismissals and retrenchments in our region," he said. But he had already prepared for and budgeted for 10 truck shops at the terminus.

Dunywa said the shops, despite their small size, would operate like other take-away shops. However, they would be managed by selected unemployed people — a move he hoped would create more jobs for other victims. — Elnews



# Impress financiers with a good business plan

Star 30/9/92

**B**EFORE starting your business, you need to make sure it will generate enough cash so that you can pay your creditors, expand the business and, of course, enable you to live.

To start with, you will probably need to borrow some money (to be discussed in the next article) so the providers of finance will expect to see a business plan.

This will help you decide how much money you are going to need and also provide a yardstick against which you can measure your performance.

## Standard layout

If you have had no previous experience of writing a business plan, your accountant will help you, but you must appreciate the key financial details of the business and the basis on which the plan is prepared.

You must tailor your business plan to the business you are going to operate. A standard layout for a business plan just doesn't work.

Nevertheless, essential features are an income statement, balance sheet and cash-flow forecast.

While the details of these may change, the broad outline will not.

Although the writing of a business

**THIS** series on establishing your own company is adapted from "Starting and Running Your Own Business", published by the private business services division of chartered accountants KPMG Aiken & Peat.

plan is fairly involved, requiring professional advice, try to let your own enthusiasm for your venture express itself in your plan.

You can broadly split the ideas for your plan into

- Estimated figures, which are your estimates about such items as sales, and administration expenses
- Assumption, which forms the basis of your plan and might include

- Level of projected sales and any increases in volume
- Gross margin
- Expected level of inflation
- Expected rate of taxation.
- Expected trend of interest rates
- Capital expenditure and its timing
- Stock turnover
- Debtors' collection period.

- Creditors' payment period
- It is tempting to be overly optimistic with your assumptions. Don't — you will never meet the demands imposed on you.

Have you considered that your business could have seasonal fluctuations? Take these into account when preparing projections.

Have you thought about your set-up costs?

There will be a period when you have significant cash outflows which are not compensated by any inflows of revenue. This period may be longer than expected.

When specifying the type and amount of finance that you need, err on the side of caution. Financiers will not be impressed if you come back shortly after starting, asking for more money. Things often go wrong in business. Allow for leeway in your budget.

A bank, or other source of finance, will require projections for at least a year and, if possible, you should go beyond this. A satisfactory projection might be

- First year — monthly projections
- Second year — quarterly projections
- Third year — annual projection

Your projections should include a cash-flow forecast, a balance sheet and income statement.

This not only indicates whether you are seeking to fund a profitable organisation, but proves the arithmetical accuracy of the figures that you have produced.

A micro-computer can help you immensely in setting up projections and you will find that you can change your assumptions easily and assess the effect of these.

A one or two-page "executive summary" gives the reader an overview of the business. This should indicate the background to the venture, brief details of the product, what the finance is required for, the amounts required and projected results.

The plan should cover the points mentioned above, but should not be excessively detailed. A potential backer will not want a long report.

If your proposed plan exceeds 10 to 12 pages, try to make it more concise.

It is difficult to specify exactly what you need to include in your business plan, but you ought to consider

- Your products
- The premises from which you in-

tend to operate

- Relevant extracts from the curriculum vitae of each member of the management team

- Your marketing strategy
- Your competition
- Past performances (if any)
- Financial projections and assumptions relating to them
- The financial resources required and what changes will be necessary if your assumptions prove either pessimistic or optimistic.
- Your assessment of the risks involved in the project.

## Answer questions

We need to stress again that while it is important to get professional advice when preparing a business plan, you must successfully involved yourself. It is your plan.

You will be asked about the features of the plan and must be prepared to answer questions on it.

One of the main reasons for a business venture failing to attract the finance that it needs is a poorly presented business plan.

A proposal for bank finance requires specific information and has to be structured to ensure its maximum impact.

- Next Source of finance



# The little guy who serves the nation

**F**ROM seven in the morning until about six in the evening Linda Amanda stands at his dusty corner shop at Zone 10 in Meadowlands, Soweto, and shouts out greetings to passers-by.

He seems to know everybody, and everybody sings out an affectionate greeting in return.

"Hello papa!" he says to a small boy in search of a 10c piece of salted snook.

Next he pitches his voice across the street to an old lady leaning on a stick, inquiring about her health, her children and the latest news about her pension.

He speaks all the township's languages and dialects and, in the 10 years that Linda has been trading on this corner, he has become a quintessential part of the community's life.

A short, stocky man greying at his temples and simply dressed, he is serious about business. He sees himself first and foremost as an entrepreneur.

"I might not be a genius like Henry Ford or have the opportunities given to Ernest Oppenheimer, but given another time and place, I could have given them a run for their money," he says.

Born in Western Native Township in 1936, he came of age in the 1950s, an era when "black" Johannesburg produced a plethora of talent in poetry, prose, drama, journalism and music.

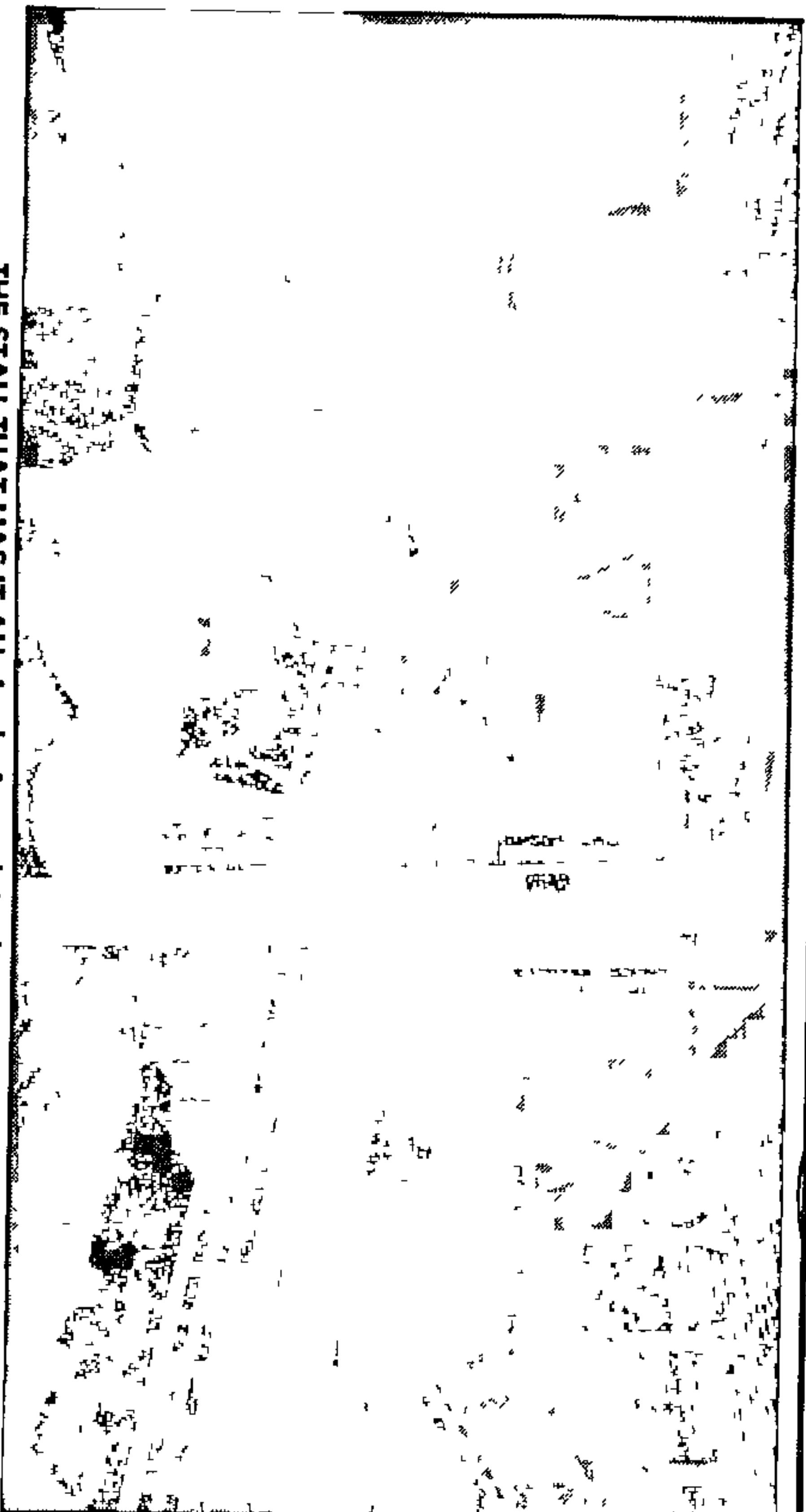
Because of their sophisticated lifestyle, these characters became known as "clevas".

Says Linda "Business is in my

**JOE LOUW talks to a man who has found his calling in life selling food, soft drinks and chopped wood to squatters, pensioners and the unemployed.**

Star 30/5792

1534



**THE STALL THAT HAS IT ALL: Linda Amanda's place caters for the poor.**

blood, although that's not where I was headed when I was still a kid at St Peters.

"I have always been very religious and even contemplated joining the priesthood. But that was not to be."

Poverty at home and the Group Areas Act which closed St Peters forced him out of school and into a job with Caltex. "I started as an ordinary clerk and messenger

But it was not long before I was given more important tasks. It did not take too long before I was supervising the distribution of oil products all over the Reef as well as monitoring internal operations. That was before the days of job reservation and before blacks had any union representation."

Linda says he discovered his "flair" for dealing with people when he found himself acting as "a

sort of one-man trade union" between employees and management over matters such as hiring, salaries, housing and financial loans, "and the 101 other problems that accrue in the workplace."

"I had to learn how to put all these into a proper perspective between management and workers while avoiding being called a sellout by one side and a communist agitator by the other."

After 17 years at Caltex he quit to go into business for himself. "To be an entrepreneur you have to have guts and you have to have faith, but above all, you have to be optimistic. Throughout these years I have struggled on, always pushing forward, always looking for new ways to serve clients and keep them faithful."

As he packs wood in small bundles which will sell for between R1 and R2, he says "I buy these from an old mine. I chop the wood myself. There are so many squatters around here and unemployed people and pensioners who live on almost nothing that we have to cater for them."

Several times a week Linda rises at dawn to make his way to the Johannesburg Produce Market to buy fresh vegetables at "reasonable prices". He says he passes on the saving to his customers. "With R5, at my stall a family can buy some potatoes, onions and tomatoes — enough to cover an evening meal."

**T**HER items he keeps are soft drinks, dispensed from a freezer kept in the two-roomed house he shares with his wife, Joyce.

She prepares breaded fish and boiled eggs for sale.

"I'm not going to be a millionaire," says Linda, "but that doesn't mean I can't dream of getting a big break some day. In the new South Africa, I hope they don't forget about small guys like me. We also serve the nation."



# Small business to get help in crucial labour relations field

SMALL and medium size businesses are losing money because they lack labour relations skills, says Mr John Naudé of the Western Cape region of the Small Business Development Corporation (SBDC)

He says the most apparent areas are badly motivated workforces, low productivity, time wasting from inadequate disciplinary and grievance procedures, and the resultant costly legal and other expenses in the event of disputes.

"Indications that unions have targeted small and medium businesses for membership drives have heightened the need for employers to improve their basic labour relations skills," says Mr Naudé.

"It is unfortunate that many businesses still do not appreciate that proper techniques can, for example, prevent industrial court litigation and contribute to an improved bottom line"

The SBDC has now developed a training course "Labour relations for the small business" which is suitable for businesses employing between five and 100 people.

The next course will be held on Mondays and Wednesdays each week, from 6pm to 9pm, running from June 8 to July 8.

It will be presented in the SBDC offices at 60 Sir Lowry Road, Cape Town

Participants will receive a comprehensive course manual on registration and a certificate of achievement upon successful completion of the course

Further details are obtainable on ☎ (021) 462 1910.

# Unionising small business

Sowetan 4/6/92

(BP) (153A)

By JOSHUA  
RABOROKO

THE impact of trade unions on small business and the need to link small and big business were the major themes at this year's National Industrial Chamber held at the Jan Smuts Holiday Inn at the weekend.

The NIC, which is an affiliate of Nafcoc, represents more than 4 000 small manufacturers, industries, parastatals and large corporations in South Africa.

Co-ordinator Mr Phil Machaba said that the intention of the conference was to link big and small manufactures because of the important role they

would play in the post-apartheid South Africa.

Speakers included; Barlow Rand's Mr Robert Robb, Habakuk Cane's Mr Habakuk Shikwane, and representatives from trade unions

The impact trade unions have on small manufacturers was also discussed.

"Many entrepreneurs see the unionisation of their labour force as an area of concern, especially in the prevailing climate of wide-

spread unemployment," Mashaba said.

According to Get Ahead, informal manufacturing in South Africa accounts for half of that found elsewhere in Africa, for example in Maseru and Nigeria.

NIC's president said they intended putting black manufacturing on the map as people usually associate black business only with retailers or taxis.

He said the critical unemployment situation in South Africa meant there was a need to learn how to maximise small business promotion.



# Blacks to get a cash boost

*Sowetan 4/6/92*  
**THE United States Congress is to decide soon on a grant of millions of rands to promote small business development among blacks in South Africa.**

The proposed grant is the subject of a Bill now before Congress and introduced by House of Representatives Africa sub-committee chairman, Mr Mervyn Dymally, who is a leading member of the Congressional Black Caucus.

It is understood that his sponsorship of the Bill arises from meetings in Washington earlier this year between South African businessmen, Congressmen and members of the South African-American Business Council.

Members of the council include ANC president Mr Nelson Mandela, economist Mr Maxwell Sisulu, Fabcos chairman Mr Gaby Magomola, Soweto Investment Corporation's Mr Macdonald Temahe, and director of Consumer Behaviour (Pty), Mr Eric Mafuna.

Mafuna, who is interim chairman of the business council, said the aim was to foster a closer working relationship in the areas of business and economic development between "dispossessed" South Africans and Afro-Americans.

It was also aimed at transferring technology and skills to underprivileged South Africans.

The new South Africa would be helped through joint ventures, networking, lobbying and capital formation efforts.

There would be a review of investment and business proposals from US corporations planning to locate or relocate in the country in order to assure appropriate "Affirmative Action Guidelines" were adhered to and respected.

"The purpose of these guidelines will be to ensure that each investment contributes to the overall economic em-

*153A*  
 By JOSHUA RABOROKO

powerment of South Africa's blacks," Mafuna said.

In a memorandum, the parties said that they believed economic sanctions should continue until an interim government of national unity was installed and progress towards the democratic election of a Constituent Assembly had become irreversible.

The parties have agreed to hold further discussions and meetings to finalise in more specific detail the functions and organisational structure of the business council.

# Small business in a crucial position

Sowetan

4/6/92

153A

By JOSHUA  
RABOROKO

SMALL business is a crucial part of economic development.

However, in South Africa small business was very limited in number and in scope as opposed to other countries in Africa such as Kenya

Addressing a seminar on labour relations on small business, Cosatu's Dr Bennie Fanaroff said the trade union's view was that "we should achieve economic growth through redistribution"

He said that meant "we must stimulate the economy and create jobs by providing the basic goods and services which people do not have"

The two most crucial projects are housing and electrification, he added

The building of houses and the installation of electricity must be done in a way which encompassed the community

It must create opportunities for work and for local entrepreneurs in the community, so that both money and skills were left in the community Building must not just be done by big companies using industrial

methods

The electrification programmes, for example, should be able to have a spin-off of new job opportunities and there must be small business development programmes to take advantage of new opportunities created by electrification

Fanaroff said it had been proven overseas that electrification projects create job opportunities Local electrification projects should be done in a way which involved many entrepreneurs

There should be self-managed work teams by Eskom In that way the company would not only provide electricity, but would contribute to community skills

"Cosatu, Nactu and the civic association have driven the development of the National Housing Forum and the National Electrification Committee

"The civic association together with some unions have proposed the establishment of a Bank of Re-

construction which may be able to offer finance to small business initiatives This bank will not be dominated by big business and Government," he said

The unions were also fighting for a very large programme of training and skills development which must be based on modules, and there must also be adult basic education together with the technical training

"Workers who are retrenched must be retrained so that they have skills to take into the community," he added.

Cosatu recognised the existence of small businesses However, "we are not prepared to see a development of small businesses based on exploitation

"The trade unions are fighting for a ban on retrenchments and against job losses They are negotiating to restructure the industries to create more jobs

"We believe that the time has now come for the labour movement to talk formally with small business in order to support each other instead of being in opposition to each other," he said



# SBDC opens a hive in Phillipi

Sowetan 5/6/92

MORE than 60 small businesses ranging from clothing manufacturers to welders have taken units in the Phillipi Small Business Centre in the Western Cape.

The majority of these have "graduated" from

By JOSHUA RABOROKO

backyards and are operating from formal premises for the first time.

The centre, a landmark on the Cape Flats, was bought by the SBDC after it became aware of the need for suitable and affordable premises in the developing communities.

SBDC's senior manager Mr Johan Naude said they were challenged to buy redundant factory premises and sub-divide them into mini-factories and have units of between 50 square metres to 20 square metres, ideally suited for small enterprises.

The centre also incorporates a bank, a first for the townships - as well as doctors' and dentists' surgeries and a chemist. Other commercial activities such as spaza shops and a dry cleaning depot are due to open soon.

The SBDC envisaged an integrated business complex on the site, with a shopping centre being an option for consideration in Phase 2 of the development.

Project manager Mr Ken Briggs said that training and mentoring services were available at the centre and were regarded as a priority to upgrade business skills.

"Mentors are assisting tenants with financial aspects such as record-keeping and costing, as well as technical skills," he said.

Basic business training was also provided, and a training centre was being planned for the complex, he added. These services were available to businesses in surrounding areas.

Future developments in the area were crucial in order to meet the job creation challenges for residential areas such as Nyanga, Crossroads, Brown's Farm and Mitchells Plain.

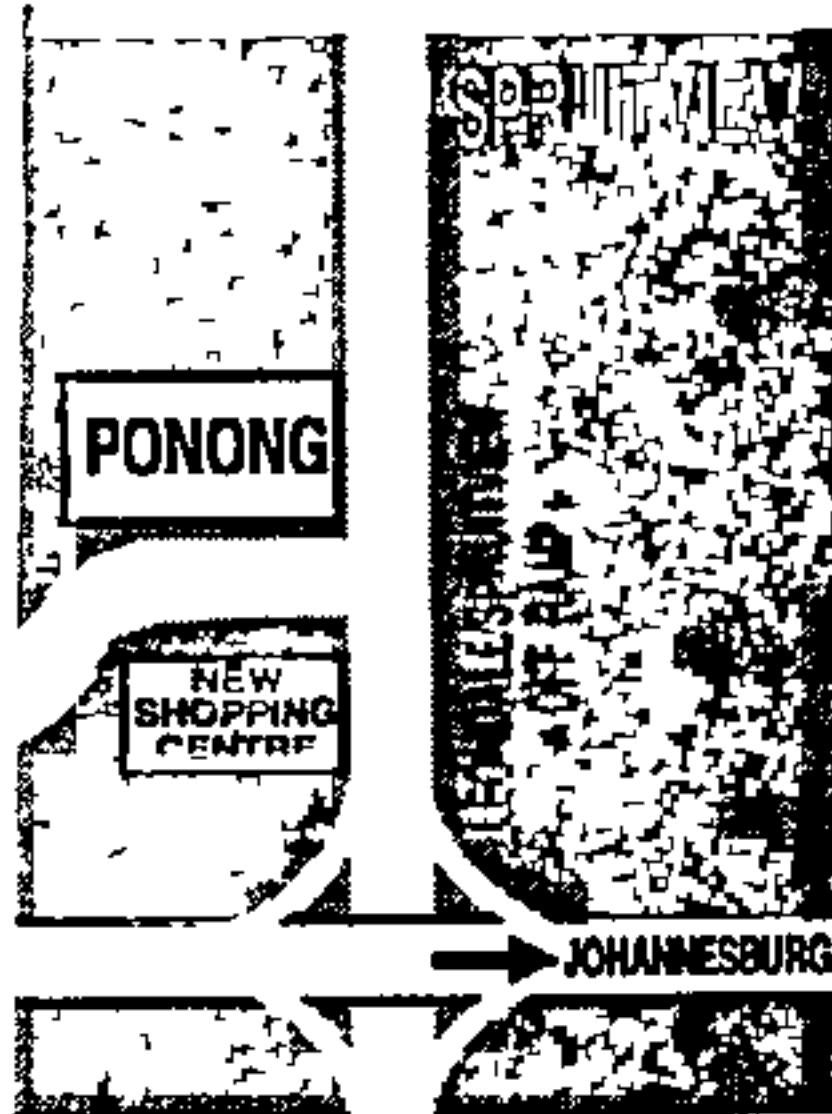
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# SBDC Success story

50 veteran  
5/6/92

By JOSHUA  
RABOROKO

THE nation-wide network of 35 industrial hives created by the Small Business Development Corporation have provided the launching pad for about 2 000 small enterprises

The total would grow still higher with the start of six more hives in the pipeline, the SBDC's managing director, Dr Ben Vosloo, said yesterday.

Each one was regarded as a bridge from the informal to the formal sector of economic activity - allowing breathing space to make the transition.

He described the hives as incubators where a new generation of entrepreneurs could be hatched and nurtured while they tested their production and management talents

The "industrial hive" is a phenomenon created by the SBDC

Apart from providing basic accommodation at reasonable rentals, tenants are provided with the SBDC's collective support services

153A



# Ibec's micro-loans put businesses on their feet

w/mail 5/6 - 11/6/92.

By Ferial Haffajee

153A

AT the end of 1990, four destitute women from the Eastern Cape approached the Informal Business Enrichment Centre (Ibec) for loans of R1 500 each

They got the loans and bought shoes from a wholesale outlet. Then they set up a colourful shoe stall on the highway to Mdantsane, a sprawling township near East London. Business flourished and at the end of January 1991, they managed to repay their loans and needed a further loan to expand.

The story of these women illustrates Ibec's mission. "We deal at a grassroots level and make access to finance easier," says Ibec executive director Reggie Naidoo.

Ibec's success rate speaks for itself. Its bad debt rate is only two percent and more than 90 percent of the 420 businesses it helped start continue to flourish.

Ibec is geared to assisting mainly informal and emerging businesses. 350 informal businesses got start-up loans from Ibec and 70 emerging or manufacturing businesses were also helped by the organisation.

Most of the country's unemployed live in the Border region. Ibec was started in December 1990 specifically to find some solution to the unemployment crisis in that region.

Mercedes Benz provided funding of R200 000, Mobil Foundation gave R40 000 and Tiger Oats gave money toward infrastructural costs.

Ibec's loan book is small (only R500 000) and its access to funds even smaller. For this reason, it gives only micro-loans, the average loan is R1 000 but it can go up to R5 000 if the business does well.

Behind the success of this small enterprise is the motto that "we are a development not an assistance organisation", says Naidoo. Education is central to the programme.

All successful applicants must go through a variety of courses run by Ibec before they are given a cent. "If applicants don't pass the test, they have to start again," says Naidoo.

Education for the entrepreneurs includes motivational courses, business awareness classes, skills training and commercial courses run in conjunction with the Fort Hare Institute of Management.

And while Naidoo is proud of Ibec's reputation as a non-governmental organisation, it is run along strict business principles. "We are not a hand-out organisation," says Naidoo, explaining Ibec's strict feasibility studies.

The Mobil Foundation says "The Ibec has made exceptional progress over the past year." The foundation is particularly impressed with the careful and successful links Ibec has launched with the formal sector.

In addition to arranging training from a variety of businesses for its clients, Ibec has also brokered a number of mutually beneficial contracts between formal eastern Cape businesses and its clients.

Naidoo attributes the success of the organisation to the fact that it closes its offices every three months and goes into the field to evaluate all the businesses it has funded. It also has regular audits and costs are watched carefully.

Ibec's success has persuaded the organisation to go national and during this year it opened offices in Johannesburg and Durban.

## SOWETAN BUSINESS

# 18 Achib members killed in violence

AT least 18 spaza shop owners and hawkers were killed in acts of violence in the PVV areas in the past three months.

By JOSHUA RABOROKO

minutes at a time when the country was faced with large scale unemployment

The president of the African Council of Hawkers and Informal Businesses (Achib), Mr Lawrence Mavundla, said nine of their members were killed in Tembisa, three in Soweto and five in Alexandra.

He said this after his organisation, a key player in job and wealth creation for the unemployed in South Africa, had received regional reports at a meeting in Johannesburg this week.

Mavundla said violence had devastating effects on the economic growth of the informal sector that was creating job opportu-

negotiated settlement by all leaders

The National Peace Accord was one of the attempts to stem the growing violence, but seemingly there were other elements that acted against the agreement.

He said that Achib had embarked on a programme to revamp its structures after it experienced financial setbacks in most of the regions.

Most branches were paying their subscriptions but the money never reached the head office, through lack of communication.

As a result, he said, the organisation lost membership because there were organisers who pocketed the money.

"We have appointed auditors to look into the books of our regions

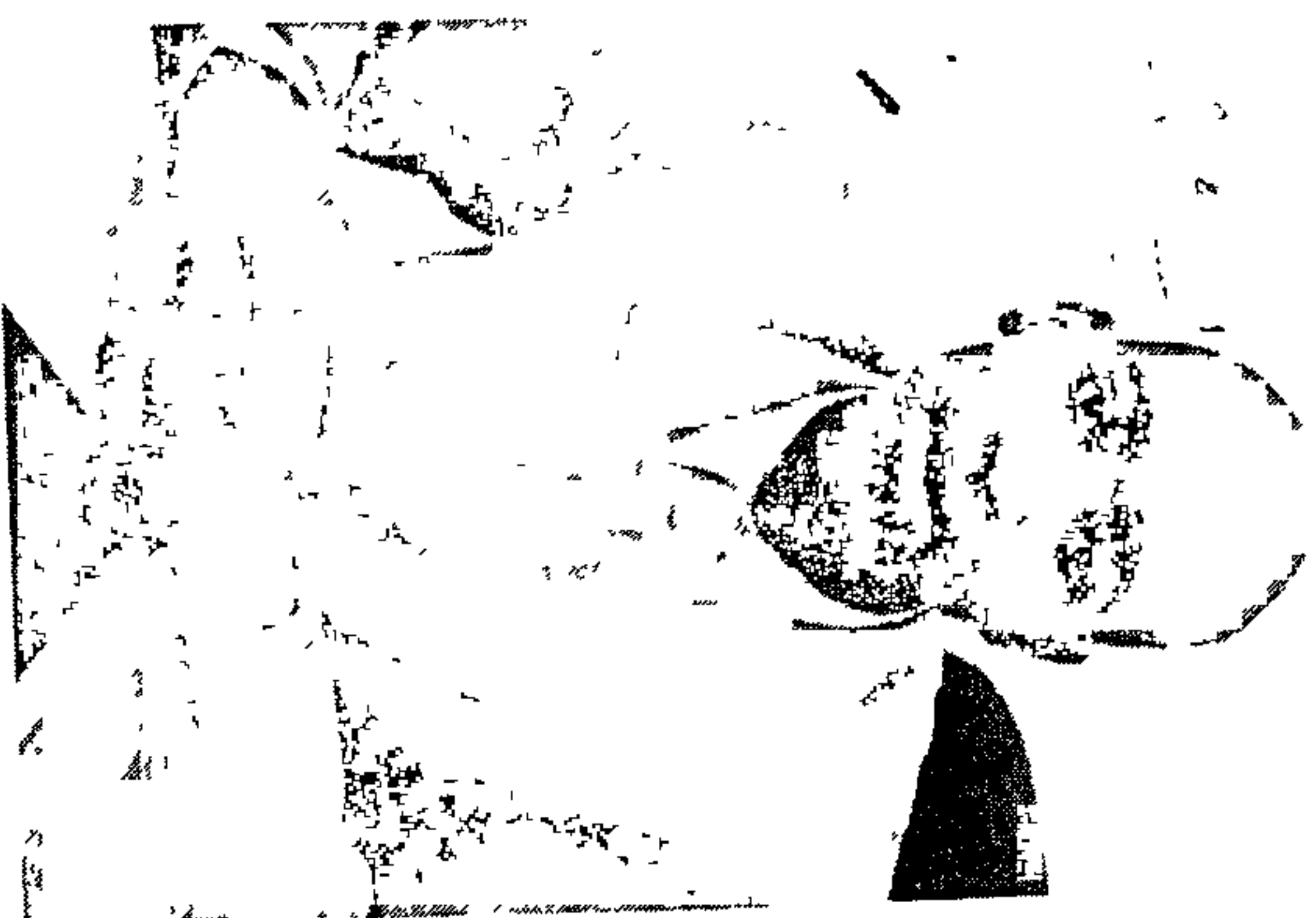
and if anybody is found to have pocketed the money he or she is in for trouble," he warned.

"We cannot allow people to misuse the organisation's funds because this will create a bad impression. Heads will roll if anybody is found to have squandered the organisation's money," he added.

Mavundla said that members were still being harassed by local authorities in some areas, including the so-called independent states.

"We are, however, engaged in discussions with the authorities in an attempt to stop them from stifling our members' aims to earn a living," he said.

Achib members were still experiencing hardships with some banks refusing to grant them loans as well as accepting stop orders for the subscriptions and their burial scheme.



LAWRENCE MAVUNDLA



# 18 Southbusiness

June 13 to June 17 1992

## Looking for a job? Why not become a boss?

By Johan Naude

MUCH IS MADE of the benefits of a strong and vigorous small business sector to the economy of a country. In recent years countries where an "enterprise culture" exists have been at the forefront in terms of economic growth and job creation — examples that come to

mind are Taiwan, South Korea and Italy.

Great emphasis is placed on entrepreneurship education in order to provide the necessary skills that people are going to need for success in business.

In South Africa we have to be more successful in generating entrepreneurs — with our employment problem we need more

employers, not employees!

Most scholars and students about to enter the job market traditionally envisage themselves as being employed by someone — a government department, city council, large company or factory and in a professional capacity as an accountant or attorney.

It is apparent not enough job opportunities exist here. The self-

employment option therefore warrants serious attention.

This of course also applies to those that have lost their jobs because of businesses closing down or retrenchments.

What steps could be considered when preparing for self-employment?

Get a good basic education at school, and, if possible, at a col-

lege, technician or university. It should give you general skills and strengthen your self-confidence.

Acquire some specialised skill, craft or profession — something you are good at in competition with others. It can be a simple craft or something requiring more practice, anything from the repair of motor cars or computers to skilful dressmaking or running training sessions.

Use every opportunity available in holidays or over weekends — at school or during training — to practise self-employment, participate in business games or learn while doing odd jobs for small businesses.

Confidence in enterprise management comes from practical learning, and diversity strengthens one's experience.

Continuously scan the market for business opportunities — once again starting as young as you can.

How do people get into business? Why are some successful and why do others fail? What makes this or that small business tick? What do you need to enter a particular business? Where can you get capital, licences, raw materials, markets, advice, etc? With whom can you exchange your dreams?

Do not discourage your idealism about a future self-employment career, but build up your self-discipline, drive and tenacity to be able to tackle the problems and challenges likely to confront you when you are on your own.

Finally, systematically build up a network of friends and contacts bearing in mind that access to such contacts constitutes one of the most critical factors in successful business start-up.

You'll never be able to solve all the problems yourself — but you shouldn't take too long to find out where you can get help or information.

The Small Business Development Corporation offers a wide range of services which assist people embarking on self-employment. These include:

- Basic information and business advice
  - Publications on starting a small business
  - Training and consultation services
  - Financing
- For further enquiries call (021) 462-1910

## SBDC

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#### Industrial Hives

Philippi Small Business Centre, Mitchells Plain Hive, Guguletu Craft Shops

#### Financing

Mini-loans (R300-R50000) for viable enterprises, as well as larger, general financing for amounts up to R1million

#### Training Courses and Business Publications

"How to start your own small business"

"Township MBA"

Special topic workshops and seminars

Information pamphlets on how to run a business successfully

#### Information and Advice

Information centres at Mitchells Plain Hive, Philippi Small Business Centre and Eyona Centre

#### Marketing and Sub-contracting assistance

Advertising and promoting of hive/centre projects and encouraging contact between "Big" and "Small" business

#### Deregulation assistance

Legal representations and negotiations with authorities on behalf of small business

For more information, contact:

Ruth Penxa, Cape Town office Tel 462 1910 • Rubin Japhta, Philippi Centre Tel 317 114/5

Derek Bell, Mitchells Plain Tel 376 1217/8

HARNESSING THE POWER OF ENTREPRENEURSHIP



# Taximen delighted but hawkers dubious

By Peter Davies <sup>Star</sup> 13/6/92

Those who regard the present Bree Street taxi and bus ranks as a dishevelled, dangerously overcrowded magnet for muggers will welcome the ambitious new Metromall transport, retail and entertainment complex.

The complex hopes to cope with 100 000 people, 8 000 taxis and 1 600 buses daily.

The multimillion-rand centre has 19 200 m of retail space available for shops, banks and fast-food outlets. The perimeter of the proposed hi-tech rectangle extends to Simmonds, Bree, Pim Extension and West streets.

But others are less enthusiastic about the development.

The corner of Bree and Sauer streets — where jostling throngs of commuters swarm during peak hours — is the street-hawker's domain.

Stalls range from multi-

coloured tarpaulin tents to a simple sheet of plastic on the ground. Wares include fresh fruit, snuff, bubblegum, cigarettes, toiletries and bags of coloured popcorn.

Some hawkers are afraid the new centre will put them out of business.

"This development is both good and bad," says Augustine Tshuma, who has owned a hawking stall since 1987.

"More shops would create work for more people. But what if it puts us hawkers out of work? Nobody asked us about this. They should give us first choice for a supermarket or fast-food place if we can afford the rent. Our customers know us well. We have helped develop this place."

Taxi driver M J Zwane welcomed the new complex.

"As long as I know I can pick up my passengers safely, I welcome this move. It will make the city look beautiful

and healthy. Sometimes this rank here can be dangerous."

The Bree Street taxi rank has long been regarded as a notorious area for muggings.

But a visit to the rank showed that perhaps it does not deserve such a reputation.

At the head of the queue for taxis destined for Randburg is a novel "lost property office": a piece of yellow string tied to a pole. Attached to the string are two bunches of keys, an ID book, a worker's access card, a purse and a baby's blue leather shoe.

"People lose things, so we just leave them here until they find them. Sometimes the items hang here for weeks. Nobody ever tries to steal them," said one taxi driver.

So stop searching, Marjorie Busisiwe — your ID document awaits collection from the Bree Street taxi rank marked Randburg-Jan Smuts.



# Franchisors' sales grow

CP Reporter

WHILE the last two years have seen a massive increase in liquidations, a recent survey conducted by the South African Franchise Association (Safa) among its member companies, shows that its members not only survived but, in most cases, recorded growth in real terms.

Of 55 respondents to the survey, 53 reported higher unit sales for the past year and definite plans for further expansion during the current year. Between them, the franchisor companies that responded operate through a total of 2 800 outlets. They attribute their success to a combination of factors:

- Skills transfer from their well honed franchise systems to their hand-picked, well trained and constantly supported franchisees;

- The power of an established brand name; and

- The significant advantages of bulk purchasing and group advertising, which franchising offers to the inexperienced franchisee.

The findings are neither a flash in the pan, nor a specifically South African phenomenon. Most of the western world finds itself in the grip of a recession, and across the board, franchised businesses prove themselves to be the most resilient.

Nonetheless, Safa is quick to warn that the word "franchise" in itself does not confer any magic

powers. The aspiring franchisee must select a proven concept, and once accepted, must work hard to ensure success

It is essential to undertake a careful check on the credentials of the prospective franchisor. In the absence of any legislation controlling SA's franchise scene, membership to Safa is a definite plus-point. Safa scrutinises its members carefully prior to acceptance, and each member is obliged to adhere to Safa's "Code of Ethics and Business Practices", designed to protect the investor.

In addition to reputable franchisors, Safa's membership also includes an "affiliate category" -

companies providing professional services of the highest ethical standard to franchisors and franchisees alike. One such member is the Small Business Development Corporation, which has recognised that franchising is an excellent route for the accelerated, yet sound, expansion of small business. (153A)

Finally, Safa presents low-cost seminars and produces publications designed to familiarise the general public with the exciting opportunities available to them. The Association's secretariat is happy to provide a listing of publications and services on offer.

# Looking for a job? Why not become a boss?

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tick? What do you



IN *Das Kapital*, Karl Marx describes the main German business of his time as consisting of "petty retailers and hawkers serving the big foreign wholesale trade".

Smaller German manufacturers of his time were producing poorer imitations of goods made in Britain.

To protect the British public from buying those German imitations, the British Parliament legislated that all goods imported to Britain should indicate the country of origin.

Germany was the target and German goods had to have the mark, "Made in Germany".

The German response did not follow the socialist teachings of Marx.

Education, training and hard work, mixed with deep patriotism in producing the best possible quality products, became their top priority.

The government provided all the necessary support to the work-giver and the work-taker.

That is why, as Dr Theo Wassenaar acknowledges

# Quality key for the small man

Sowetan 17/6/92.

Industrial chemist and small manufacturer Bogle Mabogoane says big business developers should support small business so that small manufacturers can compete against the bigger players.



in his book, *Assault on Free Enterprise*, the term beurocrat is more respectable in Germany than in all capitalist countries.

The German approach has definitely paid. "Made In Germany" is internationally accepted as a mark of quality.

Germans are more productive, with very good working conditions for employees, even in foreign lands.

The Receiver of Revenue in Germany is not disliked as in other countries. Church taxes are even paid to him directly from workers' wages and salaries, together with the normal income tax.

African business is nowadays similar to that of Germany during the time of Karl Marx.

Praises in favour of hawking and backyard manufacturing are being

sung by beurocrats but with little support, or none at all on the major problems facing the smaller manufacturers.

For them, the number one is quality and this needs technical training so that Made by Smaller Manufacturers should also mean Best Possible Quality.

Our technical colleges and technikons, with support from institutions like the SA Bureau of Standards, should consider relevant technical courses for the entrepreneur, to improve his skills.

These courses will need to be offered in African languages too. It can be done.

I had the opportunity of teaching chemical workers with Standard 5, the Laws of Electrolysis in Nguni and Sotho. Their produc-

tivity increased from 65 percent to an average of 92 percent, which was the same as that of German and Japanese workers in the same field.

The second problem of Small Manufacturers (SMs) is that of the procurement of materials in the quantities they can afford, because big suppliers are geared for big manufacturers.

## Exorbitant

Smaller suppliers charge exorbitant prices, thus compelling the SMs to produce poorer quality products to compete in price with the big manufacturers.

There are big suppliers who have bent their rules and do supply smaller quantities to the SMs but

153A

**Nacssa launches**  
Soviet 18/6/92. ~~153A~~ 153A  
**coffin company**

Southern 18/6/92.

(153A)

**By JOSHUA  
RABOROKO**

**KwaNdebele on July 23**

Nacssa's chief executive, Mr Sam Muofhe, said that the move was towards black economic advancement in that their members

would be able to get coffins  
at reasonable prices

He said that they had consulted black organisations, including the National African Funeral Undertakers Association (Nafua)

The idea is the branchchild of the association's business sector, Letsema In-

vestment Corporation (LIC), which aims to empower black business

The chairman of LIC, Dr Nuhato Motlana, said the project would be a milestone in that there were no black-owned manufacturing companies in South Africa.

We must make the black rand circulate at least more than once among black people before it goes to big coffin manufacturing companies, Motlane said.

A lack of community confidence in business will frustrate black business. Detractors have traditionally justified this lack confidence by claiming that black business is never stable and people get ripped off," he said.

Company would relieve the black communities of the hardships they encountered in obtaining expensive coffins from big corporations.

"We want to bury our people in great style. Death is not a subject anyone wants to think about at all times but it comes to all."

"By caring about it now anyone can make sure that unexpected funeral expenses are met. Black people respect funerals and want to bury their dead with dignity," Muoshe said.

The association has formed its funeral scheme the Nacssa 4000 Funeral Scheme - which had since inception paid more than R60 000 to members

By consulting with black funeral undertakers the association was willing to make it easy for them to get coffins at reasonable prices he added

"Black economic empowerment has been a buzzword in many business circles and it has often benefited whites who have penetrated the black market

"We must empower black people economically and the factory will be one of those steps towards this idea " he said

Black businessmen should get out of the dependency syndrome and should learn to do things for themselves he said adding "we must stop being beggars who are prepared to receive hand-out from our masters"

The association had made contributions to community projects, he said for example, when the SABC workers went on strike we were the first to donate to the relief fund for the workers

"We need the support of every black in this course Muofhe added

## SECTION No. 5

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(1) Every day there will be winners for the eleven barrels who will be notified by telephone. 5) The first three correct entries drawn in last order will win R20 000 each.

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S 8175

**§ 6175**



# In my view . . .

A daily commentary on current economic affairs by writers of The Star.

## SBDC plan to create jobs worth second look

153A  
STAR 19/6/92

By Michael Chester

Though there were deep frowns in many corporate boardrooms this week as computers busily calculated the cost of production losses caused by the big stayaway on Soweto Day, the general atmosphere was relieved by the relative calmness of Day One of the ANC mass action programme.

Even so, it did little to ease the pervasive anxieties of businessmen over the state of the economy.

With spreading gloom about the prospect of a third successive year of stagnation, new investment has slowed to a crawl.

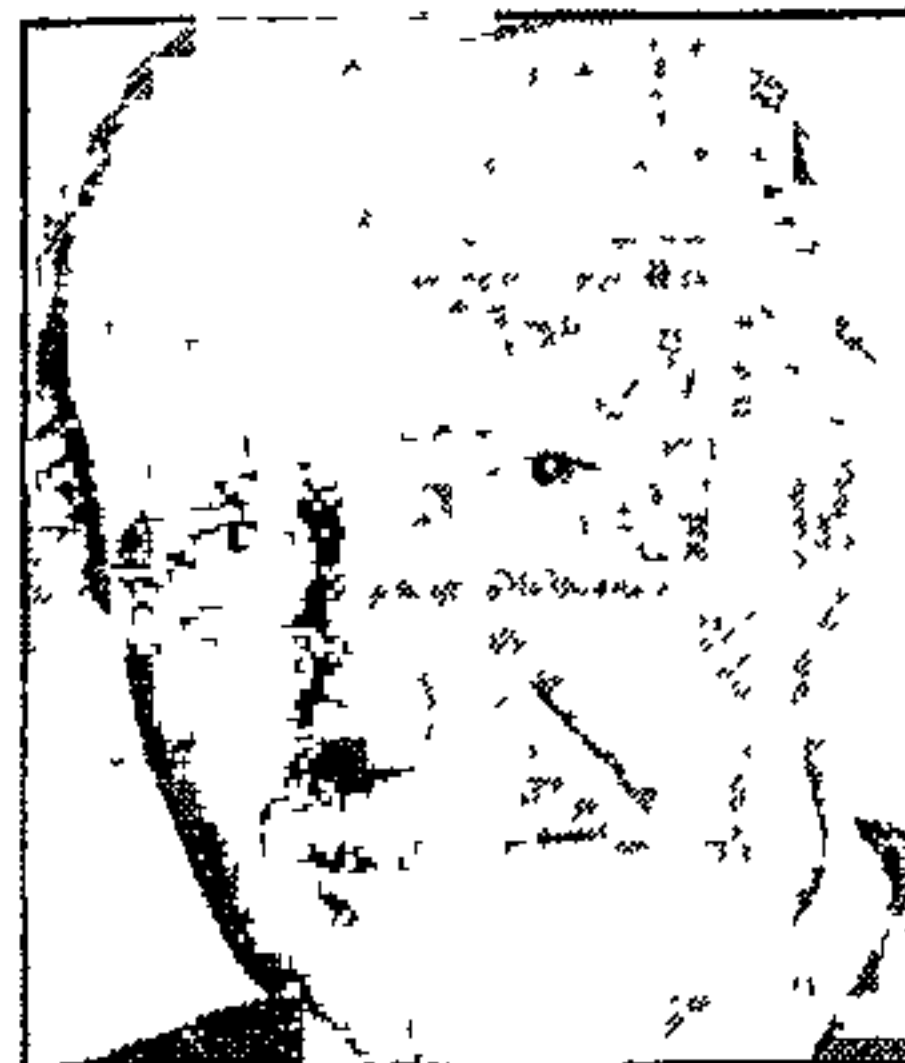
As pointed out by Naas Steenkamp in a presidential address at the annual meeting of the Chamber of Mines, South Africa's investment attractions are still more than counter-balanced at present by the image of rampant violence, the unsteadiness of transition and universal uncertainties about the future scenario.

South Africa, he said, must confront the blunt fact that the horn of plenty is *not* about to flow in the form of cash injections from overseas.

"We shall have to start developing our industry and our economy ourselves," he said.

One starting point may be a strategy devised by the Small Business Development Corporation, which it estimates could create or expand as many as 50 000 or more small and medium business enterprises — and in the process create 2,5 million new job opportunities in the next five years.

The key, says SBDC senior general manager Jo Schwenke, is the



mobilisation of venture capital in a joint exercise by government and financial institutions.

He suggests an initial budget of around R400 million a year from private sector institutions (after all, equal to no more than one percent of annual cash flows in pension companies and pension funds) and R2 billion a year from government.

To allay fears in the business community at this cost, it could be launched as a modest pilot exercise with, say, R50 million from the institutions and R200 million from the government.

The SBDC, now with a 10-year track record of success with venture capital schemes, is willing to act as fund manager to select entrepreneur candidates and monitor progress.

It is a possible initiative that deserves serious examination if South Africa is going to show a bit more economic dynamism.

# Centre boosts businesses



Sowetan 19/6/92

By JOSHUA RABOROKO

THE Sanlam Centre for Small Business Management was officially opened by the company's senior marketing manager, Mr Piet Craven, at the Technikon Northern Transvaal.

Sanlam is donating R15 000 to the centre for a period of five years. This year an additional R50 000 will be donated which makes a total of R125 000.

Craven said that the development of business skills for small business was "very important for the future of our country".

He said small and medium size enterprises provided employment for 24,5 percent of the economically active



# Plan to teach job skills to street children

SITimes 21/6/92

153A

By DIANA STREAK

THE Child Welfare Society is to teach street children employment skills to make them "marketable" in the informal sector.

Director Alan Jackson said the society had seen a need several years ago to extend their services to the street children beyond simple residential care.

"An alternative school was set up by the Salesian Order of the Catholic Church to educate street children.

"But we also recognise," said Mr Jackson, "that many children we are accommodating and caring for will never be able to obtain a job in the formal sector. So what we are launching is a training programme to teach street children skills which they would be able to market in the informal sector."

He said these would be largely skills requiring the children to use their hands in fields such as building, making wooden toys, and washing cars.

He said the training would depend on the individual child's capabilities and the society would have to check in the open market what skills people were looking for, particularly in self-run businesses.

In terms of the Child Care Act any child under 15 may not be employed or provide work and Mr Jackson said his organisation would be very careful not to employ children under age.

"We are not in the business of child labour," he said. "To be able to train younger children they would need more flexibility of the law. He said the minister may, under certain conditions, give permission."

He said the street children were very keen to learn practical skills which would gear them for employment. Although formal education was available at shelters not all children were capable or interested in learning.

"We will move as many as we can through normal schooling but many won't be, so we need the Job Creation Skills Programme."

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# City budget aims to help business

8/10 Aug 25/6/92  
JOHANNESBURG City Council's R2bn budget, announced today, is expected to include incentives for businesses

The average increase in tariffs for non-domestic consumers, including electricity and water rates, is likely to remain beneath inflation and possibly under the state Treasury's recommended 13% limit on local authority budget increases.

It is believed this is the first time any major municipality in SA has managed to keep tariff increases below the Treasury limit. Assessment rates in Pretoria increased 27,1% for the coming financial year, while Cape Town announced a 16,5% rise

"We have been particularly conscious of the economic environment in which we live and, in compiling the budget, have sought to keep proposed expenditure levels down," management committee chairman Ian Davidson said yesterday

"We are very aware that we need to provide a cost-effective environment with adequate services and infrastructure to support the local economy and encourage foreign investment," he said

Consultations were held with a

number of bodies, including Sacob, the Afrikaanse Sakekamer and civic associations, during compilation of the budget

Small businesses in particular would be likely to benefit from the 1992/93 budget, with a restructuring of tariffs and demand charges serving to ease previous budgetary discrimination against this sector.

There is considerable support in local government circles for a reassessment of the regional services council's payroll and turnover levies

Davidson said the levies were defective and needed to be refined to resemble more closely local income and sales taxes

Steepest increases businesses are likely to face, possibly up to 20%, include sewage and refuse tariffs. The refuse increase had been in response to requests from several organisations to clean up the CBD, while a major R3bn upgrading of the city's sewerage system had necessitated that tariff increase.

Businesses provide about 28% of the Johannesburg municipal region's assessment rates income

ADRIAN HADLAND

153A



It's  
my



THAMI MAZWAI

business

# Keeping the lolly at home

*Sowetan 25/6/92 (153A)*  
**AFTER months of negotiations, black-owned Letsema Investments has acquired a coffin manufacturing company.**

This acquisition is black economic empowerment for we are further up the production line instead of being at the end. Moreso, it is blacks using their own resources.

The much-talked about spaza shops are not economic empowerment but survival economics.

Government and some people in the corporate sector wax lyrical about these spaza shops simply because they still see us as little pedlars here and there while they hog the big lolly

Well, Nthato Motlana, Bobby Makwela and Sam Muofhe, who control Letsema, won't have any of that.

Incidentally, if we talk of spaza shops and hawkers as economic empowerment, it means I was also involved in economic empowerment while at Orlando High.

I used to sell peanuts, especially when the school went out on sports trips. Mr Cyprian Mahlaba, the Cyprian Mahlaba you know, was sports master.

I used to pass him a packet of peanuts now and again and he would look the other way when I sneaked into the bus when the school went on a sports trip

However, the amount we are talking about between Meneer and myself is only a ticky, two and half cents in today's currency. I must specify this in case someone wants to equate our little scheme with what happens in Government.

Government officials do not go for anything less than a million, it is below their dignity

Continuing with my Orlando High story, as soon as I got into the bus I sold my peanuts and the profits were good - in student terms

On one occasion there was a slight hiccup when the late Mr Arthur Tseleng, then deputy principal, saw me in the bus and ordered me to get off. However, when the students pleaded with "papa" (as he was known) he relented. Meanwhile, accounting teacher Mr Ntshalintshali was speechless for he had checked those getting into the bus and should have stopped me

He was speechless when I told him that I had got in through the window, all he said was: "You mean that ffeet Mazwai, lesa Sdudla, Umabumbum, got in through this smolanyana window?"

He was pointing at the window at the time, incredulity written all over his face. He shook his head and, gesticulating wildly with hands, said: "Well, I am beaten. This Mazwai needs o doctor abakhulu, ba overseas"

## Sojourn

This was my sojourn into black, rather student economic empowerment.

Coming back to the business of the day, Letsema will employ our young artisans from the technikons and technical schools

It is thus going to play a prominent role in the development of black skills. When artisans get a block of wood and mould it into a usable product, a coffin in this case, they are adding value

This is what wealth creation is about. Letsema has joined the glorious company of skills developers and job providers

How did they do it? Dues paid into the "stokvel" and burial society they run were used to buy the coffin company

When death strikes at the home of a stokvel or burial society member, the funeral undertaker will buy the coffin from the Letsema outfit.

This is keeping the money at home. Letsema must join hands with black livestock farmers and National Sorghum Breweries who now produce indigenous foods

In this way the funeral industry in the townships will be in black hands from A to Z. Circulating the rand in our townships is the way to go

OPINION & COMMENT BY THAMI MAZWAI

# New hawkers hit the streets

Wm 26/6-2/7/92

Weekly Mail Reporter

THE streets of Johannesburg have become home to a new breed of street hawker — the Taiwanese.

In Johannesburg's Eloff Street alone, a quick *Weekly Mail* survey turned up 10 Taiwanese pavement peddlers. Whether they are legal residents, illegal immigrants or tourists combining business with pleasure is unclear.

Their scant knowledge of English, or any local language, does not stop them from aggressively marketing their wares. People walking past are greeted with "Watch Very cheap, my friend".

The prices of their wares — displayed on small suitcases — are rock bottom. Watches, jeans and tackies go for as little as R35.

In the past hawkers — predominantly black — were treated as criminals, regularly raided by the police. Now informal trading restrictions have been relaxed, opening the way for more and more people to make use of the street corner markets.

Anyone who wants to trade can now do so. They simply have to go to the local licensing department, fill in a form, pay R10, and collect their hawkers' licence.

One such hawker is Chung Shu, who sells watches and tackies imported from Hong Kong outside the Johannesburg Sun Hotel.

He came to South Africa from Tai Chang five years ago when he could not get employment as a civil engineer in Taiwan, he says. He claims to be a legal immigrant.

Chung Shu turned to hawking when he could not find an engineering job because he was a foreigner — he has no intention of taking out South African citizenship. He plans to remain in the country for the next three years, he says, until his two children complete their schooling.

To many hawkers, however, the new traders are a threat. Some have accused them of "taking the bread out of the mouths" of locals.

Hillbrow hawker David Mottian says "there should be some control over the number of foreigners doing trade in the streets."

"What they should do is control immigration — not let just anybody in."

"South Africans should get first preference and only if there is no alternative should they let foreigners in," he said.

But he says he respects people who "get off their backsides and do some work rather than sitting there sticking out their hands".

For some, the arrival of the Taiwanese traders has been a godsend. George Makubiyane from Soweto, who spent two months searching for a job, now works for a Taiwanese businessman hawking jeans and tackies. The 18-year-old earns R180 a week.



By JOSHUA  
RABOROKO

MR Jose Ribeiro Isidro is one of many Mozambicans who risked being savaged by animals and killed by Renamo dissidents while crossing into South Africa through the Kruger National Park.

He was arrested on several occasions and sent back to his Maputo home, but his itch to find employment in South Africa never stopped and he subsequently settled in Mamelodi, near Pretoria.

After eight years of struggle to get his documents fixed, he still hasn't got proper working papers, but he has defied all and started a successful furniture business - Antique Furniture Manufacture in Mamelodi.

He started the furniture business while a tenant in the backyard shack of a home in the township. A second shack was his home.

He paid the landlord of the matchbox house R150 a month. Together with his

wife, Elsie, and another man as staff, the business is becoming vibrant.

He approached the Get Ahead Foundation and received a R5 000 loan to buy wood and machinery and the orders started "pouring in daily".

He moved in 1990 to larger premises and has six new employees in the excellent furniture business that is styled on Cape Dutch antiques.

Get Ahead sponsored him at the Matchmaker Fair and he received many big orders and in 1991 he moved again to bigger premises with 10 employees.

One order alone accounts for 200 chairs and four desks. He has just received a R2 000 loan from the foundation again, after

paying the first advance.

Jose manufactures a variety of furniture, including bedroom and dining room suites, built-in wardrobes, coffee tables, TV-stands, and display cabinets, to name a few.

He was born into a destitute family and was forced to leave school at an early age as a result of the liberation struggle against colonial rule in Mozambique.

However, he managed to acquire skills in carpentry from his parents who lived like nomads because of the war in the country at the time.

Life was difficult during that time. As the struggle raged, it was not easy to acquire the skill because we were always on the run. Money was also a scarce commodity, he told Sow

etan Business this week.

He was fascinated by the smart clothes his cousin wore and a lot of money he displayed during his (cousin's) visit to Mozambique.

The cousin worked on the mines in South Africa.

He was thrilled and was dying to look like him. He walked to South Africa through the Kruger Park. He was caught and sent back but tried again.

He illegally worked for

numerous companies that sympathised with his plight, although he maintains some exploited him by paying him a pittance and sometimes he was paid nothing.

He repaired broken furniture for the companies as well as made chairs and desks for them. He was dissatisfied with the money and decided to look for greener pastures.

He could not be regis-

tered and was arrested on many occasions for being "a prohibited immigrant" because he did not have proper work papers.

It was during this time that he started his small business operation in the backyard of a Mamelodi home.

But a ray of light is beginning to show at the end of the tunnel because local authorities and the Get Ahead Foundation are

struggling to get him a work permit as well as citizenship.

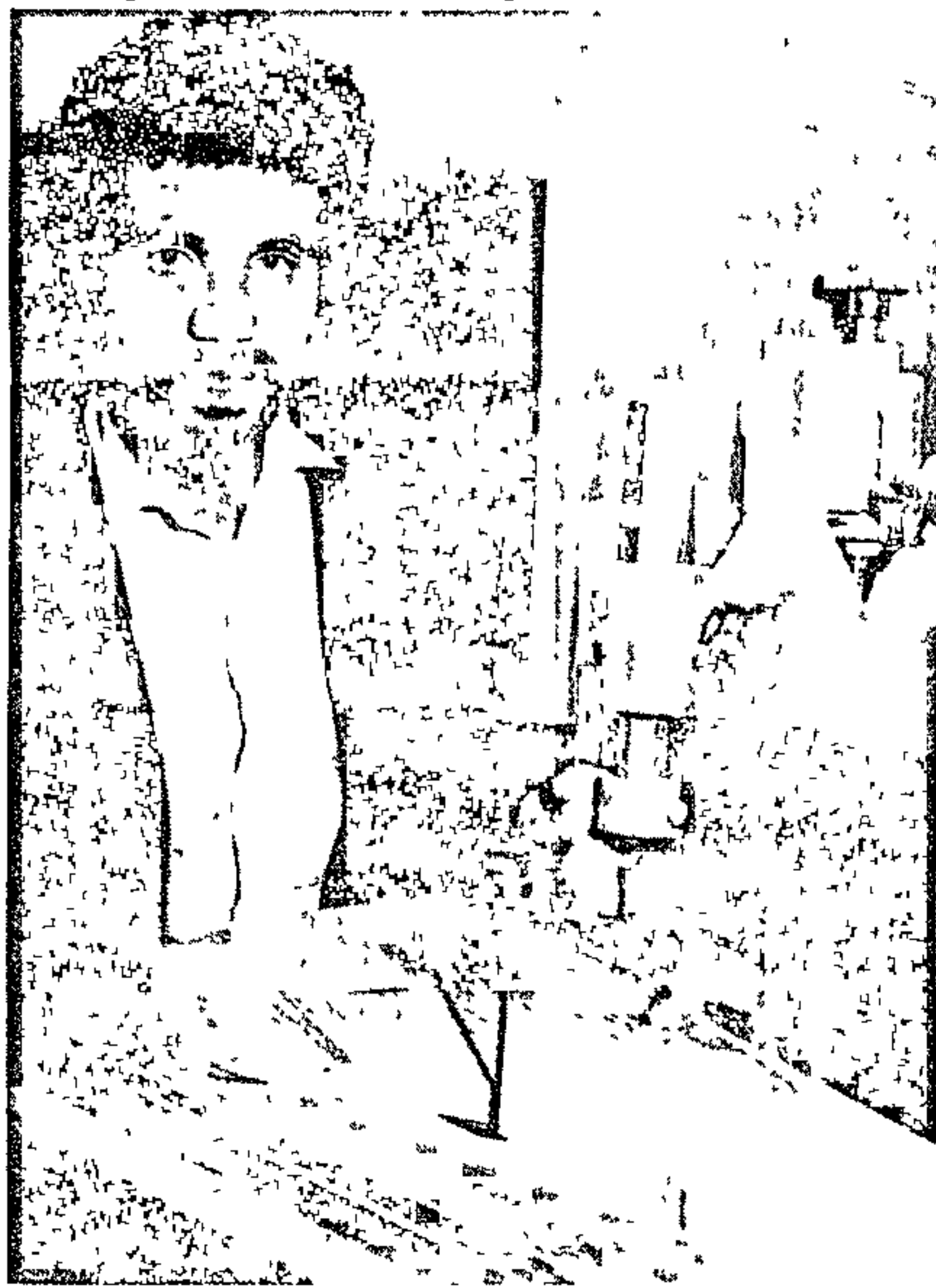
Jose is optimistic that with the reforms taking place in South Africa he will succeed and sell his products all over the African continent.

This article qualifies Jose for the Sowetan/Sanlam Entrepreneur of the Month Competition. The contest is part of the newspaper's Nation Building campaign.

# A star with gumption

Sowetan 26/6/92

(153A)



JOSE RIBEIRO ISIDRO risked his life by walking through the Kruger National Park.

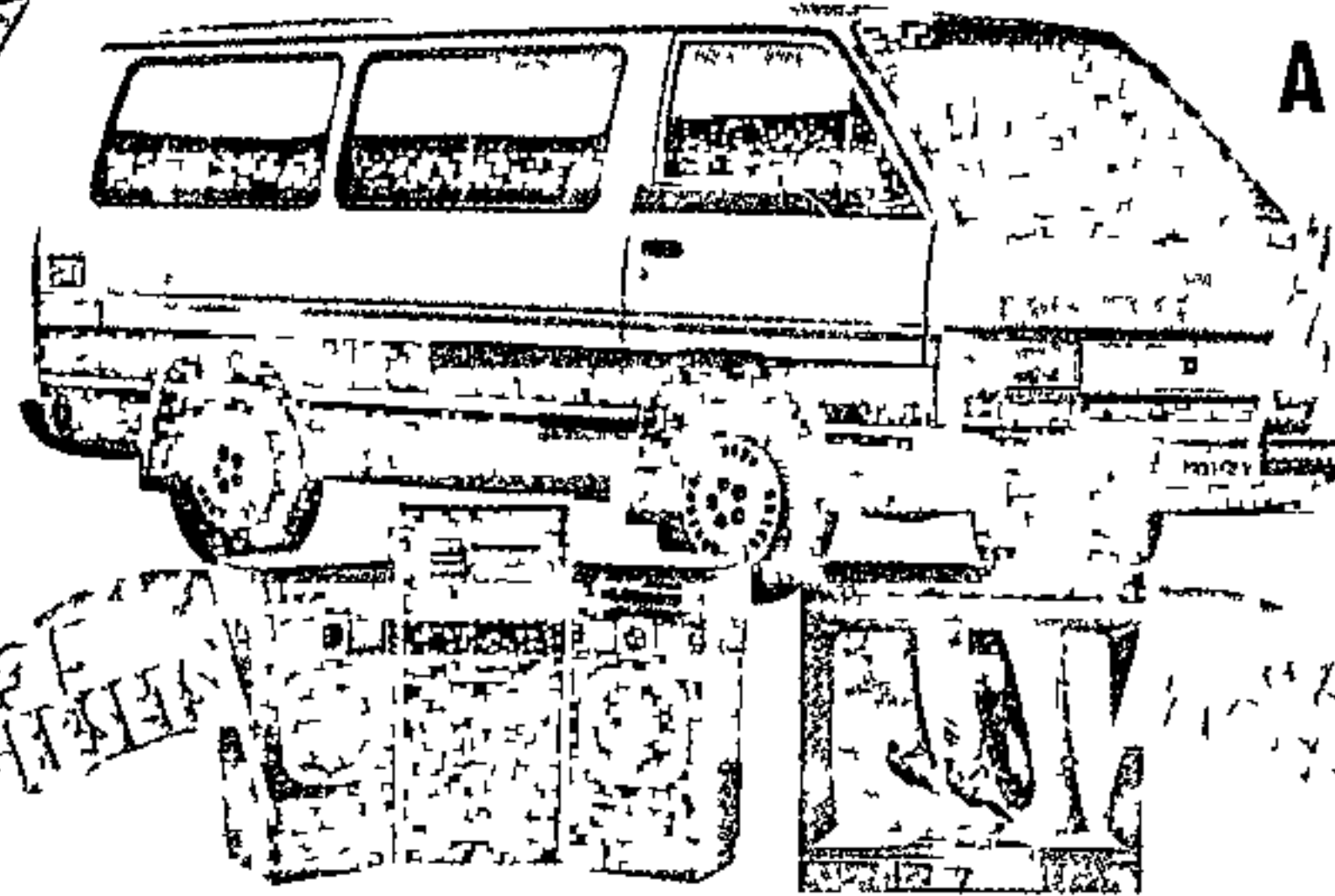
## SPIN to WIN

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GROBLERSDAL 3 Kanaal St BURGERSFORD Dirk Winterbach St  
GIYANI Shop 7 Phase 6 Giyani Town Centre

MEDIA MASTER 259222

# Informal sector flourishes as red tape diminishes (153A)

3/10/72 26/6/72  
IN LINE with its policy of freeing the local economy from red tape, Pretoria has recognised an important contribution will have to come from the informal and small business sectors in the future.

Small Business Development Corporation economist Edwin Basson estimates that Pretoria and KwaNdebele between them are responsible for about 5% to 10% of all informal activity in SA.

That represents only about 0,75% to 1,5% of total GDP, compared with a contribution by Johannesburg's informal sector of up to 2%.

Small though that contribution is, it should be recognised that many thousands of people are employed in this sector of the economy and that there is considerable scope for expansion.

A city council memorandum notes the "inherent power of the informal business sector" which it envisages growing as regulation is reduced.

One of Pretoria's deputy town clerks Charles Anderson believes the council should seriously look at encouraging smaller produc-

ers to supply the council to help promote the small business sector.

Basson says a unique feature of the informal sector in Pretoria is the number of whites entering it, particularly those offering what he terms "high-level services".

He says in the current climate many trained people are entering the informal sector.

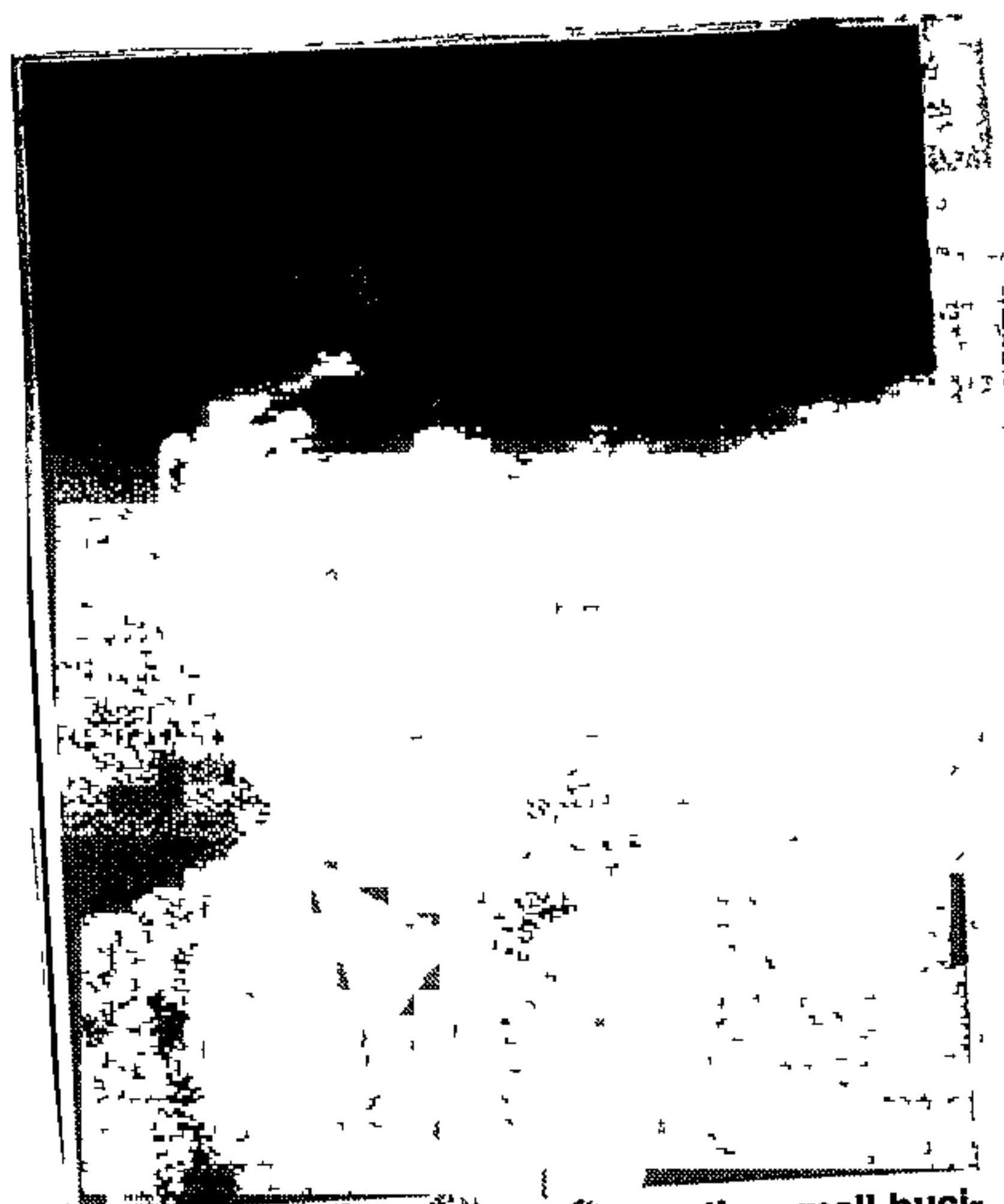
## Relaxed

One reason why this is happening more in Pretoria than in other centres is the city's more relaxed approach towards businesses conducted from private homes.

In the small business sector, Basson says Pretoria has a "fairly active" wood-working sector, while the many motor car component manufacturers appear to be readying themselves for a role in supplying the motor industry.

Consultant Francis Galloway has proposed to the city council that it encourage interaction between the large and small business sectors.





**RAPHADU MASHAO** who wants the small business sector to grow.

# 3 want to help small sector

(153A)  
Sowetan  
26/6/92

By **JOSHUA RABOROKO**

THREE Daveyton men have launched the East Rand Tuckshop and Hawkers' Association to expose the viability of the small business sector

ERTHA's president Mr Raphadu Mashao said their main objective was to stand for the rights and interests of the small business sectors

They aim to show that they can play a very important role in the consumption of goods in the market place

## Problem

The association, formed after investigating the problems of the informal sector in Daveyton, would embark on a recruitment drive and affiliate to one of the major informal sector organisations

The other executives are general secretary Mr Phillip Mqeke and treasurer Mr Winston Letsholo

The trio became friends when they started selling fruit and subsequently opened tuckshops on the East Rand

"We are not political, but we aim to work hand in hand with other market players in order to sustain our credibility and that of the small business sector," Mashao said

Their services include acquiring buying cards, financial loans, education and training for members and to participate in community-based projects

For further information contact Mashao at (011) 424-7082 or Mqeke at (011)-424-7625

## PROPERTY

# Black women invest wisely in property

Sowetan 26/6/92

By JOSHUA  
RABOROKO

BLACK women were far more likely to resort to property as an investment than their white counterparts, the chief executive officer of Focused Finance Group, Mr Chris Nixon, said yesterday.

Nixon told *Sowetan Property* "Although investment has always been an essential dimension to a balanced portfolio, white South African women adopt a remarkably conservative approach and

tend to acquire property through marriage or divorce."

His argument is based on the large number of black women who are active participants in the burial societies, women's and meholisano clubs, stokvels and in the informal sector in South Africa.

According to the SA Institute of Race Relations

survey, as many as 4 million people (or 29 percent of the economically active population) are wholly or partly employed in the informal sector in South Africa (excluding the "independent" homelands).

Nixon said all too often when a woman retired her portfolio consisted of insurance policies with an occasional share or unit trust investment.

"When they do acquire capital sums they put it in

the bank or buy a new car instead of actively seeking ways of investing for maximum return.

"Good investment property is one way of achieving inflation linked income growth coupled with sound capital growth," he added.

A recently retired executive secretary who several years ago followed his advice to investment this way is now set to enjoy a good return from the rentals on a number of flats acquired

over the years, he added.

Nixon said the usual argument against that sort of venture was the risk of bad tenants, but one sometimes had to take a calculated risk to make money.

Even that, he added, could be minimised by forming a syndicate to buy property and appointing an agent to manage it.

On the other hand, he said, black women have long used the "syndicate" system to their advantage

153A





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

# Yes! There is hope!

SOUTH 27/6-1/7/92

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

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

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

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

## The Neighbourhood Trust

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

Courses include sewing, flower

arranging, sheepskin slipper making, knitting and leather painting.

Costing, market research and cashflow management are also taught.

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

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

## The Self-Help Financing Trust

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

## The Africa Trading Co-Operative Trust

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

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

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

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

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

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

# Social investment is our business...

# not only a matter of conscience.



## Development Bank of Southern Africa

# The courage of Mary Ratala

Sowetan 2/7/92

153A

FIFTY-nine-year-old Mrs Mary Mphosi Ratala wishes she had gone further than Standard 3 at the Rustenburg school she attended

But that does not seem to have held her back

Her determination and hard work have seen her being the owner of Mphosi Design and Dressmaking Shop at the Pennyville Industrial Park Shop near Johannesburg.

## Jerseys

She makes jerseys, blankets, bedspreads, leather and cloth bags, curtains, track suits, women's hats, dresses and traditional garb

She was born of a poor family in Rustenburg.

She wanted to be a social worker because "I always

By JOSHUA RABOROKO

loved to be involved in community affairs", she said But she abandoned the idea because her parents could not afford to pay for her education

"I want to help others so that they can improve themselves

"My dream is to start a training institution for school-leavers so that they can help themselves during these hard times," she said

A typical example of her commitment to help others was indicated when she taught her daughter, Miss Poli Ratala, how to make dresses

Poli has now opened a dressmaking shop at the same industrial park.

Mphosi started the business while staying with a relative in Naledi in 1963. Her uncle gave her the sewing machine after he realised that she had an eye for fashion

## Demand

As the demand for her products grew she acquired a house in Zone 9 Meadowlands in 1970

She went from door to door selling her products which included fashion jewellery The orders increased by the day.

With the money she made, she built a shack in her backyard to have more room for her growing business.

But this did not solve her problems So she moved to the industrial park in 1987.

Ratala said she experi-

enced a lot of problems when she arrived at the industrial park She was getting many orders and could not cope with the demand.

She got a loan from the Small Business Development Corporation (SBDC) to buy more machines and material

"But my headache is still money," she said

"For example, I have a big order to make aprons for a firm in Louis Trichardt but cannot cope because I have insufficient funds and material "

## Loans

She cannot make further loans because "that will be tantamount to committing suicide", she said.

"I am hoping that God will help me," Ratala said Ratala has six other chil-

dren and is a devout Christian. This article will qualify Ratala for the Sowetan/Sanlam Entrepreneur of the Month Competition which is part of our Nation Building campaign



8/10/92 26/11/92  
**Hawkers' short-cut**

AFRICAN Council of Hawkers and Informal Business president Lawrence Mavundla said yesterday Achib was planning to set up a system whereby farmers could sell produce directly to hawkers instead of through control boards. He said Johannesburg's 4 800 licensed hawkers sold R1bn worth of produce annually. (153N)

## Hawkers, farmers to link up (153A)

THE African Council of Hawkers and Informal Business (Achib) will get together with farmers in a bid to work out a joint strategy on the marketing of fruit and vegetables to townships.

The aim is to stop farmers from selling their fruit and vegetables at township entrances. Hawkers will buy from farmers, and then sell to the consumers. *clp 517192*

Achib has organised a two-day conference for hawkers and farmers at Klerksdorp in the Western Transvaal on July 11 and 12 to discuss plans to implement the new scheme.



8/04/87 THEO RAWANA (153A)

## SBDC opens Jo'burg stalls

THE SBDC officially opened 11 new stalls for informal traders in Johannesburg's CBD yesterday.

The Klein Street Market Stalls were part of a 1990 national campaign into which the Standard Bank pumped R1m, said SBDC senior GM Jo Schwenke.

The stalls, between Noord and Plein streets, each feature a blue, Victorian-style corrugated iron roof and a concrete slab on which traders can display their wares.

Projects under way include two sites being developed in Khutsong (Carletonville) and additional sites are planned for Yeoville, Khayelitsha and East London.

SBDC MD Ben Vosloo said "We estimate that the informal sector currently consists of 2.5-million enterprises employing about 3.5-million people."

## BUSINESS PROFILE Mother-of-three builds a new life

# Queen of garments

*sowetan 9/7/92*  
By Joshua Raboroko

**RAGS TO RICHES** Queen Rathebe quit

teaching and became a rag trade legend:

**F**AILING EYESIGHT set Mrs Queen Nomvula Rathebe (46), a former schoolteacher in Soweto, on the road to a successful business career

After quitting the teaching profession, she took to knitting jerseys, skirts and overcoats and sold them to schoolchildren in the townships

But she also had to give up knitting because her vision was becoming worse. It was strenuous without electric light in her "matchbox home"

However, Rathebe never despaired and bought a sewing machine because "I did not want to sit at home and do nothing"

She made herself a smart costume and this encouraged her to get involved in the dressmaking and designing trade

Her determination and enthusiasm drove her to attend sewing lessons and dressmaking seminars

Then armed with this knowledge, she opened the Queenie's Country Wear, which specialises in traditional garb, children's clothes and curtains

The success reached a climax when she featured in the Matchmaker Services '91 - a trade fair dedicated to "matching" black entrepreneurs with business opportunities

Nomvula was born in Sophiatown and obtained a teacher's diploma in Venda in 1966. She taught for a year, but left the profession because of low pay and ill-health

She wanted to be a nurse. But she



Queen Rathebe ... big orders from the United States PIC VELI NHLAPO

could not get a vacancy and worked for several companies as a computer processor and switchboard operator in Johannesburg

Through perseverance, she also obtained a diploma in marketing and cost-accounting

The business grew daily and her house soon became a "clothing industry" as customers' demands grew

Because of space and demand, she moved to the Small Business Development Corporation's Tower Hive in Industria, Johannesburg, and obtained

two loans from the SBDC

"I have big orders from companies in the United States where my friend is marketing my products," she said

"I plan to open a dressmaking school"

This article will qualify Nomvula for the *Sowetan*/Sanlam Entrepreneur of the Month Competition, which is part of the newspaper's Nation Building campaign



**Sanlam**



**BUSINESS** ● Helping to settle exiles ● Contact Kenya "a huge success" ● Mobil offers help

# Market opportunities for exiles

**BUSINESS OPPORTUNITIES**

Sowetan 10/7/92

153A

153A

tee, of which 27 had been approved and 13 had actually received money

The enterprises included taxis, hawk-ing, trading, hair salons and importing and exporting businesses

Support was in the form of a loan, in order to develop responsibility and creativity among the returnees

The loan covers start-up costs like initial stock, raw materials, tools and equipment "So far we have received strong interest from returnees as some of them have exhausted their grants," Jongolo said

Returnees were encouraged to identify projects in which they had experience, or in which they had worked while

ily absorbed into the market.

He said the entire MK cadreship was unemployed and some would like to be placed in the military.

He said housing was the main problem. There was a massive shortage, and even long-time residents had difficulty in getting houses

Jongolo said the next-of-kin of the returning exiles had helped by providing minimal accommodation

Unemployment, of course, remained a serious problem.

The national information officer of the NCCR, Mr Mbulelo Musi, said it was difficult to say when the process of repatriation would be complete

in exile

The committee was sensitive to the possibility of creating "hostility between the settled communities and those who are coming from exile"

The NCCR had dealt with about 2 000 returnees in the region since the start of the programme in January 1991

Returnees had a wide range of educational backgrounds, ranging from professionals, to skilled and unskilled workers

The majority were members of Umkhonto We Sizwe (MK), and had no skills, he said

Jongolo said professionals like doctors, economists and lawyers were eas-

Loans available from repatriation com

mittee help exiles start own 'businesses'

RETURNING EXILES in the Eastern

Cape are being encouraged to set up small businesses

Mr Joe Jongolo, the regional coordinator for the National Co-ordinating Committee for Repatriation (NCCR), said they were being given loans of up to

R6 000.

This was in terms of an agreement with the Small Business Development Corporation (SBDC), which has made R1 million available for this purpose

Jongolo said 61 applications had been received by a screening commit-

# Loan boost for returnees

RETURNING exiles in the Border area are being encouraged to set up small businesses.

Regional co-ordinator for the National Co-ordinating Committee for Repatriation (NCCR), Joe Jongolo, said applications for loans of up to R6 000 were being considered.

The loans are administered by the NCCR in terms of an agreement with the Small Business Development Corporation (SBDC). The SBDC has made R1-million available for this purpose.

Jongolo said 61 applications had been received by a screening committee, of which 27 had been approved and 13 had actually received money. The enterprises included taxis, hawking, trading, hair salons and importing and exporting businesses.

The NCCR was only able to give returnees small grants, and this was why the NCCR had become involved in income-generating projects, he said.

Returnees were encouraged to identify projects in which they had experience, or in which they had worked while in exile.

*CIPres 12/17/92 (153A)*  
Jongolo said the committee was sensitive to the possibility of avoiding "hostility between the settled communities and those who are coming from exile".

The NCCR had processed about 2 000 returnees in the region since January 1991.

Jongolo said returnees had a wide range of educational backgrounds.

Professionals like doctors, economists and lawyers were easily absorbed into the market. The only problem was that sometimes their foreign qualifications were not recognised. There were about five doctors trained in Cuba and Bulgaria in the Border region. These doctors had previously practised in African countries, and in ANC camps.

Jongolo said the entire MK cadreship was unemployed. Some of the trained members would like to be placed in the military.

He said housing was the main problem area. There was a massive shortage, and even long-time residents had difficulty in finding housing.

Unemployment remained a seri-

ous problem.

Most children had been placed in schools, he said. Those under 15 who started schooling in exile were mainly placed in English schools due to language difficulties, and those who started in SA before they went into exile were able to attend schools in the townships.

"This was one of our most pleasing experiences NCCR paid their fees and some of them are doing diplomas while others are in various universities."

Jongolo said the particularly "vulnerable" groups among the returnees were receiving extra assistance. These include single parents, senior citizens and handicapped people.

NCCR national information officer Mbulelo Musi said it was difficult to say when the process of repatriation would be complete. "We are more or less in the middle," he said.

He added that half of the total number of exiles were still outside the country. The situation in the country, including the violence, had caused many to delay their return. — Veritas



## FINANCES

# As inflation-beaters, unit trusts are tops

Star 14/1/92

1534

Compared to a stokvel, the unit trust has more going for it from an investor's point of view.

The stokvel is used largely by the black community as a means of raising funds for a variety of purposes.

The unit trust similarly caters for the small man, being geared to accommodate modest monthly contributions pooled and invested in a spread of blue-chip shares on the stock exchange.

Most stokvels abide by a constitution containing the rules by which they are managed, enabling investors to

A unit trust has many features in common with a stokvel. Marketing manager of IGI Unit Trust, Russell du Bois, explains.

assess the pros and cons of a particular stokvel before committing themselves

Unit trusts are also generally very carefully managed by specialist fund managers and blocks of shares are regularly reallocated in accordance with trends in the stock market to get the best return for investors.

Both the stokvel and the

unit trust are geared to release investors' funds to them at short notice.

The unit trust is greatly superior in this respect as it will pay out within 48 hours of a request being lodged, whereas stokvel members have to wait longer — in some cases more than a week — for all the signatories to get together to sign bank withdrawal forms.

Some stokvels are dedicated burial societies holding and accumulating members' savings to ensure that burial expenses are covered when needed.

Both the stokvel and the unit trust, because of the relative accessibility of funds compared with long-term savings plans such as endowment policies, are a useful resource for large purchases, and can serve as emergency funds in the event of injury, illness or loss of a job.

Both can also cater for the provision of loans to investors, but unit trusts enjoy greater acceptance by banks to stand as collateral against loans.

For further information contact Russell du Bois at (011) 335-1527.

## BUSINESS A new lease of life for Johannesburg's burgeoning informal market

# Hawkers get a boost

**SHOT IN THE ARM** Johannesburg's informal trading complex is expanded by 11 covered sites for hawkers: 15/7/92

153A  
Ixopo, Empangeni and Camogate  
Two sites are being developed in Khutsong, Carletonville, while additional sites are planned for Yeoville and Khayelitsha in East London

Other efforts are a special mini-loan financing programme, the provision of basic business skills training, campaigning and lobbying for the removal of unnecessary legislation.

The project has been welcomed by the president of the African Council of Hawkers and Informal Businesses, Mr Lawrence Mavundla, who said the stalls would provide shelter for the "new breed of street vendors".

However, he said that hawkers' associations needed to be consulted when such projects were undertaken.

He said some of the stalls expose hawkers to adverse weather conditions.

The Klein Street hawkers stall project, a joint venture between the Small Business Development Corporation and the Standard Bank, was launched in 1990

The managing director of the SBDC, Dr Ben Vosloo, said "We estimate that the informal sector presently consists of 2.5 million enterprises employing 3.5 million people

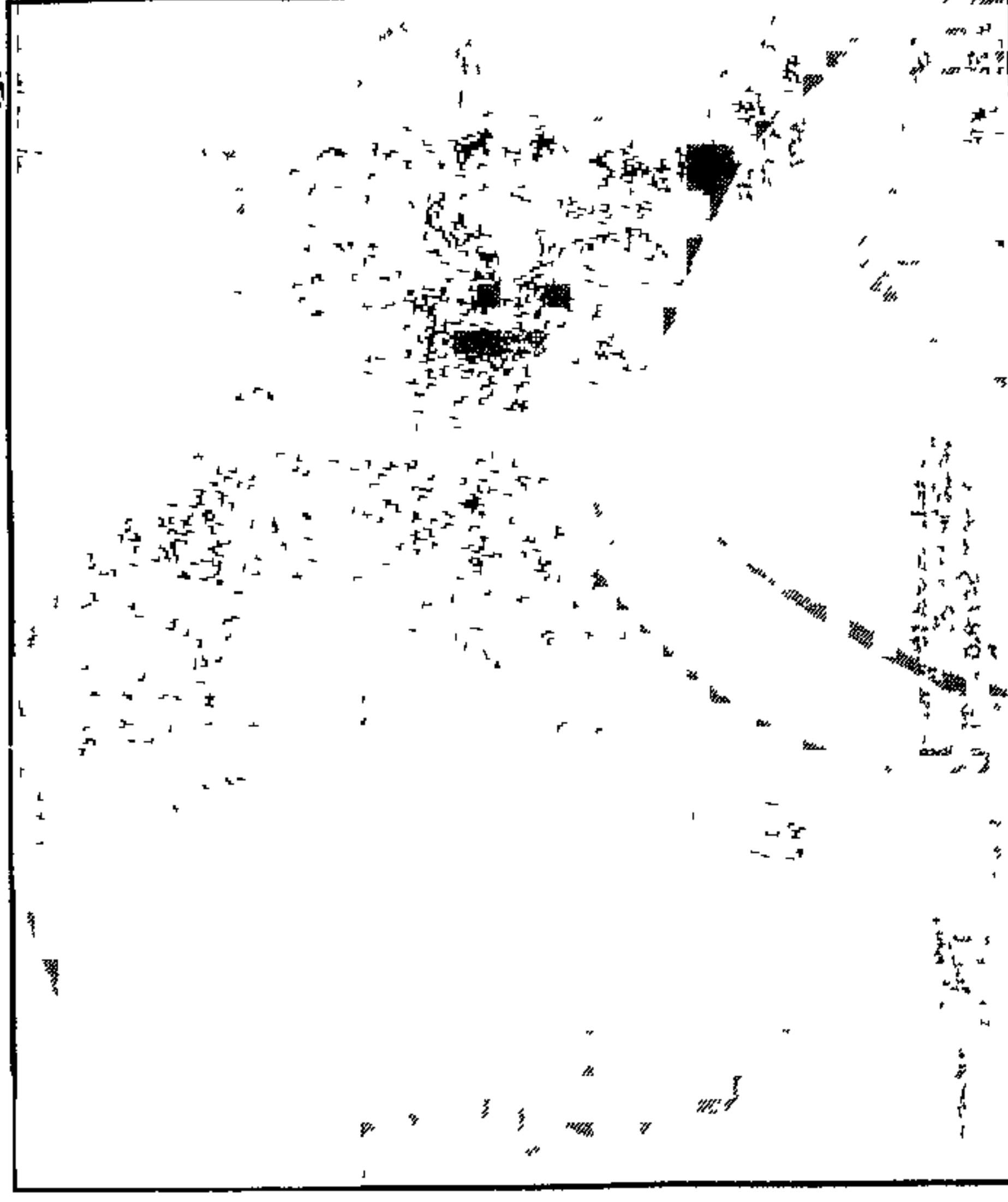
The SBDC and the bank have jointly developed hawker trading sites at

### By Joshua Raboroko

HAWKERS were given a boost when trading stalls were handed to them in the Johannesburg city centre

About 11 were formally handed over bringing to 17 the total number of trading sites between Klein, Noord and Plein Streets

Each stall features a bite, Victorian-style corrugated iron roof and a concrete slab for the display of wares



Lawrence Mavundla . . . stalls for the "new breed of street vendors".



Profile — A former teacher who fell in love with business

# Kumalo finds niche in manufacturing

Sowetan 16/7/92

153A

By Joshua Raboroko

■ **TOUGH BATTLER** Matthews Kumalo

did not despair when his funeral parlour business fell flat on its face:

**D**ISGRUNTLED Mr Matthews Sokela Kumalo of Soweto quit teaching because of low pay and tried his hand at business

But things did not go well and his empire Mtunzeni Funeral Parlour fell flat on its face as a result of poor management and misunderstandings with his partner

After the collapse of his business in 1989 Kumalo became ill, suffering from epilepsy

But a determined Kumalo did not despair. He joined the Soweto Epileptic Self Help Association, where he ended up as executive member helping the disabled

It was during this period that he fell in love with handicrafts and tried his hand at manufacturing cane furniture, vases and beadwork

Today his backyard is a beehive of activity. A small industry strewn with

grass mats, bedside lamps, beaded-calabashes, clay pots, wire works, sculptures and woodcraft.

He uses old tree trunks to manufacture bedside lamps and disused planks to do lamp stands and tables

## Selling on the Reef

His products are sold at flea markets and shopping complexes on the Reef and he employs three people to whom he has taught basic manufacturing skills

Kumalo was born in Nigel and qualified as a teacher at Botshabelo Training College

He worked for several companies

in Johannesburg until he ventured into the funeral parlour business using the premises of a friend in Soweto

Kumalo said his aim was to create more jobs but finding finance was his biggest problem

This article qualifies Kumalo for the Sowetan/Sanlam Entrepreneur of the Month Competition which is part of Sowetan's Nation Building campaign



**Sanlam**

**NATION BUILDING** Our business competition winner has a problem — he's been evicted

# Not business as usual!

## ■ BIG ACHIEVER

Meet a furniture maker who is too determined to be put off by setbacks:

By Joshua Raboroko

**T**HE WINNER of the June Sowetan/Sanlam Entrepreneur of the Month Competition, Mr Jose Manual Isidro (33), is in trouble

Mozambican-born Isidro, his wife Elsie and three children, have been evicted from the small business site where he operated his Antique by Jose Rebeiro Furniture Manufacturing Company

The family has also been left stranded because they have been ordered to vacate their home, situated on the same premises.

He is one of the six tenants who have been ordered to quit the site, 300 meters west of the Mamelodi police station

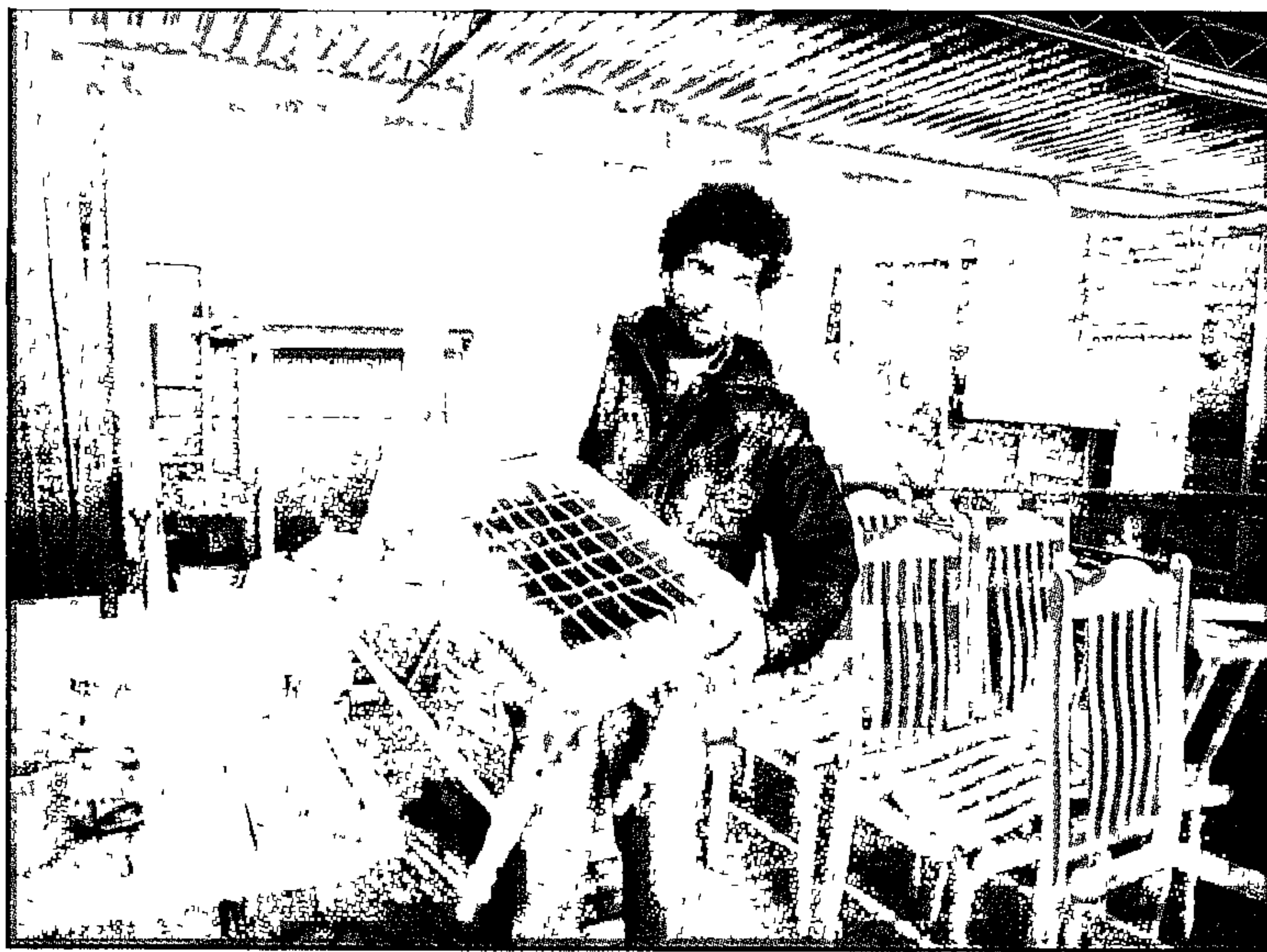
### Eviction order

The others who have received the eviction order are Mr Simon Mthetwa, Ms Sinah Ramokhophe, Ms Mary Mokgothoane and Mr Shadrack Modise.

The reason for the eviction is that the site is to be developed to the tune of about R250 000 by a trade union to provide employment for hundreds of retrenched workers from the steel and metal industries in the Pretoria area.

It is estimated that the project will bring relief to hundreds of workers retrenched by the steel industry as the recession continues to bite deeper in South Africa

Isidro told his story after the news that he was elected the winner of the competition which is part of the Sowetan nation building campaign. He was ordered to "pack bag and



Proud entrepreneur ... Jose Isidro displays his work.

*Sowetan* 16/7/92 for retrenched workers

**I am still struggling to get my documents fixed. Orders are also pouring into the business, but getting more money is the problem**

baggage" and get out of the premises by a senior member of the National Union of Steel and Allied Workers Union, Mr Frans Tibane, last Saturday.

Tibane, who is also a coordinator of the project, explained that the site was originally intended to be developed into an industrial site for the unemployment project — a milestone for the union

Projects to be undertaken include panelbeating, spray painting and welding in an attempt to create jobs

He said the all the tenants were told to vacate the premises by last weekend because "we want to start on the project as soon as possible"

The tenants were notified of the union's intention when they first occupied the premises in 1990, he said

"We pitied them because they had no accommodation. We even allowed them to stay there without paying rent and other services. Now we need the place," Tibane said

### 'We have no option'

"We are aware that Jose has created jobs for many youngsters in his business, but we have no option"

Jose is one of the many Mozambicans who risked being savaged by animals and killed by Renamo dissidents while crossing into South Africa through the Kruger National Park

He was arrested on several occasions and sent back to his Maputo home, but his itch to find employment in South Africa never stopped and he subsequently settled in

**We pitied them because they had no accommodation. We even allowed them to stay there without paying rent and other services. Now we need the place**

### Mamelodi

After eight years of struggle to get his documents "fixed" he still hasn't got proper "working papers", but he has defied all and started a successful furniture business

He started the business while a tenant in the backyard shack of a home in the township. Today he employs eight youngsters, who he is also training to become entrepreneurs

"I am proud to be associated with the nation building campaign, which among other things, is aimed at developing the spirit of entrepreneurship among the disadvantaged," he said on hearing he was winner for the June entries

He was also glad that the Get Ahead Foundation lent him money to buy machinery.

"I am still struggling to get my documents fixed. Orders are also pouring into the business, but getting more money is the only problem," he said.

Jose manufactures a variety of furniture, including bedroom and diningroom suites, built-in wardrobes, coffee tables, TV-stands and display cabinets. He was born into a destitute family and was forced to leave school at an early age as a result of the liberation struggle against colonial rule in Mozambique. A spokesman for Get Ahead Foundation said that they were working round the clock to find him alternative accommodation as well as "fix" his documents

**Sowetan**



# Border business knits it's way

## to success after loan boost

By Lynda Loxton

South

18/1-22/1/92

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# W

ITH jobs getting scarcer and poverty more entrenched in South Africa, more and more people are jumping on to the small business development bandwagon

This includes the Development Bank of Southern Africa (DBSA), although some might wonder why it is "competing" with that other state-funded body, the Small Business Development Corporation (SBDIC), which is always complaining that it is not getting enough funds from government to do its job properly

Unemployment is so big and potentially destabilising that everyone who can, wants to get involved in some way, including the DBSA. The bank last year increased its loans to small business support programmes by 31 percent to just over R1 billion.

The DBSA also tends to see itself as a "wholesaler" of loan finance to non-governmental organisations and other groups who then on-lend to small businesses, rather than a direct lender to small businesses. This wholesale function cuts out a lot of the hassle of dealing with individual loans.

Established in East London in November 1990 with an initial private sector social investment grant, IBEC offers small businesses loans from below R500 to more than R5 000

After an initial interview, entrepreneurs go through a basic business course and have to pass a test before they are eligible for a loan

One of the 450 people who have already received loans from IBEC is Ms Xoliswa Kaka. With the help of four knitters, she produces hand-knitted mohair jerseys in a small room in her Mdantsane house

The jerseys sell for around R250 each and she can hardly keep up with demand

When Ms Kaka obtains her cer-

tificate for repaying her first loan of R1 500 over 12 months, she will qualify for a larger loan. Every time she repays a loan, she receives a certificate indicating her creditworthiness

In the process, says the DBSA annual report, she is building up a credit history which will stand her in good stead when, one day, her business is in need of more than a micro-loan and she will be advised to approach the formal banking system.

The five IBEC field officers visit their clients regularly, provide business advice and check the record-keeping of the loan recipients while encouraging them to make regular repayments. IBEC has had less than a two percent default on repayments

The bank has, until recently, concentrated on small business development in the rural areas, as befitted its original role, through the homeland development corporations. With political change, it has now also started to work with the large number of non-governmental organisations active in the field in the urban and rural areas

One of these is the Border-based Independent Business Enrichment Centre (IBEC), which last year received a R300 000 loan from the DBSA to support its loan scheme for small businesses.

**KNIT ONE: Xoliswa Kaka and her helper show off their wares**

# Bank in dark over hawkers' threat

FIRST National Bank had denied any knowledge of hawkers' threats to trample flowerbeds on the pavements surrounding its BankCity project in Johannesburg, divisional GM John Collett said yesterday

"We know of no dissatisfaction among hawkers, or any threat by them. We are talking to the Johannesburg City Council about leasing the pavement space surrounding the development," he said

Temporary hawkers' areas would then be established outside the BankCity complex until it was possible to move them to a new informal trading square planned by the bank

However, a source in the council's informal trading, health & housing department said the bank's security personnel were chasing hawkers away and informal hawker plans had not yet been settled

PETER GALLI

"Hawkers are threatening to trample the flowerbeds occupying half of the pavements and to set up shop regardless," he said

Collet said the bank would develop an informal trading market in the square between the mosque, FirstCard House and the BankCity development in the CBD

"This will take up a quarter of a city block, bounding on the southwest corner of Fraser and Kerk streets, but spilling up towards BankCity, the mosque and FirstCard House," he said

The bank felt it was better to have all the hawkers together in one place rather than spread about the complex and would provide facilities like overnight storage, water, toilets and electricity.





Friends in deed . Unit trusts and stokvels have much in common — but a direct comparison shows unit trusts have more going for them from the ordinary investor's point of view

## Investment that caters for the small man

A unit trust has many features in common with a stokvel, the most common kind of saving mechanism in the townships

But a direct comparison between the two investment instruments shows the unit trust to have more going for it from an ordinary investor's point of view. The stokvel is widely used as a means of raising funds for a variety of purposes, ranging from social functions to a convenient and effective savings vehicle for its members

The unit trust similarly caters for the small man, being geared to accommodate modest monthly contributions pooled and invested in a spread of blue chip shares on the stock exchange

Most stokvels abide by a constitution containing the rules by which it is managed, enabling would-be investors to assess it.

The majority of stokvels put the money entrusted to them into a bank or building society account and control and monitor the funds carefully

Unit trusts are also generally carefully managed, as they are managed by specialist fund managers and blocks of shares are regularly reallocated in accordance with trends in the stock market, so as to get the best returns for investors.

Both the stokvel and the unit trust are geared to release investors' funds at short notice, but the unit trust is greatly superior in that it will pay out within 48 hours of a request being lodged, whereas stokvel members wanting to draw funds have to wait longer — in some cases more than a week, where all the signatories need to get together to sign bank withdrawal forms

Some stokvels are dedicated

burial societies holding and accumulating members' savings to ensure that burial expenses are fully covered when needed

Certain unit trusts make special provision for burials and funerals through life insurance-related schemes and are often available as add-ons to provide a comprehensive package in which the unit trust is just one component

In addition, some packages, such as IGI Life's Complete Savings Plan, even have a premium waiver on disability, on both the endowment policy (life product) and unit trust portion

Both the stokvel and the unit trust, because of the relative accessibility of funds compared with long-term savings plans such as endowment policies, are a useful resource for large purchases such as a car, an appliance or a deposit on a house

In addition, they can serve as emergency funds

Both savings vehicles can also cater for the provision of loans to investors but unit trusts, as the more widely recognised of the two, enjoy greater acceptance by banks to stand as collateral against loans

However, should a stokvel invest in a unit trust, then the members can benefit from bank loans

Finally, the decisive issue is how stokvels and unit trusts compare as inflation-beaters. Here the unit trust is the hands-down winner, as unit trusts have consistently yielded an annual return of 20 percent a year for the past two decades

Stokvels, though, as with the majority of savings vehicles in South Africa have almost as consistently fallen victim to the ravages of inflation

## BUSINESS PROFILE Mother-of-three builds a new life for herself • Your business diary

# Success is so sweet

■ A job with Achib has led to Mrs Toffee Makonyane starting a successful manufacturing business: (153A)

By Joshua Raboroko

Sowetan 23/7/92

WORKING for the African Council of African Hawkers and Informal Business (Achib) in Johannesburg helped attractive Mrs Toffee Makonyane (28) develop an interest in business.

She managed a project which supplied fabric softeners and detergents to supermarkets and thousands of hawkers, spaza shops and other members of the informal sector.

She was taught how to mix chemicals for the manufacture of these products and other household goods.

With the experience she gained and after getting financial backing from her husband, Mr Albert Makonyane, her dreams became a reality when she started the Glitex Manufacturing Company.

The company manufactures fabric softeners, household cleaners, hand cleaners and bleaches.

Most of her products are sold in major supermarkets and spaza shops in Pretoria, Witwatersrand and the Vaal.

Makonyane was born in Benoni. She wanted to be a school teacher but she had to leave school after matric in 1983 because of financial problems.

She attended a course in computer word processing and worked for a firm of lawyers between 1984-85. She quit the job and joined Achib as secretary.

### Toffee's mixtape

Mrs Toffee Mokonyane 28;

Married to Albert and the couple have two children;

Business site: Unit 64 at the Small Business Development Corporation City Hive;

Number 10 Salisbury Street, Johannesburg Telephone (011) 334-3771.



# Spaza men

## get pep-up

*Soweto 23/7/92*  
■ Acquire skills, owners  
told at seminar *153A*

**By Joshua Raboroko**

A BUSINESS seminar in Soweto yesterday urged "spaza" shop owners to acquire managerial skills.

Addressing more than 100 members of the informal sector, special projects coordinator of the Centre for Entrepreneurial Development and Training, Mr Reggie Malope, said small business people should obtain access to buying.

The seminar was also addressed by representatives of the Small Business Development Corporation, Future Bank, Get Ahead Foundation, SA Perm, Tiger Oats Group, ABI, Ebony Management Consultants and Price Club.

Future Bank's Mrs Lindi Kubeka said they would strive to help the "small man".

# 'Crucial role for small businesses'

ARG 24/7/92

(153A)

## Job-creation in post-apartheid economy

**CLIVE SAWYER**  
Staff Reporter

**POLITICAL** movements — among them the SA Communist Party — see small business as having a crucial role in job creation in the post-apartheid economy

This is according to a survey by academics from the universities of the Western Cape and Natal

One of the academics, UWC Institute for Small Business director Dr Kobus Visser, said it was widely recognised that small businesses were a cheap way of providing jobs

He said a final draft of the survey had not been completed, but it seemed movements across the spectrum — with the exception of some Africanist organisations — favoured a key role for small business

Even those with jobs in the formal sector were "moonlighting" to augment their income

This had been aided by deregulation, he said.

"The Receiver of Revenue may not like the unrecorded income, but the benefits will find their way back into the economy," said Dr Visser

Nevertheless, this year liquidations of incorporated businesses and insolvencies of individuals and partnerships had hit record levels

Of small businesses that failed, 55 percent did so in their first five years

"While people may have technical skills, they fail because of a lack of managerial and marketing expertise," he said

Some small businesses had access to informal savings resources such as stokvels, but many had problems getting credit from formal sector financiers

"Owners and managers therefore have to look at other means of survival, by controlling cash

flow, marketing products and services properly, getting their staff behind them and cutting costs"

He said owners and managers tended to operate in isolation from each other, seldom comparing experiences

But in spite of the depressing outlook and grim forecasts, some small businesses were thriving

"To survive, immediate drastic action is a prerequisite," he said

Small firms had to make the best use of their resources, or see time, effort and perhaps their life-savings fading away

● The Institute for Small Business is to host a two-day seminar on surviving the recession at the Eastern Boulevard Holiday Inn on Monday and Tuesday from 6pm until 9pm

Inquiries ☎ 959 2620 or ☎ 959 3248



## Turbulent times boost stokvels

31 DAY 27/7/92  
WILSON ZWANE 153A

THE economic downturn and township violence had given stokvels a shot in the arm, National Stokvels Association of SA (Nasasa) president Andrew Lukhele said at the weekend.

Last year stokvels in urban areas throughout the country collected an estimated R83m a month compared with R52m in 1990, according to a recent Mar-kinor survey. Membership also grew by 45% from 680 000 in 1989 to 989 000 last year.

"The recession and the ongoing violence in the townships have resulted in stokvel members cutting down on big parties. The money, which would have been used for these parties, is now invested for rainy days," Lukhele said.

Under their "big family" philosophy, many stokvels were helping their out-of-work members to start small business ventures.

Lukhele said financial institutions were now beginning to recognise the role Stokvels could play in benefiting people on the ground.

## BUSINESS Help for entrepreneurs to set up businesses, expand or diversify

■ Small businesses are vital to economic growth on the continent:

By Joshua Raboroko

AFRICA'S economic recovery will depend to a large extent on the rapid development of the indigenous sector, according to the Africa Project Development Facility's annual report for 1991, released in Washington this month.

APDF, which was established in 1986, provides advisory assistance to sub-Saharan Africa's small and medium

sized businesses. According to coordinator Mr Alexander Keyserlingk, these businesses "are vital to economic development in the region".

Keyserlingk is expected to be one of the speakers at the Sowetan Small Business and Entrepreneurial Development Conference that is to be held at the Eskom Training College in Midrand from September 13. APDF helps entrepreneurs set up businesses or expand or

# Recovery will come from inside

diversify an existing one, find local or foreign investment partners, and secure debt and equity finance. It does not finance projects.

During 1991, it worked on 23 projects in African countries. The projects, which have total investment costs of R144 million, are expected to result in the creation of 2 000 jobs.

About 11 projects were agricultural industry, the sector in which demand for APDF's services has been the heaviest,

10 in manufacturing and two in hotels and services. It helped raise R96 million or 66 percent of the total funding requirements for the projects. For the first time, projects in the West and Central Africa outnumbered those in East and Southern Africa.

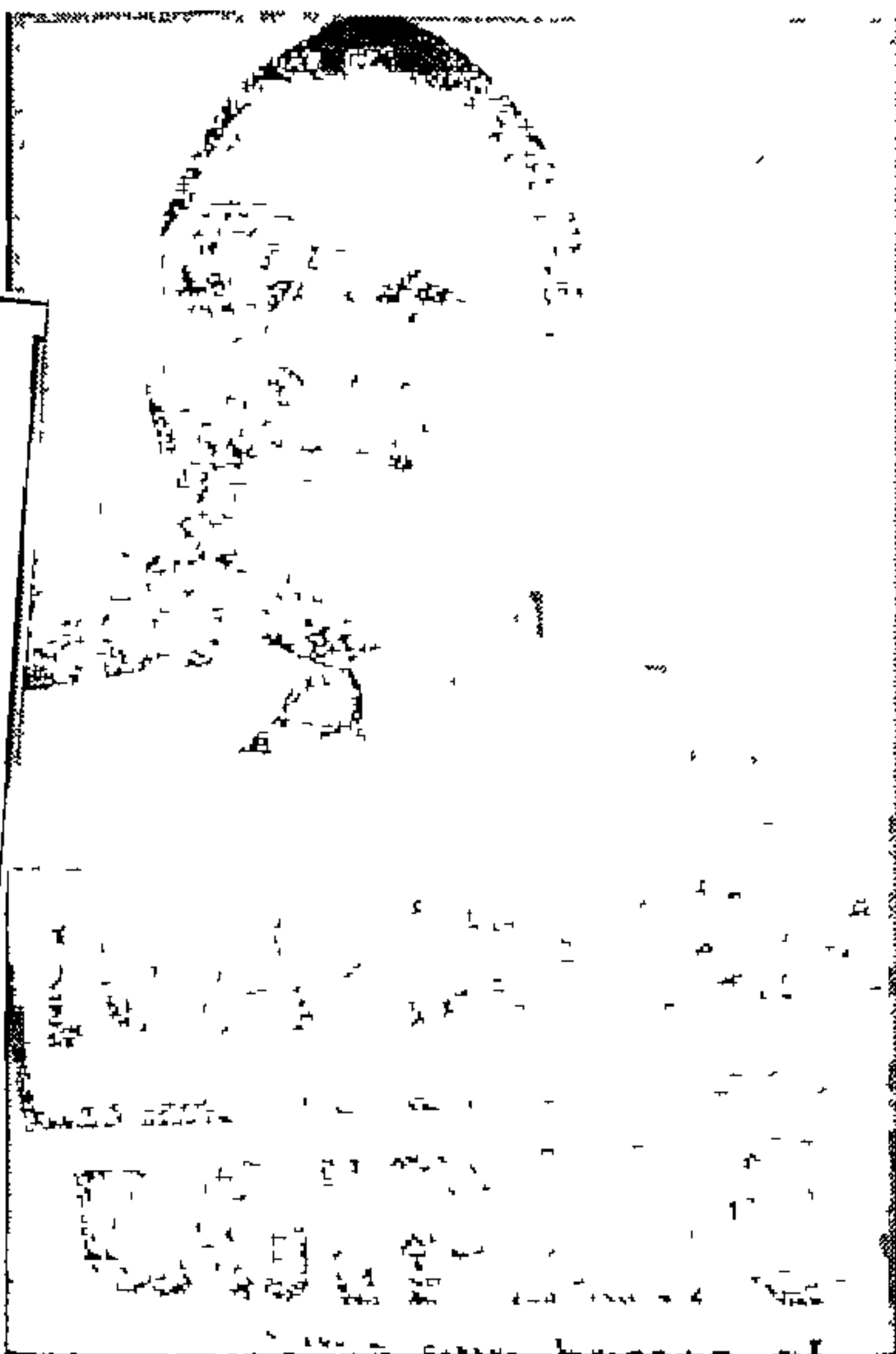
This reflects the increase in private sector activity in Ghana and Nigeria, said APDF advisory board member Mr Makarand Dehejia, who serves as a vice-president for engineering at the

International Finance Corporation, APDF's executive agency.

He noted that African entrepreneurs "continue to show the ability to fulfill and successfully manage a large variety of enterprises despite difficult conditions, including a severe shortage of equity funding in several countries".

The APDF is sponsored by IFC, the United Nations Development Programme and the African Development Bank.





From comrade to capitalist . . . Sam Muofhe with a copy of his organisation's paper.

# His vision is of a brighter tomorrow

Stamp 27/7/92 (153A) 426

**A** **HARDLINE** Comrade and member of the Soweto SRC in 1976 had a dream just two years ago — today he is busy bringing it to fruition

These days he heads an operation dedicated to helping his community in a far more positive way, he believes. And, says Sam Muofhe, "Why look back to the past, when you can look forward into the future?"

Mr Muofhe, chief executive of the National Association of Co-operative Societies of South Africa (Nacssa), adds: "Many of our people find it easier to look back, I suspect — blaming the system for every little evil — because that way you don't have to look for solutions."

Sixteen years ago, Mr Muofhe was a young firebrand of 20, often on the run from police, holding clandestine meetings, militant and bristling with anger.



## Dumped

It was common practice, he says, to take their injured to Dr Nthato Motlana's surgery. "We just dumped them there, told him, 'You're a doctor, you're a black man, just fix him up'. We truly abused him. Without asking permission we came to his home to hold meetings. Not only did he allow it, whenever we came we were also fed"

Mr Muofhe, who last week turned 36, had his "vision" in 1990. He sees Nacssa developing into a kind of building society, "like the Perm"

Its other main function is educating blacks in small business practice and making them aware of the nature of consumerism — "so that by an understanding of trading on the fairest possible basis, they are able to save money to put to better use."

Nacssa's three major areas of operation are burial societies, women's clubs and stokvels or rotating credit clubs. With a membership of some 150 000 the association is working towards bringing these informal societies under its wing in the interests of the community at large.

Stokvels and women's clubs operate in basically the same way, Mr

Muofhe explains. In the case of the stokvel, it usually constitutes up to 12 members paying money into a common pool, with one of their number taking the pool when it is "his turn". Which is why the number is usually 12 so that each member's turn comes up once a year.

Similarly, the women left at home in the rural areas began to form clubs to guard against hard times, and they operate in much the same way.

The violence that has continued to corrode the country's human resources since the mid-'70s has brought about a major restructuring of the way of life — and death — of the black community.

Burial societies are very much a part of the traditional way of life of the black community. But whereas in the past a death in the community might occur on a fairly predictable basis, endemic violence has changed all that. Now individuals and communities can find themselves faced with staggering expense.

Nacssa, through its burial scheme, is able greatly to ease this burden.

## One man

When Sam Muofhe had his vision he could think of only one man to make it work. Dr Motlana. He is its chairman — "its real heart and soul" Sam says he approached the doctor saying "May I abuse you one more time." Dr Motlana liked what he heard of the scheme. "But he's a real taskmaster. He doesn't just hand out bouquets. If something isn't being done right, he doesn't hesitate to say so. We've been together in Nacssa three years now. There is no better person for guidance".

Nacssa now has its own monthly newspaper, and is going from strength to strength.

**MICHAEL SHAFTO**

# Black businessmen urged to look ahead

SM 28/1/92 153A

**B**lack businessmen, who have so far concentrated on being taxi owners and small-time traders, need to broaden their scope if they are to have an impact in the South African economy, says the outgoing president of the National African Federated Chamber of Commerce (Nafcoc), Dr Sam Motsuenyane.

Speaking on the future of black business, Dr Motsuenyane (65) says it is high time black businessmen became involved in large-scale business activities such as farming, goods removal and the import/export business.

"Black businessmen need to look ahead and, above all, acquire more skills in order to be in a position to be competitive in the market, especially in view of the fact that most restrictive legislation, including the Land Act, has been repealed.

"Also, they need to unite and look for new opportunities in the areas of potential growth, such as housing. More than 1,3 million houses need to be built in the next decade," he said.

Dr Motsuenyane describes as "unfortunate" the divisions within organised black business, represented by the separate existence of Nafcoc and the Foundation for African Business and Consumer Services.

He rejects allegations that Nafcoc leans towards the ANC politically. "Our national strategy is to pursue a non-aligned position. We speak to all organisations," Dr Motsuenyane says.

Sam Motsuenyane, president of the National African Federated Chamber of Commerce, steps down today after 28 years at the helm of the oldest black business organisation in SA. STAN HLOPHE spoke to him on the eve of his retirement.

His successor will be elected at Nafcoc's 28th annual conference at Sun City, which ends tomorrow.

Apart from being Nafcoc's president, Dr Motsuenyane is also chairman of the African Bank and a director of a number of companies, including Barlow Rand, Transnet and Black Chain, the first black-owned supermarket chain.

Dr Motsuenyane is proud to leave an organisation which has risen from a group of corner-shop traders to an organisation with pride of place in both local and international business forums.

He says Nafcoc's record speaks for itself and he is honoured to have been instrumental in its achievements. He is also proud of his achievement in the formation of the African Bank 10 years ago.

Having struggled to raise an initial capital of R1 million, the bank now boasts 34 branches with assets of more than R300 million and has investments of more than R30 million.

As a contribution to improving black education, Nafcoc runs the Masekela Mavimbela fund, which provides scholarships to students in tertiary institutions.

Dr Motsuenyane's business career started when he co-founded and worked at the African National Soil Conservation Association, formed in 1953 to build awareness of soil erosion in black communities.

During that era, he rubbed shoulders with dignitaries such as former ANC leaders Dr S J Moroka, Dr W F Nkomo, S J Tema, Dr D D T Jabavu and the late Zulu king Cyprian Dmizulu.

In 1964 he was appointed agricultural consultant for Nafcoc with a seat on the board. He was also editor of the first black business publication, African Trade.

He has travelled extensively throughout the world to forge links between black businessmen and their overseas counterparts.

But, like other opponents of apartheid, he has had his share of problems with the authorities — such as when he had to wait six months for a visa to travel to the United States as a leadership exchange programme candidate in 1959.

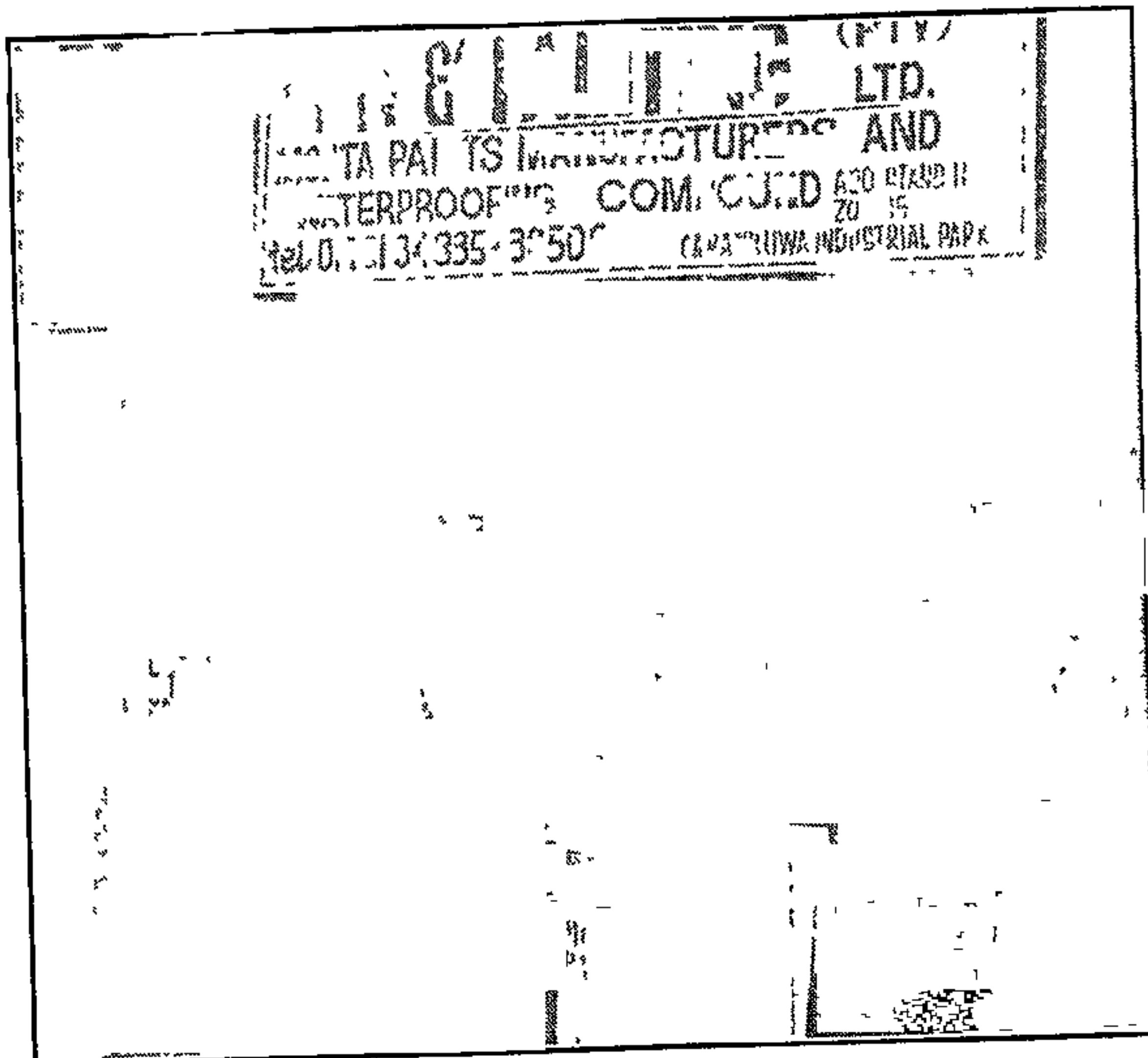
After nearly 28 years of being black business's foremost spokesman, Dr Motsuenyane, a father of six, plans to devote most of his time to writing. □



Sam Motsuenyane . . . stepping down as president of the National African Federated Chamber of Commerce after 28 years.



## BUSINESS Ingredients for success



Abbey Mokone . . . hard work has paid off.

# From backyard to a factory

■ **SUCCESS** Abbey Mokone has built up a thriving paint manufacturing industry:

By Joshua Raboroko

**A**FTER working for companies that manufacture a variety of products in Pretoria, talented and hardworking Mr Abbey Molefi Mokone (39) decided to start his own business

He started the Speedy Waterproofing and Painting from the backyard of his Garankuwa home after struggling to get a business site

As the business flourished, the space became too small and he moved to the local small business industries premises where he expanded

Today, Mokone's enterprise manufactures an assortment of waterproofing compounds and paints, including his own products, branded Mokta Paints

He believes that small business has to venture into manufacturing if it is to thrive and create wealth and job opportunities

He uses most of his products to seal leaking roofs, attach tiles, repair reservoirs and to renovate and paint newly built homes. He also supplies small industries

"I am not boasting, but I can assure you I sell good quality products at a cheaper price than most of my competitors in the white areas," he said

He sells most of his products in the PWV and "it is my dream to start looking at exporting to African states and overseas countries"

He was born in Rooistad near Pretoria. He left school after passing Standard 5 in 1970 because his parents could not afford to pay for his education

He looked for employment, and "everything I touched just turned to gold". He was promoted to marketing positions at companies that produce numerous products, in-

cluding toiletries and liquor between 1970-86

He was fascinated by manufacturing and this inspired him to start his own business

"I painted my home. My neighbours were impressed and hired me to do the job for them during my leisure time

"I bought paint and worked over weekends. This used to bring me a lot of income. It was not long before my home became an industry"

When the demand grew, he hired four youths. But more orders came in and the place became too small

He quit his job to go into business full-time in February 1991. He used the little he earned from his former employers as a deposit on a R45 000 machine that manufactures paints.

He now employs 15 people and on August 28 will be launching a new super acrylic brand of PVA paints, a major achievement for his small operation

His present machine can produce 200 five-litre tins of paint daily

Mokone said that prospects for the future were bright, despite the wave of violence sweeping the country.

"I am still lucky to get raw materials despite the fact that trucks are being attacked by tsotsis in the townships"

For your waterproofing and renovations contact Mokone at (01461) 34835.

This article qualifies Mokone for the Sowetan/Sanlam Entrepreneur of the Month Competition, which is part of the newspaper's Nation Building campaign

 **Sanlam**

### FACTFILE

#### Abbey Molefi Mokone

**Marital status:** Married to Ulaine and the couple have a baby.

**Business site:** Factory A20 Stand 11 Bophuthatswana National Development Corporation Small Industrial Park, Garankuwa 0208. Telephone number (01461) 34835

# Big cash injection

■ International finance company is very optimistic about the prospects of a future South Africa:

By Joshua Raboroko

*Sowetan 30/7/92*  
THE International Finance Corporation would provide about R450 million in investment and loans to business in South Africa over the next three to four years

An executive of the IFC, Mr Richard Parry, said the corporation would open offices in the country and assistance would be directed particularly at black and minority group owned business

In the long term the IFC looked forward to expanding its assistance to larger South African companies in their expansion plans in the rest of Southern Africa

The IFC had invested R18 billion worldwide with loans and investments to about R2 400 million in Africa



A TENSE BUILD-UP TO NEXT WEEK'S STAYAWAY ....

# 'Black referendum' tests the ANC

w/maif 31/7-6/8/92

The talks will resume — and so will the week-long stayaway. If it succeeds, it will bolster the ANC position at the table.

By PHILLIPA GARSON and GAVIN EVANS

**N**EXT week's week-long mass action campaign will be the decisive test of strength for the African National Congress and its allies before talks on the country's future resume in earnest.

Just as the government used the white referendum to test its support, so the two-day general strike will be a "black referendum" — giving muscle to the ANC's demands at the negotiating table if it succeeds.

Despite the lacklustre start to the mass action campaign in the past fortnight, the ANC is confidently predicting 80 percent support for the two-day stayaway which begins on Monday. The secretary general of the Congress of South African Trade Unions, Jay Naidoo, said the majority of workers would heed the call.

With the government and the ANC having moved a little closer to each other over the past fortnight, the week-long mass action campaign is beginning to look like a final showdown in the streets. The middle-ground position within the alliance, which views mass action as a tap to be turned on and off during negotiations, seems to have won the day over more hardline views.

ANC president Nelson Mandela stressed this week that the ANC was keen to resume negotiations and that there was no question of mass action having an insurrectionary agenda.

Similar noises are coming from Cosatu. "The ball is in the government's court right now — we are prepared to talk at any point," Naidoo told *The Weekly Mail* yesterday.

He added he was confident that the government was making its "last stand", and was under so much pressure that it could no longer ignore the ANC-Cosatu demands.

"I think the pressures building up even in its own constituency are becoming increasingly evident — even from many employers and the Dutch Reformed Church. But we are not interested in government declarations of intent or De Klerk's addresses to the



The SACP's Chris Hani leads a pro-Cuban protest in Johannesburg this week as part of the mass-action campaign. Photo KEVIN CARTER

nation. We want to enter bona fide negotiations based on principles which are universally accepted."

While it is widely expected that the government will attempt to take back the initiative prior to the stayaway by announcing fresh, there is now virtually no chance of the strike being called off.

"It would have to be a drastic announcement. It is too late to call of the general strike now," said ANC representative Saki Macozoma.

NP representative Sheila Camerer said her party was optimistic that talks would soon be resumed.

"It's impossible to say exactly when, but there is a strong body of opinion within the ANC which is keen to get back to the negotiating table. That's

how we're reading Tuesday's speech by Nelson Mandela when he slapped down the hard-liners. They're the ones with a lot to lose if the stayaway doesn't live up to their expectations."

But the ANC and Cosatu believe their strategy of taking their demands to the streets will pay dividends, and that the stayaway will succeed.

"The indications we have are that there is massive support across the board. I have no doubt that the majority of workers will participate," said Naidoo.

He stressed that Cosatu was doing everything possible to ensure there was no violence.

"We are committed to having a completely peaceful and non-violent protest. In fact we are participating in

drawing up the SA Council of Churches code of conduct on this issue. We believe it must also bind the security forces, the government and employers — in fact all those who are for and against the stayaway, because we have already received indications that some hostels are planning attacks," he said.

The ANC has criticised the deployment of security force reinforcements in 14 violence-hit townships as more an act of intimidation than an attempt to safeguard the supply of essential services. "This is absolutely intended to fuel violence. We will appeal to our people not to be provoked," said Macozoma, adding that the security forces would now have licence to engage in violent acts. "We see it as an act of intimidation. And it only encourages the campaign to continue."

The ANC and its allies issued a joint statement yesterday calling on "all South Africans who cherish peace and democracy to participate in the two-day stayaway. Millions of our people will be demonstrating in the coming week and we hope this will help to move the process forward so South Africa is pulled back from the brink of the abyss the regime seems to want to keep it in."

The alliance has backed the decision of students, teachers and education bodies to participate in the general strike but is urging them to go back to school for the rest of the week.

The Pan Africanist Congress, Azanian People's Organisation and National Council of Trade Unions have announced they will not participate in the general strike or subsequent mass action programmes because they see the campaign as designed to revive Codesa not overthrow the government.

Azapo charged the ANC and its allies for not consulting other organisations on the mass action despite undertaking to do so. Publicity secretary Strini Moodley said the organisation's members would go to work on Monday as usual, adding "Students should be at school at this time and we're calling on them to stay at school."

Responding to reports that these organisations would not participate Macozoma said "They have never supported mass action. It doesn't make any difference. We have no difficulty with this because we know they don't have any support."

## Small black business will be hard hit

w/maif 31/7-6/8/92

By BAFANA KUMALO  
OWNERS of small black businesses say that although they support next week's national stayaway, they will be forced to adopt a no work, no pay policy because they cannot afford to do otherwise.

Nelson Tshivela, a pottery manufacturer, says he won't be getting any money for the two-day stayaway and "the people who work for me will not be getting paid either." The Daveyton businessman says he is not "trying to punish them, but there will be no money to pay them." He estimates that he will lose about R2 000 in two days, "which is a lot of money for such a small operation."

Another businessman who is worried about the effects of the stayaway is Peter Ngcamu, a former exile who owns a furniture workshop and employs two people. "This is a hand-to-mouth business, so if you lose two days it's a lot of business lost," he says.

Ngcamu is not sure whether he will join the stayaway himself. "It depends on how I do in the next few days, if I make enough to pay the guys and pay the rent."

"If my workers cannot make it to work next Monday and Tuesday, they won't get paid. They understand," he adds.

But Johannes Ntuli, a dressmaker, says he has decided that his assistant will be paid, even though they won't be working.

A worker employed by a black music shop owner, who declined to be named, says she does not expect any retribution from her employer for not going to work.

"He understands, he also comes from the township," she says. "It's not like he comes from some white area and will be able to come to work while I won't, or like having a white employer who will tell you to let Nelson Mandela pay you because you were not at work for two days."

### Main topic

The mass action campaign was the dominant topic in trains, taxis and township shopping complexes. Most Soweto residents said they would "play it by ear".

A security guard who did not want his name mentioned said: "For me it's work as usual. I'm lucky because I work night shift. But if it's really bad I won't be coming in."

Last night some parts of Soweto, normally bustling with activity, were strangely quiet. By 7.30 pm the streets were empty in Orlando, Naledi, Protea and Ikhwezi. Occasional cars, police vehicles or the last taxis ferrying people home were to be seen.

But despite the ANC alliance's call for a general stayaway, some workers are determined to go to work.

"I have a family to take care of. Strikes bring nothing but hardship and at the end of the day the union people are not affected. It's not fair," said a salesman in the clothing industry.

# 'No choice but to remain (153A) at home'

STAR 1/8/92

**ALLIM MILAZI  
and BRIAN SOKUTU**

STREET vendors make meagre profits, but they have given the nod to observing next week's general strike.

In a snap survey by the Saturday Star in Johannesburg yesterday, two days before the campaign is due to start, vendors spoke of the effect it would have on their businesses.

"I have children to feed, and live by selling fruit and vegetables. But I will be at home next week," said a woman in Sauer Street. "There will be no people in the city. What's the point of coming in when we depend on city shoppers?"

Another said: "Who will buy my goods? Business is not good, now it's going to be worse. I have no alternative but to stay at home."

Also likely to close their businesses are clothing and furniture stores whose customers are mainly black. Some shop owners declined to comment on whether they would close or adopt a "no work, no pay" stand.



Cash-strapped SBDC curbs lending

# Govt subsidy cut squeezes small business

81044 11/18/92  
THE Small Business Development Corporation (SBDC) had been forced to cut loans by almost 30% because of government's virtual elimination of its subsidy, SBDC MD Ben Vosloo said yesterday.

He warned that loans could be cut by 50% unless new forms of finance were secured for the next financial year, which starts in April.

Meanwhile, inquiries from aspirant businessmen about loans were pouring in at the rate of 2 000 a day — almost double the rate of last year.

The cuts the SBDC had been forced to make come at a time when SA's employment outlook is far from bright. The SBDC has estimated that only 7% of the 380 000 people writing matric this year will find employment next year.

Last week the Afrikaanse Handelsinstituut predicted that the ranks of the unemployed would grow by 500 000 in the next 12 months, adding to the 1-million people who had lost their jobs in the past three years.

In its first 11 years the SBDC claims to have created 310 000 jobs at an average cost of R9 000 a job.

Government this year cut state capital funding for the SBDC from R100m to under R8m.

Vosloo said negotiations with the Industrial Development Corporation — which could have seen the IDC inject R750m into the SBDC — had failed.

Earlier this year the SBDC had rejected the IDC offer because the IDC had de-

manded that its control of the SBDC equal the private sector's. (The IDC holds 50% of SBDC shares, but has just 25% of the seats on its board.)

Vosloo said the SBDC's regions were all working on reduced quotas and had already cut back on issuing loans by almost 30%.

These cuts could not have occurred at a worse time, he said, with demand for the SBDC's services increasing sharply.

The regions' offices were receiving about 2 000 inquiries a day and most of these had to be declined because of lack of finance.

Vosloo said the "demand for our services has increased dramatically. Thousands of people are desperately looking for ways to start their own business."

However, instead of the average R30m a month issued last year, the corporation was now issuing less than R22m, while income was running at R15m a month. The deficit was being financed from SBDC reserves.

Vosloo said it was possible that loans could be cut in half from last year's levels if new finance was not obtained.

The SBDC was currently negotiating with its private sector shareholders, government and the Life Offices Association on new funding.

However, he said he was optimistic that "an acceptable solution" would be found with its private and public sector shareholders.

PETER DELMAR

# Stokvels on brink of deal with 'major finance house'

(153A) B/DAY 11/8/92  
WILSON ZWANE

STOKVELS are expected to reach final agreement with a major financial institution soon on a joint venture aimed at developing a special investment product for stokvel members.

Sources said yesterday the National Stokvels Association of SA (Nasasa) and a major financial institution would probably clinch a deal next week.

Nasasa president Andrew Lukhele could not be reached yesterday to confirm this.

Negotiations between the financial institution and Nasasa began soon after it had become clear that Syfrets-administered unit trusts were not suitable for stokvel members, sources said.

But the sources insisted on keeping the name of the financial institution concerned under wraps for the time being.

Nasasa consultant and Tremsen Broker Services MD Stephen Japp recently said a number of companies in the US and Britain had signalled they would invest in a specially designed unit trust product for stokvel members, provided it yielded good returns and was "benefiting people on the ground".

The special unit trust product would be tailored to the needs of stokvel members.

Lukhele has said his organisation planned to alleviate the black housing crisis by diverting millions from banks to specially-designed unit trusts, which would serve as collateral for home loans.

The arrangement, Lukhele said, would allow black savings to be ploughed back into black communities rather than having the money lent to affluent whites.

He added that the recent De loor Commission report on housing vindicated Nasasa's belief that stokvels could play a role in addressing the black housing backlog.

The latest Markinor survey of informal financial sector indicates a 60% growth in money collected by stokvels in urban areas. In 1991, stokvels collected an estimated R83m a month compared with R52m in 1989.

It is also understood that stokvels are investing millions in club accounts of several major financial institutions.



# BUSINESS An upholsterer who made it despite all odds • Eskom brings light to schools

By Joshua Raboroko

**S**OLE PROPRIETOR of Joe's Motor Trimmers and Upholsterers in Soweto, Mr Joe Sipho Nkuna (38), will give a new lease of life to your furniture and car interiors

The skills he acquired from his uncle, Mr Albert Nkuna, an upholsterer, have given him the touch to make your old furniture as good as new again

His booming business specialises in car seat covering, sofas, chairs and trimming a variety of goods

Born in Maputo he left school after passing Standard 5. He was then invited by his uncle to help him in his upholstery trade. However he was not happy with what he earned

"There were six of us at home and there were no jobs in Mozambique at the time

"As a result I came to South Africa to look for employment," he said

He was arrested on numerous occasions for not having legal documents to work and to be in Johannesburg

"Every time I was deported I made my way back

"Hunger and frustration forced me to come back to Johannesburg. I stayed

## From the backyard

Sowetan 13/8/92

(153fl)

**■ AGAINST ODDS** He started his up

holstery business with only R5 000:

with relatives until I fixed my documents"

When he could not find employment in Johannesburg he decided to continue the work he learnt from his uncle

"I did not have money to buy material and my clients gave me assistance"

He operated from the backyard of a relative's house. As demand grew he moved to the backyard of a petrol station in Tshiawelo

"My clients were mostly taxi owners

who needed their vehicle's seats to be covered," he said

He applied for a site at the SBDC's hive in Orlando West and was successful. He bought machines worth R5 000 and employed five people to help him

Today he employs 15 people

● This article qualifies Nkuna for the Sowetan/Santam Entrepreneur of the Month Competition which is part of the Nation Building campaign.



Mr Joe Sipho Nkuna, born in Maputo

# Scheme will boost black business

153A (20) (11)  
STAR 19/8/92  
By Michael Chester

A multimillion-rand plan to bring more black entrepreneurs into the economic mainstream has been announced.

More than R500 million in bank loans could be ploughed into the cash-starved small business sector over the next three years.

The loan bonanza was announced by the Small Business Development Corporation (SBDC), which forecast an end to the frustrations of many budding entrepreneurs who had until now been denied loans because they were considered too high a risk.

The head of the SBDC business finance division, Kees de Haan, said First National, Standard, Nedbank, Boland and African Bank had agreed to channel special loans into the scheme. All five banks had alerted managers of a combined total of more than 1 000 branches to be on standby to offer their expertise and guidance to loan applicants.

Loans of up to R400 000 each would be considered, with repayments over five years.

Bank fees would be held at 0,75 percent a year and interest rates set at no higher than 4 percent above the prime overdraft rate.

The magic key that had unlocked loan funds was the provision of guarantee finance to safeguard the banks from the risk of bad debts.

The SBDC said the Department of Finance, through the Department of Trade and Industry, had already provided R20 million to underwrite the first flow of loans.





TOP SPEAKERS ... Dennis Zimo, Fanle Terblanche, Khulu Sibiyi, Don MacRobert and Dawie Crous addressed the joint City Press and Sanlam forum on small business.

■ PICT THULANI SITHOLE

# Entrepreneurs crucial to our future

16/8/92  
C/Press

**By JETHRO SEREISHO**  
THE current political climate has created rising black expectations of a new SA, while whites are experiencing the opposite feeling, a seminar heard this week.

The seminar - which examined the role of the informal and small business and the economy of South Africa - was addressed by City Press editor Khulu Sibiyi at Soweto's Vista University campus.

The seminar was hosted jointly by City Press and insurance giant Sanlam. "Although South Africa is bound to change politically, there will be little if any economic change for most blacks

Hence it is highly necessary that through small and big business, South Africans should start empowering blacks not only politically but also economically," Sibiyi said.

The Development Bank of Southern Africa's Denis Zimu emphasised to the seminar that beyond black political gains, entrepreneurs are also crucial players which could make or break a new South Africa.

He told the seminar that these entrepreneurs had certain qualities and characteristics which had to be allowed to blossom.

According to Zimu, a former United States university lecturer, these quali-

ties are a desire to have things done, self-confidence, a relentless drive to persist during difficult times and a sense of achievement.

Chief executive officer of the Get Ahead Foundation Don MacRobert said informal and small businesses are essentially what can be termed "uncensored business" which have a vital role to play in South Africa.

"Statistics show that 75 percent of the country's population could get jobs in 1960, but this year the figure is 7 percent. Small and informal business has to continue to play a role in curbing this problem," said MacRobert.

Small Business Development Corpo-

ration (SBDC) executive Dawie Crous said his organisation's role is to stimulate entrepreneurship among South Africans, and they envisage the corporation playing a vital role in post-apartheid South Africa.

"We grant loans to small and informal business amounting to 25 million every month," said Crous.

Towards the end of the stimulating seminar the floor was opened for a question-and-answer session. It was here that it became clear that small and informal business must make a superhuman effort to survive and make a real and lasting contribution to a future South Africa.

# R500m aid for small businesses

153A CT 19/8/92

## Own Correspondent

JOHANNESBURG — A R500 million scheme has been launched to assist thousands of small and medium businesses to enter the mainstream of the economy in the next three years, the Small Business Development Corporation announced yesterday.

Through the scheme — a joint effort between the SBDC, five commercial banks and the government — develop-

ment finance will be offered to small and medium enterprises through the branch networks of the banks, the SBDC said.

The Department of Trade and Industry has provided the initial R20m to underwrite the scheme, which is to be administered by the SBDC.

SBDC head of business financing Mr Kees de Haan said "The scheme underwrites a portion of the risk to which the bank is exposed when considering small

business loans, thus enabling the bankers to retain their normal credit standards while, at the same time, reducing the collateral which the entrepreneur would normally have to supply."

To date the scheme has underwritten finance to more than 130 SBDC clients for whom finance amounting to R28m has been granted. The maximum amount of financing allowed under the scheme is R400 000.



Govt underwrites bank finance

# R500m loan plan to bolster small business

B/DAY 19/8/92. (88) 153A (220)

A R500m scheme would provide development finance for thousands of small and medium businesses to enter the mainstream of the economy in the next three years, the SBDC said yesterday.

The scheme — a joint effort by the SBDC, five commercial banks and government — would offer development finance to small and medium enterprises through the branch networks of the banks, the SBDC said.

The banks involved were African Bank, Boland Bank, FNB, Nedbank and Standard Bank.

The Finance Department, through the Trade and Industry Department, had provided the initial R20m to underwrite the scheme, which was being administered by the SBDC.

SBDC head of business financing Kees de Haan said. "The scheme underwrites a portion of the risk to which the bank is exposed when considering small business loans, thus enabling the bankers to retain their normal credit standards while at the same time reducing the collateral which the entrepreneur would normally have to supply."

The scheme harnessed the business financing expertise of thousands of the banks' managers and their infrastructure of more than 1 000 outlets, and combined this with the development of the SBDC, De Haan said.

It benefited the entrepreneur by reducing collateral requirements, increasing sources of development capital and providing greater access to the whole range of services offered by the banks, he added.

THEO RAWANA

To date the scheme had underwritten finance to more than 130 small and medium enterprise clients for whom finance amounting to R28m had been mobilised.

"The maximum amount of financing per client which may be accommodated in the scheme amounts to R400 000, while the maximum period of the guarantee is five years.

"A fee of 0,75% per annum is levied on the amount granted, while the banks may not charge an interest rate higher than their prime overdraft rate plus 4%," De Haan said.

"The scheme is a further deployment of the SBDC's striving to optimise state development funds and the mobilisation of private sector resources in the promotion of entrepreneurship among all South Africans," he added.

He said the scheme was created to unlock the financial resources and infrastructure of the commercial banks for the benefit of the small enterprise community.

Last week SBDC MD Ben Vosloo said the SBDC had been forced to cut loans by almost 30% because of government's virtual elimination of its subsidy.

He warned that loans could be cut by 50% unless new forms of finance were secured for the next financial year.

Loan inquiries from aspirant businessmen were pouring in at the rate of 2 000 a day, almost double the rate of last year.

Government this year cut state capital funding for the SBDC from R100m to less than R8m.

# Huge growth in informal trading

*Sowetan 2018/92*  
■ Lack of accommodation and finance hamper growth;

By Joshua Raboroko

THE informal sector is playing an increasingly vital role in township economic activities

People find they can earn more than in the formal sector as unemployment and retrenchment figures skyrocket

This is according to newly-released research, which was conducted on behalf of the Get Ahead Foundation by the Vista University of Port Elizabeth campus and sponsored by the Southern Foundation, the social responsibility arm of Southern Life

The study, which concentrated on Kwazakhele and Mamelodi adds to research undertaken last year in the same areas by the Michigan State University for the Get Ahead Foundation

The Michigan State University found that the rate at which the informal sector employs people grows annually by 23,9 percent.

## Latest study

Figures from the latest study show that in any given family, there is often more than one member involved in informal sector activities, with women playing the greatest role.

In the 200 families interviewed in the two townships, over 230 people were found to be involved in the informal sector

Of these, 50 percent of mothers were dependent on the informal sector for income, while fathers accounted for 24 percent, sons nine percent and daughters 11 percent.

A quarter of those interviewed had turned to the informal sector because they believed they could earn more there than in the formal sector.

Nineteen percent were operating part-time in the sector in order to supplement

formal sector income

Another major reason for entering the informal sector was the high unemployment rate. The study found that 18 percent of heads of households in Mamelodi and 33 percent in Kwazakhele earned no salary at all.

The majority of informal sector operators were found to be in retail and services, with a very low percentage (19 percent) in manufacturing.

While the informal sector is growing, the study found that it is still hampered by red tape and a lack of success to accommodation, financing and training.

Only nine percent of people interviewed were able to obtain loans from banks with a further nine percent relying on development organisations operative in their areas. About 49 percent resorted to borrowing from family members and 21 percent from outside individuals

Manufacturing, which has been shown to lag behind small-scale manufacturing in Lesotho, Zimbabwe and Kenya, is hampered because South African townships were designed as dormitories with no provisions for trade and traders, the study found

Recommendations made by the Vista University/Get Ahead study include,

- Long term funding to overhaul townships and develop proper manufacturing and trading facilities as well as market places,

- Products tailored specifically for the informal sector by formal sector lending institutions;

- The relaxation of legal restrictions on shebeen owners,

- Training for spaza shop owners who have no real concept of profit margins, and

- Training in technical skills for manufacturers.



Thursday August 20, 1992 SOWETAN

**NEWS** Banks join forces in far-reaching business scheme ● Craven on Die Stem row

# R500m to set up

## small businesses

*Sowetan 28/8/92*

THOUSANDS of unemployed blacks have a chance of getting into the small and medium size business field - with immediate effect

More than R500 million in bank loans could be ploughed into the cash-starved small business sector over the next three years, the Small Business Development Corporation (SBDC) announced yesterday.

The head of the SBDC business finance division, Mr Kees de Haan, said the African Bank, Boland Bank, First National Bank, Nedbank and Standard Bank have joined forces in a scheme which could provide employment for thousands of people. The Department of Finance,

■ **A chance for thousands of unemployed:**

*28/8/92 1534*

through the Department of Trade and Industry, has provided an initial R20 million to underwrite the scheme which is being operated and administered by the SBDC.

The scheme underwrites a portion of the risk to which the bank is exposed when considering small business loans - thus enabling the bankers to retain their normal credit standards while, at the same time, reducing the collateral. Those interested should contact their bank managers for advice.

# Making good in business

153A  
Soweto 20/8/92  
■ **Course for informal  
sector entrepreneurs:**

THE launch of a business development centre for informal sector entrepreneurs takes place in Johannesburg on August 26.

Regional manager of the Independent Business Training Trust, Mr Stephen Umlaw, yesterday said South Africa's economic future depended largely on the stimulation of free enterprise at the grassroots level of society.

"This is an extremely serious matter which requires the urgent attention of the Government and big business," he said.

The centre will offer courses ideal for spaza shops, dressmakers, hawkers, hair salons, repair shops, crèches and pre-school centres, painters, carpenters, leather workers, butcheries, taverns, cafés and other businesses.

Thousands of people have done the course and their businesses are prospering as a result.

The course consists of eight modules and these are: using a calculator; investigating the market, purchasing; costing and pricing, marketing, working out a business plan and loan requirements; managing a weekly cash flow and controlling stock.

This one-up business training is a special course sponsored by USAID and other organisations for people who want to be successful.

After completing the four-weeks course, successful candidates will be given a small loan to start a business - loans range from R100 to R4 000.

Everyone who completes the course is presented with a Trident Institute Diploma.

Umlaw said that it was possible to create two million jobs for unemployed people in the informal sector.

For this to happen, financial resources must be allocated and appropriate action taken to rectify the inequity of the past and to create a vibrant economy in and around the townships.



# Soweto candles blaze the trail

*Sowetan 20/8/92*  
**LIGHTING UP** A man whose burning

desire is to capture entire market in Africa:

**M**

ANAGING DIRECTOR of Ekukhanya Soweto Candles Mr Kenny Hatta's ambition is to light the whole of Africa

The company is the first black-owned candle manufacturing concern and already exports different kinds to the Netherlands, Germany and Australia

"Now I want to expand the trade from Cape to Cairo by lighting the whole of Africa," he said in his opulent Soweto office this week.

Hatta said with changes "in our country at the moment, the chances are my dream will come true".

The company also manufactures candles for restaurants, hotels, funerals, personal use, festivals and spaza shops

He has produced for institutions like the Orlando Home and donated about 600 candles to the bereaved families of the Boipatong massacre

The charismatic Hatta said "Any kind of candle, big or small, we can make it"

## Soweto uprising

As a youngster in the township, Hatta never stayed out of trouble. He was detained under the Internal Security Act for his involvement in the 1976 Soweto uprisings

Despite harassment at the time, he continued his education and matriculated at Naledi High in 1980. He holds several diplomas in business management and administration.

He worked for numerous companies, but quit each time because "a white person was placed in charge, despite the fact that I

## Wax facts

**Profile:** Kenny Hatta (33)

**Marital Status:** Married to Kelefang -the couple have a child,

**Company:** Ekukhanya Soweto Candles that employs 27 people

**Education:** Matric and studying management with two colleges;

**Business site:** Rooms 61/2 Orlando West Industrial Park, Soweto Telephone 936-1103/1550, Fax 936-1524

taught them the trade".

He then decided to join his wife, Kelefang, who was running the small candle manufacturing company in 1989. The business previously belonged to Bishop David Nkwe, his father-in-law

Hatta said his business was booming regardless of the fact that many blacks were now using electricity to light their homes

His focus was mainly in the urban and rural areas. He will open a new factory in Welkom in the Orange Free State soon

The candle factory got welcome publicity when he exhibited during the Matchmaker Trade Fair at Nasrec last year. He was thankful to the fair because "my business got more exposure"

He will participate in this year's Matchmaker scheduled for Nasrec

This article will qualify Hatta for the Sowetan/Sanlam Entrepreneur of the Month Competition which is part of our Nation Building campaign

# Breaking business' big barrier

Sowetan 21/8/92

153A

Financing a new business is one of the biggest barriers to entry and existing financial packages are found lacking in meeting businessmen's needs

Mr Joe Schwenke, senior general manager of the Small Business Development Corporation (SBDC) is

one of the speakers at our business conference in September and will briefly cover the type of financial packages currently available before going on to discuss the need for more suitable financial packages

"The market is ripe for more innova-

tive financial packages" says Mr Schwenke, and the current packages on offer are simply insufficient for local needs "

Schwenke will describe two categories that require attention: micro loans (up to R5 000) and equity finance



# Small business a 'key to wealth' during recession

SI Times (Cm)

23/8/92

(153A)

THE Cape Town-based Southern Life Association will again sponsor the popular Small Business Week, introduced by the Small Business Development Corporation (SBDC) in 1988.

This year it will take place from October 3 to 10 and the theme will be "Our Key to Wealth", with the aim of making the public aware of self-employment as a "viable and exciting" career option at a time when formal jobs are becoming scarcer.

It is hoped to increase both the number of organisations involved — there were 60 last year and more than 100 expected this year — and the events held during the promotion.

Last year there were nearly 300 events ranging from fleamarkets, trade fairs, exhibitions and competitions to workshops, seminars, conferences and training sessions.

The aim for 1992 is to increase the number of events to at least 400 to reach as broad a spectrum of the public as possible with the message that the small and medium enterprise (SME) sector is the most effective route to achieving a healthy economy and individual prosperity.

"Small Business Week aims to promote a culture of entrepreneurship

among South Africans at all levels of society," says the SBW national co-ordinating committee chairman, Toni Kedzierski, who is senior general manager of the SBDC.

"In the current situation of economic recession and high unemployment levels, the public needs to be aware that the most successful economies of the world are founded on vibrant SME sectors.

"The SBW aims to create greater awareness of the potential of the SME sector in South Africa to create jobs and wealth for all communities, as it has done in Pacific Rim and European Community countries.

"The SME sector has proved itself not only to be the major creator of jobs in all these economies, but also the most cost-effective one."

SBW 1992 is being organised by a national co-ordinating committee and six regional committees.

On the national committee are 17 organisations including the SBDC, SA Chamber of Business, Foundation for African Business and Consumer Services, Get-Ahead Foundation, Women's Development Banking, Urban Foundation, International Council for

Small Business, and National Association of Women Business Owners.

Also represented are the small business units of Standard, First National and Nedbank and of the Witwatersrand and Potchefstroom universities, as well as large corporations such as Anglo American and Southern Life.

The committees have invited municipalities, educational institutions, libraries, community and business organisations to arrange their own activities, which will be included in a calendar of events.

Arie van der Zwan, executive director of Southern Life, which has sponsored SBW for the third consecutive year, says his company endorses the philosophy that entrepreneurship can be a positive means of counteracting unemployment.

"Estimates are that the entire formal business sector will have fewer than 40 000 job opportunities this year as the recession slashes demand for labour," he says.

"We cannot rely solely on foreign investment to create job opportunities. It has been proved again and again that self-employment provides a significant thrust for the creation of new jobs."

# SA's tragic child workers miss out on a better life

STAR 24/8/92



(153A)

While other children are still sleeping, 17-year-old Goodenough Nje Sibiya is already at work. He is a coal-seller in Zola township, Soweto.

Sibiya, who started selling coal in 1983 when he was nine years old, wakes up at 5.30 am every day to go to work. He starts work at 6 am and knocks off at 7 pm.

"My father died when I was two years old and my mother was left alone to bring us up," he says. "There are five boys in the family and it was difficult for her on her own."

When a friend who was a coal-seller asked Sibiya to help him fix his cart, he agreed and they started working together. Selling coal helps him to buy food and cigarettes, he says, but it is not easy.

"We get robbed often. Just last week I was selling coal in Jabulani when I was robbed," he says, still walking with a limp.

With the price of coal increasing recently to R15 a bag, it is even more difficult to sell coal. This means that some weeks Sibiya gets paid very little.

"If I sell nothing, I get paid R30 short of my wages at the end of the week," he says. "If I sell something, I earn R10 a day."

In summer, it is even worse. Sometimes Sibiya

Some children start working as early as 12 years of age. What chance do these children have of a better life when they get older and is this right?

**Learn and Teach** talks to teenage workers and looks at the legal issues.

sells nothing, if he is lucky he sells 10 bags a day.

Sibiya is just one of the many children who are working in the townships.

Bhekí Mthembu, who is 16 years old, is another. He works for his brother in Klip-town, selling combs, mirrors, cosmetics and socks.

"I come from Osizweni in Newcastle," says Mthembu. "Last year, my brother fetched me to work in Johannesburg. He said he did not want to employ other people who were not relatives because they would steal his money or goods."

During the week, he works from 7.30 am until five in the afternoon. Sometimes he works during weekends as well.

"At the end of every week, my brother pays me R55. I don't mind because even when I don't sell much, he still pays me the same amount," says Mthembu.

The youngster, who left school while he was in standard six, said he would like to go back to school — but, he says, he can only do so if his brother agrees.

Another child worker is Sithembiso Mashinini, who washes taxis at the rank at Soweto's Baragwanath Hospital.

Mashinini, who comes from Duduza in Nigel, is 12 years old. He was in Sub B when he left school because "my mother and teachers used to punish me every time I did something wrong."

When he played with his friends instead of coming home immediately after school, for example, he says his mother would beat him with a sjambok.

Mashinini works for 12 hours a day, and sometimes gets beaten up if the taxis are dirty, even if it is not his fault.

**THE CHILD AND THE LAW**  
Last year, farmers wanted the Government to change the Basic Conditions of Employment Act to allow them to employ children as young as 12 years old. Trade unions opposed this and called on the Government to increase the age limit to 18.

After long discussions it was eventually agreed that only children older than 15

years could work on farms and that the Government could not give exemptions to anyone.

So, in June last year, section 52A of the Child Care Act was changed to prevent children under 15 from being employed unless their parents or guardians gave written permission.

The workshop was held last October, and was attended by 14 organisations. "The participants pointed out that there were a number of factors which produced child labour in South Africa, and that these must be identified if they were to be addressed," says Loffell. "These include poverty and illiteracy."

In an attempt to address these problems, the workshop suggested that some of the money obtained through Value-Added Tax (VAT) should be used to help needy parents. Another suggestion was that free, compulsory education should be extended from primary school to secondary school.

Vocational training was also singled out as important to give adults additional skills to help them get jobs, making it unnecessary for them to send their children to work.

*Learn and Teach* is available from street corners and book stores at R1.95.



# FW asked to resolve row over R1-bn

By Michael Chester

Business magnate Dr Anton Rupert yesterday urged the State President to intervene and halt a corporate feud that has been blamed for the blockage of some R1 billion in funds earmarked to create thousands of new small businesses and new jobs.

Dr Rupert, founder and chairman of the Small Business Development Corporation, disclosed plans to seek talks with President F W de Klerk on ways to break the impasse and release more cash to counter the unemployment crisis.

The R1 billion has been trapped in limbo because of a breakdown in discussions between the SBDC and the State-controlled Industrial Development Corporation over control of the funds.

Dr Rupert intends to deliver a blunt warning that the power struggle threatens to force severe cutbacks in SBDC loan programmes because of critical cash shortages.

"We cannot allow a development programme of such critical importance to become shipwrecked by inertia or lack of vision," he told the SBDC annual general meeting in Johannes-

burg. SBDC managing director Dr Ben Vosloo blamed the impasse on an IDC demand for equal control of the SBDC administration in exchange for an injection of R1 billion from its surplus funds.

He said the SBDC preferred to remain under private-sector control, which had worked with outstanding success since it was founded 11 years ago, and considered the IDC demands totally unacceptable.

IDC managing director Carel van der Merwe was unavailable for comment last night.



Anton Rupert . to deliver blunt warning on power struggle.

# Forum faces formidable task

57AR 27/8/92

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The new National Economic Forum has finally reached the launch pad. Out of negotiations due to start next month, it is expected to spell out both short and longer-term policies, **MICHAEL CHESTER** writes

**S**ETTING the agenda for the new National Economic Forum that starts work next month will bring South Africa to the moment of truth about the formidable scale of problems to be solved as it emerges from the apartheid era.

How far back it has slipped in global economic status in recent years has been measured by international studies done by the World Forum and the Institute of Management Development in Switzerland.

In the 1992 count, in terms of overall economic muscle, South Africa has been shunted towards the bottom of the scale.

Out of 36 countries, South Africa was ranked no better than 29th. Even among the smaller economies in the second league, South Africa failed to reach mid-way on the ladder. When it came to what the researchers called the people factor — items such as equal education and job opportunities — South Africa hit rock bottom.

While South Africa was wrapped in its apartheid cocoon and isolated internationally it has been overtaken by a swarm of rivals that started from smaller and weaker bases a couple of decades ago — even former weaklings like Singapore, South Korea, Thailand and Malaysia.

How SA decides to start climbing to higher rungs on the ladder will be watched not only by researchers in Switzerland in their annual reviews.

Methods and strategies agreed upon inside the National Economic Forum will be closely scrutinised by keen eyes at the World Bank and International Monetary Fund, whose nod or shake of the head may be crucial to new flows of foreign investment needed to reach socio-economic targets.

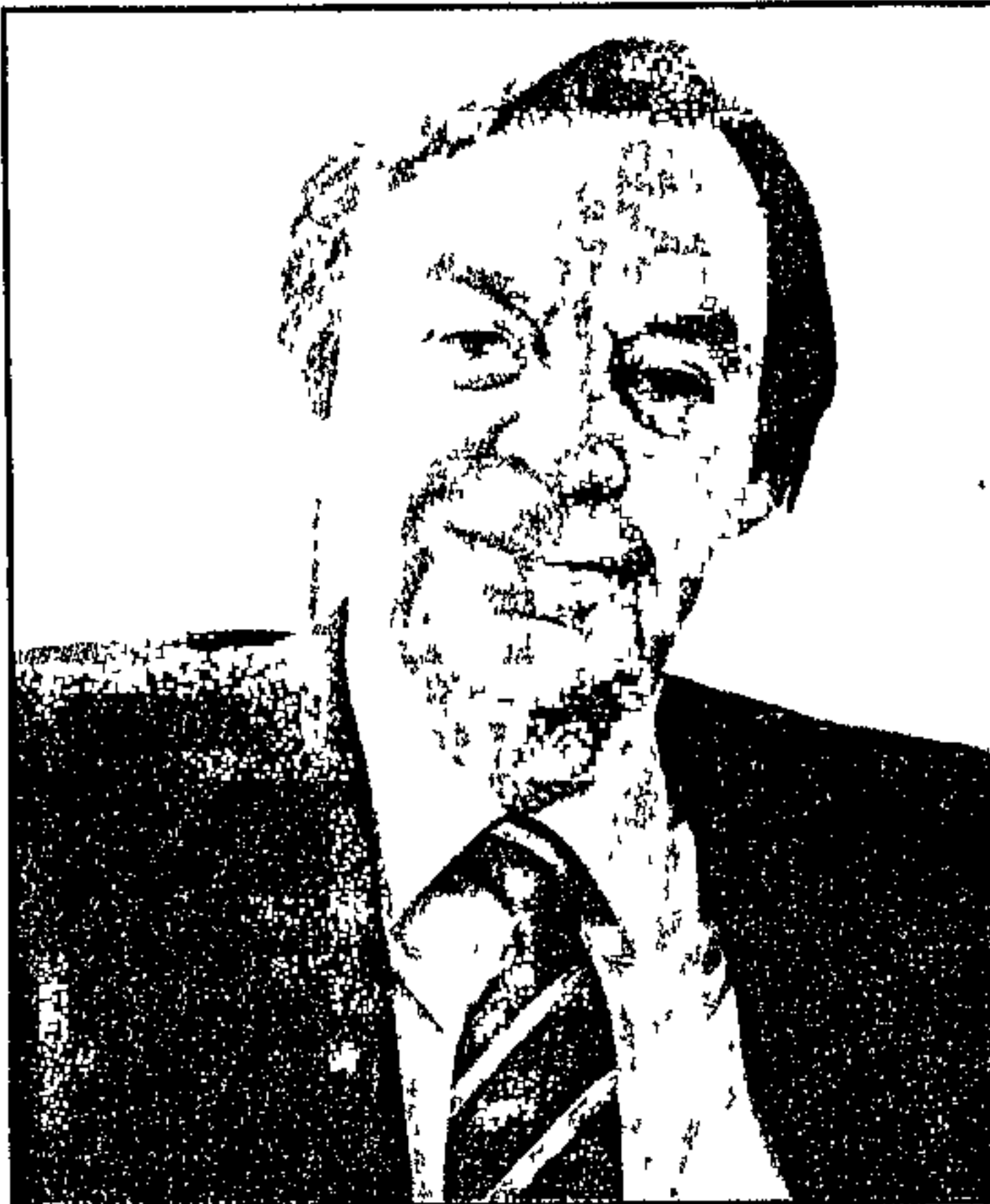
Before they put their hands in their pockets, potential overseas investors as well as investors at home will need the assurance of practicality and coherence in the blueprints that are drawn.

It's no use weaving fanciful day dreams that may raise high expectations and then crash to earth in a couple of years," said one seasoned observer.

"There are no magic wands to be waved. Real progress will begin only once east-iron determination and credibility have been tested."

The first obstacle may equal the challenge of an Everest expedition on its own: the unemployment crisis.

Dr Edwin Basson, of the



Dr Anton Rupert founded the successful Small Business Development Corporation

Small Business Development Corporation (SBDC), found that a strict economic definition put the unemployment total at 6.3 million — no less than 44 percent of the worker population.

However, what was missing in all the calculations, he found, was the role of the informal sector. Deeper research showed that the informal sector, which began its phenomenal growth in the 1980s, now had a combined labour force of 3.5 million — from hawkers and street-traders to auto engineers and high-technology experts running their own businesses.

How to bring them from the outskirts into the mainstream of economic performance?

Slashing away at government red-tape ever since its foundation by tobacco magnate Dr Anton Rupert of the Rembrandt Group under the shadows of apartheid in 1980, the SBDC today operates a nationwide network of no fewer than 40 workshop complexes known as industrial hives.

The number of individual small businesses it has created has soared above 2 700, which in turn has created jobs.

The head of the SBDC central region, Jo Schwenke, who masterminds operations, estimates combined annual turnover at R600 million or more.

Better still, in many ways, even big business has learnt to build more and bigger bridges to the small business sector and how to cut down overall production costs by handing the mini-companies subcontract work.

The value of subcontracts awarded so far has already topped R50 million. Economists agree that the potential for

big/small business contact is almost without limit. They take their cue from some Far East economies.

So far the SBDC has created no fewer than 312 000 new jobs out of thin air under its loan programmes. It believes even that impressive total could be overshadowed by new initiatives of high-finance giants.

A think-tank has worked out that an avalanche of more than 50 000 new small and medium-size enterprises — with as many as 2.5 million new job opportunities — could be provided over the next five years.

The scheme revolves around agreement between the State and big financial institutions — insurance companies and pension funds — to invest in the masterplan.

No one is following behind-the-scenes discussions with more attentive ears than millions of potential entrepreneurs now standing in unemployment queues as the recession swings its scythe.

Tuned in even closer are school leavers, now spilling out into the labour market at the rate of 400 000 a year — and with only about seven in every 100 likely to find vacancies in the formal industrial and commercial sectors, according to estimates by the SA Chamber of Business.

But the agenda confronting the National Economic Forum does not end with the unemployment issue. Yet to be resolved is the clash in arguments about the merits of privatisation — or nationalisation.

Somehow, every time the nationalisation debate seems to retreat into the background, it springs back again. So, too, the

pros and cons of privatisation, which many private-sector economists advocate as an exercise in Thatcherism, with the Government using incomes from sales of State operations to finance more socio-economic programmes, but which the ANC has vowed to reverse.

The issue remains one of the hottest potatoes of all — and neither the African National Congress nor the National Party seems to be sure about precisely how to handle it.

In purely economic terms, also to be tackled are issues such as the future of exchange controls, interest rates and how best to attack the inflation syndrome, the missing link between productivity and wage increases.

On the agenda, too, come questions about economic power concentrations in the hands of so few corporate giants — suspicions of monopolies, oligopolies and cartels.

More barbed wire faces members of the forum over reform of the whole taxation system — sorting out equitable levels of VAT and company and individual tax rates to turn disincentives into incentives.

In turn, nerves still jangle over which decisions may emerge on which basic economic theories to pursue: Marxism? Watered-down socialism? Mixed economy? Free-market economy?

Final agreement on the launch of the National Economic Forum, as a think tank formed to bring together business, labour and the Government around the table, was reached last week. Members are due to get talks under way in mid-September.

They are pledged to work out integrated economic strategies on issues that range from fiscal and monetary policies to labour and trade policies.

But it would be a gross error to talk above the heads of the restless mass of the population, peppering progress reports with obscure economic jargon that is supposed to impress everyone with its erudition.

South Africans also want — and deserve — a practical timetable of solutions to traumatic shortages of housing, a better education system, more career opportunities, more job creation, and higher living standards for everyone.

Mission impossible? Not necessarily so if the success formula of several overseas countries is examined in detail — rivals that set out with far fewer assets in natural and, especially, potential human resources.

Even if down-to-earth economic limitations make the trek towards an ideal new South Africa look a long and hard slog, at least the forum should be able to inspire hope by erecting a set of credible signposts.

Until such signposts are visible, the level of confidence among both businessmen and consumers can be expected to roll in the doldrums. □



## BUSINESS 600 train in manufacturing

# How you can run your own factory

Sowetan 27/8/92

■ Jobless people trained to manufacture a variety of products in the fight against rampant unemployment in South Africa:

THE African Business and Manufacturers Development Association (ABMDA) has trained about 600 blacks in manufacturing training programmes since its formation last year.

ABMDA chairman Mr Bradley Tshabalala said that the acute shortage of competent blacks in manufacturing inspired his organisation to start the training programme.

Unemployment was becoming a time bomb which could seriously damage society and the success of efforts to create a democracy, he said.

"We want to train jobless people to manufacture a variety of products which they can sell and earn a living," he said.

Items on their manufacturing agenda include mixing floor polish, dishwashers, fabric softeners, orange juice, candles, perfumes, foodstuffs and aachaar, all of which they can sell in the townships and in rural areas.

### Skilled Individuals

These products are manufactured at the Small Business Development Corporation's (SBDC) Tower Hive in Industria. They can be contacted at (011) 473-2418.

He said that the organisation was formed by a group of skilled individuals who were operating mini-factories at the SBDC Tower Hive in Industria.

"We wanted to impart our knowledge and skills to black people who are in need

by starting a training programme.

"This was initially with a small group of people. But the programme grew and there were more people who came for training. Our training projects grew from handicrafts, welding and polish making to baking and the manufacture of dish washing soap," he said.

### Structuring of programme

Experts on management from big companies were called in to assist with the structuring of the training programme.

Before training could start, prospective trainees for a particular project were encouraged to form consortium/stokvels to help with expenses and also raise enough money without going to financial institutions, Tshabalala said.

During the training the association provides all the necessary machinery for the different projects.

After qualifying, members of different groups were encouraged to establish mini-factories in their areas and sell their products to local markets, including spaza shops and hawkers.

As a result of their programmes, people had realised the need to manufacture products. Raw materials were bought by the association.

The only problem that has emerged was the scarcity of mangoes because "we have to teach people how to manufacture aachaar" he said.

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# A stroke of genius

■ **BRILLIANT PAINT** from back yard to a groundbreaking new paint for Abbey:

*Sowetan 27/8/92*  
**T**HE WINNER of the July Sowetan/Sanlam Entrepreneur of the Month Competition, Mr Abbey Molefi Mokone (39), will launch a new paint at the Bophuthatswana National Development Corporation conference room tomorrow.

Mokone, who owns Speedy Waterproofing and Painting Company in Garankuwa, said the launch of the new brand of PVC paint could be a major breakthrough for his small operation.

He was delighted when he was nominated winner of the July Sowetan/Sanlam Entrepreneur of the Month competition which is part of Sowetan's Nation Building campaign.

"This will boost my business to great heights thanks to the Nation Building campaign," he said.

## Business Innovation

Mokone will now be judged against four other winners for the Sowetan/Sanlam Entrepreneur of the Year competition which is designed to create a spirit of business innovation among the township operators.

The other winners are Mrs Lena Khoza, who owns Sikhayisile Dress-making in KwaNdebele; Mr Amon Buti Majola, owner and director of Million Dollar Furniture manufacturing company in Soweto; and Mr Jose Manuel Isidro of Jose Ribeiro Furniture manufacturing company in Mamelodi.

Mokone wants to open branches of his business in the Northern Transvaal as well as sell franchise to aspiring entrepreneurs because "I want to build the nation".

Mokone said his company was the largest paint distributor in the area. His customers were big and small business operators.

His enterprise manufactures an assortment of waterproofing compounds and paints, including his own products, name-branded Mokta Paints

*(153A)*  
He uses most of the products to seal leaking roofs, attach tiles, repair reservoirs and to renovate and paint newly built homes.

"I am not boasting but I sell quality products at a cheaper price than most of my competitors in the white areas," he said.

He added: "I have always been fascinated by manufacturing products for the black community".

## He expanded

He started his business in the back yard of his Garankuwa home after struggling to get a business site.

As the business flourished the space became too small and he moved to the local Small Business Development Corporation site where he expanded his operation.

Mokone was born in Rooistad near Pretoria. He left school after passing Standard 5 in 1970 because "my parents could not afford to pay for my education".

He looked for employment and "everything he touched just turned to gold". He was promoted to marketing positions at companies that produce numerous products, including toiletries.

He was inspired to start his own business after painting his own home. Neighbours were impressed and hired him to do the job for them during his spare time.

## Robberies and violence

Today his business has grown. Mokone is reluctant to talk about his turnover because of spiralling rate of robberies and violence hitting the country.

"It is not wise to talk about one's income in the present political climate in the country. We have heard about business people being killed and mugged because they were thought to have money," he said.

For more information contact Mokone at (01461) 34835



# BUSINESS Blacks can own swimming pools and have them serviced by a black firm

## Richard is now his own boss

*Sowetan 27/8/92*

*1539*

### BUSINESS SENSE He had a dream

and then set out to make it come true:

#### By Joshua Raboroko

MR Richard Modibedi Phaladi (44), owner of a business in Garankuwa, near Pretoria, is a man who concentrated on his dream and set out to achieve it. "I always wanted to be my own boss and have my own business after I left school," he said.

He is the owner of the Odi Waterproofing, Swimming Pool Construction, Paving, Landscape, Fencing and Thatched Summer Houses Manufacturer in the small Bophuthatswana township.

"We build new swimming pools of different sizes or to the owners' requirements, plus thatched summer houses, install vacuum cleaning units and pool lights, lay paving bricks around the pool, and erect safety or security fences around the pool with lockable gates.

"We are using gunnite, concrete, steel and marblite. We offer a guarantee on

all our work," Phaladi said.

The company operates in the whole of Bophuthatswana, PWV areas, Lebowa, Venda and Gazankulu.

At last, Phaladi said, blacks in the townships can now own swimming pools and have them serviced by a black firm.

Phaladi's business motto reads "Our prices are very competitive. Quality job normally carries a guarantee. Why not ask for it?"

He obtained a Bachelor of Arts degree at Turfloop in 1976. He was detained under the Internal Security Act while a treasurer of the Students Representative Council.

After graduating he worked for the Bophuthatswana National Development Corporation (BNDC) as a business development officer. It was while he was working there that he developed an interest in becoming an entrepreneur. He quit BNDC to do a BA honours



Phaladi (right) at his business in Garankuwa.

degree in 1982 and then worked for the Bophuthatswana government's department of economic affairs until 1990.

The spirit of entrepreneurship was in his blood and he obtained a loan from a bank to start the waterproofing and swimming pool company.

As money started pouring into his business, he expanded the trade to include paving, landscaping, building thatched shades and summer houses.

He employs 10 well-trained people and is looking at the possibility of employing more next year.

Phaladi has entered into partnership with a friend who has a retail outlet. During his spare time he listens to jazz and is an ardent soccer fan.

This article will qualify Phaladi for the Sowetan/Sanlam Entrepreneur of the Month competition which is part of Nation Building campaign.

#### Rands 'n sense

**Profile** Richard Modibedi Phaladi (44);  
**Marital status** Married to school teacher, Matshediso, and the couple have four children.  
**Education** Holds a BA degree in administration from Turfloop;  
**Name of business:** Odi Waterproofing, Swimming Pools and Paving Contractors

# Funding of small man a big issue

**■ The existing banking and financial structures are hopelessly inadequate, says Gaby Magomola:**

THE financing of small business is one of the subjects expected to evoke a keen response from delegates at the Business and Entrepreneurial Conference to be held on September 13-15.

Mr Gaby Magomola, executive chairman of the Inter-Africa group and a director of Future Bank, will be one of the speakers.

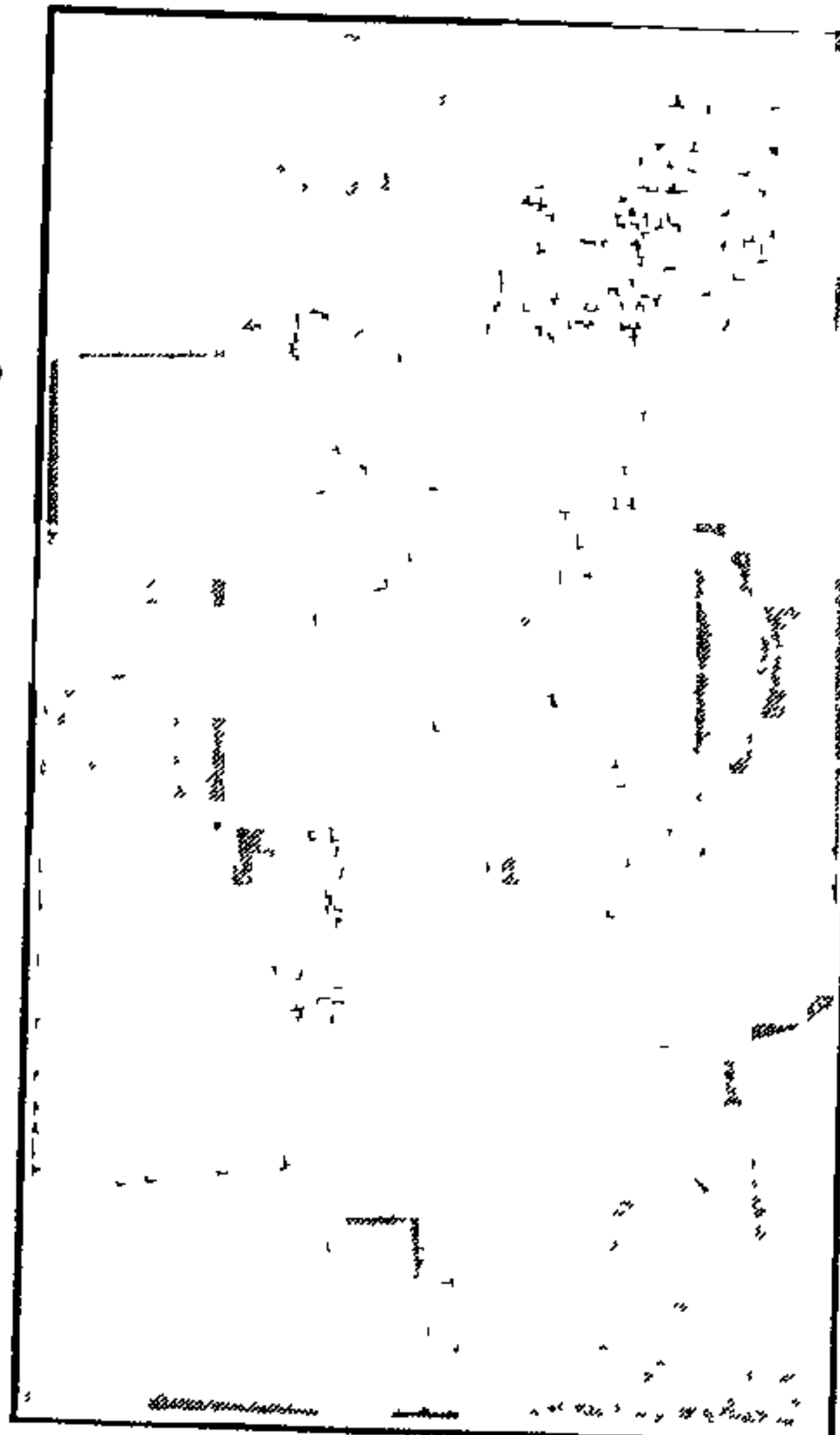
He believes that existing banking and financial structures are "hopelessly inadequate" for small black businessmen. "Years of apartheid and exclusion from economic activities have prevented potential black businessmen from securing the type of collateral required by existing structures in order to

obtain financial assistance," says Magomola.

There had been little attempt to create specialised financial deals geared specifically for small businessmen found so readily in economically sound countries, he said.

Both the public and private sector need to come together and reorganise financial structures to ensure a facility which provides greater credit to this group.

Their economic success would have a domino effect on the rest of the economy and their participation in the economic activities must be encouraged and nurtured, Magomola said.



**Sowetan Day Editor Thami Mazwal ... organising the conference.**



**Gaby Magomola ... a speaker**

## Business sense & brains

### Venue:

Eskom Training College, Midrand.

units,

- Officials of development agencies,
- All interested in getting an insight into the challenges ahead, and how some of these can be overcome.

### Who should attend:

- Executives of major companies and those managers dealing with small business and entrepreneurial development,
- Officials of business associations;
- Officials of chambers of commerce and industry;
- Officials of financial institutions and funding organisations;
- Small businessmen from all sections of the community who want to grow into sizeable

### Themes:

- Role of Government in transforming small business into medium sized enterprises;
- Financing of small business;
- Role of big business in developing small business;
- Women in business;
- Looking into the future.

# Internationally famed two to speak at our conference

## ■ Africa Development Facility chief discusses the continent:

TWO officials of the International Finance Corporation will take part in our business and entrepreneurial development conference.

The two are Mr Alexander Keyserlingk, general manager of the Africa Development Facility, and Mr Omarri Issa, regional manager for

Southern Africa.

The two experts have been involved in entrepreneurial development in many parts of the world, including the now booming Far East. They will cite many examples of the success story of the East in their presentations at the conference.

Keyserlingk, who is the guest

speaker, will speak on Entrepreneurial development - lessons from Africa. He will discuss what has succeeded in Africa and what has not.

Another of the overseas speakers will talk on the development of external trade.

Local speakers are Dr Nthato Motlana, Sipho Shabalala, Professor Jakes Gerwel and Gaby Magomola.



# Boost for traders in township

153A

ARG 29/8/92

SMALL businesses in Khayelitsha, the sprawling shanty town near Cape Town, could share in a multimillion-rand boost from investment by big business here and overseas.

This is the result of 600 traders forming the Khayelitsha Business Association (Khaba) and opening a double-storey office building this week.

The office, between Lwandle and Spine Roads next to the Western Cape Training Centre, is run by a full-time secretary, who will be supervised by an executive committee of traders.

Khayelitsha is estimated to house 500 000 people, calculated at between two and three shacks a site.

Its business community received its biggest boost this week in the shape of a Nedbank cheque for R87 800 from the Nedcor group — enough to meet the running costs of the Khaba centre for a year.

Mr David Halsted, United States Consul in Cape Town, said millions of dollars were earmarked for aid to small businesses in South Africa and

■ Khayelitsha businesses — the Khayelitsha Business Association opened an office this week — could soon be in line for massive United States aid.

**TOM HOOD**  
Business Editor

until now there had been no formal organisation to consult about the allocation of funds.

The US government had \$2 million (about R5,5 million) immediately available in loan guarantees to black businesses and another \$7 million (about R19 million) could be available later.

Unveiling a plaque to officially open the building, Nedcor chief executive Mr Chris Liebenberg said the objectives of his company chairman's fund were job-creation, housing and education, reports EDWARD MOLOINYANE

"We have been able to assist a number of projects. We are training the best young entrepreneurs and we are delighted

to be involved in these initiatives.

"I feel humble when I see the lack of safety nets for business people out here."

Khaba chairman Mr Victor Mbauli said Khayelitsha was in dire need of resources, especially jobs. Business people, he said, played an important role in alleviating unemployment. The township was notorious for the high crime rate because many people were unemployed.

He said Khaba represented about 640 paid members who ranged from street hawkers to big dealers. The township also needed shopping centres and factories and he appealed to potential investors to move there.

The organisation had good relationships with all community and political organisations, including the police.

■ Weekend Argus was commended for its support of Khayelitsha's business community and framed copies of two front pages of the Business Section were presented to Mr Mbauli by Mr Theo Rudman, director of the Self-Employment Institute.

■ Picture, page 3.

# 'Spazatainers' open space for township business

SOUTH 29/8-2/9/92

153A

**A**N UNUSUAL project — "spazatainers" — is the result of a joint venture between the informal sector, private enterprise and a big corporation's community involvement programme.

The project aims to convert second-hand freight containers into secure, waterproof, affordable and practical "premises" for spaza shop-owners in Western Cape townships.

Two "spazatainers" are operating, with 33 expected to be available by December and 75 in the next year.

The brainchild of businessman Mr David Jacobs, the "spazatainer" idea developed out of his concern about the insecure and primitive conditions under which spaza shop-owners often operate.

Together with a former business lecturer and marketer, Mr Glenn Johnston, Jacobs identified the conversion of old containers as one way of providing spaza shop-owners with premises. But spaza shop owners could not afford to buy containers on the open market and the idea never got off the ground.

But they did not let it rest there and, with the help of retired businessman Mr Mark Hoffman and shopping centre developer Mr Tony Malan, a scheme was developed to provide the containers to traders at an affordable fee of R28 a week over two years.

The cost of the containers will be subsidised through the sale of advertising space on the containers, with the owners receiving some of the advertising revenue once the containers have been paid off.

The project was presented to Safmarine, who liked the concept and decided to make containers available at minimal cost.

The project will be extended to other forms of retail activity and areas have been allocated by the Langelethu Town Council for the creation of a "spazatainer" shopping centre to cater for aspirant entrepreneurs.

The "spazatainers" are using premises made available by the Small Business Development Corporation.

**LYNDA LOXTON**



# Asian hawkers face 'end trading' ultimatum

6/10/84 31/8/92  
ASIANS chased out of Lesotho last year were flooding the pavement markets of SA towns and posing unfair competition to black hawkers, African Council for Hawkers and Informal Business (Achib) president Lawrence Mavundla says

And his 45 000-member council has invited political organisations, chambers of commerce, the trade unions and the Johannesburg City Council to a meeting on Wednesday to discuss the problem.

Lesotho citizens attacked Asians in May last year after a black woman accused of stealing from one of their stores was killed

Mavundla said the blame for the

THEO RAWANA (153A)

pavement trading problem lay with the Johannesburg council and other local authorities which gave licences to non-South Africans without even consulting local business leaders

"Big business is protected by laws against invasion by foreign companies, and they are consulted whenever foreign firms are to invest in SA. But not so with small business — foreigners are just granted licences to pose unfair competition against our hawkers" 31/8/92

Mavundla, who said there were about 300 Chinese and Korean hawkers on Johannesburg streets alone —

and these people knew neither English nor the local currency — resulting in many black hawkers having to fold up their stalls and close shop

"Hawkers are now going to give the foreigners three days to leave the streets, after which we will decide on what action to take against them. They can't resist the will of the people," Mavundla said

Acting Deputy Chief of the Johannesburg Licensing Department Toy van Jaarsveld said the Asians were as entitled to trade in Johannesburg as anybody else

"In terms of the licensing by-laws, anyone in the country legally is entitled to a licence," he said