

# Public Sector-Regional Service Council

1986

JAN - Dec





Mr Fanie Schoeman



Mr Danie Kirstein



Mr John Mavuso



Mr J M Griffiths



Mr Willie Hoeds



Mr Douglas Gibson



Mr I F H Mayet

# New Tvl executive 'proof that reform is on the move'

By Sue Leeman and Sue Fleming

The leader of the present Transvaal Executive Committee, Mr Fanie Schoeman, has welcomed the announcement of the new executive body, saying that its establishment is proof to doubters that the reform process is on the move.

But the first black Exco member, Mr John Mavuso, was cautious and non-committal last night.

Mr Mavuso, a senior member of Inkatha who owns a garage in Soweto, said "I have just heard about the appointment and am not in a position to say much, except that, if it is thought fit that I

should be part of this new experiment, I am happy to know that some people think I could make a contribution.

"For the moment I would prefer to reserve my comments until Tuesday."

Mr Schoeman said the committee's task would be an exciting one, "particularly as we have re-

ceived considerable extra responsibilities, including those of the old development boards, which are being phased out."

He said he foresaw a limited right-wing backlash because blacks, Indians and coloureds would have a say over white affairs in the province — but dismissed this as unimportant.

Former leader of the Conservative Party in the now-defunct provincial council, Dr Servaas Latsky, said that in extending provincial executive committees, the Government was not broadening democracy, as it claimed, but centralising power in its own hands.

"They (the Govern-

ment) are not extending democracy by enlarging a body which will be appointed by them in any case."

Dr Latsky pointed out that members would be responsible to Parliament and the State President, who had appointed them, rather than to the voter.

He questioned how

long a black, coloured or Indian person who was responsible to Parliament could be kept from having a direct say in that body.

He added that the CP remained firmly opposed to integrated government. It believed, he said, in allowing each group to govern itself at the highest level.

GOVERNMENT



# What is an RSC and what will it do?

By Dr D L Craythorne

THE Government will soon start instituting Regional Services Councils in South Africa

What are these creatures?

An RSC is a multiracial body entrusted with certain regional functions

Its members are nominated by the primary local bodies, namely municipal or divisional councils, coloured or Indian management committees and black local authorities or community councils

The basis of the representation granted by Act 109 of 1985 is financial contribution

Each community is given a number of votes equal to its expenditure on regional services expressed as a proportion of the total cost of the services provided by the particular RSC

RSCs will provide regional functions and the RSC Act contains a schedule of 21 regional functions, such as bulk water and electricity supply, land use planning, traffic matters, abattoirs, fresh produce markets, refuse dumps, sewerage purification works, and so on.

In addition, each RSC is required, when deciding on budgeting priorities, to give preference to the establishment, improvement and maintenance of infrastructural services

An infrastructural service is generally understood to be water and electricity supply, roads, stormwater drainage and refuse removal

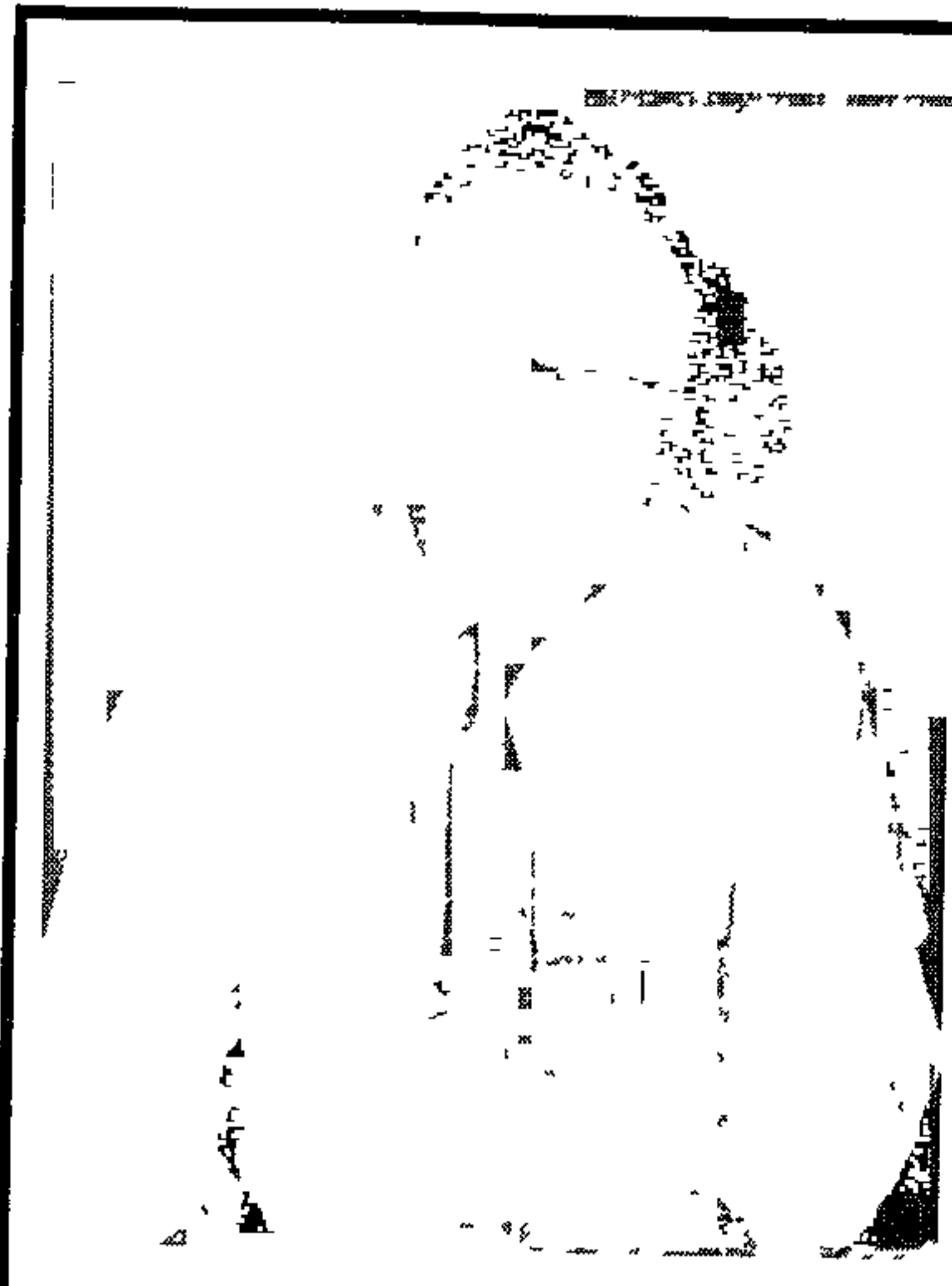
Without these basic services, any community will have an extremely poor quality of life

The councils will derive their income from two main sources.

The first is two new taxes known as the regional establishment levy and the regional services levy

The second will be profits on regional services such as water and electricity

The regional establishment levy amounts to a



## About the writer

DR D L CRAYTHORNE has been in local government for 35 years.

He has a B Law (Unisa), a Master of Public Administration (UCT) and PhD (UCT). His Master's thesis was on the role of the Town Clerk and his PhD thesis on metropolitan municipal government for greater Cape Town

He is also a Fellow of the Institute of Town Clerks, a professional Member of the SA Institute of Public Administration, an Associate of the Institute of Administration and Commerce, a Member of the SA Institute of Housing and a Founder Member of the Civil Defence Association of South Africa.

He is the author of *Municipal Administration: A Handbook*, published by Jutas in 1980.

by an enterprise, while the regional services levy amounts to a payroll tax

During his last Budget speech, the Minister of Finance announced that the regional establishment levy should not exceed 0,1% of a business's turnover, and the regional services levy will be limited to a maximum of 0,25% of the total payroll

The most important objections to RSCs are

(1) Lack of political acceptability.

Because the nature of representation is tied to ethnic group areas, bodies such as the UDF have announced their strong opposition to RSCs

Opposition of this sort will undoubtedly lead to a troubled debut for these bodies

(2) Strong centralisation.

The RSC and related recent legislation, in contradiction to the declared policy of devolution of power, has resulted in a considerably strengthened central government grip on local affairs

For example, the Act provides that up to five Government Ministers must concur in matters such as the delimitation of a region, the creation of an RSC, the conferment of

RSC and the transfer of staff to it

In addition, the Administrator, who is an agent of the central government, has the power to decide on the name of a region, where its seat will be and what powers of a local authority shall be entrusted to it

In contrast with these powers, the local bodies need only be consulted, and the various Ministers and the Administrator are not bound by their views

(3) Lack of financial planning.

RSCs are being introduced in great haste

No survey seems to have been made of the cost of providing and maintaining infrastructure against the proceeds of the new regional taxes

Although the new tax levies may initially be low, the amount can and probably will rise, and this can have a negative effect on regional economies

It is being said in informed circles that a part of the Government's subsidy burden is to be "devolved" to RSCs, and this must affect the ability of an RSC to upgrade deprived areas

Finally, the legislation

part of its income towards the establishment, improvement and maintenance of an infrastructure for, and the running of, transport services for commuters between their homes and places of work within the region

The bald effect of this is that SATS, for example, will have to be subsidised from regional taxes

Is there a better way? The simple answer is yes

There is no doubt that South Africa needs regional authorities

Experience in other countries shows that regionalism is an effective method of addressing problems of under-development and deprivation

Furthermore, in looking at alternatives, one must distinguish between structures and method

Structure in local gov-

ernment terms is pretty standard, but method concerns political legitimacy.

If freedom of association is to replace the present ethnic-based approach, then an ideal method would be to frame a few general models of regional government, and to leave it to the institutions and persons in each region to work out the detail of representation and participation, perhaps through the medium of a commission of inquiry

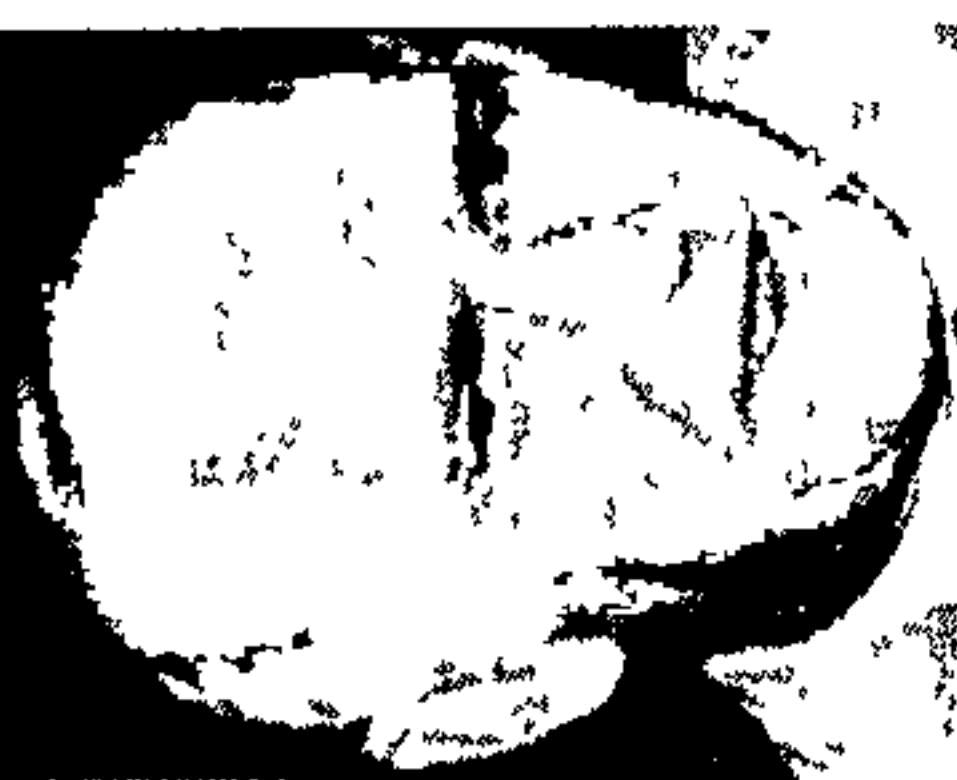
At first, some of the results may well be bizarre, but as successful models "take", so the learning process will continue

Best of all, those negative spirits who at present only criticise, will be compelled to turn their minds to finding workable solutions!



2619  
SUMMER  
JALISBE

# MINISTER FILLS IN SOME GAPS ON SA FUTURE



Mr F W DE KLERK  
Division of government

A CABINET MINISTER'S revelation this week of planned legislative assemblies for urban blacks painted in important areas of the Government's vision of the country's constitutional future

Mr F W de Klerk, chairman of the Ministers' Council in the House of Assembly, said in Zurich the legislative assemblies for urban blacks would be elected bodies led by ministerial councils, and would have powers over "a wide range of subjects"

Mr de Klerk's speech was seen as crystallising a trend

By LESTER VENTER, Political Correspondent

emerging in Government utterances in recent months confirming that the underlying philosophy remains the division of government into "own" and "general" affairs

## Cornerstone

This division is the cornerstone of the existing controversial tricameral Parliament — and its extension to blacks is likely to stir strong opposition from liberal and radical quarters

Other key elements of the Government plan to emerge this week were

- An announcement of new legislation — the National States Representation Act — to grant greater powers of autonomy to self-governing black homelands,
- An announcement by Mr Chris Heunis, Minister of Constitutional Development and Planning, that "more representative", multiracial provincial bodies could be

created, and his repetition of the Government's intention to institute elections for blacks outside the homelands,

● The continued devolution of functions of the Department of Constitutional Development and Planning, announced last week, to regional and local levels — with the effect of vesting greater autonomy in bodies administering the lives of urban blacks

While the Government has repeatedly stated an intention to negotiate a new constitutional dispensation, it

has also said it has "guidelines" for what that dispensation should be

## Slated

The "guidelines" have been stated in generalised principles of equal political and economic opportunities for all, with the retention of exclusivity over "own affairs". The developments so far have already been slated by opposition politicians and a wide range of academics on two critical points meaning full black leaders are not being consulted — and even moderate black leaders will

not accept separate institutions

The steps along the way to the gradual unfolding of Government intent have been

- State President Mr P W Botha's opening of Parliament in January with the statement that the "outdated concept of apartheid" had been "outgrown",
- A firm insistence, nevertheless, that autonomy over "own affairs" would not be sacrificed,
- Mr Botha's revival in September of the concept of black city states and the first

mooting of elections for urban blacks;

● The commitment to reform, being largely an intention to eliminate racial discrimination on social and economic levels — but stopping short of fully integrating residential areas, schools and political structures; and

● The intention to introduce a Bill of Rights. These have prompted political analysts to an interpretation of a Government vision of a South Africa with a one-man, one-vote system — but in separate, parallel political structures



# Govt's <sup>SPK</sup> plan for provinces comes under fire



Mr Chris Heunis . . . accused of arrogance

By Sue Leeman,  
Pretoria Bureau

Opposition parties in the doomed Transvaal Provincial Council have condemned the Government's plans for future second-tier government, saying the new nominated bodies will rob the electorate of any say in decisions.

However, one MEC has countered by saying that although the new system may be less democratic it will be more efficient because experts in certain fields can be appointed.

The Minister of Constitutional Development and Planning, Mr Chris Heunis, announced yesterday that when the provincial councils are abolished in June the State President will appoint powerful administrators with executive and legislative powers to run general affairs in each province.

Each administrator will be advised by an executive committee, also appointed by the President.

These committees may be multiracial.

Various general affairs matters will be devolved from Parliament to the new provincial administrations, which will be answerable directly to Parliament.

## TRANSFERRED

The own affairs components (such as education, hospitals and local government) of the present provincial administrations will be transferred to the various Ministers' Councils in Parliament.

Leader of the official PFP opposition in the Transvaal Provincial Council, Mr Douglas Gibson, accused Mr Heunis and the Government of arrogance "for believing that they govern by some divine right".

The Government was giving the lie to its promises to devolve power.

"The Minister (Mr Heunis)

now takes over all authority and the nominated executive committee, owing allegiance only to him, will exercise legislative powers.

"By taking away elected MPCs the Government has eliminated the democratic element and lawmaking and administration will in future take place in secret."

Leader of the Conservative Party in the council, Dr Servaas Latsky, said a Government-appointed provincial administration was unacceptable.

## HONEST

"It is responsible only to the one who appoints it and not to the voter. This is not good for healthy and honest government because you can't debate the decisions of such a body."

Dr Latsky also objected to the introduction of mixed government at second-tier.

"Blacks will serve on regional service councils and possibly on the executive committees. We believe every affair is an 'own affair'."

However, MEC for local government Mr John Griffiths said the new system would not change the fact that the Administrator was in charge at second-tier level "and what he wants, he usually gets".

Provincial administrations, he said, would continue to pursue the policy of the government of the day and central Government would still dictate how the Budget was spent.

Although the new system was less democratic, the State President could be counted on to appoint only people who were acceptable and came from the particular province.

The President would be able to draw on experts to run the provinces efficiently, Mr Griffiths said. Coloureds, Indians and blacks would also be brought into second-tier government.



users of the insecticides from suffering any side-effects from those somewhat dangerous chemicals?

The DEPUTY MINISTER: Mr Speaker, yes, we are taking every possible precaution. We have had special clearance from the Registrar of Fertilisers, Farm Feeds and Agricultural Remedies for the use of certain of those insecticides

Alexandra: medical records removed  
\*25. Mr P R CROGERS asked the Minister of Law and Order:  
11/3/86 Q 2614

(1) Whether members of the South African Police removed any medical records of patients from a clinic in Alexandra recently, if so, (a) on what date, (b) how many, (c) on whose authority and (d) why;

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

The MINISTER OF LAW AND ORDER:

- (1) Yes
- (a) 24 February 1986
- (b) 309 patient cards and one register, which was handed back to the clinic
- (c) By virtue of a search warrant, issued by the Chief Magistrate of Johannesburg
- (d) The South African Police had information at their disposal which indicated that persons who were injured during the recent unrest in Alexandra, received treatment at the clinic. The management of the Alexandra clinic refused to supply information to the investigating officers or to render cooperation with regard to the investigation

(2) No

HoA

which I do not have particulars available here that I, because I am willing to help hon members in this, would appreciate it if they would place any further question on the Question Paper.

Central Energy Fund  
11/3/86 Q 2614  
\*22 Mr B B GOODALL asked the Minister of Mineral and Energy Affairs:  
Q 2614

What total amount was collected on behalf of the Central Energy Fund in the latest specified financial year for which information is available?

The MINISTER OF MINERAL AND ENERGY AFFAIRS:

R1 503,1 million in respect of the financial year 1 April 1985 to 28 February 1986

National Road Fund

\*23. Mr B B GOODALL asked the Minister of Transport Affairs:

What (a) total amount was collected for the National Road Fund in the latest specified year, and (b) was the balance in this fund as at the latest specified date, for which information is available?

The MINISTER OF TRANSPORT AFFAIRS

(a) and (b) The hon member is respectfully referred to Statement 2 on pages 100 to 101 of the Annual Report of the Department of Transport and of the National Transport Commission for the 1984/85 financial year which was tabled in Parliament on 31 January 1986 and wherein the required information has been published in detail

I respectfully request the hon member to do his homework

Locust infestation: insecticide

\*24 Mr E K MOORCROFT asked the Minister of Agricultural Economics:

Whether his Department is using any

HoA

insecticide to combat the locust infestation in the Karoo region; if so, (a) what insecticide and (b) (i) what total quantity had been used as at the latest specified date for which information is available and (ii) over what period was it used?

The DEPUTY MINISTER OF AGRICULTURAL ECONOMICS:

Yes, locusts are insects and are being combated with insecticide [Interjections]

(a) Diazonon, Finitrothion, Lindane and BHC

(b) (i) Diazonon: 166 225 litres  
Finitrothion: 66 000 litres  
Lindane 479 875 kg  
BHC: 2 383 475 kg

(ii) From October 1985 until 28 February 1986.

Mr E K MOORCROFT. Mr Speaker, arising out of the reply given by the hon the Deputy Minister, is he aware of allegations that the measures being taken are inadequate to control the plague, and will he make a statement in this regard?

The DEPUTY MINISTER: Mr Speaker, I can assure the hon member that adequate control measures are being taken. We are doing everything possible to combat the plague. It is, however, not possible under any circumstances to have absolute control

\*Mr H D K VAN DER MERWE: Mr Speaker, arising out of the hon the Deputy Minister's reply, can he inform the House how successful the application of the particular insecticides was in combating the locust infestation?

The DEPUTY MINISTER: Mr Speaker, with the exception of Lindane, which seemed to be unsuccessful in one of the developing stages of the wingless locusts, all the other agents were successful

Mrs H SUZMAN: Mr Speaker, further arising out the hon the Deputy Minister's reply, could he tell the House whether any precautions are taken in order to prevent the

Regional services councils  
Q 2614  
\*26. Mr E K MOORCROFT asked the Minister of Constitutional Development and Planning:

Whether any provision has been made for the representation on the proposed regional services councils of the Black South Africans living on farms in rural areas; if not, why not; if so, what are the particulars of the provision so made?

The DEPUTY MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

- (a) Yes
- (b) By means of a "representative body" as defined in section 1 of the Regional Services Council Act, 1985 (Act 109 of 1985), any rural community can be represented on a regional services council.

Mitchell's Plain: population statistics  
Q 2614  
\*27. Mr P H P GASTROW asked the Minister for Administration and Economic Advisory Services:

Whether population statistics on Mitchell's Plain are kept by the Central Statistical Services; if not, why not; if so, what was the (a) adult and (b) child population of Mitchell's Plain as at the latest specified date for which information is available?

The MINISTER FOR ADMINISTRATION AND ECONOMIC ADVISORY SERVICES:

Yes.

- (a) 32 273—19 years and older.
- (b) 32 032—0 to 18 years.

Population census 6 May 1980.

\*28. Mr P H P GASTROW—Member—[Reply standing over.]



# Bloemfontein tipped for first RSC

26/1/76  
THE first regional services council (RSC) will probably be formed around Bloemfontein.

This is the area for which plans are most advanced.

Arrangements for the Port Elizabeth/Uitenhage and Cape Peninsula areas are in the advanced stage, says a government spokesman.

Information brochures on the multi-racial councils were released in Cape Town yesterday by the Department of Constitutional Development and Planning.

They will be made available to

the public through local government bodies.

A department spokesman said negotiations for the RSC in Bloemfontein were the most advanced of all and the Demarcation Board would be holding an open meeting there on March 17.

Arrangements were being finalised for RSCs in the PWV and the Durban/Pinetown areas.

The first RSC will not be instituted before June.

The information brochure explains the RSC concept.

"Regional services councils will

13/2/76  
be statutory, multi-racial local government bodies, which will develop and provide services on a regional basis.

"The concept provides for effective power-sharing at the local-government level, without one group dominating another."

RSCs will provide local government services to people of all races and "will be able to improve their communities' living standards and share in the new sources of revenue provided for this purpose".

Members will be appointed by the local government bodies they serve. — Sapa.



The crisis began with a public argu- ter have left her credibility shaken has emerged as a focus of Tory unity,

# Focus on RSCs expected when Parliament opens

Bus Day 20/11/88. (261A)

PRESIDENT P W Botha is expected to focus on the establishment of Regional Services Councils in his opening speech to Parliament tomorrow.

Government seems intent on pressing ahead this year with the first RSCs in major metropolitan areas

It will do so in the shadow of widespread black rejection of segregated municipalities, uproar in the ranks of organised commerce and predictions of failure from leading social scientists

In a new *Indicator* publication by Natal University's Centre for Applied Social Sciences (CASS), nine experts examine government's local and regional reform programme and come to the

*Black local authorities... have manifest problems of political acceptance.*

conclusion the programme is doomed to failure unless major political reforms are undertaken.

In a summary of their views, CASS director Professor Lawrence Schlemmer calls on government to give RSCs the task of establishing the machinery for negotiations between black local authorities, civic associations, other relevant community groupings, including white interests and the private sectors in the regions.

He suggests that once negotiations are underway, a larger committee, drawn from the RSCs, should be estab-

PETER HONEY

lished to promote dialogue with the Department of Constitutional Development and Planning

Contributors to the *Indicator* debate include retired Durban City treasurer Ossie Gorven, University of the Witwatersrand Business Administration lecturer David Solomon, University of Cape Town political scientists Elizabeth Lear and Robert Cameron, Inkatha Institute research officer Clarissa Fourie and Pretoria University's Professor J S H Gildenhuys.

None of the authors seriously expects the RSC initiative to work, in fact Gildenhuys asserts that the RSCs amount to a centralisation of power under the guise of devolution and that "economic integration is not viable within the parameters of the Group Areas Act".

Most writers acknowledge, however, that as far as poorer local authorities are concerned, the legislation represents an advance on the current situation

But according to Schlemmer. "The argument that the RSCs are vastly better than the system they replace, while true in practical terms, may be very dangerous."

The major problems lie in the black sector.

"Black local authorities... have manifest problems of political acceptance," says Schlemmer.

"Any new regional dispensation cannot play with fire — it must absolutely guarantee that black local authorities participating will be able to deliver the

goods"

He says positive features of the RSCs include.

□ The principle of distributing taxes from wealthy local authorities, which will allow those with a lower tax-base to benefit from the wealth they help create with their labour;

□ Poorer local authorities will benefit from services provided by larger authorities in their regions,

□ Provisions in the Act allow local affairs and management committees as well as, for example, resident's committees to serve on RSCs and so broaden their councils' scope of activities,

□ The RSCs will provide at least one

*None of the authors seriously expects the RSC initiative to work.*

official forum on which different races can sit together and make decisions.

The negative aspects are formidable:

□ The RSC Act gives the impression of a greater concentration of power at central government level, with merely a devolution of functions to local levels;

□ As Assocom has suggested, RSCs could inhibit the natural development of co-operation in provision of services between neighbouring local authorities,

□ The proposed payroll and turnover taxes to finance the RSCs could drive industry away from the major urban centres and aggravate unemployment



# Objection to single RSC

Cape Town

5/3/86

26/17

Municipal Reporter

FISH HOEK Town Council has lodged a strong objection to the extent of the proposed Cape Metropolitan Regional Services Council (RSC) which will extend from Cape Town to Elands Bay

The Town Clerk, Mr Eric Fry, said the council considers the area too large for the viable operation of a single RSC



# Official: racial basis for RSCs to stay

By **MATTHEW MOONIEYA**  
**Local Affairs Reporter**  
**QUEENSTOWN** — It was a political decision to anchor regional services councils on racial groups and officials had to work within those parameters, a director of the Department of Constitutional Development and Planning, Mr Richard Kruger, said here yesterday.

He was responding to questions at an information meeting attended by all sectors of the community.

A Queenstown councillor, Mr Johnny Johnson, and a member of the Queenstown Coloured Management Committee, Mr Winston Jasson, posed questions about direct representation on the RSC for all races.

Mr Johnson asked why, in view of the fact that RSCs would be multiracial, were all races not allowed to participate together on the first level.

"We would have been able to cut out another body that has to be paid. Such a situation would

have been acceptable to all and it would not have been based on skin colour.

"It would have been based on sound economic principles and we could have negotiations with the true leaders of communities instead of people nominated and who were out merely for financial gain," Mr Johnson said.

The town clerk of Queenstown, Mr Peter Gerber, said such a motion had been passed at the Cape Province Municipal Association meeting but that the decision hinged on a political decision by the state.

Mr Kruger said "We can only do what the government allows us to do."

Mr Jasson said they had difficulty in getting people to participate in management committees as they were seen as unnecessary bodies because of political connotations.

He said management committees were being rejected by the people and referred to the Asso-

ciation of Management Committee decision at their last congress to disband by September if there was no real reform.

"I agree that we must have direct representation," he said but emphasised that he was not rejecting RSCs.

Mr Kruger said a horse could be taken to the water but it could not be made to drink.

"RSCs are a mechanism to be used. If not used, you cannot be forced to. But you can use it in your own interest."

He said the question of management committees disbanding was the responsibility of the Minister of Local Government in the House of Representatives, Mr David Curry.

"In this body we want to join hands and seek each other. Look at it this way and try to uplift your community. We all need services and we all want to uplift our communities."

Later Mr Kruger was also quizzed on rep-

resentation for farmers bodies and whether they would be forced to join a RSC.

He did not make a categorical statement that farmers would be forced to join, but he said there was the question of services such as roads. If farmers used roads serviced by the RSC, they would have to pay.

"It will be silly to pay and to remain outside," he said in reply to a question from Mr Alwyn Forward of the Tylden Farmers' Association.

Mr Forward said farmers looked with a jaundiced eye on nominated representatives.

Mr Kruger said they would be allowed to elect their representatives according to the contribution they made to the RSC.

Ten per cent of the total contribution would entitle them to one member. The larger local authorities would only be able to have five members to enable them to have 50 per cent of the vote. This would eliminate any domination.



## Ombudsman's fears over RSC

Staff Reporter

THE municipal ombudsman of Cape Town, Mr H G Heugh, said yesterday he feared that the administration of vast areas by the Regional Services Council would make local government more remote from John Citizen.

At a meeting of the Institute of Citizenship in the City yesterday, Mr Heugh said he foresaw the need for an extended ombudsman's office to assist members of the public, to protect them from overbearing officials, and to advise them on the correct avenues of complaint in the "period of confusion" which would follow the advent of the RSC.

Reflecting on his past 11 months of service, Mr Heugh said he had immensely enjoyed helping the people of Cape Town, many of whom ap-

peared "bewildered, lost and helpless".

He said an ombudsman's duty was to guard against maladministration by officials and to assist the public in directing their complaints through the "correct channels. In certain cases he had also helped people with the presentation of their complaints.

The ombudsman was an investigator independent of the City Council, Mr Heugh said, adding that he also ensured that officials were not wrongfully accused of maladministration.

"An ombudsman does not have vast powers. My powers are more in the nature of persuasion," he said.

Knowledge of an independent investigator "tends to make officials more careful in their dealings with the public", he said.



# Cape municipal body to discuss RSC doubts

11/4/86 (261A) DISPATCH

**Dispatch Correspondent**  
CAPE TOWN — Doubts about the planned regional services council system, the extension of the municipal vote to other race groups and concern over the government's housing policy will be central to discussions during next week's annual congress of the Cape Provincial Municipal Association (CPMA).

The CPMA, which represents all white municipalities in the province, will meet from Monday to Thursday in George.

One of the most controversial debates is likely to revolve around a suggestion last year by both Queenstown and Swellendam that citizens other than whites be granted direct representation on local authorities in propor-

tion to their contribution to the town's finances.

Queenstown, which has been hard-hit by consumer boycotts during the past year, has warned that the regional services councils will lead to "unhealthy race relations" and called for "urgent consideration" to be given to a system of direct representation of other race groups at local government level.

A number of councils, including Cape Town, have also expressed reservations about the cost and efficiency of the RSCs and the practicality of the boundaries suggested by the province.

The executive committee of the CPMA has called for a meeting between the government and the national United

Municipal Executive to discuss "certain problems" regarding the RSCs.

The Cape Town City Council will ask the CPMA to stress the need for more land and money for housing, to urge the government to update the income limit for sub-economic housing from R150 to R300 a month and to allow local authorities which are unable to spend housing funds during one financial year, to transfer the funds to the following year.

Laingsburg will also call on the CPMA to ask for the sub-economic income limit to be increased to R300 a month.

The congress will be opened by the Administrator of the Cape, Mr Gene Louw.



## Jokes, banter — but little serious debate

By JOHN YELD Municipal Reporter

**T**HERE was a lot of back-slapping and mutual congratulation at the annual congress of the Cape Province Municipal Association (CPMA) in George last week.

There were also a few good jokes, a bit of banter about rugby, some well-attended social activities and a number of important guests to listen to.

But serious debate on pressing issues affecting local government was decidedly thin on the ground and one of the most relevant — the question of integrated town councils — was cut short after just two speakers at the instigation of local Cape Divisional councillor Mr M J Aggenbach.

In fairness the association relies heavily on the executive committee system which appears to work well, with the executive comprising senior delegates, articulate and highly-experienced in local government matters.

It is perhaps also unreasonable to expect much consensus between 500 delegates representing nearly 200 local authorities as diverse as Danielskuil, Steynsburg, Uitenhage and Cape Town, and holding a full spectrum of political views (with the possible exception of the far left).

**B**UT the association takes the character of the majority of its members and the CPMA remains a highly conservative body showing little commitment to meaningful change outside National Party philosophy.

As expected the thorny question of the introduction of Regional Services Councils (RSCs) dominated proceedings.

Significantly, despite contributions from such high-powered speakers as the Administrator, Mr Gene Louw, the Minister of Local Government, Housing and Works, Mr Amie Venter, and Dr Chris Thornhill, one of the chief architects of RSCs in the Department of Constitutional Development and Planning, the only new fact to emerge was that six additional RSCs (other than those for the Cape and Port Elizabeth metropolitan areas) are under consideration for the Cape Province.

In the face of an effective capitulation by Queenstown, who had originally proposed that congress ask the Government to review the whole question of RSCs, it was left to the Cape Town City Council's delegates to try and persuade congress that RSCs would prove unworkable.

**M**R Clive Keegan quoted senior Nationalists Dr Piet Cillie as saying it had been necessary to try apart-

head to prove that it couldn't work. Would the country have to suffer the same costly and possibly bloody exercise with RSCs, Mr Keegan wanted to know.

Mr A E Spring of East London associated himself with Cape Town's stand.

"There is no chance of the support or participation of black communities where I come from," he said.

But other speakers were clearly unhappy with this criticism and expressed determination to press ahead with participation in RSCs, despite some misgivings about certain aspects of their operation.

And Mr Louwtje Rothman, Goodwood mayor and chairman of the Divisional Council of the Cape chided congress for its "absolutely negative attitude."

"RSCs can work and will work if we make them work," he thundered to applause.

**B**UT there appeared little concern about the patent lack of credibility afflicting many of those institutions of the quaintly phrased "anderkleuriges" who will be partners in the new RSC system. For example, black community councils are completely inoperative in many areas and, particularly in many urban areas, community support for the largely Labour Party-controlled management committee system is minimal.

There were several indications — sometimes from surprising quarters — that delegates were unhappy with the present system of local government.

A number of delegates, including De Aar councillor Mr A J Barnard and Oudsthoorn MPC Mr S M Greeff, pleaded for consultation between the different race groups and suggested unofficial "mini-RSCs" be set up in communities as an interim measure.

**I**N his annual report association president Mr S Immelman said continuous consultation and meaningful communication between race groups was the only means of making a success of the new political dispensation.

There was little more than a smattering of polite applause from some sections of the crowded George civic centre when Cape Town councillor Mr Clive Keegan told congress. "Our future lies in non-racial local government. It will come — not today, not tomorrow, but as sure as the sun sets."



## Post Focus

By BESSIE BOUWER  
Municipal Reporter

# Differences over East Cape RSC

261A  
E-POST  
28/4/86

DIFFERENCES of opinion about the proposed Regional Service Council (RSC) for the Eastern Cape came to a head last week when representations were made to the Demarcation Board.

Of keen local interest were the strongly opposing views taken by the Port Elizabeth municipality and the Dias Divisional Council — especially when complaints were made that Dias staff had tried to influence the viewpoints of Grahamstown municipality staff, the management committee and certain community councils by canvassing for a large RSC.

Exception was taken to these activities by Dias staff, the Demarcation Board was told.

A smaller and more metropolitan RSC was favoured by the municipalities of Port Elizabeth, Uitenhage and Despatch and the councils of Ibhayi and Kwanobuhle, while the three Divisional Councils of Dias, Winterhoek and Humansdorp felt the existing divisional council boundaries should be incorporated in a larger RSC.

Evidence for PE, Despatch and Uitenhage was submitted to the chairman of the Demarcation Board, Mr Justice A P Myburgh by PE's legal officer, Mr C F Fischer, while submissions for Dias were presented by Mr G Hofmeyer, SC.

The hearings of the Demarcation Board in PE, Humansdorp and Grahamstown followed an advertisement earlier this year calling for objections to a large RSC based on the boundaries of Dias, Winterhoek and Humansdorp Divisional Councils — an area which included 50 local authorities and management bodies.

Evidence for a large RSC was lead by Mr Hofmeyer, who said the divisional councils in the area had been concerned with the provision of services on a regional basis for more than a century.

They were negotiating for more extended amalgamation when RSC's were mooted, and this substantiated the proposed union of the three divisional councils into one region for the purposes of local government, he said.

In a letter to the Demarcation Board, Mr Nigel Anderson, secretary of the Dias Divisional Council, said services such as road building, health, recreation, environmental conservation, ambulances and fire fighting had benefitted because unit costs were reduced as soon

as they were rationalised.

Concerning levies, Mr Anderson said figures received from the Department of Finance had shown that the eight magisterial districts in the proposed RSC (Humansdorp, Hankey, Kirkwood, Steytlerville, Willowmore, Alexandria, Bathurst and Albany) were not financially self-sufficient for the rendering of services and should be joined to PE and Uitenhage in one large viable RSC.

Mr Hofmeyer submitted that economic interdependency was one of the strongest reasons in favour of a large RSC.

If the poorer outlying rural areas were severed from the prosperous metropolitan areas, they would not be able to uplift themselves and improve their living standards.

If the RSC boundaries did not co-incide with present divisional council boundaries, the existing services would be fragmented and in some cases would be impossible to operate, he added.

But evidence submitted by Port Elizabeth strongly disputed much of the Dias argument.

There were no compelling reasons why the boundaries of an RSC should correspond with those of the divisional councils and little weight could be attached to the administrative boundaries of magistrates courts, said Mr Fischer.

He said services including ambulance and fire brigade services, health, civil defence, refuse, freshmarket products, traffic planning and land usage planning were not critical for

the determination of a common boundary for a RSC.

Administratively and functionally they could easily be organised into areas far beyond any region or in areas smaller than the one proposed by bodies opposed to the large RSC.

Divisional councils were "something of an incongruity" — they were only found in the Cape Province. While they had local authority jurisdiction over all race groups, representation and consultation was limited to members of the white group and this was unacceptable, he said.

Mr Fischer said the "apparent similarity" between divisional councils and RSC's was superficial. Services by the divisional councils were nowhere near the scale provided by the larger municipalities.

The high hopes held out for RSC legislation would come to naught unless the RSC was based on sound financial, operational and economic bases.

The major challenge facing the country was to bring stability to the black communities in the metropolitan areas and the upliftment of the quality of life in the rural communities would have to take second place to the upliftment of the quality of life of the black urban communities, he said.

Mr Fischer disputed the Dias argument that the well-being of the metropolitan areas depended on the economic well being of the rural areas — the opposite was true, he said.



# The case for land tax instead of RSC levies

IN a country experiencing and somehow sustaining its most severe tax burden ever, the idea of new tax is daunting.

Pretoria is not talking about one new tax. It wants to impose on businesses a payroll and a turnover tax to finance its new regional service councils.

Businesses will be the villains for the new tax but, as is the case with any new tax or an increased tax, the consumer pays. Workers will receive smaller wages and salaries; shareholders will be paid smaller dividends; and customers will pay higher prices.

Pretoria is determined to implement the first new levies on September 1. That may happen in theory, but in practice the chances of businesses actually having to pay tax are close to zero.

The main reason is that the draft regulations to the RSC Act are yet to be gazetted and are far from final.

A second possible relief is that when the draft regulations are finalised and published, there will be ample room for tax planning. Tax consultants will advise you on any number of methods to avoid the imposts.

The opportunities for tax planning arise from the RSC levies being fundamentally flawed in economic theory. They are completely new, not being adapted from any other tax jurisdiction in the world. To confuse the issue further, the RSC levies are with the Margo Commission on tax, which is due to file its final report at the end of June.

The revenues raised from the two new taxes are to be used at regional level to finance public transport, garbage collection; bulk water supply; electricity supply; sewerage removal, and so on.

With any luck the RSC levies will go out with the first load of sewerage and be replaced by a tax that is acceptable and proven. And it is worth remembering that on other fronts Pretoria is preaching deregulation and privatisation.

Many, if not most activities handled by the RSCs are prime targets for privatisation (public transport the most patently obvious).

The draft regulations which will

WITH the first regional service council starting in September, BARRY SERGEANT reviews the new taxes that will finance it and the others to follow.

be appended to the RSC Act are currently for comment with selected bodies in the private sector. The document is marked "confidential" and, like the RSC Act, is peppered with anomalies and characterised by confusion.

But assuming the levies are imposed, some of the few absolute points in the draft regulations can be discussed.

The turnover tax will not be called that, but a regional establishment levy (REL) — limited to a maximum of 0.1% of turnover. The payroll tax will be called the regional services levy (RSL) — limited to a maximum of 0.25% of remuneration.

Finance Minister Barend du Plessis has enormous discretionary powers under the RSC Act. He can change the rate at whim and he can reduce the rates in a particular RSC area, while increasing them in others.

Discretionary powers create uncertainty and allow powerful lobby groups to make deals (the Americans use pork-bellied politicians to describe the phenomenon).

The merits or otherwise of the new Constitution, the source of the RSCs, are beyond the scope of this discussion. Here, surely some method of financing the RSCs within existing parameters could have been found? After all, the theory behind the RSC levies enjoys almost universal revulsion among economists.

The simple, short, and perhaps only answer to financing the RSCs, is an increased land value tax. There is international lobby arguing that this tax should be the only tax used in an economy. The lobby has some powerful voices.

To quote Milton Friedman: "These is a sense in which all taxes are antagonistic to free enterprise — yet we need taxes... so the question is — which are the least bad taxes? In my opinion the least bad tax is the tax on the unimproved value of land."

In SA perhaps the main propo-

nent of the land tax is the Association for Incentive Revenue Research (AIRR). It has submitted to the Margo Commission an argument that the land tax encourages growth, productivity and employment. Simply put, the land tax comprises the collection of "natural rent" based on the market value of land.

It is extracted on a sliding scale, the highest rate on the most productive land and a zero rate on the least productive land. The RSC levies are a tax on productivity, they will discourage increased productivity and the general creation of wealth.

The land tax, by contrast, is a tax on the productive capacity of land. It thus encourages the most productive use of land, rapid development and wealth creation. SA currently uses three main land taxes, the flat tax (on land and improvements); the composite tax (which taxes land at a higher rate than improvements), and the site value tax, which is based on land value only.

The AIRR's Godfrey Dunkley studied land taxes in 310 towns over the period 1951-1979. His study gave all the Oscars to the site value tax.

More than 60% of the growth over the period was experienced in towns using the site value tax, towns rating improvements lagged gross domestic product (GDP) growth, and site value rating increased in popularity.

Dunkley observes that provision exists within legal parameters for all towns and cities to adopt site value rating. It was the land tax most favoured by the Boers and has been in SA much longer than income tax.

There are many other powerful arguments in favour of the site value land tax. It can be used instead of the RSC levies which are new, flawed, uncertain and open to innumerable instances of avoidance and abuse.

Municipal authorities have been collecting land taxes since before the turn of the century. All that need be done is that the rate be increased.

Then, perhaps for once in the tax system, everyone will know where they stand.



# RSCs can never work — Richards

By KIN BENTLEY

A SINGLE, non-racial municipality for Port Elizabeth "has to come".

This is the opinion of Mr Graham Richards, the recently elected PE city councillor who on Saturday attended his first funeral for unrest victims in the townships.

Repeated calls for a non-racial PE City Council have come from black leaders, including, most recently, the spokesman for the PE Consumer Boycott Committee, Mr Mkhuseh Jack.

Mr Richards said "My personal belief is a single, non-racial municipality has to come. The Regional Services Councils can never work."

This was because of their "racial make-up", which would "ensure they are never accepted by blacks". Eventually, he added, coloured and

Indian people would also reject them.

Making an urgent plea for reform to be introduced at local level, he said if black people saw their leaders participating in decision-making processes affecting their daily lives, they would know something was happening to further their well-being.

"I'd like to see further moves in council to set up a contact group with Mr Jack."

He said it was sad that the council had recently taken a decision not to speak directly with the boycott and black community leaders.

Mr Jack said today that the mechanics of a single municipality for Port Elizabeth should be discussed between black community leaders and the City Council.

He was elaborating on

a statement he made at a meeting in Korsten yesterday when he said the boycott in PE would continue until the PE City Council sat down at a table to discuss the formation of a single, non-racial municipality for all the people of the city.

The council, he said, "owes it to the businessmen" to sit down with black leaders and "the sooner the better".

He feared if a solution to this local demand was not found, the hardship which at the moment was being experienced by the white traders would not end there.

"It will affect all in PE".

Mr Jack said the unbanning of organisations like the ANC and the release of national leaders like Nelson Mandela remained among the national demands of black people.



# RSCs: farmers fear disenfranchisement

261A  
12/5/86  
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EAST LONDON: The Divisional Council of Kaffraria is to raise the question of the disenfranchisement of the rural population when the proposed regional services council system is introduced.

The council has submitted a motion on the matter to the 71st congress of the Association of Divisional Councils to be held in August in Kimberley.

There is concern among the East Cape farming community that their representation at local government level will be considerably diminished with the introduction of the RSCs.

The East Cape Agricultural Union has formed an ad hoc committee to prepare a memorandum for the demarcation board about the role of farmers' associations in the proposed RSCs.

Earlier this year, the divisional council also asked the association to pursue the retention of divisional councils to ensure that the rural voter was not disenfranchised.

The association replied in a circular that the authorities had been urged strongly to retain the councils.

Editorial opinion P 8

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# New system paves way for more 'provinces'

By David Braun,  
Political Correspondent

CAPE TOWN — The Government's new provincial system has fuelled speculation that it is planning to carve up the country into more than four provinces.

If this happens the lines on the South African map could be substantially re-drawn to demarcate multiracial regional authorities as the basic building blocks for a racial-geographic federation.

In terms of the new system of appointed provincial executives, provision is made for two aspects which give it a degree of flexibility.

- To facilitate co-operation between provincial administrations and self-governing territories (homelands) apart from kwaZulu and Natal, provision is made for the creation of similar joint executive bodies in other regions.

- A mechanism is provided to divide existing provinces within existing provincial boundaries should it be necessary.

## NOT DEFINITE

Constitutional Development sources say there are no definite plans to divide the provinces or create new ones. Neither are there any moves to set up further joint executives like kwaZulu and Natal, they say.

However, there have been suggestions that the country should be carved up into the nine designated development regions.

This ties in with Mr Heunis' statement in Parliament on Monday that the new provincial authorities will play a greater role in development.

The thinking is that provinces more closely tailored to the development regions would be more able to develop regional policies and infrastructures suitable to their particular circumstances.

Another thought is that if the country does drift constitutionally closer to federalism, the development regions could form part of the basis of federation.

Closely linked to the federal line of thought are joint administrations between provinces and self-governing states.

The nine development regions (or provinces) could eventually link up with the six self-governing states in power-sharing regional structures.



# Blacks get power in provinces

By David Braun,  
Political Correspondent

CAPE TOWN — The appointed politicians who will be running the provinces from next month have been named — and for the first time in the country's history blacks will share executive authority over whites at provincial level

But the first problems surfaced only hours after the announcement, when the black man appointed to Government in the Transvaal was threatened with suspension from Inkatha by Chief Mangosuthu Buthelezi of KwaZulu

The black co-governors of provincial affairs have been appointed by President Botha

Members of the new multiracial executive committees (ExcOs), in effect the "Cabinets" of the various provinces, were announced last night

In the Transvaal the old four-man ExCo is replaced by a six-man ExCo with the racial composition of three whites, one black, one Indian and one coloured person

The first black members of the provincial executive committees (MECs) are Mr J. Mavuso, a leading Soweto businessman and managing director of the Soweto Development Company (Transvaal), Mr Themba Nyati, mayor of Galeshewe (Cape), and Mr Ramoetsi Mokotjo, circuit inspector of schools (Free State). A black MEC for Natal is still being considered

It is not yet known what portfolios, if any, they will hold

KwaZulu's Chief Minister, Chief Mangosuthu Buthelezi, has threatened to fire Transvaal ExCo nominee Mr John Mavuso from Inkatha if he accepts his position

Speaking from Johannesburg last night, Chief Buthelezi said he was "greatly disturbed" at the news of Mr Mavuso's appointment. Mr Mavuso is a member of the Transvaal central committee of Inkatha, and a long serving member of the party

● To Page 2, Col 9

# Blacks get power in provinces

● From Page 1

Buthelezi said he was "greatly disturbed" at the news of Mr Mavuso's appointment. Mr Mavuso is a member of the Transvaal central committee of Inkatha, and a long serving member of the party

"Our stand against the Government-appointed Regional Services Councils is well known, and Mr Mavuso will have to make it clear where his loyalties lie," he said

Half the new Transvaal executive is composed of three white members of the four-man team which ran the province until the old system was abandoned. The other half is two members of the present President's Council and Mr Mavuso

The six-member team has its old members, Mr Fanie Schoeman, outgoing leader of the National Party in the Transvaal Provincial Council, Mr John Griffiths and Mr Daniel Kirstein. The new members are Mr Mavuso, President's Councillor Mr Ismail Mayet, a former member of the SA Indian Council, and President's Councillor Dr Willie Hoods, a former Eersterust school principal

The new Regional Services Councils will report to the Administrator and the new ExCo

In terms of the new provincial system of government which starts on July 1, Administrators and members of the executive committees (MECs) will be directly responsible for the administration of affairs affecting all population groups at second tier of government

They replace the outgoing elected provincial councils and MECs. They are responsible only to Parliament and the State President

Their portfolios will be allocated by the Administrator, who may also delegate any of his powers to any MEC

The central authority in the new system will, however, still be the powerful Administrators who, although they must consult their ExcOs on decisions, do not necessarily have to follow their advice

On the other hand, Administrators may not amend or repeal existing provincial ordinances without the prior approval of a joint standing committee of Parliament

The new system is highly controversial — its critics have accused the Government of centralising power and governing through appointed officials



# Red tape delays SRCs

JOHANNESBURG —  
The introduction of the  
Regional Services Coun-  
cils (RSCs) has again  
been delayed as officials  
try to cut their way  
through a web of red  
tape

The first RSC, sched-  
uled for Bloemfontein,  
is now only likely to be  
implemented in October  
— six months after the  
Minister of Constitu-  
tional Development and  
Planning, Mr Chris Heu-  
nis, said the first RSCs  
would be implemented

It has also been dis-  
closed that the imple-  
mentation of all RSCs in  
Natal has been frozen  
because of the reluc-  
tance of KwaZulu auth-  
orities to participate

A spokesman for the  
Department of Constitu-  
tional Development and  
Planning said RSCs  
could not be imple-  
mented until the Minis-  
ter of Finance, Mr  
Barend du Plessis, had  
tabled the financial  
regulations that "flesh  
out the bones of the RSC  
Act"

A spokesman for the  
Department of Inland  
Revenue said yesterday  
he did not know when  
the regulations would  
be ready — DDC.



August 1986

The Star Thursd

US oil company attacks new system

# 'RSCs nothing but apartheid'

STAR 261A

By David Braun,  
Political Correspondent

CAPE TOWN — A major United States oil company which has publicly resisted pressure to withdraw from South Africa has condemned the Government's proposed system of regional services councils (RSCs).

Mobil said in an advertisement published in major newspapers today that it believes proposals for second-tier and third-tier authorities will not get South Africa out of its rut.

One of the largest US inves-

tors in South Africa, Mobil recently committed itself to staying in the country to be part of the process of change.

It has set up a R40 million foundation to uplift development of black education.

## Integration

In its latest advertisement on political matters, the company says the regional services councils are a particular source of concern.

It said they were not based on the principle of freedom of political association, but on apartheid.

"Representatives will not be directly elected, but elected by themselves from the existing members of the segregated municipal councils.

"They will reinforce apartheid in local government at precisely the time when popular demands for multiracial and integrated municipalities are growing."

The advertisement added that there was an ideal way to start building new political confidence.

"Government must stand back and allow black and white leaders in Natal, the Western Cape and elsewhere to negotiate new regional and metropolitan forms of government that respond to the wishes of people living there."

"The country cannot afford yet another government attempt to impose structures, such as regional services councils, from the top."

"The time has come to build new non-racial democracy from the regions up."



# Seada protest at RSC boundaries

GRAHAMSTOWN — The South Eastern Areas Development Association (Seada) has sent a telegram to the director general of the Department of Constitutional Development and Planning protesting the second draft amendment Regional Services Councils' bill published in The Government Gazette of July 11.

"Seada has reaffirmed unanimously its decision that a regional services council (RSC) in the Albany and Bathurst regions should follow the boundaries of the Seada area," its president Mrs Thelma Neville, said this week.

This would include the towns of Adelaide, Bedford, Fort Beaufort, Grahamstown, Port Alfred, Kenton-on-Sea, Bushman's River and Alexandria.

The rationale behind Seada's move was based on the geographical and historical links between

these centres as well as the community of interests and economic interdependency, she said.

"It should also be noticed that Seada's resolution has the backing of the Regional Development Advisory Committee of Region D," Mrs Neville added.

The draft amendment bill indicates that the RSCs in the Cape may follow the lines of existing divisional councils.

● The Administrator of the Cape, Mr Gene Louw, has said RSCs may be expected to become a reality in parts of the Cape Province "very soon after September or October this year".

Speaking at the opening of the 71st congress of the Association of Divisional Councils in Kimberley yesterday, Mr Louw said some RSCs could be established very soon as the RSC amendment bill to be

passed by Parliament included a shortened procedure for this.

The new procedure only applied where divisional councils already existed, Mr Louw said.

Divisional councils would be converted into RSCs only when he placed a notice in the Provincial Gazette naming a council and the date of its changeover, Mr Louw said.

In the Cape Metropole and the Eastern Cape, all 68 steps of the long procedure would be followed, and a "very long period would be required" before the RSC could function.

Present councillors would also be retained as a committee on the RSC until the 1988 local authority elections.

Mr Louw said he hoped further attention would soon be given to the drafting of legislation in regard to rural councils — DDR-DDC



# Cadman plea for RSCs in Natal

## Political Reporter

THE Natal Administrator, Mr Radclyffe Cadman, is trying to persuade the KwaZulu Government to agree to regional services councils (RSCs) in Natal.

Mr Cadman wrote to KwaZulu Chief Minister, Chief Mangosuthu Buthelezi, suggesting that Natal and KwaZulu government representatives discuss possible amendments to the RSC Act which would make the RSCs acceptable to KwaZulu.

The amendments are intended to remove the political aspects of the RSCs which have generated opposition to the proposed system.

Natal officials believe possible amendments to the Act might be accepted by the Department of Constitutional Development and Planning.

Chief Buthelezi, who was writing before the scrapping of provincial councils, replied that Mr Cadman was asking him to do the impossible.

'What you are asking is that I both accept that the RSC Act will be amended

to the satisfaction of blacks in this region and that the negotiations which will make them acceptable must take place in circumstances which would prevail after the Natal Provincial Council has been scrapped.

'Political sanity demands that I ask black South Africans in this region to accept only that which has flowed from negotiation.

'While I have expressed reservations about the RSCs and objected to the fact that they have been foisted on us willy-nilly without the Government having sought our views on

the matter, I have not campaigned openly and vigorously for their rejection.

'They (the RSC system and the new provincial structures) are national issues and it is just not possible for me as a black leader to de-politicise the introduction of RSCs in one region of South Africa.

'My officials and I have not yet addressed the question of RSCs in any great detail. Our final attitude to them has not yet been formulated,' Chief Buthelezi said.

Mr Cadman is on holiday and was not available for comment.



# Deadlock looms over Bills

MAX DU PREEZ

GOVERNMENT is facing another showdown with the Houses of Representatives and Delegates which could result in another important piece of legislation being steamrollered through the President's Council.

All the parties in the two Houses, as well as the official Opposition in the House of Assembly, the PFP, agreed at the weekend to reject the principle of racially exclusive local authorities.

The parliamentary standing committee on local government is due to meet today to discuss the deadlock surrounding the Local Government Bodies Electoral Bill and the Black Local Authorities Amendment Bill. The two Bills touch at the very heart of National Party plans to "democratise" all groups on the basis of Own and General affairs.

The Ministers' Council of the House

of Representatives, under the chairmanship of Labour Party (LP) leader Allan Hendrickse, met in Pretoria yesterday to discuss strategy for today's meeting with Constitutional Development and Planning Minister Chris Heunis.

An LP source said resistance to separate local authorities was strong in the black and coloured communities and that the party would be committing suicide if it accepted the Bills.

The last time the coloured and Indian Houses refused to accept government draft legislation — the security Bills early this year — government sent the Bills to the President's Council. The council agreed to the Bills.



# Call to address staff shortage

29/6/86  
Business Day Reporter

ATTENTION will have to be given to the shortage of skilled personnel and the lack of development and operational capital if black local authorities are to become viable, says Soweto town clerk Nico Malan.

Writing in the latest issue of *Local Government in Southern Africa*, he says even large white local authorities, which are in a position to offer competitive salaries and attractive conditions of service, find it difficult to engage sufficient competent managers, administrators, engineers and municipal accountants.

"In a labour market where demand is at a premium, black local authorities find it even more difficult to attract sufficient and competent staff. The salaries are not as attractive and the working conditions leave much to be desired, with the result that in many instances, agents (the larger white local authorities) who are not directly accountable to the voter public, continue to render services at costs over which the black local authority has very little control."

Soweto been unable to get qualified professionals to train staff, Malan says. While the staff from the now-defunct development boards could perform this function, it is important that "the body which is going to undertake the training must now be identified".

Black local authorities have only recently been granted autonomy, he says, and fears exist that rich local authorities, which will dominate the regional services councils, will usurp their newly gained powers and control over services by acting as agents.



# Warning on RSC empire building

By Shirley Woodgate,  
Municipal Reporter

## 1. Availability

Oral examination present means of desk, or examination students that they on which are reminding of the Dec before the

Local authorities were yesterday warned by Transvaal Administrator Mr Willem Cruywagen against "empire building".

He warned in particular about inflating staffing levels following the creation of Regional Services Councils (RSCs). As far as possible, RSC functions would have to be carried out with the expertise and personnel currently available.

Mr Cruywagen was speaking in Germiston at a seminar of the Institute of Municipal Treasurers and Accountants. He said he did not advocate lowering standards, but felt a rethink was necessary.

He added "Councils will have to determine whether the higher

standards they may wish to introduce improve the quality of life for residents of their towns or whether it is money wasted for show."

He told the gathered treasurers the question had been asked whether there were enough experts in treasury department ranks to tackle the job, but he was confident they would meet the RSCs challenge.

### CONFIDENCE

He pointed out that a key factor in achieving and maintaining public confidence in the new system was the cost-efficiency of the projects undertaken by the RSCs and the benefits these bestowed.

Here, treasury department staffs had a vital role to play.

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## 2. Notice Boards

Notice boards of the Division of Economics on level 4 in the Leslie Social Sciences Building and those of the Division of Economic History on the second floor of Beattie Building, are the official channels of communication and students are expected to read all notices posted there. Failure to read official notices will not be considered as sufficient excuse for not conforming with their requirements.

## 3. Charges for material issued by Lecturers

A charge may be made for certain material issued during the year. In addition special material such as the Budget White Paper, reproductions of scarce articles, etc., will be charged for separately, at cost.

## 4. PLEASE NOTIFY ANY CHANGE OF ADDRESS IMMEDIATELY.



# Heunis calls for regional interaction

By ANDRE JORDAAN  
Business Editor

KING WILLIAM'S TOWN — The establishment of regional services councils (RSCs) in the East London/King William's Town and Queenstown areas would not be meaningful unless communities in Ciskei and Transkei were also taken into account the Minister of Constitutional Development and Planning, Mr Chris Heunis, said here last night.

Mr Heunis was officially opening a symposium on the development of the Border region organised by the Border Regional Development Association.

He said legislation provided that bodies outside South Africa could be members of an RSC by way of interstate agreements, subject to the approval of the Administrator and the Minister of Foreign Affairs.

In addition to the Amatola water scheme which had already been launched, the Department of Water Affairs was investigating water supplies in the Swart Kei catchment area with a view to the timely provision for the needs of South African, Transkeian and Ciskeian urban, industrial and irrigation requirements, Mr Heunis said.

At this stage it appeared that the extension of the Stichel Dam at the confluence of the Swart Kei and

Klaas Smit rivers would be the most advantageous development.

An investigation into the Ntabatumba irrigation scheme higher up the Swart Kei, part of the independence agreement with Ciskei, was nearly complete.

It was expected that the Amatola scheme — involving the Wriggleswade dam on the Kubusie river and pump station, tunnel and canal systems to the Yellowwoods and Toise rivers — would deliver its first water at the beginning of 1992. This could be brought forward by four years if necessary.

Because of a shortage of land for industrial purposes within its present boundaries, Ciskei had recently been assured of additional land at Berlin and the further development of this area was receiving "high-level" attention.

Mr Heunis referred to a "micro-politan" complex stretching from East London through Mdantsane, Berlin, Zwelitsha, King William's Town, Bisho and Dimbaza.

Mr Heunis said the Queenstown/eZibeleni industrial complex was the only area where Transkei could be involved in co-operative ventures. An inter-state task force had been investigating the problems and potential of this area and its report was expected by the end of the year.

More reports P 4



Cape Times 30/10/86  
262

## Races equally represented on local government body

PRETORIA — The municipal associations of all population groups will today be represented equally for the first time when the Co-ordinating Council for Local Government Affairs, an advisory body, meets

A spokesman for the Department of Constitutional Development and Planning said in Pretoria that the meeting would be chaired by the Minister, Mr Chris Heunis, and would be held in Johannesburg Civic Centre. The invitation to the council to convene there formed part of the city's centenary.

"It will be the first time that

the municipal associations of all the population groups, namely the United Municipal Executive, the National Ad-Hoc Committee and the Urban Councils Association, will have equal representation in the council."

Among other matters, the council would discuss devolution of power to local authorities, Regional Services Councils, the drafting of a uniform local government act, participation of officials in municipal elections on a party political basis, and the establishment of "The National Committee of Local Government Associations" — Sapa



5/11/86 - BUS DAY

# Date set for 261A Pretoria RSC

THE Transvaal's first Regional Services Council — the one for the Pretoria area — will be established on January 1, Local Government Director Carl Reynecke said yesterday.

However, it would not be operational until after a chairman and members had been nominated, and an administrative infrastructure set up by the end of March.

It was hoped to have all Transvaal RSCs operational by mid-year. The next RSC in line for launching was the one for central Witwatersrand.

Reynecke said the payroll tax (a quarter of 1%) and the turnover tax (a tenth of 1%) would be imposed from April 1. The extent of the taxes would be re-assessed after the first year of operation.

The Demarcation Board had made its proposals on Pretoria's RSC to the Administrator, and he had submitted them, with his comments, to the Cabinet.

The Pretoria RSC would be

GERALD REILLY

bound in the north by Hammanskraal, in the south by Midrand, in the west by Brits and in the east by Bronkhorstspuit.

The demarcation report on the Witwatersrand area was being studied by the Administrator and final proposals would be made soon. Three RSCs were planned for the area — central Witwatersrand, East Rand and West Rand.

Last week Reynecke said more than 200 representatives of local authorities in Eastern Transvaal had agreed the area should have three or four RSCs. Proposals were being prepared for submission to the Demarcation Board.

Proposals for Western Transvaal had already been submitted.

Priorities for the establishment of the RSCs were Pretoria, central Witwatersrand, Western Transvaal, Eastern Transvaal, Vanderbijlpark, Vereeniging and Northern Transvaal.



# RSCs progressing well, says Heunis

31/10/86 N/M (26/A)

JOHANNESBURG—Considerable progress had been made with the demarcation of regional services councils and the first could be established by January 1 next year, the Minister of Constitutional Development and Planning, Mr Chris Heunis, said yesterday.

In a statement issued after a meeting of the Council for the Co-ordination of Local Government Affairs here, he said the impression may have arisen in some quarters that the RSCs would not be established.

'This impression is possibly the result of the time gap between the publication of the Act and the actual establishment of the councils, which entails a complex procedure under the guidance of the provincial administrations,' he said.

Legislation providing for the councils, which are planned as non-racial local government bodies provid-

ing joint services for adjoining metropolitan areas, was first passed in 1984.

Since then, the Act has been amended by Parliament several times. The deadline for the establishment of the first RSC, in Bloemfontein, was set for January this year but officials of Mr Heunis's department said the complex procedure for the setting up of a council did not make that deadline feasible.

## Possibility

However, Mr Heunis said yesterday that considerable progress had been made with the demarcation of RSCs.

'The possibility still exists that the first regional services councils will be established by January 1, 1987.'

The Demarcation Board's investigations into the Pretoria, Witwatersrand, Port Elizabeth, Cape Metropolitan and Bloemfontein areas had been completed, Mr Heunis said.

The board's reports had

been submitted to the respective provincial administrators and the agreement of the ministers concerned was being awaited.

In addition, he said, the Administrator of the Transvaal had investigated the establishment of RSCs in the Eastern Transvaal and the Vereeniging-Vanderbijlpark region.

A consultation meeting would be held in the Northern Transvaal on November 3, while other meetings had been held in the Western Transvaal.

Investigations would also be held shortly into the establishment of RSCs in the Cape southern region and the northern Cape.

## Orderly

Mr Heunis said draft financial regulations for the councils had been drawn up by the Department of Finance and the Co-ordinating Council had recommended that regulations necessary for the setting up of the RSCs be published in the Government Gazette.

The Co-ordinating Council had also appointed a working committee under the direction of the Institute of Town Clerks to draft standing orders to ensure orderly conduct at meetings of the RSCs.

Mr Heunis also announced that the Co-ordinating Council had recommended that the Government subsidise RSCs in rural areas.

'The financing of regional services councils for rural areas cannot take place in exactly the same manner as the financing of metropolitan regional services councils.'

'The Co-ordinating Council has taken cognisance of this situation and confirmed the Government's acceptance of continuous subsidisation for rural RSCs.'

Mr Heunis said metropolitan RSCs would, to a large extent, be self-supporting and the Treasury would thus be able to subsidise the rural councils 'in part'. — (Sapa)



10/11/88 BUSDAY 261A  
RSCs lack funds, experts warn

# Councils 'need R3bn just to get off the ground'

DOMINIQUE GILBERT

GOVERNMENT's Regional Services Councils (RSCs) will need about R3bn — which they do not have — before they even start, says Wits political scientist Mark Swilling.

Assessing the financial implications of government's proposed constitutional programme against the backdrop of continuing rent boycotts, Swilling predicts that RSCs are unlikely ever to have enough money collected through taxes and levies to upgrade black townships, provision for which has been written into the legislation.

Unless the problems in the townships are solved, political and social unrest are likely to increase, Swilling warns.

Prof Nic Olivier of the PFP echoes the sentiment that black local authorities will have even less money than they do now to spend on township services and infrastructural development.

Explaining his assessment, Swilling says the likely income for the four major metropolitan-area RSCs — Cape Town, Durban, Port Elizabeth and the PWV — is about R1,3bn.

Government's transport subsidies of about R1bn will fall away and the responsibility transferred to the RSCs.

Citing, as an example, townships near Cape Town, Swilling says R162m will be needed before that RSC even starts.

According to estimates, says Swilling, R2,8bn is needed to upgrade townships in the Durban area. This figure is more than what all the RSCs together can raise.

Government estimates show that PE townships need R500m.

According to legislation, RSCs will derive their income in three ways — through turnover tax, payroll tax and income from users of services.

Swilling says blacks will be expected ultimately to carry much of the financial burden for the RSCs in terms of the turnover tax because of expectations that turnover tax is likely to be added onto consumer goods.

Swilling predicts the rent boycott is likely to persist and leave insufficient funds to run the RSCs.

He paints two scenarios. Either government will constantly have to bail out RSCs and tighten the fiscal squeeze on government, or RSCs will have to play off one interest group against another.

Swilling and Olivier both see RSCs as government's way of unburdening itself of conflict and politically based unrest.

Government has acknowledged that 70% of black local authorities and community councils in the Eastern Cape have collapsed, says Swilling, who believes the other 30% are barely functional.

"There is no clarity on how government intends to collect rents. There is a hint that housing costs will be reduced and the houses sold off through privatisation. But people are unlikely to afford this.

"If government wants to break the boycotts they either have to go for mass repression, far worse than the present state of emergency, or concede to the demands of rent-boycott organisers and the UDF affiliates, which means the lifting of many restrictions"



# Billions will be needed by RSCs

*Eve Post*  
*10/11/84*  
*261A*

Post Correspondent

JOHANNESBURG — Regional Services Councils (RSCs) will need R3 billion — which they do not have — before they even start, says Wits political scientist Mark Swilling.

Assessing the financial implications of the Government's proposed constitutional programme against the backdrop of continuing rent boycotts, he says RSCs are unlikely ever to have enough money collected through taxes and levies to upgrade townships, provision for which has been written into the legislation.

And Mr Swilling warns that unless problems in the townships are solved, political and social unrest are likely to increase.

He says the likely income for the four major metropolitan-area RSCs — Cape Town, Durban, Port Elizabeth and the PWV — is about R1,3 billion.

Government transport subsidies of R1 billion will fall away and the responsibility will be transferred to the RSCs.

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This is more than what the RSCs — together — can raise.

Government estimates show that PE townships need R500 million.

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from users of services.

Mr Swilling says blacks will be expected ultimately to carry much of the financial burden for the RSCs in terms of the turnover tax because of expectations that this tax is likely to be added on to consumer goods.

He predicts that rent boycotts will persist and leave insufficient funds to run the RSCs and says that the Government will either constantly have to bail out RSCs, or RSCs will have to play off one interest group against another.

Mr Swilling sees RSCs as the Government's way of unburdening itself of conflict and politically based unrest.

The Government has acknowledged that 70% of black local authorities and community councils in the Eastern Cape have collapsed, says Mr Swilling, who believes the remaining 30% are barely functional.

"There is no clarity on how the Government intends to collect rents. There is a hint that housing costs will be reduced and houses sold off through privatisation, but people are unlikely to afford this."

"If the Government wants to break boycotts, they either have to go for repression far worse than the present state of emergency, or accede to the demands of rent-boycott organisers and the UDF affiliates, which means the lifting of many restrictions."

● Prof Nic Olivier, of the PFP, agrees that black local authorities will have less money than they have now to spend on township services and infrastructural development.



# RSC sum 'ridiculous'

THE claim that it would cost R3bn to launch the Regional Services Council (RSC) system was "utterly ridiculous", finance Deputy Director-General Gerhard Croeser said in Pretoria yesterday.

He was reacting to an assessment of the financial implications of the RSCs by a Wits political scientist Mark Swilling.

Croeser said: "If we wanted to upgrade all townships to minimum standards, and we wanted to do it tomorrow, then even R3bn would not be enough."

As a thumb-suck exercise, his department had worked out that to achieve that without borrowing over 20 years, a turn-over tax of

GERALD REILLY

0,5% and a payroll tax of 0,25% would have to be imposed.

Croeser said the relevant legislation provided for 22 different services being taken over by RSCs.

However, that would not happen overnight. As a start, it was expected four or five services would be allocated to the RSCs.

A survey would have to be made in each RSC to determine the extent of the necessary upgrading. A time scale would also have to be worked out in which that upgrading could be accomplished.

Croeser said an assessment of the funds needed would also be necessary.

Main revenue sources would obviously be the projected 0.10% turnover levy and 0.25% payroll levy.

However, RSCs would earn from the sale of services, and could borrow on the open market.

He said funds could also be augmented by the provinces and government, where the need was great.

Until the RSCs had been established and the members had surveyed their areas to determine priorities, it would be impossible to even guess at the whole cost.

Croeser said. "It is a futile academic exercise to even attempt to put a figure on it at this stage."



# NOTICE 788 OF 1986 SALE OF GOODS—CUSTOMS AND EXCISE, CAPE TOWN

It is hereby notified for general information that a public sale of unentered, abandoned and forfeited goods will be held at the State Warehouse, Cape Town, at 09h00 on 24 November 1986. Lists of goods to be sold will be supplied on application to the Controller of Customs and Excise, Private Bag 9046, Cape Town, 8000  
(14 November 1986)

## NOTICE 789 OF 1986 DEPARTMENT OF CONSTITUTIONAL DEVELOPMENT AND PLANNING ENQUIRY INTO THE DEMARCATION OF REGION(S) FOR A REGIONAL SERVICES COUNCIL(S) FOR THE WESTERN TRANSVAAL AREA

Notice in terms of section 76 (1) of the Promotion of Local Government Affairs Act, 1983 (Act 91 of 1983), is hereby given that the Administrator of Transvaal has in terms of section 76 (1) (a) of the said Act requested the Demarcation board for Local Government Areas to hold an enquiry and advise him on the desirability or otherwise of the demarcation of a region/regions in terms of section 2 of the Regional Services Councils Act, 1985 (Act 109 of 1985), for the establishment of a regional services council or councils in the area described below.

The said request as well as a map indicating the area by approximation is open to inspection at the office of the Secretary of the Demarcation Board for Local Government Areas, Room 06, 240 Walker Street, Sunnyside, Pretoria, and at the office of the town clerk, secretary or other chief executive officer of every local authority and management body whose area of jurisdiction is situated wholly or partly within the afore-mentioned area, listed below.

Written objections against or representations in connection with the proposed demarcation may be lodged with the Secretary of the Demarcation Board for Local Government Areas, Private Bag X644, Pretoria, 0001, on or before 5 December 1986.

The Demarcation Board will also meet on the undermentioned dates, places and times to hear further evidence and representations from those persons who lodged objections and representations in pursuance of this notice.

| Date           | Place                                            | Time  |
|----------------|--------------------------------------------------|-------|
| 7 January 1987 | Campbell Hall, Civic Centre, Klerksdorp          | 09h00 |
| 8 January 1987 | City Hall, Church Street, Potchefstroom          | 09h00 |
| 9 January 1987 | Supper Hall, City Hall, Civic Centre, Rustenburg | 09h00 |

### Description of Area

The area within the following boundaries: Beginning at the north-easternmost point of the Marico magisterial district (point 1 on map), thence southwards along the boundary of the last-mentioned Marico magisterial district to a point where it meets Bophuthatswana boundary (point 2 on map), thence generally south-eastwards along the common boundary of the Republic of South Africa (RSA) and Bophuthatswana to the easternmost point of the Rustenburg magisterial district (point 3 on map) so as to include the following magisterial districts: Marico, Swartburg and Rustenburg (excluding the isolated portion of the Rustenburg magisterial district adjoining the Brits magisterial district), thence generally southwards along the eastern boundaries of the following magisterial districts: so as to include

## KENNISGEWING 788 VAN 1986 VEILING VAN GOEDERE—DOEANE EN AKSYNS, KAAPSTAD

Hierby word vir algemene inligting bekendgemaak dat 'n openbare veiling van ongeklaarde, onopgeëste en verbeurdeverklarede goedere om 09h00 op 24 November 1986 by die Staatspaleis, Kaapstad, gehou sal word. Opgawes van die goedere wat verkoop sal word kan op aanvraag by die Kontroleur van Doeane en Aksyns, Private Bag 9046, Kaapstad, 8000, verkry word.  
(14 November 1986)

## KENNISGEWING 789 VAN 1986 DEPARTEMENT VAN STAATKUNDIGE ONTWIKKELING EN BEPLANNING

ONDERSOEK NA DIE AFBAKENING VAN 'N STREEKS/STREKE VIR 'N STREEKSDIENSTERAD/RADE VIR DIE WES-TRANSVAALGEBIED

Kennis gestrek hiermee ingevolge artikel 76 (1) van die Wet op die Bevordering van Plaaslike Owerheidsaangeleenthede, 1983 (Wet 91 van 1983), soos gewysig, dat die Administrateur van Transvaal ingevolge artikel 76 (1) (a) van genoemde Wet, die Afbakeningsraad vir Plaaslike Owerheidsgebiede versoek het om ondersoek in te stel na en hom van advies te dien oor die wesenlikheid of andersins van die afbakening van 'n streeks/streke ingevolge artikel 2 van die Wet op Streeksdienssterade, 1985 (Wet 109 van 1985), vir die instelling van 'n streeksdienssterad of -rade in die gebied hieronder beskryf.

Bedoelde versoek asook 'n kaart waarop die gebied by benadering aangedui word, is ter insae by die kantoor van die Sekretaris van die Afbakeningsraad vir Plaaslike Owerheidsgebiede, Kamer 06, Walkerstraat 240, Sunnyside, Pretoria, en by die kantoor van die stads/klert, sekretaris of ander hoof uitvoerende beampte van elke plaaslike owerheid en bestuursliggaam wie se reggebied geheel of gedeeltelik in die voornemde gebied geleë is, soos hieronder aangedui.

Skriftelike besware teen of vertoe in verband met die voorgestelde afbakening kan op of voor 5 Desember 1986 by die Sekretaris van die Afbakeningsraad vir Plaaslike Owerheidsgebiede, Private Bag X644, Pretoria, 0001, ingedien word.

Die Afbakeningsraad sal ook op die onderstaande datums, plekke en tye vergader om enige verdere gemiens en vertoe aan te hoor van diegene wat besware en vertoe na aanleiding van hierdie kennisgewing ingedien het.

| Datum           | Plaas                                          | Tyd   |
|-----------------|------------------------------------------------|-------|
| 7 Januarie 1987 | Campbellsaal, Burgersentuin, Klerksdorp        | 09h00 |
| 8 Januarie 1987 | Stadsaal, Kerkstraat, Potchefstroom            | 09h00 |
| 9 Januarie 1987 | Soepesaal, Stadsaal, Burgersentuin, Rustenburg | 09h00 |

### Beskrywing van gebied

Die gebied binne die volgende grense: Begin by die mees noord-oosteike punt van die Marico landroosdistrik (punt 1 op kaart), daarvan dan suidwaarts met die grens van die laaengeoemde Marico landroosdistrik tot by 'n punt waar dit die Bophuthatswana grens ontmoet (punt 2 op kaart), daarvan dan algemeen suidwaarts met die gemeenskaplike grens van die Republiek van Suid-Afrika (RSA) en Bophuthatswana tot by die mees oosteike punt van die Rustenburg landroosdistrik (punt 3 op kaart) sodat die volgende landroosdistrik hierby ingesluit word: Marico,

hem in this area the said Rustenburg magisterial district, Koster and Ventersdorp to the point where the Potchefstroom magisterial district boundary meets the Ventersdorp magisterial district boundary (point 4 on map), thence generally southwards along the said Potchefstroom magisterial district boundary to the southernmost beacon of the farm Kleinfontein 141 IQ so as to exclude the said farm from this area (point 5 on map), thence generally eastwards along the boundary of the West Rand/Far West Rand Guide Plan Area (see Government Gazette No 9489 of 9 November 1984, notice No 2449) so as to exclude it from this area, to the northernmost beacon of the farm Rhenosierfontein 560 IQ, thence eastwards and southwards along the northern and eastern boundaries of the said farm to the point where it meets the Potchefstroom magisterial district boundary (point 6 on map), thence generally southwards along the said magisterial district boundary to the point where it meets the common Transvaal and Orange Free State provincial boundary (middle of the Vaal River), thence generally southwards along the said provincial boundary so as to include the following magisterial districts: Potchefstroom (excluding the said portion of the West Rand/Far West Rand Guide Plan Area), Klerksdorp, Wolmaransstad, Bloemhof and Christiana to the southernmost point of the last-mentioned magisterial district (point 7 on map), thence generally northwards along the common Transvaal and Cape provincial boundary so as to include the following magisterial districts: The said Christiana magisterial district, Schweizer-Reneke and Delareyville to a point where it meets the Bophuthatswana boundary (point 8 on map), thence generally northwards along the international boundary between the RSA and Bophuthatswana and the boundary between the RSA and Botswana respectively, so as to include the following magisterial districts: The said Delareyville magisterial district, Lichtenburg and Marico to the north-easternmost point of the Marico magisterial district (point 1 on map), the point first mentioned.

### List of Local Authorities and Management Bodies

#### Municipalities

|                               |
|-------------------------------|
| Bloemhof Town Council         |
| Christiana City Council       |
| Coligny Town Council          |
| Delareyville Town Council     |
| Hardesfontein Town Council    |
| Klerksdorp City Council       |
| Jouberton Town Council        |
| Koster Town Council           |
| Leeudoringstad Town Council   |
| Lichtenburg City Council      |
| Orkney City Council           |
| Ottosdal Town Council         |
| Potchefstroom City Council    |
| Rustenburg City Council       |
| Sannieshof Town Council       |
| Schweizer-Reneke Town Council |
| Stilfontein City Council      |
| Swartburg Town Council        |
| Ventersdorp City Council      |
| Wolmaransstad City Council    |
| Zeerust City Council          |

Swartburg en Rustenburg (ingesluit lossaande gedeelte van Rustenburg aangrensend aan Brits landroosdistrik), daarvan dan algemeen suidwaarts met die oosteike grense van die volgende landroosdistrikte sodat dit by hierdie gebied ingesluit word: genoemde Rustenburg landroosdistrik, Koster en Ventersdorp tot by die punt waar die Potchefstroom landroosdistrikgrens die Ventersdorp landroosdistrikgrens ontmoet (punt 4 op kaart), daarvan dan algemeen suidwaarts met die genoemde Potchefstroom landroosdistrikgrens tot by die mees suidelike baken van die plaas Kleinfontein 141 IQ, sodat genoemde plaas hierby ingesluit word (punt 5 op kaart), daarvan dan algemeen ooswaarts met die grens van die Westrand/Vere Westrand Gidsplangebied (kyk Staatskoerant No 9489 van 9 November 1984, kennisgewing No 2449) sodat dit uit hierdie gebied uingesluit word, tot by die mees noordelike baken van die plaas Rhenosierfontein 560 IQ, daarvan dan ooswaarts en suidwaarts langs die noordelike en oosteike grense van die genoemde plaas tot by die punt waar dit die Potchefstroom landroosdistrikgrens ontmoet (punt 6 op kaart), daarvan dan algemeen suidwaarts met genoemde landroosdistrikgrens tot by die punt waar dit die provinsiale grens tussen die provinsies Transvaal en die Oranje-Vrystaat ontmoet (middel van die Vaalrivier), daarvan dan algemeen suidwaarts met die genoemde provinsiale grens sodat die volgende landroosdistrikte hierby ingesluit word: Potchefstroom (ingesluit die gedeelte wat in die genoemde Westrand/Vere Westrand Gidsplangebied val), Klerksdorp, Wolmaransstad, Bloemhof en Christiana tot by die mees suidelike punt van die laaengeoemde landroosdistrik (punt 7 op kaart), daarvan dan algemeen noordwaarts met die gemeenskaplike provinsiale grens tussen die provinsies Transvaal en die Kaap sodat die volgende landroosdistrikte hierby ingesluit word: Genoemde Christiana landroosdistrik, Schweizer-Reneke en Delareyville tot by die punt waar dit die Bophuthatswana grens ontmoet (punt 8 op kaart), daarvan dan algemeen noordwaarts met die internasionale grense tussen die RSA en Bophuthatswana en tussen die RSA en Botswana onderskeidelik sodat dit volgende landroosdistrikte hierby ingesluit word: Genoemde Delareyville landroosdistrik, Lichtenburg en Marico tot by die mees noord-oosteike punt van die Marico landroosdistrik (punt 1 op kaart), die beginpunt.

### Lys van plaaslike owerhede en bestuursliggame

#### Munisipaliteite

|                            |
|----------------------------|
| Bloemhof Dorpsraad         |
| Christiana Stadraad        |
| Coligny Dorpsraad          |
| Delareyville Dorpsraad     |
| Hardesfontein Dorpsraad    |
| Klerksdorp Stadraad        |
| Jouberton Dorpsraad        |
| Koster Stadraad            |
| Leeudoringstad Dorpsraad   |
| Lichtenburg Stadraad       |
| Orkney Stadraad            |
| Ottosdale Dorpsraad        |
| Potchefstroom Stadraad     |
| Rustenburg Stadraad        |
| Sannieshof Dorpsraad       |
| Schweizer-Reneke Dorpsraad |
| Stilfontein Stadraad       |
| Swartburgs Dorpsraad       |
| Ventersdorp Stadraad       |
| Wolmaransstad Stadraad     |
| Zeerust Stadraad           |



**Health Committees**

Amalia  
Biesiesvlei  
Makwassie  
Otoshoop

**Town Committees**

Bontumelang  
Ulirwanang  
Tlhabologang  
Tigame  
Reagile  
Kgakala  
Botkhuso  
Lebaleng  
Lebogang  
Ikageng  
Agisang  
Ipelegeng  
Khuma  
Borotello  
Tshung  
Tswelalang  
Ikageleng  
Kanana

**Management Committees**

Coverdale  
Salamat  
Gelutsoord  
Amanabad  
Alabama  
Manzilpark  
Cedreia  
Blydeville  
Shukran  
Primosa  
Mohadin  
Kartienpark  
Zinnaville  
Charon  
Roshanville  
Rodeona  
Toevlug  
Moosapark  
Trotsville  
Noorpark  
Shulmapark

T M SMITH,  
Secretary Demarcation Board

(14 November 1986)

(Reference 12/10/5/4/23 + 24)

**Gesondheidskomitees**

Amalia  
Biesiesvlei  
Makwassie  
Otoshoop

**Dorpskomitees**

Bontumelang  
Ulirwanang  
Tlhabologang  
Tigame  
Reagile  
Kgakala  
Botkhuso  
Lebaleng  
Lebogang  
Ikageng  
Agisang  
Ipelegeng  
Khuma  
Borotello  
Tshung  
Tswelalang  
Ikageleng  
Kanana

**Bestuurskomitees**

Coverdale  
Salamat  
Gelutsoord  
Amanabad  
Alabama  
Manzilpark  
Cedreia  
Blydeville  
Shukran  
Primosa  
Mohadin  
Kartienpark  
Zinnaville  
Charon  
Roshanville  
Rodeona  
Toevlug  
Moosapark  
Trotsville  
Noorpark  
Shulmapark

T M SMITH,  
Sekretaris Afbakeningsraad

(Verwysing 12/10/5/4/23 + 24)

(14 November 1986)

**NOTICE 790 OF 1986****DEPARTMENT OF MANPOWER****LABOUR RELATIONS ACT, 1956**

It is hereby notified for general information in terms of section 17 (8) of the Labour Relations Act, 1956, that the President of the Industrial Court, duly authorised thereto by the Minister of Manpower, has appointed Advocate Myles Paxton Freeman as an additional member of the Industrial Court for the purpose of performing such functions of the Court as the President may from time to time direct.

(14 November 1986)

**NOTICE 791 OF 1986**

**NOTICE OF APPLICATION FOR APPROVAL FOR THE ERECTION OF A NEW ABATTOIR IN TERMS OF SECTION 12 (1) OF THE ABATTOIR INDUSTRY ACT, 1976 (ACT 54 OF 1976)**

It is hereby made known in terms of section 12 (1) of the Abattoir Industry Act, 1976 (Act 54 of 1976), that Mr R J Drummond, P O Box 467, Muldersdrift, 1747, has in terms of section 11 of the said Act applied to the Minister of Agricultural Economics and of Water Affairs for approval for the erection of a new abattoir at Kya Sand Industrial Park, Randburg.

If the application is granted, the abattoir will be used for the slaughter of 60 pigs per day mainly for processing into meat products.

Any persons intending to submit representations or objections in regard to the above-mentioned application shall forward such representations or objections to the Chairman, Abattoir Commission, Private Bag X250, Pretoria, 0001, within a period of 30 days from the date of publication of this notice and in the manner set out in the regulations published under the said Act.

Attention is invited to the provisions of regulation 11 (6) of the said regulations which require any person who submits objections to an application to the Minister to serve on the applicant concerned a copy of the document in which his objections are set out.

A D MARITZ,  
for Chairman Abattoir Commission

*Note*—The Regulations require that objections be affirmed under oath and submitted in triplicate.

(14 November 1986)

**NOTICE 792 OF 1986****CUSTOMS AND EXCISE TARIFF APPLICATIONS — LIST 39/86**

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 Board of Trade and Industry, Private Bag X753, Pretoria, 0001, within six weeks of the date of this notice.

**Increase in the duty on:**

Compound catalysts containing vanadium or vanadium compounds, classifiable under tariff subheading 38 19 65 10, from 15 per cent *ad valorem* to 25 per cent *ad valorem* or 590 000c per 1 000 litres

[BTI Ref TS/2/6/2/5 (B31/86)]

**Applicant:**

Provon Chemicals (Pty) Ltd, Private Bag X1052, Germiston, 1400

**Rebate of the duty (in Schedule 3) on:**

Evening Primrose Oil, classifiable under tariff subheading 15 07 90, for the manufacture of medicaments in capsules

[BTI Ref TS/2/6/3/1 (D10/86)]

**Applicant:**

Vital Health Foods (Pty) Ltd, P O Box 191, Kullis River, 7580

**KENNISGEWING 791 VAN 1986**

**KENNISGEWING VAN AANSOEK OM GOEDEKEURING VIR DIE OPRIGTING VAN 'N NUWE ABATTOIR Kragtens Artikel 12 (1) VAN DIE WET OP DIE ABATTOIRBEDRYF, 1976 (WET 54 VAN 1976)**

Kennis geskied hiermee kragtens artikel 12 (1) van die Wet op die Abattoirbedryf, 1976 (Wet 54 van 1976), dat Mr R J Drummond, Posbus 467, Muldersdrift, 1747, kragtens artikel 11 van genoemde Wet by die Minister van Landbou-ekonomie en van Waterwese aansoek gedoen het om goedkeuring vir die oprigting van 'n nuwe abattoir te Kya Sand Industriële Park, Randburg.

Indien die aansoek toegestaan word, sal die abattoir gebruik word vir die slag van 60 varke per dag hoofsaaklik vir verwerking tot vleisprodukte.

Iemand wat veroot of besware in verband met bogenoemde aansoek wil rig, moet sodanige veroot of besware aan die Voorster, Abattoirkommissie, Privateasak X250, Pretoria, 0001, rig binne 'n tydperk van 30 dae vanaf datum van publikasie van hierdie kennisgewing en op die wyse uiteengesit in die regulasies kragtens genoemde Wet uitgevaardig.

Aandag word gevestig op die bepallings van regulasie 11 (6) van die genoemde regulasies wat vereis dat iemand wat veroot of besware teen 'n aansoek aan die Minister voorle, tersetferdyd 'n afskrif van die stuk waarin sy besware uiteengesit is op die betrokke applikant moet bestel.

A D MARITZ,  
nammens Voorster Abattoirkommissie

L W —Die Regulasies vereis dat besware onder eed bevestig en in drevoud voorgelê moet word.

(14 November 1986)

**KENNISGEWING 792 VAN 1986****DOEANE- EN AKSYNSTARIEFAANSOEKE — LYS 39/86**

Onderstaande aansoeke betreffende die Doeane- en Ak-synstarief is deur die Raad van Handel en Nywerheid ontvang. Enige besware teen of kommentaar op hierdie veroot moet binne ses weke na die datum van hierdie kennisgewing aan die Raad van Handel en Nywerheid, Privateasak X753, Pretoria, 0001, gelyg word.

**Verhoging van die reg op:**

Saamgestelde katalisators wat vanadium of vanadiumverbindinge bevat, indeelbaar by tariefspos 38 19 65 10, van 15 persent *ad valorem* tot 25 persent *ad valorem* of 590 000c per 1 000 liter

[RHN-Verw TS/2/6/2/5 (B31/86)]

**Applikant:**

Provon Chemicals (Pty) Ltd, Privateasak X1052, Germiston, 1400

**Korting van die reg (in Bylêe 3) op:**

Aandbomolie, indeelbaar by tariefspos 15 07 90, vir die vervaardiging van genesmiddels in kapsules

[RHN-Verw TS/2/6/3/1 (D10/86)]

**Applikant:**

Vital Health Foods (Edms ) Bpk, Posbus 191, Kullis-rivier, 7580



# First RSC delimited on Reef

## JOHANNESBURG —

The first Transvaal Regional Service Council was demarcated for Witwatersrand Central in Johannesburg yesterday by a member of the executive Council, Mr Fanie Schoeman

The council comprises Johannesburg, Soweto, Lenasia, Roodepoort, Randburg, Sandton, Marlboro Gardens, Dobsonville, Alexandra, Ennerdale, Eldorado Park and Diepmeadow

The Klipriviersvallei area has been excluded from the region, until certain problems are solved

Although local bodies may consult and advise regional committees, no decisions regarding council functions will be taken until the councils are established

Demarcation for the East and West Rand RSCs will be announced today. Pretoria demarcation was meant to have been finalised in Cape Town yesterday —Sapa



## PROPERTY

# Fears that RSCs may impede black housing

THE introduction of Regional Services Councils (RSCs) may present new problems for property developers in black areas

White local authorities could place obstacles in the way of black township development, once RSCs come into being, says James Croswell, chairman of the SA Property Owners Association (Sapoa) housing committee

He believes local authorities would be reluctant to increase their expenditure on services, upgrading and infrastructure by increasing the number and size of townships under their jurisdiction.

"There would be no incentive for the local authorities to promote black urban development," he says

LINDA ENSOR

Croswell stresses that local authorities can impede developments by saying they cannot provide services or delay applications for lengthy periods of time.

However, the Progressive Federal Party's constitutional affairs spokesman Nic Olivier discounts these fears, arguing that legally one of the priorities of RSCs is to provide infrastructure

He adds there is a built-in right of appeal and points to the fact that the source of income of the RSC — the levies and service charges — are independent from those on which white local authorities rely, namely rates and taxes

"Theoretically it is possible, but

unlikely that RSCs will impede development," Olivier says.

"RSCs are not primarily a vehicle for local authorities to advance themselves"

And Sapoa and other organisations examining the question of land availability estimate that about 30 000ha of land will be required for black housing on the Witwatersrand by the year 2000.

Government estimates of 14 200ha required for housing units alone — contained in the Draft Guide Plan for the Central Witwatersrand — are regarded as too low.

They suggest about 30 000ha — and possibly much more if land for open spaces, roads, schools, and shopping complexes is included.



RSCs countdown to early-1987 start

# Final word on health role still awaited

THE role that Regional Services Councils (RSCs) will play in the provision of health services has still not been finalised — although they are scheduled to come into operation early next year in some areas.

National Health and Population Development Community Services Acting Director Dr Pieter Henning said. "RSCs are still in a development phase."

"The role they will play in health services will become clear as the whole investigation progresses and as soon as they become functional."

Henning said a report had been compiled on how health services would fit into the new constitutional dispensation, and this would be submitted to the Commission for Administration in the new year.

Dr Rassie du Plessis said on behalf of the commission — which is responsible for the devolution of powers under the new system — "We haven't given a thought to what services are to be handed to the RSCs."

National Health and Population Development Health Services chief director Dr Jacobus Roux said, in the latest edition of *Local Government in Southern Africa*, RSCs and established local authorities would be ex-

Business Day Reporter

pected to deliver an all-embracing curative and preventative service.

He said: "The services must be self-sufficient using local financial sources while subsidies will soon be phased out."

There would be privatisation of curative health services delivered to wealthy patients.

Roux said: "Rationalisation will be absolutely necessary to prevent unnecessary duplication and to guarantee optimum health services for all population groups, to maintain minimum health standards and to deliver services at a reasonable cost."

"Together with the curtailment of public sector expenditure, a limitation of the extent of services will necessarily follow."

The State's role would be to take responsibility for ensuring necessary health services complied with minimum standards, for formulating a general health policy and to guarantee necessary preventative services such as immunisation were delivered.

At the local community level, the private sector would have to contribute to the erection of community health centres in partnership with the State.

## Hotel figures disappoint

OPTIMISM from the rise in hotel occupancies in September will be tempered by October figures.

Fedhasa operations director Fred Thermann says new figures are disappointing.

October's room occupancy figures are 3,8% lower and bed occupancy figures 2% down on last year.

Only Pietermaritzburg (8,7%), Port Elizabeth (6,4%), Boland (3,2%) and Cape Town (0,1%) show increases in room occupancies.

The Garden Route hotels show the biggest drop (14,8%), with the Natal South Coast (10,1%) and Johannes-

burg (8,2%) not far behind.

The 24,3% drop in inflation-adjusted real income for Johannesburg shows the extent of price slashing in the city, Thermann says.

Room occupancies for the year ending October 1986 reveal steady declines. Compared with the previous year, five-star hotels show decreases of 11,5%, four-star hotels of 10,5%, three-star hotels of 8,5%, two-star hotels of 6,2% and one-star hotels of 1,5%.

Business Day Reporter



Johannesburg

REGIONAL SERVICES COUNCIL

Katlehong  
Kempston Park  
East Rand  
KwaThema

Germiston  
Boksburg  
Alberton

Springs

# Pretoria's RSC set to be defined next month

DIANNA GAMES

BOUNDARIES for Pretoria's Regional Services Council (RSC) will be announced at the beginning of next month. And the Demarcation Board will sit in Potchefstroom, Klerksdorp and Rustenburg in the second week of January.

The Witwatersrand RSCs were announced this week. Areas in the Western Cape at pre-

be functioning by mid-1988. No progress has been made in Natal because of the hostility of local councils to RSCs.

The Witwatersrand RSCs are broken down as follows:  
Central Rand will incorporate 13 cities and towns, including Johannesburg, Randburg, Sandton, Soweto, Roodepoort, Alexandra and Dobson-

ville.  
East Rand will incorporate 31 towns and cities, including Germiston, Alberton, Katlehong, Springs, Boksburg, Kempston Park and KwaThema.

West Rand will incorporate 17 towns, including Krugersdorp, Randfontein, Kagiso, Carletonville, Westonaria and Moshakeng

840

26/11



# Regional councils to start operating 'early in 1987'

2611A

By Sue Leeman, Pretoria Bureau

The Transvaal's first four regional service councils (RSCs) are due to start functioning early in the New Year, the Administrator of the province, Mr Willem Cruywagen, announced today.

In his New Year address, Mr Cruywagen also announced the formation of a Community Services Branch within the Provincial Administration which would oversee local government — and particularly the problems of black local authorities.

The inception of the RSCs, originally set for April this year, has been repeatedly delayed.

The councils will provide certain basic services on a regional basis and will tax businesses to finance this.

Mr Cruywagen said it was now expected that the first four councils would be announced and would begin operating early in 1987. He did not give an exact date.

The establishment of RSCs, he said, would bring about a redistribution of revenue and was "another important step in expanding and strengthening local authority structures".

Mr Cruywagen said it was "no small task" to elicit the active involvement of black local authorities, "which have their own cautious approach towards improving residents' living conditions and raising their standard of life".

If one bore in mind that these authorities had fallen under the jurisdiction of the province with "serious financial deficits, a lack of expertise at the level of their officials and, what is more, during the prevailing unrest conditions, one may in some measure realise the enormous extent of the responsibility involved."

Mr Cruywagen said the new Community Service Branch would be established to undertake this important component of the province's activities.

"This branch will be charged, among other things, with physical planning in a regional context, general aspects of local government, housing, social services and regional service councils."

Mr Cruywagen added that the co-operation and greater involvement of white local authorities would play "a decisive role in the strategy of assistance to adjoining communities".



## Levy collection may lead to cost hikes

Dispatch Reporter

GRAHAMSTOWN — Municipal costs would inevitably increase if municipalities were required to collect levies for the proposed regional services councils (RSCs), the city treasurer here, Mr G. Vlok, said.

He was reacting to a report that RSCs would appoint agents to collect levies on their behalf. The levies envisaged are a turnover levy and a wages-salaries levy ("pay packet tax").

Mr Vlok said the municipality might have to increase its staff if it were obliged to collect the taxes.

A meeting had been held in November last year with officials of the Revenue department who had agreed to "give a helping hand".

"We were supposed to get copies of mock-up forms to give us guidance. We have not yet received them," Mr Vlok said.

The RSCs could collect the levies themselves, or could appoint a chief agent with sub-agents.

"At that stage we were talking about an enlarged RSC, including Port Elizabeth, when Port Elizabeth would be chief agent with the smaller municipalities as sub-agents," he said.

If municipalities were to become agents there could be a legal agreement between the bodies concerned whereby agents would negotiate the costs of collection.

If the collection of RSC levies followed the same form as that of general sales tax, the onus would be on the businessman or employer to submit returns, which could be on a monthly basis. Farmers could be able to post theirs.



## LOCAL GOVERNMENT

### Assomac's petard

Another key facet of government's Regional Services Council (RSC) plan seemed in danger of crumbling this week as the FM went to press.

Delegates to the annual congress of the Association of Management Committees (Assomac) in George were locked in heated debate on whether to implement an earlier resolution to disband because a demand for direct representation on town and city councils has not been met.

Assomac represents coloured management committees and Indian local affairs committees countrywide

The committees are supposed to liaise with (white) town and city councils on the needs of those areas where coloureds and Indians are forced to live within the jurisdiction of the councils.

In theory, the committees are the core of future autonomous local authorities for coloured and Indian areas which, it is envisaged, will be a cornerstone of the RSC system.

But they are also an important power base for many coloured and Indian MPs in the tricameral system.

The president of Assomac, Edward Manikkam, is a Solidarity MP in the (Indian) House of Delegates

Coloured and Indian leaders working within government's constitutional framework have for some time been demanding more powers for the committees, and have sharply criticised government's apparent unwillingness to move in this direction

Additional powers are seen as essential to establish some degree of credibility for the committees, particularly because of growing dissent within the committees themselves

At last year's Assomac congress in East London, a resolution adopted with overwhelming support committed coloured management committee members to resign if coloured and Indian residents did not have

direct representation on town and city councils by this year's congress

When it became clear this year that the resolution would have to be implemented, some conservative elements in coloured and Indian local government tried to counter the move by preparing a resolution proposing to rescind the earlier decision.

But there is also a resolution on this year's agenda affirming last year's resolution, and the more radical group in Assomac plans to propose a motion of no confidence in the organisation's executive if last year's decision is not implemented

Among those not in favour of quitting are the coloured Minister of Local Government and former Assomac strongman David Curry, and coloured Education Minister Carter Ebrahim, who are understood already to have started setting up "culture and development" committees in various areas comprised mainly of conservative coloured teachers. The committees will be in a position to take over from management committees if they disband



Dispatch Reporter

EAST LONDON — The government is undertaking an intensive drive to inform blacks of the workings of local government as well as the responsibility of voters to see to it that the "correct" people are put up as candidates.

This is contained in the reply by the Minister of Constitutional Development and Planning, Mr Chris Heunis, to a motion from the East London City branch of the National Party tabled at the party's Cape congress.

The branch asked the government to clarify the situation on:

- The development of black local authorities;
- The steps taken to ensure that such local authorities are representative of relevant communities;
- Who is responsible for the development of black residential areas in the absence of a local authority or if a local authority does not function properly;
- The place of black local authorities in the

# Black voters target of drive on local govt

third tier of government as a whole

The motion has great relevance for some Border towns where community councils are not operating and its members no longer reside in the townships following the unrest.

In Duncan Village in particular, none of the community councillors live in the township and the government has declared the Duncan Village Community Council a town council.

This was done following the government's rejection of the city council's negotiations with the Duncan Village Residents' Association.

The government said in its reply that the information drive was an ongoing process and that it would take time before residents developed faith in the local authorities.

On the question of the development of black local authorities, the government said it was every community's right to control its own affairs and that the aim was for decisions and final responsibility for every community's welfare to be taken by the communities themselves.

It was based on the democratic principle of government "by the people for the people".

The government's

principle was that each local authority for the different racial groups exercised the maximum devolution of power.

The first 42 black local authorities had already been formed despite the difficult circumstances and the remaining 192 community councils were declared town councils in July. The 20-odd local committees have also been upgraded.

"The challenge is now that these authorities be developed into functioning institutions that can contribute to a better quality of life for the community," Mr Heunis said.

This not only required

the support of the government, but also of the white local authorities and the private sector.

"Black local authorities were enthusiastic to serve their communities but they require support," he added.

On the question of who was responsible for the development of black residential areas, the government said that in situations where community councils had resigned, provisional measures had been set up. An example was the appointment of an administrator. Development could take place in the absence of a council.

Where a council did not function, the minister could institute measures to restore the situation.

The reply said the responsibility for local authorities rested with Mr Heunis.

The government said black local authorities played a major role in the third tier of government because their participation in the regional services councils was necessary.



## Assomac hangs on

Government has again called the coloured Labour Party's (LP) bluff and won

The LP-dominated Association of Management Committees (Assomac) decided at its congress in George last week *not* to withdraw from coloured management and Indian local affairs committees (*Current affairs* September 26).

At last year's congress, a proposal was overwhelmingly adopted to resign from the committees if direct representation on town and city councils was not granted by government by the date of this year's congress

After a long debate, and plenty of encouragement from coloured Local Government Minister David Curry (who is opposed to withdrawal), delegates decided to stay on

The decision runs counter to LP leader Allan Hendrickse's claim that his party is so opposed to racially separate local government that his MPs refused to approve local government amendment Bills during standing committee meetings this year

FINANCIAL MAIL OCTOBER 3 1986

The committees are important cogs in the regional services councils (RSC) machinery. Their collapse would have been a major setback to government's RSC plans

The virtually powerless committees are supposed to liaise with (white) town and city councils, but in the main urban areas in particular, they are regarded as having very little value

Assomac's reversal of its stand last year seemed to indicate just how firmly the LP is locked into government's tricameral and related structures.

The decision in George is being likened to the LP's humiliating defeat by government in parliament earlier this year, when two security law amendment Bills were bulldozed through the President's Council in the face of the LP's total opposition

A few months earlier, Hendrickse had claimed that government would "never again" pass legislation through parliament unless it had the LP's backing.



## Transvaal Administrator critical

# Delays in plans for local govt slammed



● CRUYWAGEN

TRANSVAAL Administrator Willem Cruywagen has criticised government's delay in giving effect to its plans for new provincial and local authority structures.

And Transvaal Municipal Association (TMA) president Dr Kobie Naudé also appealed for speedy implementation of the plans, saying the TMA was "worried over the fact that devolution of power to local authorities has not nearly been fully realised".

Cruywagen and Naudé were speaking yesterday to delegates of 105 white Transvaal municipalities at the annual congress of TMA in Verwoerdburg, outside Pretoria.

LINDA ENSOR

Theme of the congress is "Practical Urban Politics"

It was now urgently necessary, Cruywagen said, that "structures for which provision has been made are now brought into existence, and that the functions in the process of rearrangement and rationalisation which have not been transferred must now finally find their place."

Timetables must be adhered to and form given to decisions by authorities, especially over local government.

"Only when things work visibly does the suspicion disappear and new policy directions and struc-

tures become more readily accepted," Cruywagen said

Naudé said the Commission for Administration had divided its task into three phases:

- The identification and transfer of own affairs at central government level — already completed and implemented
- The identification and transfer of own affairs at provincial level to the various Ministers' Councils, and the devolution of general functions from central to provincial level — expected to be completed this year.
- The identification and transfer of functions and powers from central and provincial level to local government level

## US Embassy denies officials' charges



State fails to abide by own laws

# Millions lost as govt fails to pay rates

MILLIONS of rand are being lost to local authorities due to the failure of government departments to pay property tax on their buildings.

This is in spite of a law requiring them to do so and despite objections by the Transvaal Municipal Association (TMA).

TMA president Dr Kobie Naudé told the association's annual congress in Verwoerdburg yesterday that apart from the Sats and the Post Office, State departments were not fulfilling their obligations in terms of the Rating of State Property Act promulgated in 1984.

He said the financial problems of local authorities could be solved if the State abided by its own laws.

When the Act was passed, "it was assumed the payment of property tax by the State would make a significant contribution to local income.

"Seeing that local authorities are obliged to pay State taxes and levies imposed by the State, the State should also fulfil its side."

Property taxes on hospitals, schools, universities, military bases and other State buildings would considerably add to local authorities' income which was

LINDA ENSOR

drained by their having to pay surcharges on imported goods and GST on locally manufactured products.

Naudé said: "We, as local governments, feel we are in a corner as we cannot generate funds in any other way."

The sole source of fixed income for local authorities was from property tax and, as a result of "continued and unavoidable" increases in taxes and tariffs, fewer well-off tax-payers and consumers were having to bear a greater part of the tax burden.

Local authorities were only just making out. Tariffs on services were used to finance their supply and administration costs, leaving little over for running the town, maintenance projects, salaries and transport subsidies — all of which had to be paid for out of income from property taxes.

Naudé said: "Approaches to government have not met with a good response. The State feels that local authorities are indebted to it and should be providing a

● To Page 2

## Millions lost as State fails to pay

"I would think it is a good budgeting principle that the State pay the same taxes as other institutions even though the money would ultimately come from the taxpayer.

"It makes it possible to ascertain the full cost of any function provided by the State."

Goodall said it would also spread the burden as cities like Pretoria — with numerous government buildings — were penalised in not obtaining tax from government departments.

community service by not charging property tax on its buildings."

He said the TMA was continuing to discuss that issue with government.

PFP finance spokesman Brian Goodall last night condemned the fact that State bodies were not abiding by the law.

He said, "It is wrong that one set of rules applies to State bodies and another to the private sector."



9/10/86

SNK

26/1A

# Call for plans to guard land owners' rights RSCs a 'chance for co-operation'

By Shirley Woodgate, Municipal Reporter

Property owners' interests should be better protected by area guide plans, or structure plans for towns and cities in the Transvaal

So said Mr P J Geers, town clerk of Verwoerdburg, in a paper presented yesterday at the Transvaal Municipal Association congress

He said under the present system the rights of a piece of land could be altered, but the authorities would only have to pay the owner compensation once the land was taken over

Mr Geers illustrated an example in a city such as Johannesburg, where the owner of a house in the path of a planned road had his hands tied without being able to claim any compensation from the local authority, until the property was expropriated

"Of course there is a need for good forward planning, but town planners should be aware of the property owners' rights. It is difficult to counteract the effect on property values once rights have been altered," said Mr Geers

Regional Services Councils offered a golden opportunity for communication and co-operation and the time was ripe for all groups to work towards this goal, Transvaal MEC Mr John Griffiths said yesterday at the Transvaal Municipal Association congress



Mr S E S "Fanie" Ferreira, Naboompsruit's mayor and the former Conservative Party MPC for Waterberg, has been unanimously voted the president of the Transvaal Municipal Association. He takes over the reins from Dr J P Naude, management committee chairman of Verwoerdburg. Mr Jan du Raan replaces Mr Ferreira as deputy president of the organisation.

"Acceptance of the RSCs by people of other races will be vital, he said, as these people had made great progress in local government, but lacked the expertise to accept full responsibility for their decisions

Good progress was being made. The Administrator and the Executive Committee were committed to having every part of the Transvaal included in a constituted or proposed Regional Service Council by the end of this year

The test was to satisfy the black and coloured communities' demands for a fair share of finances and so improve deteriorating attitudes

"My main concern is the principle of self-determination and co-responsibility within the existing structures of management committees, community councils and black local authorities as an own power base



11/10/80  
SMA  
201A

# Black towns 'the key to SA's future'

By Shirley Woodgate,  
Municipal Reporter

Whites would not be able to sleep soundly until orderly local government had been restored to black towns, the Administrator of the Transvaal, Mr Willem Cruywagen, said yesterday.

Opening the 83rd congress of the Transvaal Municipal Association in Verwoerdburg, he warned delegates that the responsibility for the success or failure of democratic rule lay in their hands at local level.

## DISPEL DOUBTS

To dispel doubts it had become vitally important that third tier government had to be seen to be working.

It was time to stop paying lip service to the advantages of orderly local government and to make enthusiastic efforts to provide all inhabitants of towns, irrespective of the communities they belonged to, with the promised opportunities, advantages and better liv-

ing conditions, he said.

Mr Cruywagen said the unrest and emergency situation, the onslaught by "so-called world opinion against South Africa's domestic policy and government structure" and the recent imposition of sanctions had left many of the citizens "cold".

But the faint-hearted and afraid were leaving.

"May they, wherever they may settle down, show more courage and drive than we were privileged to see in them," he commented.

"In order to convey a complete picture it is necessary to state emphatically that our times also offer us exciting challenges and possibilities since our present harbours our future".

Those challenges lay in the sphere of local government which was the cornerstone of any democratic system. First and second tier government had little chance of success without an effective third tier government, Mr Cruywagen said.

## RSCs 'will help to quell unrest'

The Regional Services Councils (RSCs) would help quell unrest as they would provide a forum where issues could be resolved, the Transvaal Municipal Association heard yesterday.

"The honesty of the Government's intentions of having RSC funds applied first in those areas where the need was greatest must by now have struck home," said Dr J P Naude in his presidential address to the congress which opened yesterday in Verwoerdburg.

He saw opposition to the RSCs as being largely due to ignorance.

The Regional Services Act was now on the statute books and local authorities had to go ahead and make a success of the new bodies, he said.

## Party politics 'will dominate local polls'

Party politics was likely to be considerably stepped up over the next two years at local government level, said Mr Claus van Zyl, former president of the Transvaal Municipal Association.

Speaking this morning at the TMA congress in Verwoerdburg, he said "A large part of the 1988 municipal elections will be fought on a party political basis".

## 'INEVITABLE' TREND

"It is a reality and inevitable whether we like it or not, whether we think it is right or wrong." This was the official position in Johannesburg, Sandton and Randburg while unofficial political groupings were accepted in other towns.

Recent municipal elections in the Transvaal had developed a strong political flavour and parties had committed themselves to taking part in future elections at local government level.

The tendency was likely to increase because the demise of the Provincial Council and the introduction of the Regional Services Councils meant that political parties could in future only achieve direct representation at the first and third tiers of government.

Politics at local government level would appeal particularly to parties with small followings and little chance of representation in Parliament.

He said advantages included that voters would know that broadly based policy would be adhered to in council by their representatives.

Private book



# Regional plan leads to conflict in E Tvl

13/10/86  
STOK (261A)

The division of South Africa into nine development regions is running into problems as towns compete for the siting of regional offices.

The conflict is to be brought to the attention of the Minister of Constitutional Development and Planning, Mr Chris Heunis.

The Regional Services' structures — which are to replace the provincial system — have been widely criticised by farmers, businessmen and politicians, but the Government is determined to carry on with its plans.

Now new tensions are surfacing.

The Government has established a large number of regional offices in Nelspruit which falls into region F — together with the whole of the Eastern Transvaal, including the highveld and lowveld.

It is feared in some quarters this will lead to the regional seat of second tier Government being established in the lowveld while most of the region's population and the major industries are sited in the highveld.

Suggestions to divide the region into two have not been accepted and the Management Committee of the Regional Development Advisory Committee is to take up the matter with the Minister.

Problems have also surfaced in region D — the Eastern Cape — where the Development Advisory Council for the region has the task of trying to reconcile the interests of Transkei, Ciskei, East London and Port Elizabeth, which in many instances are in direct competition with each other.

There have also been calls for the areas to be split.



# Jo'burg to get RSCs next year

Regional Services Councils were likely to be implemented in the Greater Johannesburg area between April and July next year, said Mr Olaus van Zyl, member of the President's Council and Randburg's former management committee chairman.

He was addressing the "Johannesburg — The Second Century" conference at the Rand Afrikaans University today.

He denied criticism that the RSCs were apartheid bodies.

Mr van Zyl emphasised that they were multi-racial bodies consisting of representatives of local authorities and elected management committees of all population groups.

Domination by whites or blacks was not a threat as the representation of all groups was based on the amount of services bought.

## CREDIBILITY

The 50 percent maximum voting power and the two-thirds majority in decision-making would also prevent domination.

Referring to the fear that the credibility of some black local authorities might jeopardise the functioning of the RSCs, he said it would be ideal if the members of the RSC were in good standing. However it was not a prerequisite that all the members should be on the same level of effectiveness and acceptability.

Mr van Zyl said levies would be used to finance infrastructure in less-developed urban areas, adding: "Very few people in South Africa would dispute the need for improvement in these areas."



to the  
Society in which racial

# Heunis hits trouble

**By DAVID JACKSON**  
UNITED STATES companies operating in South Africa will not abandon their commitment to social change programmes — despite indications that the Rev Leon Sullivan may be preparing to pull the rug from beneath his monitoring “code of principles”.

With the deadline looming for Mr Sullivan’s May 31, 1987, ultimatum for the “abolition of apartheid”, several US companies are unhappy about a deterioration in their latest ratings — particularly in the new category of social justice

## Sullivan set to ‘move goalposts’ for American companies in SA

Mr Sullivan, a Baptist clergyman, is author of the Sullivan Principles, a corporate code of ethics defining behaviour of US companies operating in South Africa.

Last year he said he would call on all US companies to leave South Africa if apartheid was not abolished and blacks did not have the right to vote by the end of next May.

With no possible expectation of this target being met, some sources believe Sullivan is now preparing to pull out.

code are already pouring millions of rands into social upliftment programmes for blacks.

And indications yesterday were that the programmes would continue — with or without Mr Sullivan.

Mr Purnell yesterday described the visit as “nothing unusual. We’re here to evaluate programmes and to see to administrative detail.”

### Bitterness

And there were suspicions this weekend that Mr Sullivan was hardening up the code’s criteria — “moving the goalposts” as one executive put it — in advance of a possible disengagement from South Africa.

But major companies among the 184 signatories to the

### Impossible

Some company executives complain that they have no way of knowing the criteria on which their companies are being judged.

The ratings in turn can directly influence disinvestment actions by states, local authorities and institutions in the US.

Mobil’s Pat O’Malley said from Cape Town: “There has been a dedicated group in all companies working in areas of social change, and if this were to happen (a pull-out) it wouldn’t affect Mobil’s position at all.

“We would continue to act in this area as diligently as we are able.”

**THE Government’s future constitutional plans could be in jeopardy as across-the-board resistance to its local government proposals mounts.**

Parliamentarians opposed to the proposed racially autonomous local authorities — a key element in the National Party, Government’s future plans — met this weekend to form a united front.

The parties involved include the Progressive Federal Party (PFP), the Labour Party (LP), the National People’s Party (NPP) and the Solidarity Party (SP).

The Labour Party leadership, including Cabinet Minister the Rev Allan Hendrickse, chairman of the Ministers’ Council in the House of Representatives, is to hold a special meeting in Pretoria today to review the situation.

The principle of racially autonomous local authorities for all groups is the basis of the Government’s proposed division of government into “own” and “general” affairs.

If Constitutional Development Minister Chris Heunis cannot win the support of even the participants in Parliament he has no chance of

## Nat plans in jeopardy as parties unite against local authorities

**By NORMAN WEST: Political Reporter**

securing wider support from radical opposition groups

The Bills at issue are the Black Local Authorities Amendment Bill and the Local Government Bodies Electoral Bill, which will come before the all-parties standing committee on constitutional development and planning tomorrow.

### Blunt

The Bills, aimed at streamlining electoral procedures for apartheid local government bodies, met with fierce resistance in the standing committee during the

last session of the Tricameral Parliament.

All scheduled meetings of the committee were postponed till tomorrow after the coloured and Indian MPs, on instructions from their caucus, refused to endorse the legislation.

The weekend agendas for the political parties was blunt scuttle the controversial legislation.

Such action could plunge the Tricameral Parliament into its most serious constitutional crisis since the approval of the controversial security Bills of Minister of Law and Order Louis Le Grange earlier this year.



# Cape close, but Natal is still a long way off RSCs

## Municipal Reporter

ALTHOUGH the Cape expects its first regional services council in October, all plans for a Greater Durban RSC — expected to be the first of the Natal RSCs — have been put on ice.

Mr James Greyvenstein, deputy director of local government, said a Durban RSC before the end of the year was 'very unlikely'.

'Plans are on ice at the moment,' he said.

Cape RSCs are expected 'very soon after September or October this year' although Cape Town's RSC was still a long way off, Mr Gene Louw, Administrator of the Cape, said this week.

It was decided in March this week that a Durban Metropolitan Consultative Committee submission on the Durban RSC boundaries be augmented by new proposals put forward by a consultant to the Mayor's Steering Committee.

The new proposals, which are based on studies of the KwaZulu tribal areas and the movement of train commuters, would enlarge the total area but make no difference to the proposed RSC boundaries in the northern and western areas of Durban.

The northern boundary ties in with the commuter pattern, according to the consultant, Dr G N van Zyl.

## Equal

He recommends moving the southern boundary to coincide with the Umbumbulu magisterial district, along the course of the Mkomazi River, which also divides Natal from KwaZulu.

The Mayor's Steering Committee has also recommended that 'representation on the RSC should be negotiable to afford equal opportunity to all communities'.

## Pressure on Govt to abort regional services councils

### Political Reporter

PRESSURE is being put on the Government to abort the regional services councils, which were to have been set up several months ago but which have been delayed due to problems of finance and area demarcation.

Yesterday, the multinational oil company, Mobil, took a surprise departure from the practice of similar companies in the past and criticised the proposed RSCs in newspaper advertisements.

In the past few years some major companies and businessmen have publicly made general reference to a call for peace and justice in South Africa, but have rarely commented on specific aspects of politics.

The advertisement stated that the Government's proposals for second and third tier authorities would not get the country out of its

Western Cape and elsewhere to negotiate new regional and metropolitan forms of government that respond to the wishes of the people living there.

'The time has come to build a new non-racial democracy from the regions up,' the advertisement said.

Criticisms of the RSCs, particularly the way they are to be funded, was expressed at a South African Property Owners' Association meeting this week.

Objections centred on the proposed taxes on wages and turnovers which, it was claimed, would discourage job-creation and trade and worsen the poor economic situation.

## Multiracial

Since details of the proposed RSCs were announced two years ago, criticism of the new local government system has come from various groups.

Right-wingers have ob-

The RSCs are to be multiracial on the principle of freedom of political association but on apartheid. Representatives will not be directly elected but elected by themselves from existing members of the segregated municipal councils. They will reinforce apartheid in local government at precisely the time when popular demands for multiracial and integrated municipalities are growing. The Government must stand back and allow black and white leaders in Natal,

RSCs are to be multiracial on the principle of freedom of political association but on apartheid. Representatives will not be directly elected but elected by themselves from existing members of the segregated municipal councils. They will reinforce apartheid in local government at precisely the time when popular demands for multiracial and integrated municipalities are growing. The Government must stand back and allow black and white leaders in Natal,



16/8/86 26/A

# RSCs a long way off for EL — Yazbek

## Dispatch Reporter

**EAST LONDON**— The United Municipal Executive (UME) has deferred discussion on the Regional Services Council Act.

This was disclosed last night by the mayor, Mr Joe Yazbek, when he returned from the UME meeting in Johannesburg.

RSCs were to have been the main topic at the two-day meeting but, Mr Yazbek said, they had not been discussed because of the "welter" of objections.

"We were told that there are amendments coming before Parliament this session and it was decided to defer discussion until after it came before Parliament," Mr Yazbek said.

"But there was a great deal of opposition to



**MR YAZBEK**

RSCs and dissatisfaction about the different municipal associations not being consulted about amendments. The Cape Province Municipal Association (CPMA) could not even discuss the matter at their annual congress because the proposed bill only arrived a day before the congress.

Mr Yazbek said an

alternative method of looking at RSCs from a practical point of view was discussed.

"There were suggestions that it be tried out in one of the larger metropolitan areas so that we could see how it works. Delegates are keen to look at the financial aspect of funding the RSCs.

"We are also not sure whether there would be time for it to come before Parliament this year so that I think an area such as East London is still a long way off from being an institution of an RSC."

Mr Yazbek also outlined a CPMA opposition which he piloted against a Transvaal move for all municipal security officers to have the same uniforms throughout South Africa.

"They wanted uniformity so that people in any town would know who to go to for help in times of trouble. The CPMA did not favour such uniformity and we won the day in that it has now been left to those provinces who want to have the same uniform to do so."



(3) whether his Department has received any enquiries from the South African Police in connection with any of these weapons, if so, (a) when and (b) what (i) were the circumstances surrounding and (ii) was the outcome of each case?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING.

(1) The Bophuthatswana Department of Economics and Statistics provided the following statistics in regard to Thaba Nchu

Population Adult men. 30 067  
Adult women 34 601

(2) Not at this stage as Thaba Nchu was not included in the proposed region which the Administrator of the Orange Free State requested the Demarcation Board for Local Government Areas to investigate as a possible region for a Regional Services Council for the Greater Bloemfontein region. In terms of section 4(3)(a)(iii) of the Regional Services Council, 1985 (Act 109 of 1985) it is however legally possible to include an area situated outside the Republic by way of interstate agreement in the area of a Regional Services Council for the rendering of services

- (1) and (ii) East Cape Development Board  
West Cape Development Board  
Southern OFS Development Board  
Orange Vaal Development Board  
East Rand Development Board  
West Rand Development Board  
Central Transvaal Development Board  
Northern Cape Development Board  
Bloemhof Community Council  
Wolmaransstad Community Council  
Leeudoringstad Community Council  
Orkney Community Council  
Sutfontein Community Council  
Carletonville Community Council
- (3) (a), (b)(i) and (ii) No

1123 Mr P G SOAL asked the Minister of Constitutional Development and Planning

(1) What was the adult (a) male and (b) female population of Thaba Nchu as at the latest specified date for which information is available,

(2) whether Thaba Nchu is to be included into the Regional Services Council for the Bloemfontein area, if not, why not?

H0A

(a), (b) (i) to (iv) Fall away

(2) (a) to (c) Fall away

“White minority regime”

1164 Mr P G SOAL asked the Deputy Minister of Information

(1) Whether the Bureau for Information has ruled that the term “White minority regime” may not be used in media reports during the current state of emergency, if not, (a) who made this ruling and (b) when, if so (i) on what date, (ii) why, (iii) who took the decision in this regard and (iv) in terms of what regulation was the ruling made,

(2) whether he or members of the Bureau consulted any Government Departments, bodies and/or persons in this regard, if so, (a) what (i) Departments, (ii) bodies and (iii) persons, (b) when and (c) what was the response in each case?

The DEPUTY MINISTER OF INFORMATION.

(1) No

(a) and (b) Fall away

(2) Fall away

1165 Mr P G SOAL asked the Deputy Minister of Information

(1) Whether the Bureau for Information has been informed that a large number of persons were detained at an Anglican church in Elises River on 15 June 1986, if not, from what source does this Bureau obtain information on detentions; if so, (a) how many persons were detained on this occasion, (b) on what date did the Bureau (i) receive this information and (ii) convey it to the media and (c) from what source was the information obtained,

1171 Mr P G SOAL asked the Deputy Minister of Information

Whether the Bureau for Information

H0A



# EL Mayor calls for delay on RSC decision

23/8/66 W.E. 008 (26118)  
EAST LONDON — The implementation of Regional Services Councils (RSCs) should be postponed for further consideration on including other race groups, the Mayor of East London, Mr Joe Yazbek, said this week.

He said discussion on the councils had been deferred at the meeting of the United Municipal Executive in Pretoria last week because the Bill had not been given in time for all implications to be considered.

Mr Yazbek believed the original aim of RSCs had been to extend representation to blacks, coloureds and Indians.

"RSCs were intended to avoid racial confrontation and I believe something must be done urgently to see that they perform this primary function."

Mr Yazbek gave qualified support to the councils giving representation to appointed management committees.

But he added: "I can support it only on condition that the ultimate goal is to give representation to elected management committees ..."

"We don't want to give the impression that we are supporting appointed bodies forever."







# Tax for Services Councils would 'burden platteland' 261A

CAPE TOWN — Alternative methods for funding Regional Services Councils that fell outside metropolitan areas would have to be looked at, the Minister of Constitutional Development and Planning, Mr Chris Heunis, said last night.

In a speech at the Transvaal Agricultural Union Congress he said the largest source of income for Regional Services Councils was generated in metropolitan areas.

The envisaged establishment of the RSCs had developed insecurity and even a degree of antagonism in many people.

However, the Government aimed to establish services at third-tier government level

where there was a say for all communities.

Mr Heunis said RSCs in rural areas could not be taxed in the same way as metropolitan ones.

"It is important that we guard against burdening the platteland to such an extent that it would lead to its depopulation."

The Permanent Finance Liaison Committee would look into the possibilities of alternative financing.

RSCs would not all be run identically but be adapted to the needs of particular areas, Mr Heunis said.

In the platteland mini-RSCs would cater for the needs of a town and its surrounding economic area. Sapa.



# Barend reveals slip-up in gazetting of levy rules

Own Correspondent

SOMEONE boobyed over the publication last week in the *Government Gazette* of regulations relating to the payment of proposed levies to the Regional Services Councils — the published regulations had never been approved.

Minister of Finance Barend du Plessis said yesterday that the regulations which were published in the *Government Gazette* last Friday were still in "draft form" and "I have neither approved nor signed them". In a statement, Du Plessis said the regulations had, owing to an administrative oversight, been published "in

a way that creates the impression that they now have the force of law". He said it was the department's intention to publish, for general information, the draft regulations as a formal information document in order to bring them to the attention of organised commerce and industry, and of all other interested parties once again before the draft regulations were finalised by the department.

"Only then will the regulations be submitted for formal approval to all those institutions and other parties who in terms of the Act must consent before the regulations can finally acquire the force of law."

He said all interested parties were now formally invited to submit motivated comments on the detailed proposals contained in the published draft regulations to the Department

of Finance for consideration. The relatively short period for response was warranted by the fact that extensive and protracted consultations had already taken place, and was necessitated by the further processes that must be completed before the definitive regulations can be published.

Du Plessis apologised on behalf of his department and himself "for any inconvenience the release in error of the draft regulations may have caused".

He said comments could be addressed to the Commissioner for Inland Revenue, P O Box 402, Pretoria 0001



# Concern over RSC borders

Dispatch Reporter

GRAHAMSTOWN — Twelve farmers' associations in Albany, Bathurst and Alexandria have entered the fray over the boundaries of the proposed regional services councils (RSCs) in the Eastern Cape.

They regard cutting off Albany and Bathurst from the Port Elizabeth area as "sheer economic suicide" and predict the effects of such a move would be damaging and far-reaching to the farming community.

A delegation led by the chairman of the Central Albany Farmers' Association, Mr Jimmie Emslie, and the secretary of the Bathurst West Farmers' Association and a Dias divisional councillor, Mr Dick Bladen, was due to meet the Director of Local Government last week.

However, he was ill and the delegation has now asked for an interview with the Provincial Administrator as soon as possible.

Meanwhile, a comprehensive memorandum has been drawn up for submission to the administrator. It bears the endorsements of the farmers' associations of Central Albany (Sevenfountains), Salem-Belton, Alicedale, Paterson, Nanaga, Alexandria, Coombs, Bathurst Border and Lower Albany, Eastern Border, Koonap (Fort Brown) and Carlisle Bridge.

The proponents of differently shaped RSCs in the area are

● Port Elizabeth/Unionhage, which want to go it alone,

● The Dias Divisional Council (DDC), which proposes the absorption of the Humansdorp and Winterhoek divisional councils, and

● The Grahamstown and Bushman's River municipalities, backed by the South Eastern Areas Development Association (Seada), which have opted for an area matching the Seada area and including Somerset East.



# Blacks get power in provinces

SMR  
26/6/86  
26/17

By David Braun,  
Political Correspondent

CAPE TOWN — The appointed politicians who will be running the provinces from next month have been named — and for the first time in the country's history blacks will share executive authority over whites at provincial level.

But the first problems surfaced only hours after the announcement, when the black man appointed to Government in the Transvaal was threatened with suspension from Inkatha by Chief Mangosuthu Buthelezi of kwaZulu.

The black co-governors of provincial affairs have been appointed by President Botha.

Members of the new multiracial executive committees (Excocs), in effect the "Cabinets" of the various provinces, were announced last night.

In the Transvaal the old four-man Exco is replaced by a six-man Exco with the racial composition of three whites, one black, one Indian and one coloured person.

The first black members of the provincial executive committees (MECs) are Mr J. Mavuso, a leading Soweto businessman and managing director of the Soweto Development Company (Transvaal), Mr Themba Nyati, mayor of Galeshewe (Cape), and Mr Ramoeletsi Mokotjo, circuit inspector of schools (Free State). A black MEC for Natal is still being considered.

It is not yet known what portfolios, if any, they will hold.

KwaZulu's Chief Minister, Chief Mangosuthu Buthelezi, has threatened to fire Transvaal Exco nominee Mr John Mavuso from Inkatha if he accepts his position.

Speaking from Johannesburg last night, Chief Buthe-

● To Page 2, Col 9 ●



BUSINESS DAY, Thursday, June 19 1986

Assocom and FCI say powers too wide

# RSC tax system comes under fire

BEULAH BROWN

COMMERCE and industry have rejected the wide range of Regional Service Council (RSC) taxes proposed in Parliament.

Reacting to amendments to the Bill in Parliament this week, the Associated Chamber of Commerce (Assocom) said the "withdrawing" clause relating to partnerships was especially inadequate. "The drawings made by a partner could represent capital he had put into the enterprise and may not necessarily be profits made in business."

"This amendment should be reconsidered," said Assocom legal manager Ken Warren.

The wide base granted to Finance Minister Barend du Plessis enabled tax to be imposed at his discretion, without reference to the legislature.

Warren said a plea was made by Assocom in May that implementation of RSCs be delayed until economic difficulties in SA were clarified.

The benefits of the economic package to stimulate the economy could be negated by the introduction of taxes which

would undoubtedly have an adverse effect on the private sector.

"The private sector has to bear the major brunt of government's new sources of extracting revenue"

Federated Chamber of Industries' (FCI) legal adviser Arthur Hammond-Tooke was concerned about the wide powers given to Du Plessis.

The FCI was also concerned about the fact that RSCs would be largely appointed, rather than elected.

The potential for levies to be expanded would harm the income and employment-generating capability of some regions — a worrying aspect for the industrial community.

However, it welcomed the enhanced role of the Commissioner of Inland Revenue in the administration of the new tax system and collection of levies.

Another positive aspect was the greater clarification of the functions and methods of RSCs, Hammond-Tooke said



# Mandy calls for rethink on 'doomed' RSCs

By Colleen Ryan

The Government should "go back to the drawing board" and delay plans for Regional Services Councils (RSCs), said president of Johannesburg's Central Business District Association, Mr Nigel Mandy.

Addressing a property seminar in Johannesburg yesterday, Mr Mandy said proposed regional councils for white, black, Indian and coloured local authorities, would fail as there would be no meaningful black participation.

"The United Democratic Front, Inkatha

and many black councillors distrust and reject this system," said Mr Mandy.

He said many Soweto leaders would accept nothing less than full integration with Johannesburg.

"Such integration would certainly be resisted by the white municipal electorate, so the probability of heightened conflict is great," he said.

An alternative would be to redefine the city as a metropolis, with a two-tier, federal form of government.

"The policy of apartheid, now modified and softened to 'own' and 'general' affairs,

cannot be applied in the management of a metropolis. The great need is to find a system which takes account of the essential unit of Greater Johannesburg," he said.

Mr Mandy said RSCs were to have been introduced from January but practical difficulties had prevented this.

"For once, let us be grateful for bureaucratic delays and ask the Minister to go back to the drawing board," he said.

Referring to the Government White Paper on urbanisation, Mr Mandy said, though courageous in many respects, it paid only lip service to devolution.

Kinto River  
Road  
PE  
Sasol House  
Unibhelanga



# Transvaal to be sliced up for RSCs

Regional Services Councils are likely to be established in the Transvaal next year.

The Government is pushing ahead with the controversial councils despite resistance from many quarters.

The RSCs are being established to provide joint services to black and white urban areas and to upgrade facilities in poorly-developed black, coloured and Indian townships.

Critics say the country's economy is too fragile to introduce the RSCs while opposition politicians say the racially-bound councils will be rejected by most blacks.

The Transvaal Provincial Administration is planning the division of the province into RSC regions. Its recommendations will be passed to the Demarcation Board for public hearings and a final decision will be taken by the Administrator and five Cabinet Ministers.

Reef municipalities are still at odds about how the Witwatersrand should be divided. Johannesburg is pushing for a single RSC for the entire Witwatersrand, but towns on the East and West Rand are resisting incorporation with Johannesburg and poor areas like Soweto and Lenasia.

The province is likely to finalise its recommendations for an RSC on the Witwatersrand within the next month and a Demarcation Board hearing could take place before September.

● See Page 13.



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20/5/86. BUS DAY

# RSCs should be halted — Widman

261A

THE proposed regional services councils (RSC) should be halted "while there is still time", Alf Widman (PFP Hillbrow) told the House of Assembly yesterday.

Speaking on the white Own Affairs budget vote, he said there was a distinct danger that the quality of life of white and other local authorities could deteriorate.

There were a total of 391 white local authorities and this was "rather a large slice" that the Minister and his department were taking on.

● WIDMAN

The RSC Act showed there were 22 functions which would be handed over to an RSC and would, therefore, be taken out of the hands of the local authority.

Two of the main ones were the bulk supply of water and electricity, both being substantial revenue-producing services to a local authority.

At a time when a city like Johannesburg was in need of new motorways and an underground railway, and was running its internal transport system at a loss of R15m a year, these sources of revenue would be lost to it.

RSCs would make the greatest inroads on the existence of white local authorities, Jan Hoon (CP Kuruman) said.

He asked what would be left of white local authorities once functions such as electricity provision and sewage had been transferred to the RSCs.

Hoon said the Minister should also protect interests of whites through his jurisdiction over recreational facilities. — Sapa



# City commerce attacks RSCs

Finance Editor

MR Andrew Peile, president of the Cape Town Chamber of Commerce, delivered a sharp attack on the Government's regional services council proposals at the chamber's annual meeting.

In spite of the President's assurance that apartheid was outmoded, Mr Peile said last night, the proposed RSCs and the redemarcation of local authorities on racial lines meant there would be new forms of social and political divisions based on race.

In today's conditions racially divided second-tier government stood little chance of viability.

Businessmen appreciated the urgent need to improve infrastructure in the deprived sectors, he said.

"However, we fail to understand why this could not be done in Cape Town by extending the municipal franchise — if that is what people want — to those who were disfranchised and to those who have never been offered a vote," Mr Peile said.

There was no need to create another layer of bureaucracy.

The levies for the proposed councils were "one of the most counter-productive and illogical concepts to have emerged in our complex system of fiscal impost".

The cost of administering the levies would be detrimental.

Mr Peile called for the speeding of privatisation of the Government sector.

He said that services which could be privatised without disruption before the end of the fiscal year included:

- Some of the railway workshop maintenance;
- Almost all servicing and repair of cars;
- Long-distance road transport;
- Local collection and delivery services for Sats, and
- The delivery of books and equipment to all schools.

Mr Peile also suggested that departmental motor pools should be eliminated and their function passed to the car-and-truck hire industry.

## SA troops deep in Angola claim

The Argus Correspondent

JOHANNESBURG. — South African forces have been involved in heavy fighting 64km into Angola and 53 Angolan soldiers have been killed, says Luanda's Defence Minister, Colonel Pedro Maria Tonha Pedale.

His claims were today dismissed by the Defence Force, which said the allegations were a "rehash of regular propaganda statements in a similar vein by the Angolan government". A spokesman added: "The SADF has no comment."

However, an earlier statement by the officer commanding the South West African Territory Force, Major-General George Meiring, said 56 "enemy" had been killed for the loss of one Territory Force soldier in a follow-up operation last week.

Colonel Pedale said South African troops supported by helicopters, armoured cars and heavy artillery have been launching attacks deep into Angola.

● The Argus Foreign Service reports from London that Colonel Pedale said in Luanda yesterday

that there had been heavy fighting near Xangongo, about 64km inside Angola, and that 53 Angolan soldiers had been killed in an attack.

He said that within hours of the raids on Botswana, Zimbabwe and Zambia last week, a 600-strong South African force with 30 armoured cars and two Puma helicopters was moving through Cunene province near Calueque.

Two battalions had been in another part of the province, near Evale, five days earlier.



June 1986

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The Natal Mercury, Th

# Buthelezi calls on Govt to wait

African Affairs  
Correspondent

THE Chief Minister of KwaZulu, Chief Mangosuthu Buthelezi, has asked for a moratorium on the reconstitution of provincial authorities and the introduction of regional services councils.

In a statement yesterday, Chief Buthelezi said regional services councils, in particular, could not be an eventual success in the region without the full co-operation of blacks.

'We were not consulted about the RSCs. We were not consulted about the reconstitution of regional authorities,' he said.

'These things have been foisted on us and the Government must understand that the time has passed when the Government can decide unilaterally what is good for blacks.'

Chief Buthelezi said that, after detailed and protracted negotiations lasting many months, Natal and KwaZulu had reached consensus on the need for a joint executive authority for the region.

The South African Government had approved something which the Government itself would not have initiated.

The South African Government, he said, had risked nothing in standing aside to allow the negotiations to come to the point of consensus which had been reached.

'There is no reason why the Government should not stand aside and let this process of consensus politics gather momentum in this region of South Africa,' Chief Buthelezi said.

'All we ask at this stage is the latitude to go ahead with negotiations and to explore the limits of what can be arrived at on the basis of consensus, given the circumstances which prevail in this region and in South Africa.'



CAPE TIMES 6/6/86

## RSCs won't work — Chief Buthelezi

Own Correspondent

DURBAN — The Chief Minister of KwaZulu, Chief Mangosuthu Buthelezi, yesterday forecast that Regional Services Councils as currently proposed would not work.

Chief Buthelezi yesterday received the freedom of the borough of Pinetown, becoming the first black person to receive this honour from a white municipality in South Africa.

He said the government had piloted the Act, creating the councils, through Parliament without consulting the representatives of the black majority.

The days when it was possible for the government to make unilateral decisions were over, he said.

One of the intentions of the RSCs was to upgrade services in under-developed areas.

"Yet the system of representation is to be based on the amount of electricity and water individual areas purchase from the RSCs, Chief Buthelezi said.

"In many areas there are no electricity lines and no water piped to homes. Thus the areas most in need of the services to be provided will have minimal or no representation on the RSCs."



MEAS 4/6/76 (26/11)

REGIONAL COUNCILS

## First RSC may be in W. Cape, says Curry

By Peter Fabricius  
Parliamentary Staff

THE first regional service council would probably be established in the Western Cape, Mr David Curry, the Minister of Local Government, Housing and Agriculture, told the House of Representatives.

This could give coloured people direct representation on a body with real power and funds, he said during the debate on his budget vote.

The Labour Party faced a dilemma over participation in the RSC system because it was based on separate local authorities, he said.

But management committees had to be given real power. They could now merely advise and had "less power than a rugby club".

Participation of blacks in real decision-making at local government level had to be speeded up.

"This is critically urgent to convince the public that negotiation with the Government yields better results than confrontation, boycotts or violence."

The most important source of revenue was commerce and industry, which could not be divided. This was why the Labour Party insisted on direct representation.

If management committees could decide on planning, development and housing and were represented on regional services councils where funds would be equally distributed, they would be able to improve the standard of living of the community.

"This is our dilemma — what to do about the needs of the community. We are now going to take the powers and functions to solve those problems," Mr Curry said.

The phasing in of the regional services councils would be a "significant and meritorious event," Mr Tommy Abrahams (LP Wentworth) said.

The Labour Party could not afford to wait for the Group Areas Act to be scrapped before assuming a decision-making role at third-tier level.

Mr Patrick McKenzie (LP Bonteheuwel) said that between 1960 and 1972, when coloured people had still been represented directly on the Cape Town City Council, they had been "cheated" out of their franchise.

Only those who paid monthly rent were given the vote and the council had arranged that coloured people pay rent weekly.



# RSCs will increase wage bill — Gibson

GERALD REILLY

THE introduction of Regional Services Councils (RSCs) will send the total wage and salary bill for provincial and local-government workers soaring above R5bn a year, Progressive Federal Party Transvaal chairman Douglas Gibson said yesterday.

Not only would current over-staffing be aggravated, but several thousand more workers would have to be employed in the coloured and Indian local authorities created under the new system.

There are currently 260 000 provincial and 240 000 municipal workers, while another 20 000 work for administration boards.



● GIBSON

Separate town councils for coloureds and Indians are due to replace existing management committees.

"This will mean that, even in relatively small communities, there will be coloured, Asian and white town councils operating side by side," Gibson said.

This and the staffing of the RSCs would necessitate employment of several thousand more workers to perpetuate apartheid at local-government level, he said.

"This racial madness of separate town councils for the different race groups will cost industry and commerce millions of rands a year through the payroll and turnover taxes."

The RSC system was an extension of apartheid, Gibson said, and would be seen as such by the Western democracies.

"If the government wants to convince the world it is committed to destroying apartheid, it should abandon the costly and clumsy RSC system and allow all race groups representation on existing town and city councils."



## Delay RSCs urges chief

The Chief Minister of kwaZulu, Chief Mangosuthu Buthelezi, has called on the Government to delay the reconstitution of provincial authorities and the introduction of regional services councils (RSCs).

In a statement released yesterday, Chief Buthelezi said RSCs would not succeed without the full co-operation of blacks.

"We were not consulted about the RSCs. We were not consulted about the reconstitution of regional authorities," he said.

Chief Buthelezi said that, after detailed and protracted negotiations, Natal and kwaZulu had reached consensus on the need for a joint executive.

Chief Buthelezi said the kwaZulu/Natal Indaba would have to continue with its work, whether or not new provincial structures and RSCs were "foisted" on the region.



# Louw told 'talk to unionists'

Staff Reporter

THE PFP MPC for Port Elizabeth Central, Mr Eddie Trent, has called on the Administrator of the Cape, Mr Gene Louw, to consult with Eastern Cape trade union leaders regarding the proposed Regional Services Councils.

Speaking during the No Confidence debate yesterday, he said the government had come very close to creating a leaderless, unmanageable black society in which "there was nobody left to talk to".

"The trade unions are a key part of the political leadership in the townships. They are an important part of a smoothly functioning economic and political system."

"This government is about to embark on a new system of second- and third-tier government. Why have they not negotiated with the likes of Mr Henry Fazzie and Mr Mkuseli Jack in Port Elizabeth? Why have they not consulted the black trade-union leadership?"

He said PE's Chamber of Commerce and the Divisional Commissioner of Police had found it "useful" to do so.



# New provincial systems to set up regional service councils

By Sue Leeman,  
Pretoria Bureau

The new provincial administrations announced by the Government this week will have about 15 different portfolios — including the establishment of the new regional service councils (RSCs) — according to leader of the Transvaal Provincial Council, Mr Fanie Schoeman.

He was reacting yesterday to criticism that the Government had not yet made clear what the new bodies' functions and powers would be.

It was announced by the Minister of Constitutional Development and Planning, Mr Chris Heunis, on Monday that general affairs in each province would be dealt with by Administrators with extended, multi-racial executive committees, answerable to Parliament.

Own affairs run by the provinces were being transferred to the relevant ministers' councils, Mr Heunis said.

## BLACK LOCAL AUTHORITIES

Mr Schoeman said that, with the devolution of certain functions and powers to the new second tier, the provinces would gain certain areas of jurisdiction.

He did not elaborate on all of these, but said one of the most important responsibilities of these bodies would be to establish RSCs and develop them "from the ground up".

"The total responsibility for these has been transferred to the provinces and this will be a very meaningful task for these bodies."

The provinces would also have a lot to do with the establishment of black local authorities — if law and order was to be restored.

The administrators would have extended executive powers as well as certain legislative powers, but the latter would only be exercised within the framework of laws made by central Government, Mr Schoeman said.

## Business deserves a say on RSCs — Moss

Pretoria Bureau

If the Government wanted the community to pay — via the new employee and business levies — for the new regional services councils (RSCs), it should at least allow the business sector some representation on these bodies.

Progressive Federal

Party MPC for Parktown, Mr Sam Moss, told the Transvaal Provincial Council yesterday that as the RSCs would be elected by local authorities without reference to the taxpayers, they were essentially undemocratic.

"The RSCs will enunciate Government policy,

and they will be responsible only to Parliament. However, at the same time, they will not allow representation to the ordinary citizen and they will tax people at levels not seen before.

"But there will be nowhere for the man in the street to take the RSCs to task."

Businesses, Mr Moss said, would be paying stiff levies to finance the new bodies and should have some say in their running.

Private enterprise could play a meaningful role in the corridors of power, particularly where finances were concerned.



# Regional Councils still to be demarcated — Administrator

15/5/86 3011 261A

By Sue Leeman, Pretoria Bureau

None of the Government's planned Regional Service Councils (RSCs) will be ready to function on July 1 — the official inauguration date of the new system.

Replying to questions during the Transvaal Provincial Council session yesterday, the Administrator, Mr Willem Cruywagen, said no regions had been specifically demarcated so far and it was not possible to say when this would be done.

## NOMINATIONS

No date had yet been set for the election or nomination of properly authorised members of the RSCs, he

added.

The RSCs will be responsible for providing certain services to all communities within given regions.

Attention will focus largely on these new bodies after June 30, when the provincial councils will close up shop.

Mr Cruywagen said the Transvaal's Director of Local Government and his staff would lay the groundwork for the establishment of RSCs in the province.

Each council would be established after an investigation by the Department of Local Government and the Demarcation Board.

Permanent provincial council staff members will not lose their jobs.



# New provincial system under fire from main parties

Political Staff

PARLIAMENT — The new provincial system was the beginning of the end of effective, representative government in South Africa, the House of Assembly has been told

Mr Colin Eglin, Leader of the Opposition, said government was being taken further away from the people and increasingly into the hands of bureaucrats

The new system, outlined yesterday by the Minister of Constitutional Development and Planning, Mr Chris Heunis, came under fire from all the main opposition parties in the Assembly. The Government was urged to hold over its plans until wider agreement had been reached on the pattern of constitutional reform

Mr Eglin said the Government's "gross mismanagement" of the reform process had aggravated instability and violence.

"I suggest to the Minister that he should stop his patchwork of structure after structure until he has negotiated with blacks."

## IMPOSING SYSTEM

Mr Eglin accused the Government of imposing a system that was opposed by most South Africans, including a considerable portion of the white population

The Government's plans to impose racially based structures at provincial, regional and local level should be held over until agreement had been reached and until Parliament, which had to enact these measures, was "truly representative"

Conservative Party leader Dr Andries Treurnicht said he was in sympathy with some of Mr Eglin's criticism but neither Mr Eglin nor the Government had so far answered the key question: How do you prevent a majority government from imposing its will on minority groups?

Dr Treurnicht said it did not seem to him that the disappearance of provincial councils would bring about a real devolution of power

What was happening instead was that decisions from a streamlined top authority would be carried through to the lowest levels of government

## NO JUSTICE

There could be no justice if different groups were forced into a single political structure

Mr Derrick Watterson (NRP Umbilo) said the Government's plan was "an affront to the democratic system and to the people of South Africa"

Mr Ray Swart (PFP Berea) said a major defect of the new system was that provincial executive committee members would not be accountable to the people and the provinces concerned, but to the Government

What was needed was a strengthening, not a weakening, of second-tier government.

Defending the new system, Mr Wynand Malan (NP Randburg) said Mr Eglin was wrong in saying the system was not effective representative government.

The system did, in fact, allow people of different groups to have a say in matters affecting them

Mr Andre Fourie (NP Turffontein) said Mr Eglin claimed the Government was not implementing real reform. It appeared the only thing Mr Eglin would accept as real reform was "white capitulation and a handing over of white power to black power".



# 1,4-m blacks in city by 2000 — council

Tygerberg Bureau

THE Cape Town metropolitan area's black population will be a conservatively estimated 1,4-million within 14 years, according to the Cape Town City Council.

## Nieuwoudt gets leave to appeal

Staff Reporter

MR Adriaan Nieuwoudt has been granted leave to appeal against the Supreme Court's dismissal of his application for an order staying the sale of his properties, although the auction of his Eversdal house will go ahead today.

Mr Nieuwoudt's application for an order postponing the sale of the house and three farms in the Garies district by Mr André de V Joubert and Mr Rael Gordon, trustees of his estate, until Kubus claims had been adjudicated or until the second meeting of Kubus creditors, was dismissed by Mr Justice Berman yesterday morning.

An application for leave to appeal was granted in the afternoon.

Mr Nieuwoudt said in papers the sales would be a "serious injustice" because neither the validity of the Kubus claims nor the solvency of his estate had been decided in court.

The date of the appeal has yet to be set.

● The three farms are due to be auctioned on May 21.

## Communication seminar

Labour Reporter

A PENINSULA Technikon seminar, *Communication in Crisis — the Missing Link*, will be held at a city hotel on Thursday.

Speakers will be Professor R R Tusenius, writer and lecturer on economic, political and conflict resolution, Mr L W F D Groenewald, an employee relations manager, Professor Ampie Muller, dean of the economic and management sciences faculty at the University of the Western Cape, and Mr Dick Usher, The Argus labour reporter.

The seminar starts at 8.30am under the chairmanship of Mr C Martin of the Peninsula Technikon.

## Talk on ANC meeting

Education Reporter

DETAILS of talks between the African National Congress and a South African student delegation will be given at a public meeting at the University of Cape Town next Tuesday.

The meeting starts at 8pm in Jameson Hall.

The deputy city engineer for housing, Mr Neville Riley, told the statutory Demarcation Board, which sat in Bellville yesterday to consider proposals for boundaries for a Cape metropolitan regional services council, that the influx of black people into the area had risen from 1 000 monthly in 1980 to 9 000 in February 1985.

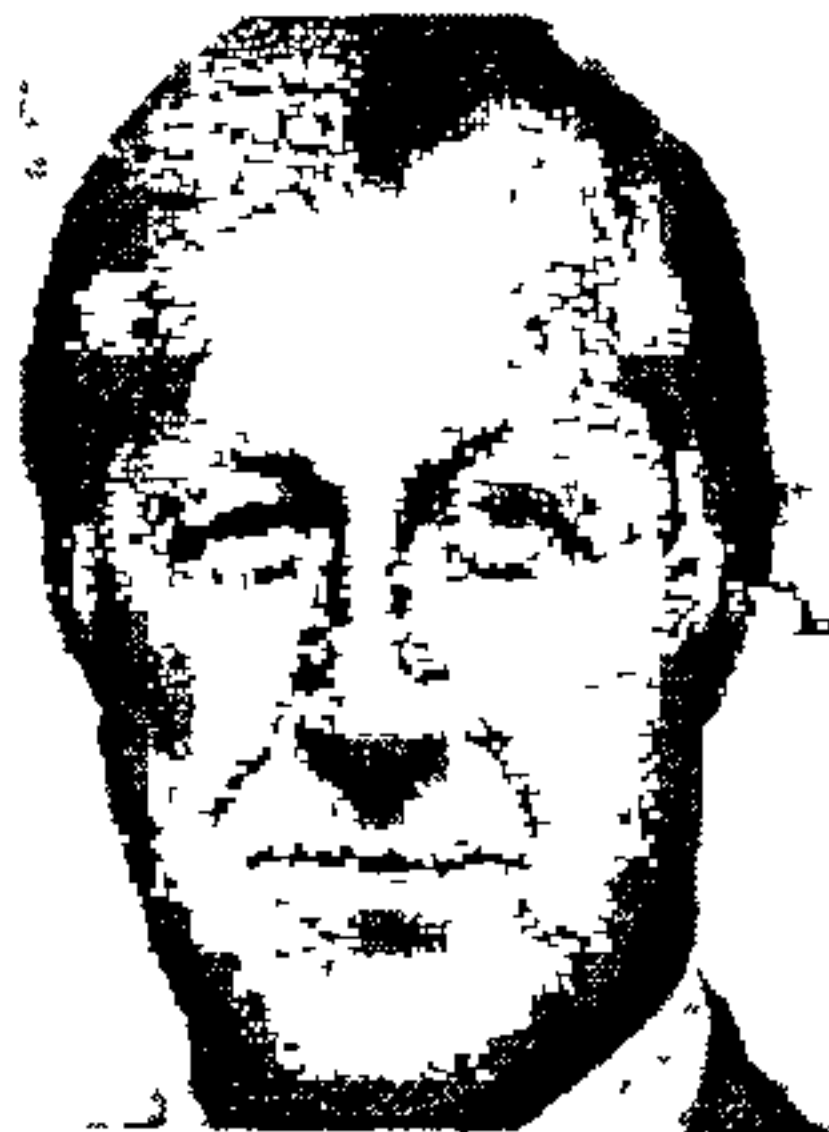
According to his department's statistics a conservative estimate was that there would be 1,4-million blacks living in the metropolitan area by the year 2000 — all of whom would have to be housed within Cape Town's area of jurisdiction, mostly in Khayelitsha.

Another area would be about 600ha in the Kuils River basin, he said.

All but two of the 15 local authority representatives who gave evidence opposed the inclusion of the Swartland in a Cape metropolitan RSC and most were against Atlantis.

Cape Town's municipal executives argued for two hours for limiting the RSC to the areas of jurisdiction of the Tygerberg municipalities, the Cape Divisional Council and the Cape Town City Council.

They were supported by Mr Roland Njola, chairman of the Cape Town Community Council who said "The RSC will be a boon to the underdeveloped black areas of Cape Town — Crossroads, Langa, Guguletu, Khayelitsha — and we believe that the smaller the area the better for us."



Mr Neville Riley



## RSC functions outlined

GERALD REILLY

THE large-scale shuffling of staff necessitated by the demise of the provincial council and the devolution of their functions were outlined by Administrator Willem Cruywagen when he opened the last budget session of the Transvaal Provincial Council in Pretoria yesterday.

He said the establishment of Regional Services Councils (RSCs) would be the start of a completely new dispensation.

Currently the department

was dealing with the establishment of RSCs for Pretoria and the Witwatersrand.

The subdivisions which dealt with the own affairs of specific population groups would be transferred to the ministers responsible for Local Government Affairs.

Referring to finance, Cruywagen said this year's budget would be drastically less than last year's R2,6bn.



# Cruywagen cautions about RSC system

By Sue Leeman,  
Pretoria Bureau

There should be no duplication of administrative structures under the new regional service council (RSC) system, the Administrator of the Transvaal, Mr Willem Cruywagen, warned today.

Opening the final session of the Transvaal Provincial Council in Pretoria today, Mr Cruywagen said the establishment of RSCs could see the start of a completely new dispensation in the field of local government and would improve the rendering of services.

"But the creation of new administrative structures will have to be guarded against," he said.

Mr Cruywagen added that as the RSCs would concern all population groups and were therefore a "general affair", they would fall under the newly constituted provincial administration, probably comprising the administrator and an extended executive committee.

The province's Department of Local Government was currently giving attention to establishing RSCs in Pretoria and on the Witwatersrand, he said.

## Own affairs

Mr Cruywagen also outlined how various provincial departments would change under the new set-up.

In the Department of Local Government, those subdivisions which dealt with the own affairs of a specific population group would be transferred later this year to the relevant ministers' councils.

"This will mean that the close ties which have existed for more than 76 years between the Provincial Administration and the local authorities will be broken."

White education in the province had already been transferred to the white ministers' council and as a result, the province's budget for 1986/87 would be dramatically down on the R2 439 million voted in 1985/86.

SPAR 6/5/86

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# Govt pushing ahead on regional councils

Mercury Correspondent

**JOHANNESBURG**—The Government seems determined to steamroll the establishment of regional services councils in spite of fears from business, local authorities and officials that the proposed system is badly flawed.

The man charged with setting up the first RSC in Bloemfontein by September 1 says he doubts it will be in a position to start providing services.

Free State director of local government Mr Willem Weibach says he has 'advised my administrator that I don't think it is correct for any RSC to get involved in providing services within the first six or nine months of their existence'.

'Otherwise they won't be able to budget for what they may decide are their priorities,' he says.

There is mounting opposition from business to RSCs — which will introduce turnover and payroll taxes at maximum rates of 0.1 percent and 0.25 percent — and fears that RSCs will add to inflation and unfairly burden companies with a high turnover and large staff.

The whole thing is abominable and grossly unfair, says OK Bazaars director Mr Alan Fabric. 'We employ a great number of people and although we may have a high turnover, we have limited returns.'

## Opponent

He objects to companies being taxed twice. 'Mass retailers can't absorb any further tax burdens. It will be tragic if we are forced to pass these additional costs to the public. Inflation is high enough already.'

Another opponent is Pick'n Pay chairman Mr Raymond Ackerman. The new payroll tax at the maximum rate will cost his company R1 800 000 a year (based on its 1985 financial statements).

Our political correspondent reports from Cape Town that there is concern over the way Government appears to be rushing through implementation of the RSCs.

Cape Town City Council executive committee chairman Mr John Muir says: 'Our concern is at the unseemly haste with which a political ideology is being imposed on a metropolitan situation, without any viability study or research being undertaken.'

He notes that it is mostly unlikely, for example, that any detailed analysis has been done into estimating

the cost of upgrading deprived areas to an acceptable level, or what it is going to cost to operate an RSC.

'There has been no consultation with us and we are in total ignorance of what is in store,' complains Mr Muir.

## Overhauled

Mr Ian Meiklejohn, deputy director (legislation) in the Department of Inland Revenue — vested with the responsibility of preparing the RSC legislation — confirms the detailed regulations are still very much in the drafting stage.

In addition, the Regional Services Act, promulgated only last year, is itself being overhauled.

Government seems set on spreading the tax net as wide as possible.

A Bill making the necessary amendments to the Act is now being prepared and is scheduled to be tabled in Parliament during the current session.

Mr Andries van Wyk, Constitutional Development and Planning director-general, emphasises that proposed rates are maximums and the level to be imposed will to a large extent depend on the needs which have to be fulfilled in a region.

Mr van Wyk makes it clear Government's view is that few enterprises should be allowed to escape the RSC tax net, the exceptions being limited to certain charitable, religious and educational institutions.

'The wider the tax base of the levies, the lower will be the rate thereof,' he contends.

State departments, including the provincial administrations, SA Transport Services, the Post Office, SABC and other statutory bodies are also being brought into the umbrella of the RSC levies.

## Fear

Mr van Wyk estimates that as much as 50 percent of the RSC levies are likely to be collected from the public sector.

A real fear of local authorities at this stage is that under the so-called policy of devolution, Government is merely going to shift some of its financial responsibilities on to the RSC.

Adding his voice to those critical of the proposed councils, PFP Finance spokesman Mr Harry Schwarz said yesterday that a whole new bureaucracy would have to be created to handle the administration and collection of the levies.

The fact that Government departments would pay the two levies did not make the system any more equitable, he said.

## GOODS MANUFACTURING

Goodwood, Simon's

Durban, Germiston, Ugerdorp, Nigel, Pretoria, Randburg, urg, Springs, Westonaria, and

erley, Klerksdorp, g, Potchefstroom, and Welkom;

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Mooi River, Parys,



Cape Times 5/5/86 2:10

## RSCs are puppet bodies, meeting told

Staff Reporter

A PACKED Release Mandela Campaign meeting at the Bonteheuwel Civic Centre yesterday passed a motion calling for the release of ANC leader Mr Nelson Mandela and other political prisoners

The chairman also called for the unbanning of the ANC and the Congress of South African Students (Cosas) and rejected the Regional Services Councils and the Labour Party as "puppet bodies"

Speakers included the recently unbanned Western Cape community leader Mr Johnny Issel, local minister the Rev Charles Martin, Congress of South African Trade Unions (Cosatu) Western Cape vice-president Mr Noel Williams and a student from the Bonteheuwel Inter-School Congress

While Mr Issel spoke youths, wearing balaclavas, walked into the hall holding an ANC flag and read a message from the exiled ANC leader Mr Oliver Tambo

Mr Issel said that "what was taking place in South Africa at the moment no bullets and no Casspirs can stop"

"The Labour Party admits it is unsafe. You are either part of the enemy or part of the people, if you are part of the enemy it is 'baie unsafe'," Mr Issel said.

While the meeting proceeded two police vans circled the hall. Soon after the meeting ended Ms Natalie McGaskil of the Hanover Park advice office was questioned and released

Another rally, of the South African Chemical Workers' Union, was held peacefully at Athlone's Kismet Cinema yesterday.



# Council agrees to act for RSC after fierce debate

Municipal Reporter

CAPE Town City Council has agreed to act as agent to collect establishment and services levies for the regional services council (RSC) for the Cape metropolitan area

During a fierce debate at yesterday's monthly meeting, Mr Arthur Wienburg said the council could not afford to give "respectability" to RSCs

"Every time we get involved with being an agent of the Government or the province we end up with headaches and heartaches," he said

## "OPTIONS OPEN"

Chairman of the constitutional committee Mr Norman Osburn disagreed and argued that council had to appraise the situation "coolly and realistically"

"Without in any way prejudicing our stance, if the RSCs are to come we must keep our options open," he said

Mr Clive Keegan was "more convinced than ever" that the city would suffer "irreparable damage" if it took part in the new system.

"It is abundantly clear by the composition and weighted voting that RSCs are not equipped to become vehicles of redistribution of wealth," he said

## "PRETTY LIMITED"

Mr Dick Friedlander said Cape Town, as the core city, should attempt to lead the situation and guide the destiny of the RSC — "and I believe it is going to be a pretty limited destiny," he said

Mr Neil Ross pointed out that it was not a foregone conclusion that the council would be appointed agent, even if it agreed

The Divisional Council of the Cape had also been asked by the Director of Local Government whether it was prepared to act as agent to collect the levies.

Executive committee chairman Mr John Muir said the RSC would appear in some form towards the end of the year "come hell or high water" and certain future members of the RSC were determined to "emasculate" the city

## "UNTRIED AND UNTESTED"

"If we don't participate someone else will on our behalf. Our assets, capital, investments, staff and expertise could be taken away," he said.

But Mr Tom Walters was adamantly opposed to participation.

"This is an untried and untested experiment by those who announced they had tried apartheid to see if it would work. It is time we stood up and said This far and no further," he said.

Council approved the proposal 20-7 after a division.

## City centre plan consultants picked

Municipal Reporter

THREE design firms have been appointed as consultants to prepare phase one of the pedestrian network for the city centre

And in spite of opposition among city councillors, R85 000 has been set aside for their fees.

Mr Jo Rabinowitz believed the proposers of the scheme were living in "cloud cuckoo-land". He said: "We haven't got the money for this sort of thing"

Mr Arthur Wienburg said pedestrianisation was not the "magic wand" which would revitalise the city centre

But Mr Gordon Oliver disagreed. He said: "We need a big, broad, dynamic approach to our city."

The chairman of the town planning committee, Mr Clive Keegan, told the council he had recently been appointed chairman of a St George's Street mall steering committee and that property owners and merchants in the area had shown an "excitingly high level" of commitment to the project

The first phase of the programme will probably be pedestrianisation between Strand and Riebeeck Streets. The three consulting firms are Revel Fox and Partners, Oberholzer and Van Papendorp and Ian Ford



FUN MAIL

REGIONAL COUNCILS

261A

## Delay inevitable 2/5/86

It is unlikely that the first Regional Services Council (RSC) will be implemented, as planned, on September 1. Though some areas, such as Pretoria, have set geographic parameters, regulations are "far from complete," according to a tax expert.

Draft regulations and schedule to the RSC Act are doing the rounds for private-sector comment. It is said that even the Inland Revenue official responsible for drafting sees them as "far from finalised."

The draft, headed "confidential," is dated November 11 1985. The Act vests Finance Minister Barend du Plessis with wide discretionary powers, entitling him to issue regulations to give effect to it. The Act can be seen as a policy document and the regulations as its teeth.

The draft regulations provide for a Regional Establishment Levy (REL), of up to 0,1% of turnover, and Regional Services Levy (RSL), up to 0,25% of remuneration (as defined). A Delimitation Committee will determine rates for each region, they may differ from place to place.

A schedule to the draft defines, for example, "financial asset;" "region;" "commencement" (still set as July 1), and "taxpayer." The schedule attempts to answer sticky areas raised by the Act, including what constitutes "turnover" of financial institutions.

These, defined as "financial enterprises," would be taxed on gross rentals, finance charges or interest received, and so on. Some bodies, such as educational, ecclesiastical and charitable institutions, would be exempt from "certain transactions."

The schedule then tackles *what* at RSC area an enterprise will be taxed in. Concepts such as fixed property, base, management, and control are used. The RSC is responsible for administering the levies but where it suspects evasion would refer the matter to the Commissioner.

Tax experts say the drafts need greater resolution. They foresee much discussion before matters can be settled, noting that the whole RSC system could have been financed by adding a point or so to the 12% GST rate. But the RSL and REL will make business and enterprises the villain for the new impost. ■



Business to be hit by more taxes

BUS DAY

251  
261A  
5/5/86



● ACKERMAN

# Govt steamrolls 'flawed' RSC plan

GOVERNMENT remains determined to steamroll the establishment of regional services councils despite fears from business, local authorities and officials that the proposed system is badly flawed

The man charged with setting up the first RSC in Bloemfontein by September 1 says he doubts it will be in a position to start providing services.

Free State director of local government, Willem Weilbach, says he has "advised my administrator that I don't think it is correct for any RSC to get involved in providing services within the first six or nine months of their existence"

"Otherwise they won't be able to budget for what they may decide are their priorities," he says

MIKE ROBERTSON and  
CHERYLYN IRETON

There is mounting opposition from business to RSCs — which will introduce turnover and payroll taxes at maximum rates of 0,1% and 0,25% — and fears that RSCs will add to inflation and unfairly burden companies with a high turnover and large staff

The whole thing is abominable and grossly unfair, says OK director Alan Fabic "We employ a great number of people and although we may have a high turnover, we have limited returns"

He objects to companies being taxed twice "Mass retailers can't absorb any further tax burdens. It will be tragic if we are forced to pass these additional costs to the public. Inflation is high

enough already"

Another opponent is Pick 'n Pay chairman Raymond Ackerman. The new payroll tax at the maximum rate will cost his company R1,8m/year (based on its 1985 financial statements)

CHRIS CAIRNCROSS reports from Cape Town that there is concern over the way government appears to be rushing through implementation of the RSCs

Cape Town city council executive committee chairman, John Muir, says "Our concern is at the unseemly haste with which a political ideology is being imposed on a metropolitan situation, without any viability study or research being undertaken"

He notes that it is mostly unlikely, for

● To Page 2 ➡



APR 28 1986

# Apartheid the 'death knell' of RSCs

The Argus Correspondent

JOHANNESBURG — The death knell of the regional services councils would prove to be apartheid, which was the foundation on which the Government had built the RSC system, the leader of the Progressive Federal Party, Mr Colin Eglin, said here.

Addressing a seminar on the councils, the first of which is due to be implemented in

Bloemfontein in June, he said the tragedy of the RSCs was that two inescapable realities remained the retention of apartheid and the Government's continued hold on power.

The RSCs were intended to provide joint services on a non-racial basis but they were in fact built on the thoroughly rotten foundations of apartheid

Mr Eglin said that a more flexible approach to the provision of joint services would have been desirable through core cities as a part solution, joint service bodies between local authorities and service agreements between local authorities.

It did not follow that the RSCs would be more cost effective simply because they were bigger.

Advertisement

## Camera Sale Big price reductions at Cameraland

By Ian Walker

I've just heard that brand new cameras are on sale at bargain prices at two of Cape Town's leading camera shops — Shap's Cameraland in Long Street and Scala Cameraland in Claremont. All the leading makes — Pentax, Canon, Nikon, Olympus, Ricoh and Minolta — are on offer. If you are new to photography, the Cameraland experts will be glad to advise you what will best suit your needs. If you already have a camera, this is a wonderful chance to move with the times into the very latest equipment. Technological progress has been so fast you will be amazed what the new generation of cameras will do for your photography. Take this advertisement with you to Cameraland and you will be given a special price! All buyers can join the Cameraland School of Photography free of charge. Their professionals will help you to learn new skills and to get even more pleasure out of your camera.

(0003475)

## Costly services 'offloaded'

The Argus Correspondent

JOHANNESBURG — The offloading of some of the Government's costly services on the regional services councils was one of the more serious implications of the new bodies, Mr Frank van der Velde MPC told the PFP seminar on RSCs in Johannesburg at the weekend.

He said the sincerity of the RSCs would determine how the standards of living and services of the poorer sections of the community were uplifted.

But whatever happened, everyone would be paying more at the end of the day without being guaranteed better services.

### PAYROLL TAX

The small percentage that was payable under the payroll tax was not a disincentive, but the danger was that the amount could rise as GST had done from its original 4 percent to the present 12 percent, he warned.

His biggest criticism of this tax was that it would discourage labour intensive businesses.

Mr van der Velde said he feared the same increase in the turnover tax. One of his main criticisms here was that it was imposed right across the board at every stage from manufacture to retailing.

Professor Nic Olivier, MP, said that the creation of a large number of new bodies to implement the Government's policy were alleged to lead to decentralisation. The opposite was true.

What had happened was "not greater decentralisation and devolution of powers and functions, but a decentralisation and multiplication of bureaucratic functionaries".

More power had been placed in the hands of the Government, especially the Minister of Constitutional Development and Planning, he said.



# RSCs high on the agenda at Cape congress

THE Cape Provincial Municipal Association (CPMA) is to hold its annual congress this week.

Doubts about the planned regional services council (RSC) system, the extension of the municipal vote to other race groups and concern over government's housing policy will be central to discussions.

The CPMA, which represents all white municipalities in the province, will meet in George from today until Thursday.

One of the most controversial de-

Own Correspondent

bates is likely to revolve around a suggestion last year by both Queens-town and Swellendam that citizens other than whites be granted direct representation on local authorities in proportion to their contribution to a town's finances.

Queenstown, which has been hard-hit by consumer boycotts during the past year, has warned that regional services councils will lead to "unhealthy race relations" and called for

urgent consideration to be given to a system of direct representation of other race groups at local government level.

A number of councils, including Cape Town, have also expressed reservations about the cost and efficiency of RSCs and the practicability of the boundaries suggested by the Province.

The executive committee of the CPMA has called for a meeting between government and the national United Municipal Executive to discuss various problems regarding regional

services councils.

The Cape Town City Council will ask the CPMA to stress the need for more land and money for housing, to urge government to update the income limit for sub-economic housing from R150 to R300 a month, and to allow local authorities which are unable to spend housing funds during one financial year to transfer the funds to the following year.

Laingsburg will also call on the CPMA to ask for the sub-economic income limit to be increased to R300 a month.

26/11/78 BUS DAY 14488



CAPE TOWN 15/4/86

# Louw: RSCs part of govt reform plans

## Municipal Reporter

THE creation of Regional Services Councils is an accomplished fact and it is futile to debate alternatives, the Administrator, Mr Gene Louw, told the Cape Provincial Municipal Association (CPMA) congress yesterday.

Opening the annual congress in George, Mr Louw said racially-mixed local authorities were "not government policy" as local government was an "own affair".

## Debate

At least two town councils in the Cape have suggested that citizens other than whites be given direct representation on local government bodies as an alternative to the RSCs.

Congress will also debate a motion calling on the government not to proceed with the implementation of RSCs "at this stage".

Responding to the opposition expressed by a number of local authorities to the new racially-based system of local government, Mr Louw said "I just want to emphasize that the government is politically

bound to reform and that the establishment of RSCs is a further step in the political process of implementing the government's reform plans."

He said he realized that many people were against RSCs because they were anti-government and others because they did not believe the new system would work.

He appealed to for a "change in attitude" as a negative approach could jeopardize the viability and functioning of the new system.

## 'Viable'

Mr Louw said the province had been instructed to divide the Cape into "viable local authorities for the various race groups", with the probable transfer of certain industrial areas to black, coloured and Indian areas to make these local authorities financially viable.

More duties, powers and functions would also be given to the coloured and Indian management committees under the new system and white local authorities would be expected to give these bodies their full co-operation, he said.



# Louw: no alternative to RSCs

GEORGE — The creation of Regional Services Councils was a fait accompli and it was futile to debate alternatives like qualified or unqualified franchise for all citizens at local government level, the Administrator, Mr. George Louw, warned the Cape Provincial Municipal Congress (CPMA) yesterday.

In George, Mr. Louw said racially-mixed local authorities were "not government policy" as local government was an "own affair".

At least two town councils in the Cape have suggested that citizens other than whites be given direct representation on local government bodies as an alternative to the regional services councils.

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Responding to the opposition expressed by a number of local authorities to the new racially-based system of local government, Mr. Louw said:

"I just want to emphasise that the government

is politically bound to reform and that the establishment of RSCs is a further step in the political process of implementing the government's reform plans."

He said he realised that many people were against RSCs because they were anti-government and others believed they did not believe the new system would work.

He appealed to for a "change in attitude" as a negative approach could jeopardise the viability and functioning of the new system.

More duties, powers and functions would also be given to the black, coloured and Indian areas to make these local authorities financially viable.

Mr. Louw said Provincial government commitment had been instructed to divide the new system into "viable local authorities for the various racial groups", with the probable transfer of certain industrial areas to

26-1A  
15/4/86 DISPA

Opening the annual



# ‘RSCs put local government on a new road,’ — Immelman

## Municipal Reporter

GEORGE — An “emotional flood” was sweeping the country and could only be checked at ground level by better relationships, more understanding and “real communication”, Mr S Immelman, president of the Cape Municipal Association, has warned.

He was delivering his presidential address at the association’s annual congress in George.

He described the new Regional Services Councils (RSC) Act as “far reaching” and said it had placed local governments on a “completely new road”.

## Importance

He believed it was of “cardinal importance” to choose chairmen who enjoyed the confidence of all participants and who could provide the necessary leadership.

“When RSCs are implemented there will be no time to learn — positive action will be expected immediately,” he said.

Deliberate and sophisticated misinformation posed a threat to South African society, said to Mr A A Venter, Minister of Local Government, Housing and Works in the House of Assembly.

There was therefore a great need for a “competent information vehicle” to convey the latest developments in local government and housing.

## Black housing

Mr Venter appealed for support for a country-wide survey of housing needs for coloured people, Indians and whites.

“A dependable data base is a prerequisite to successful future planning,” he said.

Earlier, Mrs Eulalie Stott, a Cape Town City Council delegate, asked for the survey to include black housing needs.

“They form the major section of the population and one hopes the authorities will see to it this is done,” she said.



Mr A A Venter

## Housing funds call approved

### Municipal Reporter

GEORGE — A Cape Town City Council motion that State departments carry over unspent funds for housing from one financial year to the next was unanimously approved by the congress.

A second part of the motion — that the association emphasise the need for more land and money for housing — was similarly adopted.

There was a brief altercation between Mrs Eulalie Stott, chairman of Cape Town’s housing committee, and Oudtshoorn Town Clerk Mr Mike Schultz.

Mr Schultz said Oudtshoorn had used its share of R600-million made available by the Government to ease unemployment and create housing. This would become the permanent source of capital for further housing funding, Mr Schultz said.

“Oudtshoorn has a fascinating way of ignoring regulations — we were specifically prevented from using it for housing,” Mrs Stott retorted.



Cape Times  
y, April 18, 1986

261A

# RSCs accepted as a 'starter'

Own Correspondent

GEORGE — Regional Services Council (RSC) legislation has been accepted by the Cape Province Municipal Association (CPMA) as the point of departure for evolutionary reform at local government level.

There was lengthy and lively debate on the RSC question on the final day of the CPMA annual congress after Queenstown initially put a motion to the body's executive which expressed grave

reservations about the system that will transform local government.

The executive, after discussing the matter, reported to the congress that it had urged that a United Municipal Executive (UME) sub-committee discuss the issue, because the CPMA wanted RSCs to succeed, in spite of the problems

## Accepted

However, when the issue arose yesterday, Dr Theuns Schlebusch of Queenstown proposed a six-part motion — eventually accepted — that RSCs be accepted as the departure point for evolutionary reform of local government. He asked, however, that relevant government departments continue seeking better financial arrangements — while to avoid delays those existing were accepted — for the greater satisfaction of those involved.

## Support

During debate Mr CWA Keegan of Cape Town said that RSCs were doomed to fail because of their political foundation and that they were not an acceptable form of government to the vast majority of blacks — who saw them as a deliberate entrenchment of apartheid.

The system of own affairs was an administrative nonsense on the third tier of government, he said.

He urged that the State or Province be asked to devise a system of non-racial local government which would enjoy the active support of all communities in South African society.

Mr Graham Young of Port Elizabeth said a more acceptable method of representation of the black community should be found.

Mr Robbie de Lange of East London said RSCs were being bedevilled by politics, while Mr Errol Spring, also of East London, said the system had to have the support of the people it was designed to serve.

## All sectors

Whites alone could not make RSCs work, he said, and the time had come to meet all sectors of the population to arrive at a system which would have support.

Mr LJ Rothman of Goodwood criticized the congress's "negative attitude" to RSCs.

"They can work if we make them work," he said.

Dr Schlebusch's motion also asked that strict controls be exerted in the creation of an infrastructure for an RSC and the appointment of staff, that no RSC would be forced or expected to take over liabilities without assets and that the principle of reform with the strict enforcement of law and order be emphasized.



AK 15 18/4/86

## MUNICIPAL CONGRESS

# Council fought lonely battle against RSCs

By JOHN YELD  
Municipal Reporter

CAPE Town City Council fought virtually single-handedly to try to persuade the Cape Municipal Association to abandon support for regional services councils.

Cape Town delegates told the association's annual congress in George yesterday that RSCs were "doomed to failure" and would bring civil unrest.

"For the vast majority of coloured, Indian and black people this is simply not an acceptable basis for regional government," Mr Clive Keegan said.

### SOME SUPPORT

Mrs Eulalie Stott said the only way to find peace was to recognise the right of all citizens to make a contribution.

There was some support from East London's Mr A E Spring, who said "Changes to the system must have the support of the people the system is designed to serve".

But the congress overwhelmingly adopted an amended motion from

Queenstown delegates, who originally also asked for the whole question of RSCs to be reviewed.

Queenstown delegate and honorary life president of the association, Dr T G Schlebusch said he had held "fruitful" discussions with Mr Chris Heunis, Minister of Constitutional Development and Planning.

The congress adopted Dr Schlebusch's proposal that:

- RSCs be accepted as a starting point for "evolutionary reform" at local government level but that existing consultation be expanded,

- The financial regulations for RSCs be accepted to avoid delays but that Government departments seek ways to improve these,

- Strict controls be exercised over the creation of infrastructures for RSCs and the transfer of staff,

- No RSCs be obliged to take over only the liabilities of bodies they replaced, and

- "Reform must go hand-in-hand with the strict application of law and order"



Area 5  
14/4/86 (26/18)

## Spotlight on RSCs at Cape congress

### Municipal Reporter

REGIONAL services councils (RSCs) and the changing face of local government will come under the spotlight at the annual congress of the Cape Municipal Association (CPMA) which starts in George today.

The congress will be opened tonight by the Administrator, Mr Gene Louw.

Among items which Mr Louw may deal with is the controversial draft ordinance which gives him the power to dismiss or withhold payment from elected local government representatives.

### "BIG STICK"

This so-called "big stick" legislation was approved at the recent sitting of the Provincial Council after fierce opposition from the Progressive Federal Party and has subsequently been strongly criticised by city and town councillors.

Even if Mr Louw does not touch on this issue it will still be discussed. At the last meeting of the Cape Town City Council Mr Dick Friedlander, an elected member of the CPMA executive, promised to raise it at the congress.

Mr Louw may also refer to a motion by Swellendam calling for coloured representation on town councils which was held over from last year's congress after protracted debate.

### UNREASONABLE

Several motions before the congress refer to RSCs, including two from the Cape Town City Council dealing with the necessity for RSCs to run cost-effective operations and the question of unreasonable financial burdens on local authorities.

The congress will also consider an executive committee report on the demarcation of boundaries for Cape RSCs.

Other items to be discussed include unrest in urban areas and the funding of housing schemes.



# Indaba call to delay Govt changes likely today

Political Staff

DURBAN — A call for a Government moratorium on the scrapping of the Natal Provincial Council in June and on the implementation of the regional services councils, was on the cards today as one of the first issues for the Natal/kwaZulu indaba.

And it is understood that the Natal executive has told the Government it is not prepared to go ahead with the establishment of the regional services councils until there is agreement from kwaZulu.

A number of delegates to the indaba, including Mr Frank Martin, Natal senior MEC, indicated today that they would support the call for a moratorium on both issues.

KwaZulu, with the support of the Natal Provincial Executive Committee, has already asked the Government to delay the scrapping of the Provincial Council.

## UNDERMINE

Some delegates feel the two measures could seriously undermine the indaba.

And the indaba could make proposals that may result in the necessity — if the Government accepted the recommendations — of a change in the new Government-mooted structures soon after their implementation.

Indaba delegates decided yesterday that observers would be given speaking rights.

Chairman Professor Desmond Clarence, said the observers, who include the National Party representatives, had not asked for such rights but would be given them.

They would not be able to vote, however.

White right-wing attempts to denounce the indaba were brushed aside today.

The indaba has sparked the formation of a group of ultra right-wingers under the name of Action White Natal.

A letter from its chairman, Mr Chris Wolmarans, to members of the indaba said the indaba had no right to negotiate or discuss the future of whites.

● See Page 11.



# City 'will lose R3-million when RSC is established'

## Municipal Reporter

CAPE Town will lose about R3-million, as an immediate result of the introduction of a regional services council, according to deputy city treasurer Mr Donald Geyer.

This includes R2,5-million which the city receives from trade licences. In terms of RSC legislation, certain taxes — including trade licences, transport levies and black labour levies — will fall away.

Addressing a city council-sponsored symposium on regional services councils for businessmen, Mr Geyer said the bad news was that levies of a maximum of 0,1 percent of turnover and 0,25 percent of total payroll would become payable.

The self-assessed taxes would be collected on an agency basis and a "tremendous" amount of publicity was necessary to inform people that they were liable, Mr Geyer said.

It appeared that the tax net would be cast as wide as possible.

## The "sting"

The provincial secretary proposed that the Cape metropolitan regional council initially take over only bulk water supply, land use and transport planning, and ambulance, fire and health services. This way, Cape Town could save about R11-million.

But the sting in the tail is that we are not sure whether the RSC can charge a local authority for providing a service, Mr Geyer said.

● The council is to send a delegation to the Demarcation Board when it meets in Bellville next month to consider proposals for RSC boundaries.

The Administrator, Mr Gene Louw, has proposed that the regional council include the divisional council areas of the Cape, Paarl, Stellenbosch and Swartland up to Elands Bay.

The city council has proposed a smaller area consisting of Peninsula municipalities Goodwood, Parow, Bellville, Durbanville, and the Divisional Council of the Cape — and the Brackenfell and Kuils River magisterial district.



## Plans for regional services councils - nearly finalised

Pretoria Bureau

Plans for regional services councils (RSCs) on the Central Witwatersrand, the East Rand and the West Rand are being finalised and will be submitted to the Demarcation Board soon.

The Administrator of the Transvaal, Mr Willem Cruywagen, told the national congress of the South African Fire Services Institute an attempt would be made to establish RSCs in the eastern, northern and western Transvaal by the end of the year.

Proposals for Pretoria's RSC were already before the Demarcation Board, he said.



# Govt disguising RSC policy as a 'triumph'

THE harder the government tries to disguise its elaborate new plan for local government as a triumph for democracy, the clearer it becomes that the whole charade is nothing more than an attempt to placate its opposition while maintaining domination over a powerless majority.

A glossy little pamphlet (paid for by you, dear reader) has been issued in an attempt to win the hearts and minds of the sceptics.

The new Regional Services Council system, it says, will broaden democracy, eliminate domination of one group by another and discrimination based on race, colour and creed, provide local government services as efficiently as possible, promote development and provide services in areas with the greatest need.

## Error

There is an interesting typing error on the contents page of this little piece of propaganda.

Page two, according to the list of contents, is devoted to "objections".

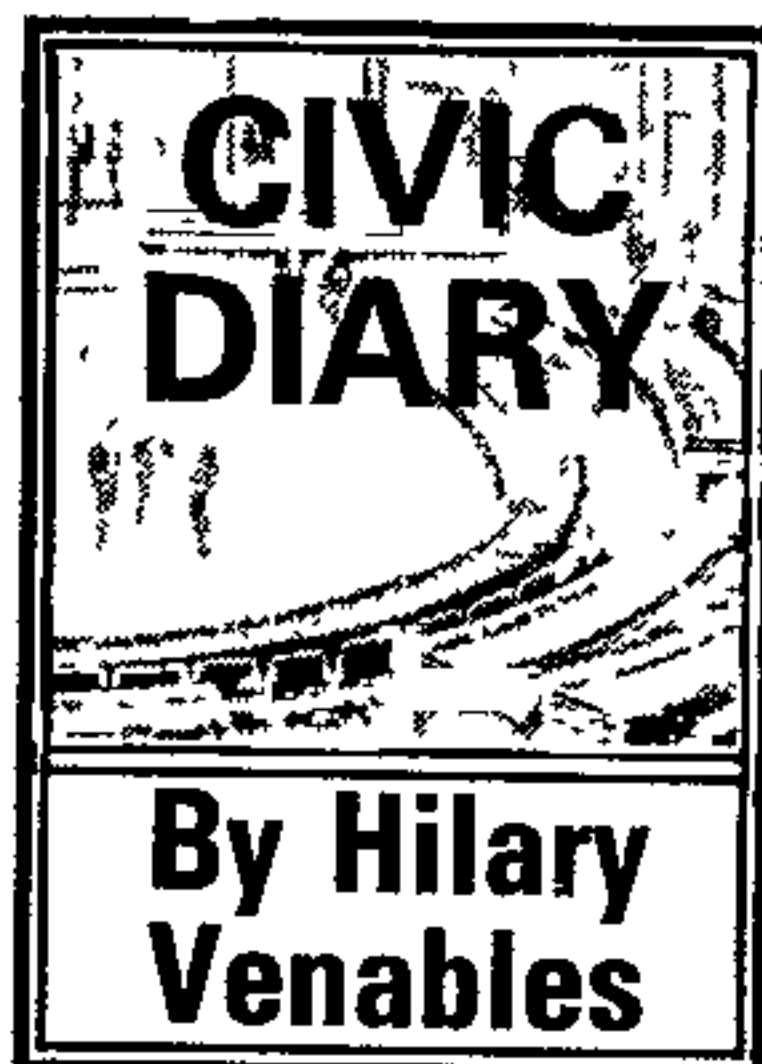
Of course it isn't. It contains the list of "objections" quoted above.

There is no attempt to counter the mounting criticisms from every section of the community of what many perceive as a racist, dictatorial and economically disastrous system.

Set against the government's flashy little flyer are volumes of scholarly documents from local authorities, academics and businessmen, patiently pointing out the flaws in the system and urging the government to reconsider.

One of the most interesting of these is a report from UCT's Urban Problems Research Unit (UPRU).

The report concentrates primarily on the



implications of the new system for Cape Town — which has a long history of opposition to government structures.

The writers carefully dissect each element of the new deal, from the system of representation — weighted in favour of affluent white authorities — and the extensive provisions for central government intervention, to the regional levies which will finance the new bureaucracy.

Every claim made in the government's brochure is systematically refuted as the report demonstrates just how tight a hold the government will have on local authorities and how the distribution of votes and the regional method of financing the new system will aggravate rather than eliminate inequalities between black and white.

The most interesting chapter in the UPRU document, however, is a section with suggestions for an alternative, more appropriate form of local government.

## Vote

The first and non-negotiable requirement, according to the writers, is a system of universal franchise with each citizen over 18 being given a single and equal vote.

But this alone would not guarantee all groups equal access to power or

a fairer redistribution of wealth.

Devices would have to be created which encourage participation by all citizens and enable "disadvantaged groups" an equal say in decision-making.

## Funds

Funds should be collected on a national scale and should not jeopardize prospects of economic growth and employment creation.

Both functions and powers should be decentralized as much as possible to ensure that people have direct control over issues affecting their lives and that local authorities will have the power and finance to alleviate poverty.

The writers give numerous examples of alternatives, based on systems used in other countries, to illustrate their argument.

They emphasize, however, that the details of the system would have to be worked out "through a process of consultation with a wide range of local groups and organizations".

## Control

Their approach is a radical departure from the government proposals and is based on giving individuals direct control over their representatives, their authorities and their own lives.

It requires the minority government to sacrifice the power it wields over an increasingly rebellious majority in exchange for a more equitable, stable and peaceful South Africa.

The fact that the government, even if it reads the report, will trample its suggestions underfoot in its quest for more and more power, is a tragedy — not only for Cape Town, but for the country as a whole.



FIN MAIL 21/3/86

LOCAL GOVERNMENT

261A

## New RSC boundaries

The disclosure last week by Constitutional Development and Planning Minister Chris Heunis that he has effectively ordered the redistribution of wealth at local government level, is clearly aimed at improving the prospects of the soon-to-be-implemented Regional Services Councils (RSCs).

However, critics of the system have pointed out that the latest development underscores government's insistence on racially-based local authorities. Moreover, that it will force businessmen and industrialists into political pigeon-holes, possibly to the detriment of their undertakings.

### Tentative proposals

Heunis made his announcement at the United Municipal Executive annual meeting in Cape Town. He said he had asked the four provincial administrators to consult with local authorities and come up with "tentative proposals" for redrawing municipal boundaries. It was essential, Heunis added, to establish workable units that could co-operate in the proposed new third-tier structures.

Clearly, Heunis was well aware of this potentially explosive step. He stressed that it was being undertaken with the closest possible co-operation from all interested parties, and any proposals would be "tentative" and

"preparatory."

In effect, Heunis's plan means sections of industrial or business areas currently under the jurisdiction of white local authorities could be incorporated into black, coloured or Indian local authorities to provide a revenue base.

The possibility of major disruption of services or infrastructure should an inexperienced local authority take over certain areas, would be minimised by the RSCs. They will be responsible for the main service functions of all areas under the respective jurisdictions of member municipalities.

A major obstacle to the establishment of successful black, coloured and Indian local authorities has been the lack of a rates base. White municipalities rely heavily on rates from commercial and industrial areas to keep themselves profitable.

Heunis gave no indication of when the new boundary proposals would be available. But it seems government will want the matter finalised quickly to avoid problems arising from the lack of a rates base of many of the non-white local authorities that will be RSC members.

A number of white local authorities, including Cape Town, have repeatedly urged government to allow them to establish non-racial local governments and scrap racial boundaries between suburbs. Heunis's latest move appears to be a further rebuttal of such requests.



21/3/86  
STAR

## RSCs look destined to fail — Eglin

Political Staff

PARLIAMENT — The proposed Regional Service Councils (RSCs) were undermining effective local government by insisting it operate on a racial basis, the Leader of the Official Opposition in the Assembly, Mr Colin Eglin, has warned.

The RSCs were running into problems even before they were established, he said.

One of the prime reasons for this was that though the RSCs had to deal with "general affairs", the Government insisted they should be constituted of members coming from racially based local authorities.

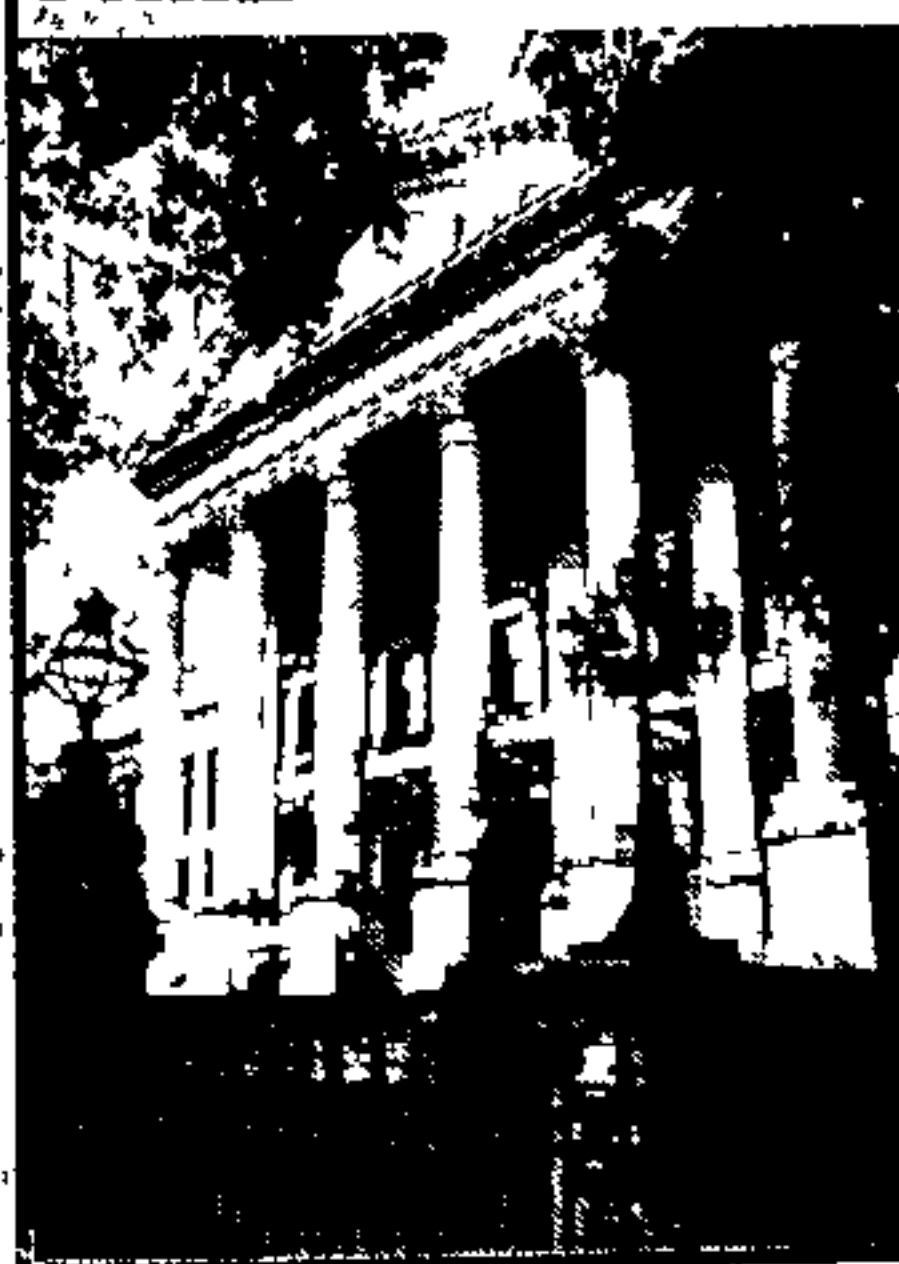
The Government is compelling people who want to participate in nonracial RSCs first to identify with racially based local authorities.

The shabby tricameral system should be scrapped before the next election, he said.

Another election under the present racially-based tricameral constitution would be a disaster.

The constitution should be replaced by one in which all South Africans could participate — Sapa

PARLIAMENT '86





Cape Times 21/3/86  
261A

## White groups oppose RSCs

**Municipal Reporter**

TWO white ratepayers' associations in Cape Town have added their voices to condemnation of the government's new racially-based system of local government.

In a letter to the City Council, the Ward 14 and 15 Ratepayers' Association opposes the system primarily because it views it as "an entrenchment of apartheid".

It criticizes the considerable power the government will have over the RSCs and says this central control will make the system unacceptable to blacks.

"It is greatly feared that, in consequence of its probable rejection, the system proposed will not prove practicable."

The association also criticizes the proposed regional taxes on industry and commerce, saying these will "adversely affect enterprises vital to the recovery of South

Africa's prosperity".

The Ward 17 Ratepayers' Association has written to the demarcation board — which will draw the final boundaries for the RSCs — to express fears that the RSCs will result in "a bureaucratic concentration of power".

The link between the general public and the larger, more remote regional authority would be "attenuated" and the public's representation "substantially diluted".

The association says the new taxes on the business sector "could ultimately add to a diminishing economy and that, instead of building towards a better and stronger economic climate, many more firms are going to go under".

It says the introduction of the system at this stage "seems to us a dangerous venture which could lead to the destruction of grassroots representation at the local level".



# Business deserves place on new councils

Municipal Reporter

restrictive monetary policies

As the business community was making the major financial contribution to the Regional Services Councils, it could at least expect representation, a leading businessman said yesterday

Past president of Assocom Mr W S Yeowart told the conference of the Institute of Municipal Treasurers and Accountants the business community accepted there was a price tag to reform but was concerned that State spending continued unabated. This was in spite of the business community having totally absorbed the devastating effect of the Government's harshly

Standing at 35 percent of the gross national product, State spending was undoubtedly one of the causes of the high inflation rate.

There was no doubt business would foot the bill for the RSCs, which had a great potential of contributing to the inflationary spiral unless they were subject to rigorous discipline.

On the two new taxes to be implemented, Mr Yeowart questioned the wisdom of introducing a "payroll tax" at a time of considerable unemployment. He said the "turnover tax" must be questioned as there were businesses existing on high turnover and low margins

## 'Local government is key to SA's future'

Municipal Reporter

Local government holds the key to a peaceful or tearful South Africa, and in the long run what hampers local government can be reduced to a matter of finance.

This was said yesterday by Mr I Richards, MP for Toekomsrus, at the 57th conference of the Institute of Municipal Treasurers and Accountants being held in the Johannesburg City Hall.

He added that if reform did not succeed at local level it would not succeed at any other level.

Housing posed the biggest potential for dissatisfaction and although the provision of housing had accelerated tremendously, a huge backlog still existed.

"Did not the black community councils largely fail because they did not have the finances to provide the needs of the people? Is it not true that in these areas the State owned up to 90 percent of the properties? We must move away from the situation where the State is the landlord, towards home-ownership for all," he said.

## Nixdorf head dies at fair

Mr Heinz Nixdorf, the company founder and chairman of Nixdorf Computer AG, died suddenly at the Hanover fair in Germany last night.

Born in Paderborn in 1925, he started his first company from a basement workshop in Essen and built it up to a multinational conglomerate with 72 companies.

The company still operates according to the basic principles propounded by Mr Nixdorf.

Nixdorf's growth-rate over the last few years has been significantly higher than the industry norm, with an average of 21 percent per annum



19/3/86  
STAR

## Anglo's chairman questions credibility of RSCs

By Shirley Woodgate,  
Municipal Reporter

Regional Services Councils (RSCs) would not achieve credibility unless separate representation by different racial groups based on the Group Areas Act was removed, warned Anglo American Corporation chairman, Mr Gavin Relly, today.

This was part of a stinging attack on aspects of the RSCs, delivered during his address to the three-day conference of the Institute of Municipal Treasurers and Accountants in the City Hall.

He said if colour was the determining factor for representation, the RSCs would provoke the same hostility directed at the present community council system. This would continue until representation was territorially based.

### CONSTITUENCY

He sympathised with those who questioned RSCs' capabilities to redistribute wealth among local authorities, saying, "The Government's constituency is not among disadvantaged townships but among advantaged whites who will be reluctant to support such redistributions, however desirable to themselves."

The opening of central business districts for trading and ownership by all races was seen as flying in the face of the racially based RSCs.

If the political institutions did not match

moves towards social and economic integration, they were creating systems that could not possibly work, he said.

### TURNOVER

Moving on to the turnover tax, Mr Relly said it appeared this would be levied at each stage of production. This meant firms with a higher proportion of profit to turnover would pay a smaller proportionate tax than those whose profits to turnover tax was lower.

While this tax, which would be imposed regardless of profitability, would be initially less than one percent, a rate of two percent would wipe out the entire profits of the motor industry, which had the lowest profit to turnover ratio of all South African industry, he said.

The tax was also a disincentive to efficient production. Firms such as supermarkets which achieved reductions in cost which were passed on to consumers through lower mark-ups would be heavily penalised.

### CONCERN

On the other hand, efficient firms with high mark-ups and low turnover, would be taxed more lightly.

Another cause for concern was the payroll tax. "Great concern has been expressed that the effects of this will be to create unemployment in areas served by RSCs."

"The combined effect of these taxes will be to encourage development outside the metropolitan areas, implementing the Government's decentralisation policies at the expense of the large cities."

"The RSCs have the potential to make a much needed contribution towards developing services and infrastructure in disadvantaged areas. It is unfortunate that their functions have been limited to 'hard' services, excluding housing and recreation," Mr Relly said.



Call to scrap racial underpinning

26/11/86

# Relly queries RSC township credibility

REGIONAL Services Councils would not achieve credibility in black townships unless their racial underpinnings were removed, Anglo American chairman Gavin Relly told the Institute of Municipal Treasurers and Accountants conference in Johannesburg yesterday.

He said that while RSCs would provide a forum for different race groups to debate issues, recent events had proved that most black communities had rejected all forms of separate representation based on colour.



● RELLY

"In terms of their socio-political implications the most important aspect of RSC's is that separate representation by different racial groups based on the Group Areas Act is fundamental to their structure. This, I believe, will be the RSCs' greatest stumbling block".

Relly said there could be no doubt that SA was moving towards more social and economic integration. "If our political institutions do not match these moves towards integration then we are creating systems that cannot possibly work".

He asked how one would explain to the black shopkeeper in Commissioner Street, or the Indian shopkeeper in Diagonal Street, who both paid rates and taxes, that their interests might be represented on different bodies, which were again different to those of white shopkeeper neighbours.

Relly also criticised the proposed turnover and payroll taxes that would fund the RSCs.

Relly said it appeared turnover tax would be levied at each stage of production. An obvious result of this system would be that firms which enjoyed a

PETER WALLINGTON

higher proportion of profit to turnover would pay a smaller proportionate tax than those whose profits to turnover ratio is lower.

Another result would be a natural tendency of firms to integrate vertically to shorten the chains of production to avoid being taxed at each stage, and the tax would be a strong disincentive on efficient production.

Payroll tax would be calculated as a percentage of the total wage bill of all employers. "Great concern has been expressed that the effects of this will be to create unemployment in areas served by RSCs.

He said the combined effect of these taxes would be to encourage development outside metropolitan areas. The taxes would do the work of implementing governments decentralisation policies to enhance rural growth points at the expense of the large cities.

"The development of our cities is so important in creating job opportunities and economic growth for the good of all whether in urban or rural areas".

Other points raised by Relly included:

□ Government's decentralisation policy had only partially succeeded. People were prepared to risk falling foul of legislation to seek employment in towns because rural areas were not capable of providing the means of living;

• "They vote for urbanisation with their feet whether the authorities like it or not" he said.

□ The urbanisation process would provide challenges for private and public sector alike. Municipalities would have to cater for ever-growing demands of their existing constituents but would also have to lay on services for the new influx of people.



# Relly in warning on credibility of RSCs

26/11/1986  
F. Post

JOHANNESBURG — Regional Services Councils (RSCs) would not achieve credibility unless separate representation by different racial groups based on the Group Areas Act was removed, warned Anglo American Corporation chairman, Mr Gavin Relly, today.

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The tax was also a disincentive to efficient production firms such as supermarkets, which achieved reductions in cost which were passed on

to consumers through lower mark-ups, would be heavily penalised.

On the other hand, less efficient firms with high mark-ups and low turnover, would be taxed more lightly.

Another cause for concern was the payroll tax.

"Great concern has been expressed that the effects of this will be to create unemployment in areas served by RSCs.

"The combined effect of these taxes will be to encourage development outside the metropolitan areas, implementing the Government's decentralisation policies at the expense of the large cities.

"The RSCs have the potential to make a much-needed contribution towards developing services and infrastructure

in disadvantaged areas. It is unfortunate that their functions have been limited to 'hard' services, excluding housing and recreation," Mr Relly said.

● As the business community was making the major financial contribution to the RSCs, the least it could expect would be representation, said Mr W S Yeoward, past president of Assocom.

He said the business community accepted there was a price tag to reform, but it was concerned that State spending continued unabated. Standing at 35% of the gross national product, State spending was undoubtedly one of the causes of the high inflation rate — Sapa.



capk Traps 26/17  
6/8/86

# RSC: 'No' to Swartland

Municipal Reporter

LOCAL authorities in the Western Cape are unable to agree on the boundaries for Regional Services Councils, although most have rejected the suggestion from the Provincial Administration of a single RSC to include the vast

Swartland area

The chairman of Stellenbosch Divisional Council, Mr Steve Smith, said 80 percent of the local authorities within the Paarl and Stellenbosch divisions — including management committees and black community councils — were opposed to serving

on the same RSC as Cape Town

One of the reasons was that the white local authorities in the area enjoyed "very close and effective communication with the local management committees and community councils" whereas the Cape Town City Council had an uneasy relationship with these racially-constituted authorities.

Mr Smith said Paarl and Stellenbosch considered themselves rural areas and did not have much in common with metropolitan Cape Town.

Two smaller RSCs would be cheaper than a single large one, and his council was not convinced that it would benefit financially from being lumped together with the Swartland or with Cape Town.

He said "The per capita income of people in this area is more or less the same as that in Cape Town so I don't think serving on the same council as Cape Town will bring more money into our area."

## Opposed

Fish Hoek Town Council and the Cape Town City Council have already stated their opposition to the inclusion of the Swartland into a single RSC.

Now Milnerton Town Council says it is also opposed to serving with the Swartland.

In contrast to Cape Town, however, which wants an RSC confined to the Cape Divisional Council area plus the Brackenfell and Kuils River magisterial districts, Milnerton would like to include Parow, Bellville, Goodwood, Durbanville, Paarl and Stellenbosch.

## Local option

The Milnerton Town Clerk, Mr Jan Veldsman, said his council favoured local options for areas within the RSC.

The northern areas would have different needs from the southern areas in certain circumstances, and the system should provide a framework in which different areas could make different decisions.

The Provincial Administration, to which local authorities have submitted their recommendations, has conceded that there is some difficulty getting consensus about boundaries and how many RSCs there should be. Although more than half the local authorities in the area have opted for two or more RSCs, the Province has recommended to the demarcation board that a single RSC be established to include the Cape, Stellenbosch and Paarl divisional council areas.



PROVINCIAL COUNCILS 261A  
FINAL 7/3/86  
**Sacking dissidents**

New measures bulldozed through the Cape Provincial Council this week effectively give the Administrator powers to sack elected town and city councillors who try to thwart the implementation of government policy, and to replace them with his own appointees.

The measures are seen in opposition circles as a blatant move by government to stamp out opposition to the establishment of Regional Services Councils (RSCs) and coloured management committees, particularly by the Cape Town and East London city councils.

Existing ordinances give the Administrator the power to dismiss or discipline councillors, but only for clearly defined offences such as misconduct. The new laws are wide open, according to Progressive Federal Party (PFP) MPCs, and effectively allow him to dismiss or fine councillors who refuse to comply with government policy.

The measures could mean that if Cape Town and East London city councils refuse to co-operate with the implementation of government policy, individual councillors or even the entire council could be sacked by the present Administrator, Gene Louw, and replaced with his appointees. Appointed councillors would not be responsible to ratepayers, whose funds they would be administering.

At a Cape Town City Council meeting last month, councillor Clive Keegan proposed a boycott of the RSCs. Although his motion was defeated, most councillors were clearly sympathetic, but felt that by opposing government's wishes they could be jeopardising the interests of the city and its ratepayers.

Councillors voted overwhelmingly to urge government to investigate the feasibility of a "local option" for the Cape Town region before going ahead with the establishment of an RSC.

The council is concerned that residents will have no direct representation on the RSC; that if a two-thirds majority for any decision cannot be reached, any deadlock can be broken by Louw deciding the issue, and that commercial and industrial areas — which will contribute the bulk of RSC fi-

nances — will be excluded when calculating the voting powers of the constituent municipalities.

The new provincial measures will also allow Louw to effectively appoint members of coloured and Indian management and consultative committees and black local authorities if they are unable or unwilling to carry out government policy or participate in the RSCs.

The PFP has strongly opposed the new measures. John Sonnenberg, PFP MPC for Green Point, said last week that the measures would be used by Louw to punish public representatives who opposed government policy. Jan van Gend (PFP Constantia) described the move as "out of line with the principle of democracy" and completely counter to government's stated desire to devolve power.

The Nationalist member of the executive council for Local Government, Willem Bouwer, defended the new measures, claiming they were necessary for orderly government. He pointed out that some Cape local authorities had been "apathetic" towards the establishment of coloured management committees. ■



REGIONAL COUNCILS

# Will property pay the piper?

The property industry's relief at being excused the burden of collecting a floor levy tax to help pay for the new Regional Services Councils (RSCs) may be short-lived.

While government may have scrapped its controversial idea to tax landlords on rentable areas (*Property* March 8 1985), it is causing renewed anxiety in the industry with its proposed new turnover tax. This tax, it now appears, will also apply to property traders.

On February 7, the first proposed RSC was demarcated in the *Government Gazette*. This council will essentially cover the greater Cape Town area, excluding the city itself.

Government has thus shown that it is determined to press ahead with the RSCs, which will eventually take over many of the present functions of municipalities and provincial authorities. In the process, fears Sapo executive director Peter Erasmus, the councils will merely become another tier of government with which the private sector will have to contend.

Officially, the RSCs' stated function is to "co-ordinate the supply of basic services." To begin with, such functions will probably be limited to the bulk supply of water, electricity and sewerage purification works.

Such a low-key start is unlikely to raise many objections since there are many reasons why contiguous municipalities should pool their resources for the common good.

But no one is being fooled. Business sees the RSCs as government's way of getting rid of its responsibility for essential services to black communities.

This may also sound reasonable on the face of it, but what concerns the private sector is costs. At least in the early stages, it sees itself as main provider for yet another tier of government, while having to deal with additional problems, which will inevitably arise from dealing with a new form of bureaucracy.

What is worrying the property industry is the turnover tax, much of which will come from property traders who deal in big numbers.

First suggestions are that the amount will be no more than 0,5% initially, which would raise R5 000 in taxes on a sale of R1m. But the industry is only too well aware of what happened with gst, which was also comparatively minor when introduced, but has subsequently tripled in eight years.

The fear is that, as political demands on the RSCs grow, so too will the industry's contribution.

Initially, political power in the RSCs will rest essentially with those who are the biggest contributors. But that situation could

easily change, property developers fear, as political realities emerge.

The immediate goal, Erasmus points out, is to raise an *additional* R600m a year to establish these RSCs. And that's just for starters.

Government has given Sapo assurances that the RSCs will not constitute an additional tier of government. But the private sector is finding that line hard to buy. Its concern is that, among other things, it could create even further delays in the township proclamation process, which is already too long.

However, Erasmus says he has been assured that in the first few years the RSCs will not be entrusted with this process. But what will happen thereafter remains to be seen.

Presumably the Cape prototype will be used to test the new system and word is that the greater Pretoria area, including Bronkhorstspuit, is next in line for RSC status.

Johannesburg and Soweto, it seems, is a bigger problem than expected. With tempers still strained in the townships, government appears to be soft-peddalling the RSC option until a more auspicious time.



# Great risk in boycotting the RSC

THERE IS no doubt that the marriage of the City Council to the government's new racially based system of local government is going to be a shotgun affair.

During the past few months, the council has submitted a number of memoranda to the Provincial Council regarding the financial implications and possible boundaries of a regional services council for the Western Cape.

In all these documents its opposition to the new system has been reiterated.

"In essence, the City Council remains convinced that the only equitable and satisfactory form of local government is for full participation by all citizens irrespective of race, colour or creed, and in this context, the preservation of municipal councils as the primary form of local government."

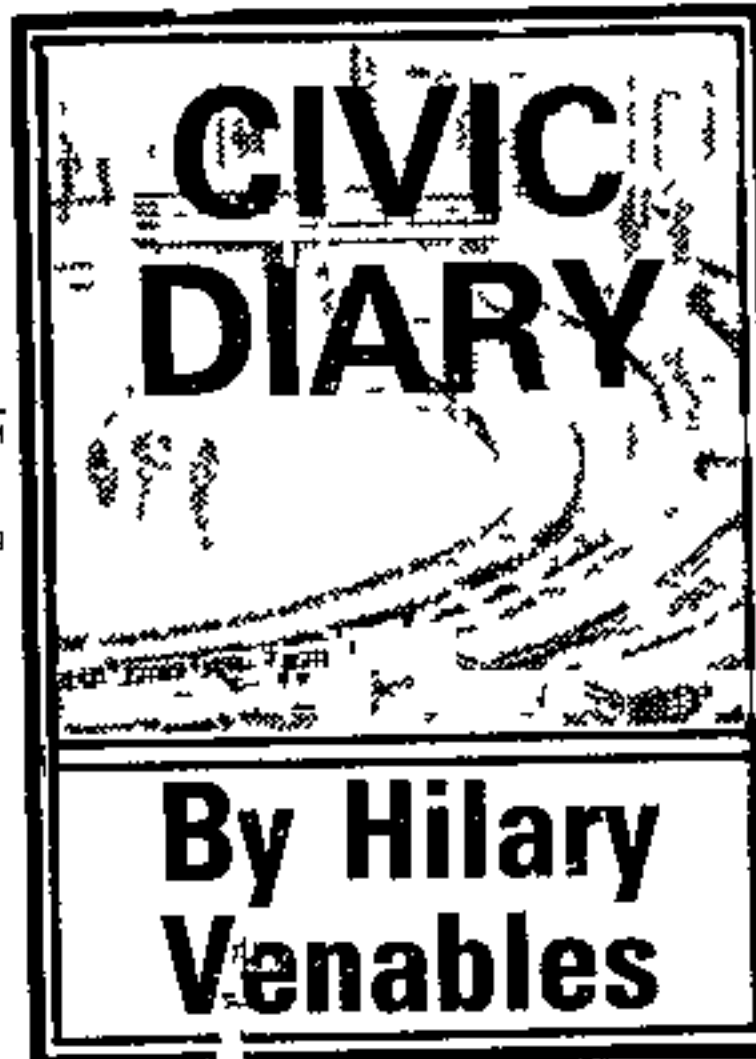
During last week's monthly meeting, Mr Clive Keegan made a plea for the council to boycott the RSC.

## Boundaries

He called on the council "to participate no further in the establishment of a regional services council for the Cape Town metropole until such time as the state and provincial authorities recognize the right of all our citizens to play an equal role in a non-racial and democratic system of local government."

The motion, an amendment to the council's recommendation for possible boundaries to the RSC, was sympathetically received by many councillors.

But as many people pointed out, legislation governing the establish-



ment of the new system makes it impossible for a local authority to refuse to participate without jeopardizing the interests of the council and the entire municipal area.

If a council refuses to comply with the law, the Administrator — a government appointee — could take over control of the City and appoint his own representatives to the RSC.

## Devolution

At the same time, the RSC can expropriate council property and services — paid for by ratepayers — without compensating the City.

Ratepayers would therefore lose all control over their own assets and the administration of the City would rest ultimately with the Nationalist government.

The government's much-publicized policy of devolution of power has been completely contradicted by the reality of legislation governing local authorities.

Not only are municipalities and divisional councils obliged to throw in their lot with the RSCs for the sake of their ratepayers, but refusal to do so may result in the dismissal of an entire council.

Other worrying aspects of the new system which councillors would like to bring to the attention of the public are:

- That racially constituted local authorities, management committees and community councils will appoint representatives to the RSC.

- That citizens will not have direct representation on the regional government body.

- That a two-thirds majority is required before any decision can be made and that in the event of a deadlock, the Administrator may make the final decision.

- That commercial and industrial areas, which will contribute the bulk of taxes to the RSC, will be excluded when calculating the voting power of the municipality.

## Watchdog

Although Mr Keegan's boycott motion was defeated, the council voted overwhelmingly in favour of urging the government to investigate a local option for the area before going ahead with the establishment of an RSC.

There seems little chance of the government acceding to this request, or of the liberal council having much effect on the future of the region because of the tight hold Pretoria will have on the RSC.

In the end, its most important role within the system will be that of watchdog.

By keeping a careful eye on the RSC and by publicizing its shortcomings, councillors may still be able to bring about change through public pressure — even though by doing so, they will be jeopardizing their own positions.



# Council wants to delay regional service body

## Municipal Reporter

THE Cape Town City Council is to ask the Administrator, Mr Gene Louw, to defer the implementation of a regional service council (RSC) in the Western Cape until a "local option" alternative has been fully investigated and considered.

However, it will submit memoranda to the Administrator on the delimitation of industrial and central business areas where voting rights for the proposed RSC will be excluded, and to the Demarcation Board setting out its objections to the proposed boundaries of an RSC for the Cape metropolitan area.

The council also reaffirmed its commitment to equal representation at local and regional government levels.

The council adopted a resolution yesterday acknowledging the "many and undoubted benefits of economy and efficiency" which could flow from rationalising the provision of regional services.

However, it also believed that the proposed RSC was not supported by the majority of Cape Town citizens and would have "their active and possibly violent rejection".

### "Political sham"

Mr Clive Keegan said the introduction of a RSC "of the type now envisaged" would spell disaster and that the council had no right to continue participating in an exercise which was "a farce and a political sham".

An amendment by Mr Keegan calling for the council to withdraw from further participation in the establishment of the RSC was heavily defeated by 27 to 3.

Mrs Joan Kantey said the council had not yet defined the local option and until this was done the council should not take steps which could "actually put people's lives at stake".

In an interjection Mr Chris Joubert objected to the reference to "possibly violent rejection", calling it "inflammatory".

Mr Frank van der Velde congratulated Mr Keegan on "a very courageous step" and said he felt the council should continue to participate fully until the actual time came to form the RSC.

### Racial strife warning

Then the council would have to decide — "because we have been warned it will cause racial strife in this city," he said.

● Two more bodies have opposed the proposals for an RSC for the Cape metropolitan area.

The Fish Hoek Town Council considers the area to be too large for viable operation of a single RSC.

The Western Cape regional executive of the Progressive Federal Party has called for a halt to the demarcation process until the Government verified that most residents and taxpayers of the Western Cape region are in favour of such a council.



# A 'yes, but' system

FIN MAIL 16/5/86

261A

Government's new plan for second-tier authorities to replace the provincial councils gives with the one hand and takes with the other. While claiming simplicity, it is really a complex constitutional mish-mash.

**Abolishing the provincial councils paves the way for nonracial regional executives. However, these will be appointed by government, and the system will also not cut back State spending.**

financial administration of provinces to make them financially accountable to parliamentary committees. ☐ Provision will be made for the appointment of joint executive bodies, similar to

Its most positive aspect can be seen as the establishment of nonracial provincial executives and joint executives (along the lines of the proposed KwaNatal plan) to facilitate co-operation between the provinces and the non-independent homelands. This could set the precedent for local options around the country — but only if the executives are seen as genuinely representing their constituencies. Elected representatives, responsible to their (white) voters, have, however, been ditched. And, surely, nominated blacks will be seen as "sell-outs" and become candidates for reprisals in their townships.

For the new executives will be appointed by Pretoria — and that is yet another move away from democracy by an authoritarian government. Clearly, Pretoria does not, at this stage, wish to see bold initiatives that cut across its sacred group-race laws.

So the cost will be high — politically and, inevitably, economically. The announcement of the proposals by the Minister of Constitutional Development and Planning Chris Heunis raised more questions than it answered. It is not really clear how the new authorities will function or what their powers will be, although Heunis's chief director, Andreas van Wyk, claims little will change (but tell that to the provincial councillors). It is also not clear who will be politically responsible for the provinces and whether anyone will be answerable publicly for the actions of provincial executives.

- The main points of the proposals are
- ☐ Parliament will, in future, exercise overall political control of the provinces,
  - ☐ Provincial administrators and executives will be appointed by the State President. The appointments will be of a "political nature" and will take account of the "particular characteristics and population make-up" of each province,
  - ☐ If necessary, existing provinces will be divided into smaller units;
  - ☐ Existing provincial officials will be transferred to the central civil service,
  - ☐ There will be technical changes to the

the proposed KwaNatal plan, between provinces and homelands,

☐ Administrators will be able to issue proclamations which will have to be tabled in parliament,

☐ Much of the executive authority currently vested in Heunis's department will be assigned to the administrators, or to black local authorities in cases where the department still exercises executive functions, and

☐ The development boards operating in black townships will be scrapped and their functions taken over by the provincial authorities, local authorities and regional services councils.

Heunis says nothing in the new provincial system prevents "members of any community" from occupying positions in that system. That has a pleasing ring to it, but when Heunis describes his plan as "a more streamlined provincial system, representative of all communities dealing with new and rationalised functions," we find it difficult to accept. The costs of the new system entail more than a move away from democracy. For how are we ever to roll back wasteful State spending if public-sector jobs are to be protected at all costs? Financially, the most alarming aspect of the proposal to abolish the development boards is Heunis's assurance that none of the 40 000 board employees' jobs will be threatened. They will be held in "separate account" until the Commission for Administration decides where to redeploy them.

(No such consideration has been shown the 17 500 workers laid off by the motor industry in the past four years — who are just as much, if not more, hostages to misguided government policies.)

All around the world, unchallenged tenure for life in the public sector is coming under review, as governments grapple to trim unwieldy bureaucracies. Heunis's brainchild looks as if it will cosset existing bureaucrats — and most probably spawn entire new empires. This from a government that promised to streamline the civil service.

Some day we will have to tackle the problem. Let's hope by then it's not too late. ■



# Cape business congress focus on problem of RSC

REGIONAL Services Councils, the redemarcation of local authorities and the role of business in the reform process will be the main focus of organised commerce's regional congress in Cape Town next Wednesday and Thursday.

The establishment of RSCs — some before the end of the year — remains a sore point with the business community.

Criticism will be directed at government's intention to shift the burden of subsidising urban transport on to the shoulders of the new RSCs, without at the same time scaling down the central administration's share of regional tax collection.

In a motion to be put by the Cape Town Chamber of Commerce, it will be argued that shifting the cost of financing this subsidy on to the region will severely undermine the Western Cape's prospects for economic growth.

Political factors influenced the location of residential areas that house the poorest population section at considerable distance from main employment centres and the chamber believes government therefore has an obligation to accept responsibility for additional costs incurred.

Organised commerce remains concerned that with the implementation of regional services and establishment levies — that will disregard the existing subsidy system — the State will not accept its share of this burden.

Although there will be a trade-off in that transport and service levies — as well as trade licence fees paid by employers — will fall away, it is expected taxation will escalate sharply.

Various estimates suggest the new RSC taxes could raise about R1bn in the four major metropolitan areas, whereas the loss of revenue in the cases of taxes withdrawn will only amount to about R100m.

In the Cape it has been estimated RSC levies may raise as much as R146m.

**The establishment of regional services councils to replace provincial administrations — some before the end of this year — and the higher taxation expected to accompany them will be the focus of a meeting of organised commerce in the Cape, reports CHRIS CAIRNCROSS.**

This will undoubtedly place the Western Cape RSC in a cost vice should central government withdraw completely.

The Peninsula's urban transport subsidy exceeded R140m last year — and this can be expected to increase when commuter rail links to Khayelitsha and Atlantis start operating.

Organised commerce foresees several economic and technical problems emerging from government's plans to redefine municipal boundaries to accommodate and create separate local authorities for the different race groups, and will make a strong plea for these plans to be abandoned.

In the past, a major obstacle encountered in creating fully-fledged black municipalities was their inability to survive financially.

The Browne Commission in 1980

proposed this problem could only be solved by a system of transfer payments from white local authorities.

The recommendation was turned down by government and the issue was passed to the Croeser Committee, whose report provides the framework for the current re-organisation.

In terms of the new structure, allowance is made for a redistribution of funds from the RSC to the new local authority, but with economic viability remaining a criterion.

The business community believes, however, that factors preventing black areas from achieving financial self-sufficiency remain.

The Cape Town Chamber says these problems relate to low income levels and land use in black areas.

Moreover, the chamber observes, there is a great deal of resistance to

increasing re currently exist

A second factor is that income is that ers spend relatively improvements affects the rate

An added factor is State-built housing which del house as lying in al and replacement lower than

Most black areas of residential in the way of h

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## SA moves toward the 'optical'

OVERSEAS telephone companies are meshing the globe with optical fibres in a cost-cutting drive using cheap glass rather than expensive copper.

British Telecom (BT), for one, thinks that half of its long-distance telephone lines will be optical by the end of the decade. Optical fibres will soon carry telephone calls beneath the Atlantic and Pacific oceans.

But sharply falling fibre prices overseas and rapid advances in technology are raising doubts over SA going optical by itself.

Threat of sanctions should be reason enough to quash any doubts on the merits of SA's self-sufficiency in the telecommunications field.

Brits-based telephone cable manu-

HAMISH McINDOE

facturer ATC recently commissioned a R6m extension to its nine-month-old optical fibre plant.

It plans to double capacity to 40 000km of fibre a year over the next six months.

ATC optical fibre cables are being used to connect the Post Office's (PO) new digital automatic exchanges and inter-city networks.

On paper, at least, SA's plunge into optical fibre technology is an expensive alternative.

The PO, which uses more than 90% of SA's optical fibre production, admits it is willing to pay 35% above world market prices to source locally.

"Suppliers must or they don't get PO senior director Dawie Malan

So West German heavyweights stance, is barred from PO contracts because based optical fibre no plans to compete

"The market is optical fibre draws reasonable return on company spokesman

ATC MD Koos V prior to the expansion was importing about cal fibre requireme R10m over the last si

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# Progress to of RSC's

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currently exist

A second factor impinging on levy  
income is that low income home-own-  
ers spend relatively less on home im-  
provements and extensions and this  
affects the rateable property value

An added factor is that the value of  
State-built housing is pegged by a for-  
mula which determines the value of a  
house as lying midway between origi-  
nal and replacement cost, and there-  
fore lower than market value

Most black areas consist primarily  
of residential land use and very little  
in the way of higher rate-paying uses

In general, thus, the level of rates  
raised in black areas is low relative  
to that of white areas

It is thus concluded as inevitable  
that some form of redistribution via  
the RSCs will have to occur, given  
that the self-sufficiency of black  
areas seems to be impossible

But there will be many demands on  
RSC funds, and some of them will  
experience financial shortages

It thus seems that municipalities  
will come under great pressure to  
raise rents and rates

ROBIN GEDYE

LONDON — It took three crowbar-  
wielding policemen 25 minutes to re-  
duce a steel children's pram to a  
twisted wreck in front of a joyous  
Friday morning crowd of shoppers in  
Warsaw's run-down Praga district.

As the crowd shouted and jeered  
encouragement and the policemen  
sweated and fumed, the "Voice of  
Solidarity" radio station kept up a  
steady stream of anti-government  
propaganda from the bowels of the  
carriage

Somewhere among the crowd two  
figures slipped quietly away to be  
congratulated by their colleagues

That same day, which was the  
fourth anniversary of the introduc-  
tion of martial law, a three metre  
banner proclaiming "Solidarity  
Lives" was hung on the union's old  
headquarters in Warsaw's Moko-  
towska Street

It is six years since Poland was hit  
by the wave of strikes that spawned  
Solidarity At the weekend under-  
ground leader Zbigniew Bujak was  
arrested

Bujak is a popular, romantic, auda-  
cious figure who enthralled the police  
and public imagination during his  
four-and-a-half years on the run

His capture deals a thumping blow  
to the morale of the underground  
movement Bujak's arrest, four  
weeks before Poland's first Party  
Congress since Solidarity was  
crushed, is too impeccably timed to  
be coincidental

Government has long maintained  
that it knew of the arch-menace's

## Jackboot has not crushed the Poles' spirit

whereabouts

If we believe official claims then  
Bujak's arrest must be viewed as a  
sop to Communist party hardliners  
whose support Polish leader General  
Wojciech Jaruzelski must have if he  
is to maintain control over the crucial  
party congress at the end of this  
month

At stake is the future course of  
Jaruzelski's drive to centralise and  
liberalise economic management To  
overcome hardliners' resistance to  
change, he must buy them with in-  
creased repression, say diplomats.

The old cliché about Poland being a  
country under the military boot wait-  
ing to explode can no longer be trot-  
ted out The boot is firmly in place  
and the vast majority accept that  
there is no realistic alternative at the  
moment

But the sense of resignation that  
settled on the Czechs after the Soviet  
invasion of 1968 has not been repro-  
duced in Poland The Poles have not,  
in the words of government, been  
"normalised"

The people have not been cowed  
into submission Prominent actors,  
journalists, playwrights and intellec-  
tuals have contracted out and do not  
appear in State-backed forums The  
underground, with an estimated  
40 000 to 50 000 active participants,  
continues to flourish as nowhere else  
in the Eastern bloc.

Bujak was able to keep on the run  
for 53 months by moving to a new  
"safe house" sometimes two to three  
times a week

A network that can support that  
sort of subterfuge in a hostile envi-  
ronment would have given the  
French resistance something to aim  
at — *Daily Telegraph*

## and the 'optical' phone option

By McINDOE

recently commissioned  
to its nine-month-old  
plant

double capacity to  
a year over the next

fibre cables are being  
the Post Office's (PO)  
automatic exchanges and  
works

least, SA's plunge into  
technology is an expen-

uses more than 90%  
fibre production, ad-  
to pay 35% above  
prices to source local-

"Suppliers must manufacture here  
or they don't get our business," said  
PO senior director of transmissions  
Dawie Malan

So West German Telecommunica-  
tions heavyweight Siemens, for in-  
stance, is barred from tendering for  
PO contracts because it has no SA-  
based optical fibre facility But it has  
no plans to compete with ATC

"The market is too small for two  
optical fibre drawers to make a rea-  
sonable return on investment," a  
company spokesman said

ATC MD Kooi Voorster said that  
prior to the expansion, the company  
was importing about 40% of its opti-  
cal fibre requirements at a cost of  
R10m over the last six months

Malan believes the soft rand is  
making locally-manufactured optical  
fibre cheaper than imports

But, longer-term, overseas prices  
are set to fall dramatically, with fore-  
casts of optical fibre at \$1/km event-  
ually falling to around 20c/km

Price aside, the argument that SA  
could stray behind advances in over-  
seas telecom technology gains little  
coinage

Arguably, SA is already ahead of  
some Western countries with its use  
of single-mode optical fibre

West Germany's Bundespost, for  
instance, is only now-switching from  
the older multi-mode fibre, where the  
light pulse has to be regenerated  
more frequently





that pension fund contributions should not be paid out when an employee left a job, but should be transferred to the worker's new place of employment. The scale of the protest eventually forced the government to back down on the Bill.

SFAWU's example was followed recently by the Transport and General Workers' Union (TGWU), which reached agreement with Rennie's Freight Services to convert a pension fund into a provident fund. Now the National Automobile and Allied Workers' Union (Naawu) has done the same at BMW. Apart from the changeover, the BMW agreement also provides for retirement, maternity, disability and funeral benefits. Death cover is also part of the agreement — not only for workers and their immediate families, but for all their dependants. Moreover, workers are entitled to take housing loans against their contributions to the fund.

The C G Smith Sugar, Rennie's Freight Services and BMW funds are all managed by boards of trustees composed of union and management representatives. At BMW, the board will have to consult a worker-dominated management committee when it considers changes to levels and types of benefits, and in cases where there are disputes over claims. The committee will also advise on a trust fund to be established for minor beneficiaries of workers and on other administrative matters.

Earlier this month, Naawu's push for

provident funds and social security benefits resulted in it declaring a dispute with Silver-ton Engineering in Pretoria. The matter was settled when the company agreed, in principle, to negotiate a change from a pension to a provident fund. The exact nature and extent of the benefits is yet to be thrashed out. Samcor is another company where Naawu is negotiating a changeover to a provident fund. According to the union, its proposals for social security benefits are currently on the table.

Says Naawu's Taffy Adler: "Pension funds are designed to benefit workers with high incomes and long service. In general, neither of these factors applies to black workers. They require a form of short to medium term benefit which, in addition to giving them some income in case of retrenchment or dismissal — both of which are likely events in most workers' lives — will provide certain socially valued benefits. These include death, funeral and disability cover. Retirement cover would be an added provision. Provident funds have been found to be appropriate for covering all these concerns."

Adler's sentiments are echoed by Price-forbes Federale (PF) which has been involved in the C G Smith, Rennie's and BMW deals. Says PF director Peter McCulloch: "Our research has shown that blue collar workers — no matter what their colour — want provident funds plus ancillary benefits." He says PF has worked out provident

fund deals for seven companies, and that at least another 24 are in the pipeline. "In each case, the terms of the fund have to be individually tailored and workers and unions must be consulted — one cannot be paternalistic."

## REGIONAL SERVICES COUNCILS

### Can they work?

Government constitutional planners see the new regional services councils (RSCs) as the cornerstone of local government reform. Yet there are few — if any — emergent power structures that are less clear in their practical implications or more controversial in their political implementation.

Originally, the first RSCs were to have come into operation on January 1 this year. The target date was then extended to July 1. Now it is January 1 next year. But doubts persist.

The new structures are seen by government as an extension of local authorities and not a replacement for provincial councils, which disappeared on July 1. "The main aim of RSCs is to provide services to all communities at local level on a cost-effective basis, and to make joint decision-making possible between the four population groups," according to Constitutional Development and Planning Minister Chris Heunis's depart-

Cont



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Tel. No. \_\_\_\_\_

# At last. A pen that reads as well as it writes.



Fm A 25-7-86

ment

They are also aimed at the "elimination of discrimination based on race, colour and creed," although this objective is contradictory since RSC members are drawn from constituent local authorities established on a basis of racial discrimination

But despite their apparently lofty aims, RSCs are being hammered from all sides

Businessmen do not like the proposals because of the additional taxation that will be levied to fund the new scheme, less privileged black, coloured and Indian local authorities do not like the influence-weighting in favour of wealthier white municipalities, the white municipalities do not like the idea of "subsidising" poorer black neighbours; the white Right does not like the idea of "power-sharing" with blacks; and the black Left does not like the ethnic base of the RSCs. As things stand, Heunis's grand vision of harmony at local level appears clouded, to say the least

The debate now is whether RSCs can work politically and economically. Heunis's planners say they can, and need to be given a chance to prove their worth. But government opponents reject RSCs as a perpetuation of political and economic apartheid, which have as little chance of solving the problem of racial inequality at local level as the tricameral parliament has of resolving broader issues

The Regional Services Council Act was

passed by parliament in 1985. It provides for the establishment of executive authorities on which town and city council nominees from participating black, white, coloured and Indian local authorities will have seats

RSC boundaries will be determined by the provincial administrators in collaboration with demarcation boards

The RSCs may perform 22 stipulated functions transferred to them by the Primary Local Authorities (PLAs) which fall within the RSCs' boundaries

They do not have to perform all 22 functions and can delegate some of them or aspects of them on an agency basis to participating PLAs. Representation on RSCs will be determined by the value of services bought by a constituent PLA

No single PLA may have more than 50% of the total seats, and decisions will require a two-thirds majority vote. The RSCs are to be funded by two new taxes levied on businessmen: a payroll tax and a turnover tax based on goods and services sold. These can be used at the discretion of the RSCs, but should be spent mainly on infrastructural development

The taxes may not be recouped from employees or consumers, but can be claimed against income tax as an operating expense

Businessmen and unionists argue that the payroll tax may lead to loss of jobs or under-employment by employers intent on cutting their levies, also, that the turnover tax dis-

criminates against enterprising, successful or hard-working businessmen and discourages increased productivity

Government says RSCs have been introduced to rationalise service functions, save money and expedite the development of under-developed black areas

The RSCs' main functions will be the bulk supply of water and electricity, sewage purification, land usage and transport planning. The Act stipulates clearly that the RSCs will also have a duty to establish, improve and maintain infrastructure in areas where the need is greatest (it would appear that this stipulation is aimed at pressuring RSCs to look first at upgrading black, coloured and Indian areas)

The first RSCs are likely to be in the Bloemfontein, Sasolburg and Johannesburg-Witwatersrand areas, and in various regions of the Cape

So far the system has been received with little enthusiasm in black townships, which are the key to the success of "power sharing" at local level. But constitutional planners are not too downhearted

Len Dekker, director of constitutional promotion in Heunis's department, sees RSCs as a "chicken and egg" situation. They will give black areas a better chance to develop through improved infrastructure and should give black councillors something concrete to show residents to justify their decisions to participate in councils and the RSCs



"We cannot wait until there are self-sufficient, viable local authorities before implementing RSCs. We must implement the RSCs to help improve and strengthen black local authorities," Dekker says. He argues, too, that government cannot wait for the Margo Commission report on taxation before introducing the new RSC taxes. Dekker says the proposed RSC levies are not new taxes, but in effect a shifting of taxation from central to local level.

In theory, the "redistribution of wealth" via a system of metropolitan government is potentially "progressive," argues Robert Cameron of UCT's political studies department.

In a paper on local government reform prepared for a UCT symposium last week, Cameron says because of SA's system of fragmented local authorities, the contribution of wealth by black workers and consumers in white areas has not been channelled back into their own areas. A metropolitan body such as an RSC can theoretically redress this.

"However, the redistributive potential of a metropolitan authority hinges largely on the political representation of such a body. The voting regulations (of the RSCs) seem to mitigate against any major redistribution occurring through the conduit of the RSC.

"Voting is loaded in favour of the high consumption white local authorities in that the amount of votes each local body is entitled to is in proportion to the amount of RSC services it consumes.

"Despite the fact that no participant local authority may have more than 50% of the vote, and all decisions require a two-thirds majority, preliminary investigations indicate that white local authorities will have more than two-thirds of the vote in all major metropolitan areas," he says.

A key aspect of the RSCs is whether or not they embody true devolution of power. Cameron maintains they do not, because the provincial administrators — who are government appointees — remain "pivotal figures" in the new structure.

"The administrator has the power, inter alia, to establish an RSC, decide which local authorities/bodies are going to participate in it, appoint and dismiss the chairman of the council, transfer or second to the council any civil or municipal servant, decide which functions or parts of functions the RSC may perform, relieve any local body of any function identified as a regional function without compensation, identify which central business districts and industrial areas can be excluded from the RSC, and make regulations which he deems necessary for the effective execution of the RSC Act," he says. Cameron also believes that the Appeal Board for which provision is made in the Act is a "fundamental undemocratic feature."

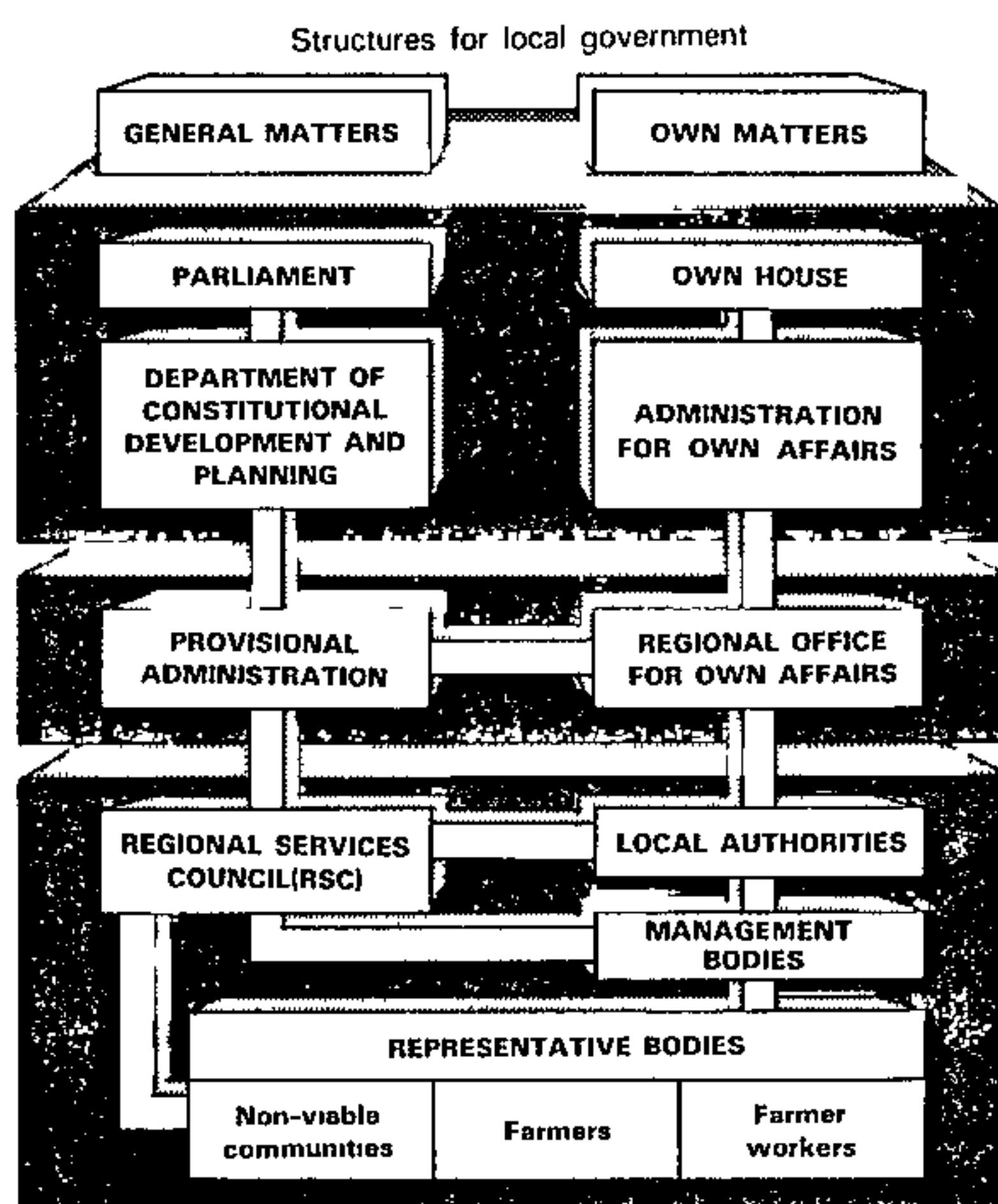
The board comprises the administrator, the Minister of Finance, the Minister of Constitutional Development in his capacity

as minister in charge of black local government, and the three "own affairs" ministers of local government.

A local authority which feels aggrieved by a decision of an RSC can ask the RSC to debate the matter again. If it is still dissatisfied, it can appeal to the Appeal Board. A successful appeal needs the consent of all the members of the Appeal Board.

Appeals can be lodged only in respect of the following items: the failure of an RSC to perform a regional function, the insufficient performance by the council of a regional function; any decision or proposal of an RSC of priority in connection with the appropriation of funds, and the refusal by the RSC of any application for exemption from the use of an RSC service.

## Three tier shuffle



Cameron believes the Appeal Board system could lead to a serious dilemma for government in that, while RSCs will undoubtedly have white majorities, they will be repeatedly called on to divert funds to underdeveloped black areas.

The United Municipal Executive, which represents white local authorities, has already asserted that it does not see the task of an RSC to channel "white" money into "black" areas.

The Appeal Board could, therefore, find itself faced with the task of reversing an RSC decision and channelling "white" money into black areas against the majority will of the RSC. But, as Cameron points out, government's constituency is in white suburbs, not black townships.

Repeated overturning of RSC decisions by the government-controlled Appeal Board could cause the current steady defection of white voters to the rightwing groups to be-

come a stampede, he suggests.

He argues that further evidence that RSCs will not entail devolution of power is the determination of the new taxes to help finance the structures.

The Minister of Finance will determine the regional services levy and the regional establishment levy, but the rate will not necessarily reflect local needs — "a situation which is the antithesis of devolution. There is no limit on the amount to which the rates of these taxes can be raised," he claims.

Cameron disagrees with government's contention that RSCs are an extension of local authorities. "They are nothing of the sort. Rather they are an extra tier of government with mandatory executive and taxing powers over local authorities." He points out that RSCs are indirectly elected and hence not accountable to ratepayers and that they can also hold their meetings in camera.

More fundamental opposition comes from one of Cape Town's best known black community leaders and an avowed "non-collaborationist," Neville Alexander, who describes RSCs as a few more blocks in a system of "neo-apartheid crazy paving."

He says all the major Cape Town civic associations — which, with little doubt, have the backing of most of the city's coloured residents — have rejected RSCs. "Even if there is a redistribution of wealth, it will take decades if not centuries to make a visible difference. Nothing government does, short of stepping down and handing power to the people, will solve the problems," says Alexander.

But Wolfgang Thomas, a University of the Western Cape economics professor — and no friend of government — sees the situation differently. He believes RSCs may have some merit — depending on government's next steps.

According to Thomas, the controversial nature and lack of clarity of the new structures may in fact be their greatest strength because they are so open to adaptation.

A key to success, however, is the scrapping of RSCs' ethnic base, and in this regard the demise of the Group Areas Act is crucial.

Thomas is critical of the business community's opposition to the additional taxes. He says businessmen often pay lip service to upgrading depressed black areas, but are not prepared to contribute to the large amounts of money that are needed to do the job. He also argues that the effect of the new taxes will be "minimal" when compared with other taxes.

The debate is far from over. It will continue whether or not the first RSCs come into being next January. A determined Heunis will push ahead with his "broadening of democracy" at local level. And his opponents will not let up in their bid to expose what they believe is merely the entrenching of apartheid. ■



RSCs:

## Minister will get wide tax powers'

MICK COLLINS

UNDER the Regional Services Council Bill, Finance Minister Barend du Plessis is to be given extraordinarily broad powers, says tax specialist Costa Divaris.

Summarising the main provisions affecting RSC taxing powers, Divaris says the ambit as regards regional-establishment levies will be widened considerably.

"It will no longer be based on taxable values for GST purposes but, instead, may be imposed on all enterprises.

"The rates will be fixed by the RSCs and may differ for different categories of enterprise.

The term 'enterprise' will cover any trade, business, profession or other activity of a continuing nature, whether or not it is carried on for the purpose of deriving a profit.

"According to the memorandum accompanying the Bill, the activities of bodies such as Escom, municipal bus services and the Post Office telephone service will be included — but religious, charitable and educational activities are excluded."

On regional-services levies, Divaris says the definition will be amended to ensure all fringe benefits are subject to the levy, but those provided for farm labourers, whose cash remuneration is paid at a rate not exceeding R2 400 a year, are not subject to the levy.

Drawings of sole proprietors or partners are also subject to the levy, as a result of the misconception that these are equivalent to salaries paid to employees.

Drawings, as defined, will include expenditure incurred by a business on assets or services used by a partner or proprietor for his private purposes.

Levies will be payable by the State and all other statutory bodies, despite any exemptions which may have been in existence on July 31, 1985 in any other legislation.

The Minister of Finance may, after consultation with the Council for the Co-ordination of Local Government Affairs, determine how the levies will be calculated and paid.

He will be empowered to determine circumstances in which an employee will be deemed to be employed in a particular region, determine circumstances in which a person will be deemed to be carrying on an enterprise within a region, and make whatever provisions he deems necessary to enable an RSC to impose and claim any levy.

The secrecy provisions of the Income Tax and Sales Tax Acts will be relaxed to allow the disclosure to an RSC of information considered necessary for the determination and collection of any levies.



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PROVINCIAL GOVERNMENT 289

## By racial appointees

Parliamentary approval last week of the Provincial Government Bill has given further shape to the edifice Constitutional Development and Planning Minister Chris Heunis is creating for "power-sharing" at all levels.

The Bill provides for the abolition of existing provincial councils and their replacement with appointed executives. The executive committees are likely to be bigger than the existing provincial ones and will include blacks, coloureds and Indians.

In theory, the administrators can be black — as the Conservative Party repeatedly pointed out during their fierce opposition to the measure last week — but are hardly likely to be.

The advantage of the new councils is that they will be "representative" of all communities in a province. The disadvantage is that they will no longer be elected, but appointed on a political basis by the State President. The number of executive members and who they will be, will, of course, be decided by the President. They will serve for five years and can be re-appointed.

In his Second Reading speech, Heunis said the existing councils were "unacceptable" to government because they dealt with matters affecting all population groups, but

were elected by members of one group only. Existing ordinances and other provincial legislation will remain in force.

The geographical composition of the provinces will also remain as it is, although provision is made in the new measure to change provincial boundaries (and possibly create new provinces).

"Decision-making by the executive committee will be based on the consensus principle as it exists in the Cabinet by convention."

"The Administrator, acting in consultation with the executive committee, can, however, make rules to regulate the proceedings of the executive committee," Heunis said.

The Administrator has exceptionally wide discretionary powers — one of the main Opposition objections to the Bill.

In terms of the measure, the Administrator, acting with the executive committee is empowered to "amend, repeal or substitute any provision of an ordinance applicable to his province, or to regulate any matter which has been or is assigned to the provincial council or executive committee by or under an Act of parliament, or is declared by the State President to be of a provincial, regional, local or private nature in the province."

Heunis denied that the new system was a concentration rather than a devolution of power. "The provincial government is authorised to exercise in its own right or on behalf of a State department or minister those functions entrusted to it."

"This will result in the execution of certain functions at a level closer to the various communities, as well as to smaller, more specialised State departments whose functions will focus more on overhead planning and monitoring," he said.

Heunis's grand plan is based on four levels: local level, at which each community will have its own town or city council, regional services councils in which representatives of local authorities will meet to co-ordinate issues of common interest; "multi-racial" provincial councils to regulate and co-ordinate provincial matters, central government at which — eventually — it is envisaged that whites, coloureds, Indians and blacks will "share" power. ■



*FIN MAY 19/9/86 26/1A*

## REGIONAL SERVICE COUNCILS

### Enter the tax fiasco

The recent unauthorised printing of regional services council (RSC) regulations in the *Government Gazette* will not be the last fiasco for these cuckoo-land taxes. Waiting in the wings for such defective and flawed taxes are a range of avoidance schemes. When the levies are eventually implemented, tax consultants will hardly be caught off-guard.

The two mooted imposts are a services levy (payroll tax) calculated on 0,25% of an enterprise's wage and salaries — and the income of self-employed individuals, and an establishment levy (turnover tax), computed on 0,10% of an enterprise's turnover.

#### Latest state

The latest state of the RSC art is ready-made material for a text on fiscal disasters. Just one disturbing aspect is that groups of companies will suffer levies on inter-company transactions. For partnerships, both partnership turnover (which of course accrues directly to partners) and partners' drawings will be subject to the levies.

Formerly tax-immune pension and annuity funds will pay the levies. Moreover, Finance Minister Barend du Plessis has been granted draconian powers, in that he may deem employees to be employed within a particular region, and deem enterprises to be carrying on business within a particular region. He may also determine how the levies will be calculated, and may exempt employers or persons from the levies.

Original severe criticisms of the levies are underlined by recent developments, particularly in the political field. Ernst & Whinney's Roger Bramwell names the main arguments against the levies as a stagnant economy, inexorable public service growth, and the impending report of the Margo Commission on tax.

He adds that the likelihood of black co-operation becomes more remote by the day. And the levies contain serious flaws from a fiscal viewpoint. The payroll tax, for example, discriminates against labour-intensive in favour of capital-intensive industry.

As the levies will be passed on to consumers as an additional cost element, they will be invisible, a highly undesirable feature of any impost. And, adds Bramwell, the "fairly selective" list of exemptions published at the end of August ensures that equity will not be satisfied.

The exemptions include amateur sporting clubs, certain non-profit organisations, nature conservation and animal protection organisations, certain divisions of the State, and the letting or sale of housing or residential stands by the State on a non-profit basis.

The levies make nonsense of other tax principles developed over decades. There is no doubt, says Bramwell, that the levies will alter the behaviour of consumers and business firms by distorting choices between goods and services, and choices between methods of production and distribution. ■



## No-one wants them

Government's controversial plan to set up Regional Services Councils (RSCs) were sharply scrutinised at a day-long seminar

organised by the SA Institute of Race Relations in Johannesburg last Friday

A cross-section of speakers, including businessmen, politicians, academics, public servants and representatives of local authorities, locked horns over whether or not the RSCs constitute a vehicle of constitutional reform, their implications for local authorities and the country's economy

The RSCs (*Current affairs* July 25) were formulated to co-ordinate and provide major community services like electricity, water and transport on a regional basis. Politically, they are seen as stepping-stones to greater black participation in government. Funding the RSCs would be by way of employment levies and a turnover tax

### Power sharing

While some speakers — including Olaus van Zyl, a member of the President's Council, Manie Venter, Johannesburg's town clerk, and David Curry, Minister of Local Government in the House of Representatives — saw the RSCs as meaningful instruments of power-sharing, most speakers argued that these structures neither addressed current demands, nor those of the future and in fact diminished — rather than broadened — democracy

Assocom's legal adviser K S Warren told the gathering the association supported the devolution of power, but did not believe the RSCs met this requirement. "The new struc-

ture moves us away from direct to indirect representation. Commerce and industry will have no direct say as to how the resources they pay for are to be allocated," he said, warning "Businessmen are up in arms because they are going to bear the bigger tax burden."

Its effect, he said, would be a worsening of unemployment. Warren said there was a need to find other ways of raising funds for the provision of services so that businessmen would not be the only ones shouldering the burden.

Clive Keegan, chairman of the Cape Town City Council town planning committee, said "The argument of organised commerce, an argument based on economic realities and not on racism, is that any tax which discourages job creation is a bad tax. There is, of course, the prevalent new myth that RSCs will act as machines for the redistribution of wealth and resources from the wealthy to the poor."

He said ethnic separatism lay at the heart of the RSCs and that they would increase civil dissent, unrest and political alienation. "We have only to recall that the present state of our land was considerably aggravated by the introduction of the tricameral parliament, and I need not repeat the pitiful condition which attaches to black local authorities."

Arguing that nonracialism in local government (in Cape Town) had worked well in

the past, Keegan said "prior to 1971 every citizen of Cape Town who owned or occupied taxable property was entitled to be enrolled on a common municipal voters' roll, and to seek election as a city councillor."

"Until a little over a decade ago, a good number of Cape Town's voters were not white. Indeed, when the common voters' roll was abolished in 1971, there were six non-white councillors in the city council. Between 1960 and 1972, there were five non-white councillors in Kimberley, nine in Goodwood between 1954 and 1971, while Cape Town had more than 20 coloured and Indian councillors since 1904."

Ricky Valente, chairman of the Sandton Town Council management committee, said the RSCs must be rejected.

He called on the government to get back to the drawing board where "we will assist them to establish a framework of logical metropolitanism, but we cannot accept what is proposed."



# Heunis's department is shedding its powers

## Political Staff

CAPE TOWN — A first step towards possible local option in the Group Areas Act has come with the dismantling of the bureaucratic empire of Minister of Constitutional Development Mr Chris Heunis

In reducing his staff from 1 700 people to 327, Mr Heunis has transferred major powers, including the administration of black affairs, to the new non-elected provincial administrations

The powers to be handed over to the provinces retrospectively from October 1 are the administration of

- The Black Local Authorities Act of 1982 which includes the administration of the shaky local government in black areas
- The Black Communities Development Act of 1984, which includes black community and town development as well as leasehold and freehold schemes
- The Prevention of Illegal Squatting Act of 1951
- The issue of permits under the Group Areas Act of 1966

Mr Heunis said his department would "still be responsible for overall policy-making and co-ordination in respect of the devolved functions to the provinces".

He gave details of how greater parliamentary control would be applied to the provinces

And he repeated an earlier statement that, if the need developed, provincial legislators could be introduced again in the future

Mr Heunis said the measure was an important step in devolving power and would be followed soon by the transfer of other functions and powers from his department to the provinces. This would include "certain guide plans and welfare matters

A number of functions are also to be transferred from the Department of Constitutional Development and Planning to other departments

These are

- The control of black non-South African citizens which includes people from the TBVC countries to the Department of Home Affairs
- The certification of import requirements for black labour as well as the registration of recruiting and employment agencies to Manpower
- Claims on the South African Development Trust Fund to Development Aid
- Land surveying in black areas and the registration of deeds in the Johannesburg area to Public Works and Land Affairs
- Matters concerned with occupational diseases contracted by blacks to National Health



Improved version out in weeks

# RSC regulations heavily amended

CHRIS CAIRNCROSS

THE Regional Services Council (RSC) financial regulations, published by mistake in the *Government Gazette* at the beginning of September, have since been extensively amended.

This comes after severe criticism levelled at the RSCs by several local authorities and segments of the private sector.

Department of Finance sources say the final touches are now being made to the revamped regulations. After being submitted to the Cabinet for approval and the signature of Finance Minister Barend du Plessis, they are to be republished as law in the *Government Gazette* within the next few weeks.

Their promulgation is destined to set in motion a series of immediate announcements concerning the establishment of RSCs in those areas where demarcation hearings have been concluded and the major metropolitan boundaries have been identified.

The first of these announcements could be made at the beginning of January,

as Constitutional Affairs and Planning Minister Chris Heunis hinted in a statement released last week.

But it will be some time before any of these new forms of local government will be in a position to start implementing any of the regulations.

"We will need a lead time of at least three months to set up the mechanics for collecting taxes," said a Department of Finance spokesman.

This will include the appointment of agents — probably the municipalities — to collect levies, with guidance from the Department of Inland Revenue.

Whatever changes have been made to the financial regulations, there is no doubt they will not be sufficient to satisfy the critics of the RSCs, who would like to see the whole idea scrapped.

The private sector feels that the proposed RSC framework is cumbersome, overly complicated, unlikely to work satisfactorily in practice, and that its levies conflict with the principles of sound taxation.



# Military to have voice in local decisions

The Argus  
Correspondent

DURBAN. — The Government has set up an extensive structure of advisory bodies which enables the military to have a voice in decisions affecting local communities.

Constitutional experts said it was clear the Government regarded Regional Development Advisory Committees as essential components of the controversial Regional Services Councils system which would soon be in operation

## Machinery

The machinery to set up the RDACs was formulated in 1982

The stated aim was to create an efficient structure to further regional economic planning in the nine development regions

The boundaries set up by the RDACs now form the blueprint for the RSCs

## Advisory

Although Government spokesmen emphasised the RDACs were "purely advisory bodies" it was clear they would play an important role in the new dispensation

The system operates at various levels

At the top is the Cabinet, then the Minister of Constitutional Development followed by the National Regional Development Advisory Council, chaired by Dr Piet Rautenbach

Dr Rautenbach said the RDACs were the "local effective parliaments of those communities"

## Channels

He said they were the direct communication channels between the various communities and the Cabinet

To enable them to convey advice, the RDAC relied on inputs from regional development associations and district development associations of which there are about 300

The national council consists of the nine chairmen of the RDACs and the director-generals of most State departments and included representatives from Armscor and the business sector

## Appointments

At RDAC level, representation includes businessmen and leaders from various sectors. All appointments are made by the Minister but the RDACs have the power to co-opt members

The Eastern Transvaal region has recently exercised this function and Major-General Hans Paetzold, commanding officer of the region, and other State officials are now ad hoc members

At district level, State officials and army personnel are also members or chairmen of various sub-committees

## Invited

A spokesman for the Department of Constitutional Affairs in Pretoria said "All Government departments have ad hoc representatives which the RDACs may or may not invite to attend meetings. The Defence Force and the police can be called on to give inputs"

## Co-ordinated

A constitutional expert said of the committees "They are obviously carefully co-ordinated — with regard to business and the military — and it will give them some sort of limited capacity to state policy in the form of advice or recommendations"

Robert Cameron, a senior lecturer in public administration at UCT, said "The RDACs don't have executive powers, but I know they have the ear of the Cabinet"

"The inclusion of Defence Force personnel in the RDACs can be seen in the same light as in other structures — the gradual bringing in of the military into decision-making"



# Confusion over RSCs

GERALD REILLY

CONFUSION still surrounds the introduction of regional services councils, says Progressive Federal Party Transvaal leader, Douglas Gibson

"We're only a few days away from the official introduction of the system and we still don't know exactly what the Administrator's role or the roles of the members of the executive committees are to be"

Gibson says giving an Administrator a political role to play would be a negation of democracy

None of the sitting MECs has been told whether they are to be re-appointed, and none of the names of the new members of the multiracial executives has been announced, he adds.

"The extraordinary feature of constitution-making in this country is that only Constitutional Development and Planning Minister Chris Heunis appears to know what is to happen"



20/6/86  
S. M. JO'BU

## Leon does hatchet job on RSC concept

A slashing attack was delivered by Progressive Federal Party "young lion" Mr Tony Leon on the proposed Regional Services Councils during last night's budget debate in the Johannesburg City Council.

Mr Leon attacked the objectives of the RSCs as cruel and empty rhetoric which "like the builders of the Titanic, speak highly of themselves".

He said RSCs did not broaden the democratic basis of government.

"On the contrary, they contract and remove the essentials of answerability, electability and universal franchise.

"Members are not accountable to ratepayers," he said.

"Thus major services are removed from the control of directly elected, open councils to indirect nominated membership councils.

"Every decision requires a two-thirds majority yet can still be over-ruled by the Government.

"And while no local authority can have more than 50 percent of the votes on a RSC, the system inherently favours the richer councils, which in our lexicon means white areas.

"Democracy is further eroded and Government control increased through the enormous role of the administrator.

"Any member of a RSC who refuses to carry out the administrator's ruling is liable to a fine of R5,000 or 12 months in jail.

"In short, the RSCs entrench apartheid instead of eliminating it."



FIN MAIL 20/6/86  
REGIONAL SERVICES COUNCILS

# **Wider base**

261A

Fears that the financing of the new Regional Services Councils (RSCs) will be an unwelcome extra fiscal burden on the private sector will not be allayed by this week's Amendment Bill, which will give Barend du Plessis additional powers to determine how the levies will be calculated and paid, and by whom.

The Bill follows a decision that the original intention to use GST taxable values as the basis for RSC taxation was too narrow,

as too many goods do not bear GST

The levies will now be applied to all enterprises, including non-profit-making concerns such as municipal services and parastatals, and the payroll levy to "all amounts withdrawn for private use or consumption" — which appears to cover fringe benefits as well as straight salary, except for farmworkers, presumably excluded because of the difficulty of calculating the value to them of housing and food.

It is to be hoped that the wider base will allow the levies to be pitched at lower rates, so the effect for many individual businesses could be lightened.

## **Apparent anomaly**

However, there is an apparent anomaly in that while Du Plessis felt constrained from making major tax concessions part of his package, in anticipation of the Margo Commission — whose report will take months to digest when it finally appears — there is no such hesitation when it comes to imposing new taxes for a system widely thought to be unworkable.

And cynics will no doubt fear that broadening the base will not lighten the overall burden, but simply be precursor for a further shift of resources from the private to the public sector.



# Councils get tough

A NUMBER of town councils in the Transvaal and Free State have taken action against residents involved in rent boycotts.

The town councils which have made moves yesterday to evict rent defaulters are the Tembisa Council, on the East Rand, the Soweto Council, the Tumahole Council in the Free



Mr LETSATSI Radebe... wants to meet residents.

State and the Dobsonville Council on the West Rand.



Mr LUCAS Shabangu... tried to talk to crowd.

The eviction orders come after strong warnings from the councils

that residents who failed to pay rent would be evicted from their homes.

The Tembisa town clerk, Mr P L Harmse, said his council would do all in its power to see that rent was paid "even if it means getting the whole of the South African Defence Force to Tembisa".

There was drama in

Turn to Page 2

Sowetan 17/07/86

26A

## Councils get tough

← From Page 1

Soweto yesterday when hundreds of rent defaulters gathered at the Soweto Council offices following early morning raids.

There were angry scenes as women marched on the offices and were later joined by youths chanting slogans.

Two shooting incidents were reported near Naledi station. The victims were taken to hospital. One by ambulance and the other by a private car.

A council spokeswoman, Mrs Del Kevin, gave a stern warning that if residents did not pay their rent they would lose their homes as the council had a house waiting list of 22 000 families.

She said the council had sent out notices to these people who were in arrears with their rent to vacate their homes.

One Orlando East woman has challenged the eviction in court and her case will be heard today.

When Mr Lucas Shabangu and Mr Letsatsi Radebe, both Soweto town councillors, tried to address residents they were booed by the crowd.

## Meeting

They retreated into the council offices and addressed a smaller crowd there.

Mr Radebe said he would arrange a meeting of residents where their problems would be thrashed out.

As the crowd gathered near the offices, Soweto Council policemen took positions and some were perched on rooftops.

The crowd which came mostly from Naledi township said they were worried about raids and wanted to know from the council who ordered the raids.

The council's housing officer, Mrs Del Kevin, last week gave a deadline to rent defaulters to pay by Tuesday or face eviction from their homes.

Would arrange a  
Mr Radebe  
to free space



## Snubbing KwaZulu

The KwaZulu government greeted the SA government's appointment of the new Natal executive committee — which excludes any form of black representation — with stony silence

However, the expulsion of Transvaal executive committee appointee and Inkatha central committee member, John Mavuso, (see *People*) and the warning to Inkatha members to refrain from giving legitimacy to the government's new provincial council system, is evidence enough of how deeply the KwaZulu government has been slighted

Officially, KwaZulu government representatives will not be drawn, at least in print, into making adverse comments. But, more than the exclusion of blacks, it seems the fact that KwaZulu was not consulted about the new executive committee, or the Regional Services Councils (RSC) Bill, has been the source of the most hurt

Matters have not been assisted by State President P W Botha's decision to overlook provincial council stalwarts such as Frank Martin, who has been deeply involved in the KwaNatal Indaba and in formulating links with KwaZulu, when he made his appointments to the Natal executive committee. In one of the few official comments emanating from KwaZulu, Dr Oscar Dhlomo, Minister of Education and Culture, who heads the Indaba delegation, said as much. Dhlomo said he was "disappointed" that Martin had been not been included

Even if, as some suggest, the exclusion of blacks from the Natal executive committee is a mere technicality — the soon to be introduced Joint Executive Authority (JEA) could provide the necessary consultative role between the Natal and KwaZulu administrations — KwaZulu is faced with the prospect of dealing with a new executive committee virtually devoid of old associates

Apart from the administrator, Radclyffe Cadman, who has been a staunch supporter of the Indaba since its inception, New Republic Party MPC Peter Miller and National Party MP Val Volker, who have attended the Indaba as delegate and observer respectively, the other executive commit-

tee appointees are new faces to KwaZulu. They are businessman and former National Peoples' Party MP Abdool Joosub, and educationists Clyde Pierce and Shanmagan Nardoo, both MPs of the majority parties in the Houses of Representatives and Delegates.

It remains to be seen whether the KwaZulu government can succeed in establishing as close a relationship with the new executive committee as it had with the old one. It is, of course, of critical importance. KwaZulu is likely to be working closely with the nominated officials through the proposed JEA. Legislation for the formation of the first JEA in Natal/KwaZulu has been held up and will only go through parliament next session.

Dhlomo says he does not want to pre-judge the issue. He says matters will only become clear once the JEA is in place and working properly. Pointing to the involvement of Cadman and others in the Indaba and in the establishment of the JEA, he adds that there is "no evidence to suggest that our relationship should be any different."

Meanwhile, discussions within the Indaba itself are now becoming bogged down over complex constitutional matters. A specialist constitutional subcommittee chaired by Professor Dawid van Wyk, head of the Department of Constitutional and International Law at Unisa, assisted by Professor Marinus Wiechers, also of Unisa, has been appointed. Its task is to fully investigate constitutional options for multi-racial government in the region and report back.

Other specialist sub-committees have been appointed for education, the economy and local government.

Initially, Indaba delegates wanted to have something to lay on the table before the central government made known its proposals for provincial government. Latterly, the National Party congress in August has been used as a possible target date for publishing its recommendations. However, Indaba chairman, Professor Desmond Clarence, claims it could be another three months before their thoughts are given final shape. ■



FIN MAIL (2614/47100)  
VALUATIONS 339 123

## Sizing up shacks

How does a valuer go about placing a realistic value on a wattle-and-daub hut?

With regional services councils about to be implemented and the tempo of residential sales in black areas increasing as blacks respond to the prospect of freehold owner-

Financial Mail July 4 1986

ship, the question is more than academic. This probably accounts for why the subject of "property valuations in the black areas" featured prominently on the agenda of the SA Institute of Valuers' national seminar held in Durban recently.

Natal University's Professor Bruce Boaden made the point that in the greater Durban area, which is soon to form part of the proposed Durban Regional Services Council, 42% of the population lived in shack-type dwellings. Therefore, on a straight head count basis, shack housing, rather than formal housing, is typical of the area.

Although the valuer's normal yardstick of comparative prices is not available in a shack settlement where there are no active sales, and although it is almost impossible to quantify the security of tenure on land occupied principally under squatter rights, Boaden has found through research that it is possible to value shacks.

A profile of the methods of construction revealed that most were built with wattle-and-daub walls under corrugated iron roofs. The standard shack size was 36 m<sup>2</sup> which, using standard material and labour inputs, cost R1 436 to build or R39,90/m<sup>2</sup>.

Other valuers, including Martin White of Richard Ellis, who have been called on to do valuations in black shack areas where the general principle of compensation is now applied on expropriation, confirm that their independent estimates of value are close to those of Boaden's.

Where specific property values were required, a major difficulty was identifying the property concerned. Finding the property itself was a hazardous task in a situation where there were no street names or property numbers, and frequently it was found that other shacks encroached across the boundaries.

A delegate from the SA Permanent Building Society noted that the property market in townships like Soweto was quite active and a

record of sales was being established. Still, there were wide variations in the prices being paid. Under government's incentive scheme the standard 51/9 township house is sold for around R2 000. However, re-sales were taking place at anything between R10 000 and R15 000.

The SA Perm, she said, had "changed its whole approach" and was now prepared to advance loans even on wattle-and-daub shacks to a minimum value of R2 000 — provided they met the society's minimum structural requirements.

Others, concluded Boaden, including valuers, may have to follow suit. ■

Financial Mail July 4 1986



11/7/86 STAR  
**Board opens  
for evidence  
on new  
Rand RSCs**

Pretoria Bureau

The Demarcation Board is to hear representations on the establishment of a Witwatersrand Regional Services Council or councils next month.

Written representations must be made to the secretary of the board before July 23 and oral evidence will be heard on July 31 and August 1.

The municipalities are Krugersdorp, Randfontein, Westonaria, Carletonville, Fochville, Kagiso, Johannesburg, Soweto, Germiston, Katlehong, Alberton, Tokoza, Bedfordview, Edenvale, Roodepoort, Diepmeadow, Randburg, Sandton, Dobsonville, Alexandra, Benoni, Daveyton, Watville, Boksburg, Vosloorus, Brakpan, Nigel, Springs, KwaThema, Heidelberg, Modderfontein, Kempton Park and Tembisa.

**INSPECTED**

Management committees are Greenspark, Toekomsrus, Azadville, Lenasia, Palm Ridge, Edenpark, Marlboro Garden, Ennerdale, Edorado Park, Actonville, Reiger Park, Geluksdal, Alrapark, Mackenzieville, Bakerton, Shamaridge.

The Community Councils of Mohlakeng, Khutsong, Kokosi, Bekkersdal (Westonaria), Tsakane, Duduza and Ratanda and the local area committees of Magaliesberg, Muldersdrift, Hillside, Wes-Rand and Klipriviersvallei are also included.

Details of the plans and maps can be inspected at the offices of the Department of Constitutional Development and Planning in Pretoria or at the town clerks' offices of all the above areas.



Everyone waiting on Barend

# Web of red tape delays RSC launch

THE introduction of the controversial Regional Services Councils (RSCs) has again been delayed as officials try to cut their way through a confused web of red tape.

The first RSC, scheduled for Bloemfontein, is now only likely to be implemented in October — six months after Constitutional Development and Planning minister Chris Heunis said the first RSC's would be introduced.

And it has been revealed that the implementation of all RSCs in Natal has been frozen because of the reluctance of KwaZulu authorities to participate.

A Constitutional Development and Planning spokesman said RSC's could not be implemented until Minister of Finance Barend du Plessis had tabled the financial regulations that "flesh out the bones of the RSC Act".

But a spokesman at Inland Revenue said yesterday he did not know when the regulations would be ready.

Assocom legal manager Ken Warren said the confusion surrounding the implementation of RSC's was causing "concern and apprehension" among businessmen.

"We are getting enquiries daily on such questions as when monies will be collected, what rates will apply, and so on. For businessmen who are in the process of drawing up budgets it is causing a lot of confusion."

Business will fund the RSC's by way of

PETER WALLINGTON

turnover and payroll taxes — at maximum rates of 0,1% and 0,25% — and it has already expressed its fears that RSC's will add to inflation and unfairly burden companies with a high turnover and large staff.

The RSC in Bloemfontein was due to be implemented on September 1.

But Free State director of Local Government Willem Weilbach said yesterday that date would not be met — and said he hoped it would now be implemented on October 1.

● Comment Page 4

Apart from the financial regulations, there are problems over the inclusion of the black township of Botshabelo. The QwaQwa government fears that if it is included in the Bloemfontein RSC it will not be incorporated into QwaQwa.

Weilbach said that in addition to this Botshabelo "did not have legal standing. It is an advisory council to the Department of Development Aid. So it cannot really take part in the RSC unless Minister (Gerrit) Viljoen gives it the power to act as a fully-fledged town council."

A spokesman for the department of Local Government in the Transvaal said yesterday the most advanced plans for

● To Page 2

## Launch of RSCs delayed again

an RSC in the province related to Pretoria

"We are waiting for the Demarcation Board report on boundaries. Once that is received it will go to the Minister for approval. It will take a few months yet."

The director of local government in Natal, Ron Pistorius, said that apart from some preliminary investigations nothing has yet been set in motion.

"We believe it is essential to involve the KwaZulu local authorities in the process and as yet they have not made up their minds as to whether they will come into it."

Pistorius said if Kwazulu rejected the concept "we might have to reconsider the whole question."

Durban's management committee chairman Sybil Hotz said Pistorius had told them the implementation of all RSCs in Natal had been frozen because of the reluctance of KwaZulu authorities to participate in them.

"At this stage we just don't know what is going on. There is absolute confusion."

● From Page 1



# Plea for detainee

THE Council of Unions of SA has appealed to the Minister of Law and Order to grant leave to a detainee to attend a funeral of a relative in Soweto.

Late yesterday a spokesman for the Ministry of Law and Order told the *Sowetan* that they had not yet received the request, sent by Cusa in a telex on Wednesday.

The family of the detainee, who may not be identified in terms of emergency regulations, was last night involved in a 11th bid to have him released to attend the funeral. The detainee's relative is to be buried on

Sunday.

Cusa asked for help from — among other organisations — Amnesty International to have the detainee released.

• Fifty-two trade union leaders and officials have been arrested since last week under the state of emergency, the Labour Monitoring Group (LMG) said in its latest report yesterday.

All in all, 2 700 unionists have been detained since the state of emergency was declared and 81 percent were members of the Congress of SA Trade Unions.

## RSC briefings

THE Department of Co-operation and Development Aid is holding countrywide briefing sessions with councillors of all race groups to explain how Regional Services Councils function.

The secretary of the Demarcation Board, Mr Phil Smith, yesterday said the next meeting set to listen to debates on the feasibility of the re-

gion — including Tembisa, Soweto and Johannesburg — would be held in Johannesburg from July 31.

Despite the intensive efforts to get the complex scheme off the ground, officials of the department said it could take four months from now to effect the Johannesburg Regional Service Council. 29/7/86

## Passport bid fails

THE Department of Home Affairs has turned down a passport application by trade unionist Mr Phandelani Nefolovhodwe who was due to attend a labour conference in Australia on July 1.

The unionist was told this in a letter dated July 15 — five days after the eight-day meeting had ended.

29/7/86  
Sowetan

Sowetan  
29/7/86

26/7/86  
Sowetan



Aug 5 11/8/86 (2611)

## RSC Bill confused mayhem — councillors

**Municipal Reporter**

RADICAL changes to the regional services councils (RSCs) system outlined in a draft amendment by the Minister of Constitutional Development and Planning, Mr Chris Heunis, has been met with a barrage of criticism from the Cape Town city councillors.

The Bill was described during yesterday's council debate as "a cat's-cradle of constitutional nonsense" and "a whole new bureaucracy gone berserk".

The new Bill, which differs radically from the previous two Bills establishing the highly contentious councils, now provides for every divisional council area in the Cape Province to be deemed a region for the purposes of the Act.

The Administrator may establish an RSC for any region without the previously legislated demarcation process and any RSC thus established may also levy rates for local areas in its region.

In yesterday's meeting, Dr. John Sonnenberg said Mr. Heunis was "flying in the face of his own tortuous logic" with the publication of the draft Bill.

"South Africa cannot afford this crazy system. It must be rejected with a loud voice."

Mr. Clive Keegan, calling the new Bill "confused mayhem", said: "The amending Bill doesn't seek to clarify, but seeks radically to demolish and destroy certain fundamental principles which we were told were germane to the RSCs. When will this farce end?"

Mr. Neil Ross said it appeared as if the Cape was going to be an "experimental guinea pig".

Mr. Chris Joubert said he believed RSCs would not be bureaucracies.

Mrs. Joan Kantey, quoting former Postmaster-General Mr. Louis Rive's reference to the "glue-pot" of bureaucracy, said: "It seems the thumb-suck Government is coming out of the glue-pot in Pretoria. I refuse to accept it."

Mr. Frank van der Velde said RSCs were fragmenting Cape Town into racially composed "pockets".

The council resolved to send a delegation of councillors and prominent citizens to the Government to discuss the issue.



# RSCs will 'rip apart fabric of local govt'

## Staff Reporters

REGIONAL services councils would rip the fabric of local government apart, Mr Neil Ross told the Cape Divisional Council.

During a debate on a draft Bill on RSCs sent to local authorities for comment, Mr Ross said they would "do to local government what the bantustan policy did to South Africa".

Council chairman Mr Louwtjie Rothman said that in terms of the Bill, the Divisional Council would become the RSC.

## Chairman

Before it was abolished the Divisional Council would be "deemed to be a committee". The chairman would sit on the RSC, but would not have a vote.

Mr Rothman said the council should support the draft Bill, but because the RSC was an elected body, the chairman should ask for voting rights.

This was approved after defeat of opposing motions by two councillors.

Mr Paul Andrew said the draft legislation should be sent back to the Department of Constitutional Develop-

ment and Planning because it was undemocratic, a "crippling financial arrangement" and racialistic.

Mr Ross said the council should express total opposition to RSCs.

## "Misled"

Local authorities had been "misled" by senior government officials to believe RSCs would need "no buildings or bureaucracy", as they would be decision-making bodies whose decisions would be implemented by other bodies.

"This Bill says staff will be employed in very large numbers," said Mr Ross.

Financing of RSCs was "an exercise in absurdity" because no financial viability study had been done, he said.

## City Council

● The introduction of RSCs is likely to dominate tomorrow's monthly Cape Town City Council meeting.

The council has been highly critical of the RSC system and some councillors have suggested withholding co-operation.

The council's Executive Committee is recommending that the Bill be opposed.



## Suspicion over RSCs on the rise

CHRIS CAIRNCROSS

SUSPICIONS are growing within organised commerce that government is intent on circumventing the Demarcation Board process covering the establishment of regional services councils (RSCs).

The concern is that this is, in part, an effort to counter ongoing opposition to RSCs by several local authorities which, in the main, regard them as a flawed system of regionalisation.

It is also viewed as a hurried attempt to bring RSCs into operation as quickly as possible.

Some sinister intent is, therefore, being read into the Bill to amend the RSC Act.

This attitude is prevalent in the Western Cape where opposition has been expressed to legislative amendments empowering administrators to appoint an RSC in any one or more divisional council areas almost unilaterally.



# CBD delimitation criteria published

CAPE TOWN — Criteria for the delimitation of industrial and central business district areas under regional services councils were set out in yesterday's provincial gazette

The provincial administration's assistant director of local government, Mr Gideon van Wyk, said whatever was declared an industrial or business zone would be excluded from the calculation of voting powers.

Each local area would be represented on the RSC in proportion to the amount of services it consumed, he said. It

was fair to exclude the business and industrial areas, which were large users of services, as people from various "local areas" shopped or worked there.

The provincial gazette said land zoned or used for industrial purposes should be delimited industrial.

Central business districts were those "dependent on the support of different population groups and communities".

CBDs would be delimited in such a way that they would not be "scattered" over various sites — Sapa

26/1A

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*Cap Times 8/1/86*  
**RSCs 'rooted' in apartheid**

**Political Staff** *247* ning bureaucrats but will cost the man in the street a considerable amount," he said

THE phasing-in of Regional Services Councils would cause more, not less, confusion about this ideological monster, the PFP candidate for Pinelands, Mr Jasper Walsh, said yesterday

"What the government is doing is tearing the fabric of local government apart in a new deal which may satisfy plan-

"RSCs have their roots in apartheid. The route to serving on an RSC is by appointment through racially-structured management committees and municipalities"

(Report by B Streek, 122 St George's Street, Cape



# Govt urged to rethink RSC issue

THE private sector's message to government at the SA Property Owner's Association (Sapoa) regional services council (RSC) workshop yesterday was clear — go back to the drawing board

A host of criticisms was launched against the RSCs, aimed specifically at the levies on the private sector which would appear to bear the brunt of financing a project regarded as unsuccessful

The main objections raised were that raising taxes on wages and turnovers, would discourage job-creation and trade in an already hard-pressed economy

The taxpayer was also paying for services

provided by local authorities which RSCs would be supplementing

Government, however, had pressed ahead, despite widespread black rejection of segregated municipalities and fears that RSCs could become another layer of bureaucracy for the already over-burdened private sector

It had continued despite fears of a greater concentration of power at central government level in opposition to government's desired aim of devolution of power

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## New Divco men elected

The Argus Correspondent

**KIMBERLEY** — Mr Johan Thiart, secretary of the Vaal River Divisional Council in Kimberley, has been elected chairman of the Association of Divisional Councils of the Cape.

Mr Thiart takes over from Mr Bertie de Bod of the Klem Karoo-Langkloof Divisional Council, who was elected vice-chairman.

The two additional members of the outgoing executive, Mr Chris Mocke of the Cape Divisional Council and Mr Coenie Basson of the Humansdorp Divisional Council, were re-elected.



*Cape Times 6/11/86*

## Louw: First RSCs a reality 'very soon'

Staff Reporter

REGIONAL Services Councils (RSCs) may be expected to become a reality in parts of the Cape Province "very soon after September or October this year", Mr Gene Louw, Administrator of the Cape, said yesterday.

But Cape Town's RSC was still a long way off, Mr Louw told the 71st congress of the Association of Divisional Councils in Kimberley at its opening yesterday afternoon.

Some RSCs could be established very soon as the RSC amendment bill to be passed by Parliament this year included a shortened procedure for this.

The new procedure

only applied where Divisional Councils already existed, Mr Louw said, and the Cape was the only province with Divisional Councils.

"This does not mean that it is the intention to convert 38 Divisional Councils all at once into 38 RSCs. By no means."

Divisional councils would be converted into RSCs only when he placed a notice in the Provincial Gazette naming a council and the date of its changeover, Mr Louw said.

In the Cape Metropole and the Eastern Cape, all 68 steps of the long procedure would be followed, and a "very long period would be required" before the RSC could function.



## Tvl councils will discuss RSC future

Pretoria Bureau

Delegates from 105 Transvaal local authorities meet today to discuss local government issues during the three-day annual congress of the Transvaal Municipal Association.

The discussions are expected to speed up the new Regional Services Councils.

President of the TMA, Dr J P Naude, said the congress would be the most important in the association's 83-year history.

### POWER

"The congress will be very important in the light of constitutional developments and particularly the devolution of power to local authorities," Dr Naude said.

He said discussions would centre around the phasing out of provincial councils, the establishment of Regional Services Councils and other legislation affecting local government.

The central theme of the congress will be "Practical Urban Politics".



## Selling new look local government

By JO-ANN BEKKER

A NEW brand of local government is being marketed in Parys's derelict Tumahole township

Questionnaires asking residents to indicate whether they want "town committees", which will be organised into wards similar to white municipalities, have been distributed throughout the township. They will be personally collected by administration board officials.

The Tumahole Civic Association (TCA), however, believes the survey is an attempt to isolate "hostile residents". It points out this was one of the Joint Management Committee's strategies for breaking the rent boycotts, unveiled at a meeting of the Lekoa Town Council last year.

But Tumahole's secretary W Cronk said the committee would offer blacks the power to improve the conditions of their houses, roads and recreation facilities and to "develop this location into a township".

"Unfortunately there will always be the radicals, who want to see life go backwards, who would rather see people suffer than be in a position to provide good housing," he said. Cronk has worked in black administration for 24 years and was appointed to Tumahole eight months ago.

The TCA said people were being victimised into stating approval for the town committees. It warned that attempts to co-opt residents on to the committee would be vigorously opposed.



News 3/10/86 261A

METRO

# Business to ask for direct representation on RSCs

By DICK USHER  
Labour Reporter

**BUSINESS** wants direct representation on regional services councils — a system they will largely fund

The Cape Employers Association and the Chamber of Industries are formulating responses to the indirectly-elected councils for a joint delegation to the Minister of Constitutional Development and Planning, Mr Chris Heunis

Although details of the system have still to be thrashed out, both bodies object to the lack of accountability in the scheme and the fact that business, which will bear a major part of the funding, will have no say on the councils

Members on the councils will be elected by each local authority on the basis of proportional representation on an income-producing scale, excluding their central business districts and industrial areas

Mr Hennie Ferreira, president of the employers' association, said it was hoped to formulate a common approach with the chamber and put their views to Mr Heunis before the end of the year

## Taxed on turnover

Employers would be taxed on turnover and wage bills to fund the councils, but they would have no say in how the money would be spent

Mr Colin McCarthy, director of the Chamber of Industries, said the business community generally agreed that the proposed system of levies was taxation without representation and was unhappy about it

"The Minister's announcement about limits on raising funds does not calm us as once the RSCs are constituted they are going to press for extensions because the demand for services will be such that they will spend all they can get," he said

"Ratepayers will have a say in election of representatives who will decide on the level they will ask the Minister to impose, but it is a tax they are not going to have to pay

"The more they can get from the business community the less they will have to get from ratepayers. As they are elected by ratepayers they will keep the burden on them as low as possible"



# 'Don't take regulations seriously'

THE Department of Finance has told private sector representatives not to take published Regional Services Council (RSC) financial regulations too seriously

Responding to the regulations — published prematurely and in unapproved form in the *Government Gazette* last month — organised commerce and industry expressed concern that if the proposals were implemented, "serious anomalies and adverse effects will result"

An appeal was made to government to "rethink the entire system, which was

CHRIS CAIRNCROSS

patently flawed, overly complicated, and unlikely to be workable in practice".

When private sector representatives asked for clarification on the published regulations, they were told to view them as conceptual proposals only.

"The regulations concern vitally important issues that will directly affect us, and they were, after all, published in the *Government Gazette*."

But there is no doubt that the authorities are determined to establish the RSCs as soon as possible.

In recognition of this, the Association

of Chambers of Commerce (Assocom) stressed that it was essential that the introduction of RSCs be synchronised with the promised reduction in other taxes, to minimise the adverse affect on the business community

In a memorandum to the Department of Inland Revenue last week, Assocom again spelt out its concern that the regional services and establishment levies were unwise and would create additional and expensive bureaucracy on the one hand and endless complications of interpretation and implementation on the other



# RSCs will appoint agents to collect service levies

Dispatch Correspondent  
JOHANNESBURG —

The method for collection of Regional Service Council (RSC) levies has been worked out by the Department of Finance

RSCs will appoint agents to collect the levies on their behalf — probably municipalities which already collect rates — and the Department of Inland Revenue will give guidance on interpretation of the law and audit the books of individual levy-payers to ensure the correct amount is paid

A spokesman for department said at the weekend this task would be integrated with its

other tax collection functions to reduce the load

At this stage he did not envisage the need for additional staff

"We have begun re-organising work so that when we audit sales tax and pay as you earn (PAYE), we will also examine these levies," he said

The closing date for comment on the mistakenly gazetted financial regulations was Saturday and the government expects to promulgate the final version before the end of the year, possibly November

Establishment

of

RSCs has been delayed partly because the Demarcation Board is still busy investigating the boundaries of the major metropolitan areas. They are expected to be completed early next year

Levies will become payable three months after the date set for registration of levy-payers.

0029/9/86 (261A)



NATIONAL/INTERNATIONAL

# New Regional Services Council wins support

Tygerberg Bureau

ARGUS 29/9/86 261A  
MOST Tygerberg mayors support the Cape Metropolitan Regional Services Council (RSC) scheduled to start early next year.

The Mayor of Brackenfell, Mr Ronnie Smith, said his council was happy to be included in the RSC but he said it should have been instituted sooner.

"It's a step in the right direction as far as the involvement of all races in government is concerned," he said.

The Mayor of Kuils River, Mr Matie Swart, said although the Tygerberg municipalities were within the Stellenbosch and Paarl Divisional Council borders, they were mostly influenced by the metropolitan area.

Mr Swart appealed earlier this year for the speedy introduction of the RSC system to give management committees a greater say in local government.

"It gives all races a greater say in general affairs," he said.

Only the Kraaifontein municipality, which proposed that the three "border" municipalities of Kraaifontein, Brackenfell and Kuils River form their own RSC, has doubts.

Mayor Mr De Wet Marais said his council did not understand the practical implications of RSCs.

"It's not yet clear what advantages it will offer us," he said.

"We don't have all the details of how it is going to work and this has affected our readiness.

"For example, it has been suggested we will be able to collect the RSC levies without taking on more staff — but I can't see how this will be possible."



CAP TINKS 29/9/86 261A

# RSCs to appoint collection agents

Own Correspondent

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## Re-organizing work

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LINDA ENSOR



**Applikant:**

Raad van Handel en Nywerheid, Privaatsak X753, Pretoria, 0001.

*Opmerking* — Die Raad hersien hiermee die tussentydse tariefverligting op tekstielstowwe wat op 19 September 1986 in die *Staatskoerant* by Algemene Kennisgewing R. 2037 en R. 2041 gepubliseer is, sowel as die tariefbeskerming vir die tekstiel- en klerebedryf.

Lys 33/96 is by Algemene Kennisgewing 656 van 19 September 1986 gepubliseer.

(26 September 1986)

**KENNISGEWING 681 VAN 1986****DEPARTEMENT VAN STAATKUNDIGE ONTWIKKELING EN BEPLANNING****ONDERSOEK NA DIE AFBAKENING VAN 'N SENTRALE SAKE- EN NYWERHEIDSGEBIED VIR DIE BEOOGDE STREEKSDIENSTERAAD VIR DIE WALVISBAAI-ENKLAVE**

Kennis geskied hiermee ingevolge artikel 7G (1) van die Wet op die Bevordering van Plaaslike Owerheidsaangeleenthede, 1983 (Wet 91 van 1983), soos gewysig, dat die Administrateur van die provinsie die Kaap die Goeie Hoop ingevolge artikel 7F (1) (b) van gemelde Wet die Afbakeningsraad vir Plaaslike Owerheidsgebiede versoek het om ondersoek in te stel na en hom van advies te dien oor die afbakening van 'n sentrale sake- en nywerheidsgebied vir die doeleindes van die voorskrifte vervat in artikel 9 (1) van die Wet op Streeksdiensterade, 1985 (Wet 109 van 1985), vir bogemelde gebied.

Gemelde versoek, asook 'n kaart waarop die gebiede by benadering aangedui word, lê ter insae by die kantoor van die Sekretaris van die Afbakeningsraad vir Plaaslike Owerheidsgebiede, Kamer 06, Walkerstraat 240, Sunnyside, Pretoria, en by die kantore van die Stadsklerk van die Munisipaliteit van Walvisbaai, die Gemeenskapsraad van Kuisebmond en die Bestuurskomitee van Narraville.

Skriftelike besware teen of vertoe in verband met die voorgestelde afbakening kan op of voor 17 Oktober 1986 by die Sekretaris van die Afbakeningsraad vir Plaaslike Owerheidsgebiede, Privaatsak X644, Pretoria, 0001, ingedien word.

Die Afbakeningsraad of sy komitee sal ook op die onderstaande datum, tyd en plek vergader om enige verdere getuienis en vertoe aan te hoor van diegene wat besware en vertoe na aanleiding van hierdie kennisgewing ingedien het:

*Datum.*—23 Oktober 1986

*Plek.*—Komiteekamer, Stadsraad van Walvisbaai, Burgersentrum, Walvisbaai

*Tyd.*—09h00

**Beskrywing van gebied**

*Sentrale Sakegebied.* Die gebied in die middedorp wat min of meer begrens word deur Sewende en Tiende Straat en Tiende en Twaalfde Weg asook sekere erwe in die middedorp wat aangrensend is aan Sewende, Agste, Tiende en Elfde Straat en Dertiende Weg.

*Nywerheidsgebied.* Die Handelshawe en aanliggende nywerheidsgebiede.

T. M. SMITH,  
Sekretaris Afbakeningsraad.

(Verwysing: 12/10/5/4/43)

(26 September 1986)

**Applicant:**

Board of Trade and Industries, Private Bag X753, Pretoria, 0001.

*Note.*—The Board is hereby reviewing the interim tariff relief on textile material published on 19 September 1986 in the *Government Gazette* under General Notice R. 2037 and R. 2041 as well as the tariff protection for the textile and clothing industry.

List 33/96 was published under General Notice 656 of 19 September 1986.

(26 September 1986)

**NOTICE 681 OF 1986****DEPARTMENT OF CONSTITUTIONAL DEVELOPMENT AND PLANNING****ENQUIRY INTO THE DEMARCATION OF A CENTRAL BUSINESS AND INDUSTRIAL AREA FOR THE PROPOSED REGIONAL SERVICES COUNCIL FOR THE WALVIS BAY ENCLAVE**

Notice in terms of section 7G (1) of the Promotion of Local Government Affairs Act, 1983 (Act 91 of 1983), as amended, is hereby given that the Administrator of the Province of the Cape of Good Hope has in terms of section 7F (1) (b) of the said Act requested the Demarcation Board for Local Government Areas to hold an enquiry and advise him on the demarcation of a central business and industrial area for the purpose as determined in section 9 (1) of the Regional Services Councils Act, 1985 (Act 109 of 1985), for the above-mentioned area.

The said request, as well as a map depicting the areas by approximation, is open to inspection at the office of the Secretary of the Demarcation Board for Local Government Areas, Room 06, 240 Walker Street, Sunnyside, Pretoria, and at the offices of the Town Clerk of the Municipality of Walvis Bay, the Community Council of Kuisebmond and the Management Committee of Narraville.

Written objections against or representations in connection with the proposed demarcation may be lodged with the Secretary of the Demarcation Board for Local Government Areas, Private Bag X644, Pretoria, 0001, on or before 17 October 1986.

The Demarcation Board or its committee will also meet at the undermentioned date, place and time to hear further evidence from those persons who have lodged objections and representations in pursuance of this notice:

*Date.*—23 October 1986.

*Place.*—Committee Room, City Council of Walvis Bay, Civic Centre, Walvis Bay

*Time.*—09h00.

**Description of area**

*Central Business Area.* The area in the town centre which is more or less bounded by Seventh and Tenth Streets and Tenth and Twelfth Avenues as well as certain stands in the town centre adjacent to Seventh, Eighth, Tenth and Eleventh Streets and Thirteenth Avenue.

*Industrial Area.* The Commercial Harbour and adjacent industrial areas

T. M. SMITH,  
Secretary, Demarcation Board.

(Reference: 12/10/5/4/43)

(26 September 1986)



23/9/86  
LINDA ENSOR

GOVERNMENT'S indecision over whether or not Regional Services Councils (RSCs) will assume responsibility for transport subsidies is a source of concern to some. Ricky Valente, chairman of Sandton Town Council's management committee, told a seminar on RSCs at the SA Institute of Race Relations last week that town councils were going to be incorporated into the RSC structures without knowing what was to happen about transport subsidies. "I am not leading my council into that situation," he said.

## RSCs cause of concern

The seminar heard that if RSCs were to assume responsibility for the subsidies — at a cost of nearly R1bn a year — there would be no remaining funds to perform their main function of financing infrastructural development in depressed areas.

The private sector and the United Municipal Executives were called upon to lobby for the suspension of RSCs pending a thorough investigation into alternatives.

Wits University political scientist Mark Swilling said the state of emergency must also be lifted, so black leaders could discuss an alternative system with their communities. RSCs were destined to "blow up in our faces," he believed, because government's attempts to depoliticise local government structures by presenting them in neutral technical terms as the providers of bulk services was likely to fail.

Protagonists of the RSCs, such as Van Zyl, Manie Venter, Johannesburg town clerk, and Solly Rammala, town clerk of Atteridgeville, stressed their value as a vehicle of reform.



## Mounting outrage over scrapping of councils

# Govt plans for new province carve-up

GOVERNMENT has announced plans to introduce legislation that will empower it to sub-divide the existing provinces into a new geographical structure.

But already there is mounting of outrage over the move to replace elected provincial councillors with government-appointed bureaucrats.

Outlines of the plans, including a major restructuring of second and third-tier government, were revealed yesterday by Constitutional Development and Planning Minister Chris Heunis.

He said plans would be translated into legislation during this session of Parliament. The changes come into effect on July 1, when the existing provincial

CHRIS CAIRNCROSS  
and GERALD REILLY

council system is dismantled

Heunis said the theme throughout the Bill would emphasise government's policy of attaining maximum devolution of executive power.

Controversial features of the proposed legislation, revealed by Heunis during the debate on his Budget vote in the House of Assembly, include

□ A mechanism which will enable the existing provinces to be divided up within the existing boundaries "should this prove necessary"

□ The replacement of provincial councils with an executive committee under the chairmanship of an administrator,

these all to be political appointments made by the State President

□ Provision for the creation of joint executive bodies on the lines proposed for Natal and KwaZulu

□ A devolution of more executive governmental functions to provincial authority level

□ Authorisation for powers and functions currently entrusted to a Minister to be assigned to an administrator

□ The scrapping of the 13 black development boards

□ The scrapping of the Transvaal Board

● See Page 4

● To Page 2

## New province carve-up

for the Development of Peri-Urban Areas

□ The replacing of the 38 divisional councils in the Cape with regional services councils

Opposition members were disturbed by the plans. Opposition leader Colin Eglin said he listened to Heunis' plans with a "sense of foreboding". With one fell swoop, government had effectively ended elected representation at the second tier of government.

New Republic Party (NRP) spokesman on Constitutional Development and Planning, Derrick Watterson, described Heunis' proposals as a "political dictatorship".

And Douglas Gibson, Progressive Federal Party leader in the Transvaal Provincial Council, said government had lied to SA on the new structure, reports GERALD REILLY

Regarding his own department,

Heunis stressed that the execution of functions presently handled there would be transferred to the appropriate institutions as soon as possible.

The scrapping of development boards and the transfer of certain development functions of these boards to provincial administrations, local authorities and regional services councils means that about 40 000 employees will be affected.

Heunis said it was government's intention that all executive activities his department administered and which directly affected the interests of black communities (housing, welfare and socio-economic development) would as soon as possible be placed under the direct control of black political decision-makers.

13/5/86 261A

From Page 1



FIN MARK

## RSC LEVIES HEARTBURN

(261A)

The new Inland Revenue Council (RSC) regulations are going to cause widespread heartburn. They encompass just about every conceivable transaction between legal entities. No one escapes the net.

The two proposed levies remain unchanged: a turnover tax of 0.25% based on payroll and a 0.10% turnover tax. The regional establishment levy (REL), or turnover tax, is based on gross sales of goods. Every conceivable service charge is included: doctors, architects, accountants, lawyers, portfolio managers.

And everything, from letting of goods to management fees, falls into the net. The only deductions allowed are for bad debts and other sales tax paid.

Arthur Young's David Clegg reckons the REL will be paid on quoted share transactions, interest and dividends received, and any other dealings in financial paper, finance charges on financial leases and suspensive sales.

"It means that almost any commercial organisation will also constitute a financial enterprise, and to the extent that it

receives interest on deposits of surplus funds or intercompany loan accounts, these amounts will be leviable," says Clegg.

The levies are due monthly, by region. That means a chainstore such as Pick 'n Pay (P'n P) would have to make different returns for each of the regions it operates in. "It sounds very bad for business," marvelled P'n P joint MD Hugh Herman.

But Clegg feels interdivisional transactions within a company will escape the net. Likewise, certain transactions between State departments; but most State business is not exempt. Absolute concessions are few and far between. Charities, educational and church institutions get some relief. "There is an enormous amount of work to be done preparing for the impact of these levies," says Clegg.

Of some relief is the fact that local authorities will not have to interpret the regulations — disputes will be settled by the Commissioner for Inland Revenue. Book for an appointment now, say financial consultants.



'Extremely costly, difficult to administer'

# RSCs' taxes draw fire

CHRIS CAIRNCROSS

THE long-awaited financial regulations to be applied by the proposed regional services councils (RSCs) have finally been gazetted and indicate government is determined to spread the tax net as wide as possible.

In comparison to existing local authority tax collections, few organisations or individuals have been exempted from having to pay either the establishment or turnover tax, although it is notable that certain unspecified State "divisions" have been given exemption — an element

in contradiction with government promises.

More important, the regulations spell out a complex system of tax collection mechanisms that were roundly condemned yesterday by organised commerce and industry as totally unworkable and in serious conflict with the principles of sound taxation.

Spokesmen expressed grave concern that implementation of the regulations was going to be extremely costly, difficult to administer and, in-

evitably, lead to big increases in bureaucratic establishments.

Association of Chambers of Commerce (Assocom) legal adviser Ken Warren criticised the "open-ended" nature of the document. He said it was ominous to note that in contrast to the draft regulations, the gazetted regulations no longer contained any reference to the maximum levels of taxation to be imposed in the form of the two levies.

He said Assocom did not like the way state departments had been exempted from paying the regional establishment levy — it also was unclear whether that exemption applied, too, to the parastatals.

If the exemptions did apply to those organisations, then they should also be extended to apply to transactions entered into by companies in the same group.

Federated Chamber of Industries (FCI) economic adviser Arthur Hammond-Tooke said the regulations introduced a number of new and untried tax principles.

He said "There is also an extension of the basis of tax implying new and cumbersome collection procedures."

"The complexity of the system and its differential impact on the various sectors would inevitably lead to evasion on a large scale."

To counter those tactics a large number of additional posts would have to be created to police and monitor collection of the tax.

The FCI and Assocom also criticised the payroll levy on the grounds that it would impact on labour intensive enterprises, in conflict with one of the stated objectives of national economic policy.

Hammond-Tooke said "The tax is so structured as to make escalation inevitable, reducing fiscal efficiency and introducing a new inflationary element in the economy."

"The attempt to camouflage the source of this tax by making it appear that it will be borne largely by the business sector will thus have the disadvantage that the inevitable escalation of the tax will result in a highly visible increase in prices."



# Province ignored us on RSC borders — council

Municipal Reporter

THE provincial authorities' apparent decision to override the recommendations of the Demarcation Board on boundaries for the Cape metropolitan regional services council (RSC) has been attacked by Cape Town City Council

Councillors and officials were summoned to an urgent meeting last week by Mr P Schoeman, MEC for local government, who asked for new evidence within two weeks on why the boundaries of the RSC should not include the Divisional Council areas of the Cape, Paarl and Stellenbosch

The Demarcation Board is understood to have recommended the "01 economic region" (the Peninsula to Durbanville) and Atlantis for the new RSC scheduled for January

## CHANGE OF HEART

During yesterday's debate on a report of the meeting Dr John Sonnenberg, a former MPC, said the provincial Executive Committee appeared to have had a change of heart and was attempting to "rationalise" its decision

Consultation with local authorities was taking place only after a decision had been made by the province. This was "absolute arrogance" and "a bogus attempt to lend respectability" to the decision, Dr Sonnenberg said

"If this is consultation it is a charade, a mockery"

Mr Neil Ross said the council should give further evidence as circumstances had changed in the past few months with the decision that RSCs would take over the functions of the divisional councils

## "ABSOLUTE NONSENSE"

Mr Arthur Wienburg said it was "absolute nonsense" to suggest there was a "community of interest" within the larger area

"Why must Cape Town ratepayers be bled dry? I also reject this farce absolutely," he said

Mr Clive Keegan said the council had been "consistently ignored" by the State in the process of consultation and negotiation

"Every single scrap of evidence has been utterly ignored by the province. If this represents consultation in the RSC process, God help us all"



Financial details being redrafted

# RSC new deal drifts steadily into long limbo

26/11  
28/8/86  
BUSDAY

DESPITE government determination to implement regional services councils as soon as possible, there is no doubt this much-criticised and racially-based local government reform is now in limbo.

No RSCs will be operating this year. Even the first months of 1987 do not look promising.

CHRIS CAIRNCROSS

This prospect does not appear to be upsetting many local authorities who have been among the most outspoken critics of RSC proposals.

The first RSC should be set up in October after the scrapping of the old provincial council system on July 1.

The first, in Bloemfontein, has now been put back to January.

Amendments to the RSC Act, first promulgated in 1985, do not look as though they will be dealt with during this second session of Parliament.

They might be tabled only when Parliament reconvenes in January.

Other factors stalling implementation of this legislation is the time it is taking to promulgate RSC financial regulations.

They were submitted initially to the government co-ordinating council — which has Constitutional Development and Planning Minister Chris Heunis as its chairman — at the end of last month.

The regulations have been referred back for further drafting by government legal advisers.

They have then to be reviewed by government's permanent financial advisory committee before being re-submitted to the co-ordinating council.

This is unlikely before the end of October.

Assuming the regulations are promulgated in November, it will probably take at least three months before any of the first RSCs set in motion administrative machinery for collecting the new payroll and turnover levies.



## Govt undecided whether RSCs should bear the subsidies brunt

By BRUCE CAMERON  
Political Staff

28886-2618  
THE Government is still undecided about whether the regional services councils will have to bear the brunt of the R556-million in transport subsidies presently met by the Department of Transport.

The indecision is said to be one of the factors delaying the introduction of the controversial RSCs.

The huge subsidies are mainly for the transport of black workers from townships.

A National Transport Commission study group recommended that RSCs foot the bill.

The issue is soon to be discussed by the Minister of Constitutional Development, Mr. Chris Heunis, the Minister of Transport, Mr. Hendrik Schoeman, and the Minister of Finance, Mr. Barend du Plessis.

Mr. Frank Martin, former senior Natal MEC — who was involved in discussions to establish the RSCs — warned today that if the third tier of Government had to take over payment of the subsidies, commerce and industry could be crippled in some areas.

Mr. Martin said subsidies were being paid to implement Government policy.

"Must the Cape Town RSC pay for the transport of people from Khayelitsha, or the people of Durban, for the proposed new rail line to Inanda?" he asked.

A spokesman for the Department of Constitutional Development conceded that the RSCs could be placed in an impossible position if the Government decided to drop the subsidies.



CITY

AKB

262

10/10/86

# Management Committees to live on with system

TO be or not to be

The same question which tormented Shakespeare's Danish prince creased a few brows at the annual congress of the Association of Management Committees (Assomac) in George

But delegates' respective answers were about as far removed as their historical positions

Hamlet was goaded into action by the injustice he found in Elsinore castle

By contrast Assomac backed off meekly from its threat last year to disband if the law's "delay" in creating local authorities with a common voters' roll was not eliminated by this congress

Instead it decided to continue in the racially-based local government system in the seemingly vain hope of persuading the Government to change its mind

The association might have won more sympathy if it had shown more awareness of the wider political spectrum it operates in

Instead it remained obstinately self-centred

## State of emergency

Only a tiny handful of delegates — admittedly including Assomac president the Reverend E J Manikkam — seemed prepared to admit that they were meeting during an iron-clad state of emergency in which thousands of people had been detained

There was some predictable — and undoubtedly sincere — condemnation of apartheid

One fierce critic was a Victoria West delegate

He questioned whether the Government sincerely wanted to negotiate and said true black leaders were in exile or in jail. He told the congress apartheid "hurt" and he was determined to destroy it

Warming to his theme, he declared apartheid so abhorrent he would "send his ghost" to fight it when he died

But the irony of his words — the delegate is not an old man — seemed to escape him. His dilemma was that of Assomac — he had to work within the existing system

"I'm nowhere near finished breaking down apartheid — what could I use if I walked out?" he demanded

## Municipal Beat



By JOHN YELD

## Split personality

It was Kensington management committee secretary Mr Tony Schoeman — who had one or two memorable clashes with Rev Manikkam — who analysed most clearly the problem facing the Labour Party-dominated association

"You can't reconcile the actions of a split personality," he told delegates

"You accept apartheid on the one level (in Parliament) and say you reject it on the other (local government)"

The association's about-face did not seem to surprise honorary life president Mr David Curry — also minister of Local Government, Housing and Agriculture in the House of Representatives

Mr David Curry

He praised the congress's decision, warned delegates they would "get hurt" if they tried to challenge the Government, and went on to indulge in some unsubtle political arm-twisting

Waxing eloquent on the "advantages" of the tri-cameral system, Mr Curry boasted he had had his budget increased in a time of supposed Government economic austerity. Also that he had been able to supply R4-million upgrade Cape Flats communities' facilities

## Duplicated facilities

What Mr Curry didn't mention was that the recent Parliamentary session — in which House of Representative delegates didn't have enough work to keep them occupied — cost the hard-pressed taxpayers (of all sections of the community) about R20-million

Nor did he say duplicated facilities provided by the 151 Government departments were recently estimated at more than R130-million a year

You can buy a lot of pavements with that sort of money

But the Labour Party and Assomac are going to have to produce more than pavements before they convince the community of the wisdom of continuing with an apartheid system



# Business Rep

Bus operators threaten to sell

## Tollgate, Putco explode on RSCs

*Cape Times 13/10/86 26114*

By CHRIS CAIRNCROSS

THE country's two major bus operators, Tollgate Holdings and Putco, see "terrific practical problems" being created for them by the proposed Regional Services Councils (RSCs)

So much so, that Tollgate has decided to sell its bus operations and depots to those RSCs where it has scheduled passenger services — should RSCs ever be established

This decision was confirmed by Tollgate financial director Niel Blackshaw. It represents a firm departure from calls for greater levels of privatization being made by the business community

Current book value of the Cape Town-based group's assets that would go on sale is about R100m — in the form of buses and depot properties

Putco, which operates a fleet of 800 buses in the Transvaal, is keeping its options open for the moment

### Investment frozen

But, until greater clarity is provided on the RSCs, it has frozen all new investment in rolling stock, according to a spokesman

Putco is, however, also leaning towards the selling off its operations to local authorities "re-established" under the umbrella of the RSCs

The issues which have been arousing concern with these companies are clauses contained in the RSC Act, and certain recommendations made by the National Transport Policy Study (NTPS), which government is said to have accepted

In part, they state that RSCs must be made responsible for the control, regulation and subsidization of passenger transport

Until this happens, however, it is recommended that the present bus subsidy system should be converted into fixed period contracts between operators and the Department of Transport

The contract period proposed is three years, a time span considered totally unacceptable by the bus operators

In the light of the heavy investment involved, Putco is demanding guarantees of at least 10 years — with the RSCs committed to providing all other infrastructure, including existing and future depot operations

Tollgate recommends the creation of public utility companies to operate the bus service on a non-profit basis

### Expertise

Under this option,

☐ The expertise of the present management and the benefits associated with private entrepreneurship would be retained,

☐ The situation where privately owned profit-orientated companies would pay tax on passenger subsidies collected from business in the form of regional levies would be avoided, and

☐ The creation of a public utility company with no profit motive would help to depoliticize the passenger transport industry

Both Tollgate and Putco emphasize the need to provide bus operators with long term security of contract assurances in the proposed new transport structures under the umbrella of the RSCs

Says Tollgate "It must be realized by all concerned that investment in road passenger transport is very much a long-term investment"

It further declares that if the proposed short-term contract system is to be entered into, whether on a tender basis or not, then it is essential that the major fixed investment in fixed assets is made by the RSCs

"It would be totally uneconomic for a private operator to amortise the investment in buses and depots over the period of a short-term contract, and the fares which would have to be charged in such circumstances would be prohibitive," Tollgate concludes



# MINISTER FILLS IN SOME GAPS ON SA FUTURE



Mr F W DE KLERK  
Division of government

A CABINET MINISTERS' revelation this week of planned legislative assemblies for urban blacks painted in important areas of the Government's vision of the country's constitutional future

Mr F W de Klerk, chairman of the Ministers' Council in the House of Assembly, said in Zurich the legislative assemblies for urban blacks would be elected bodies led by ministerial councils, and would have powers over "a wide range of subjects"

Mr de Klerk's speech was seen as crystallising a trend

By LESTER VENTER, Political Correspondent

## Cornerstone

This division is the cornerstone of the existing controversial tricameral Parliament — and its extension to blacks is likely to stir strong opposition from liberal and radical quarters

Other key elements of the Government plan to emerge this week were

- An announcement of new legislation — the National States Representative Act — to grant greater powers of autonomy to self-governing black homelands.
- An announcement by Mr Chris Heunis, Minister of Constitutional Development and Planning, that "more representative" multiracial provincial bodies could be

created, and his repetition of the Government's intention to institute elections for blacks outside the homelands.

- The continued devolution of functions of the Department of Constitutional Development and Planning, announced last week, to regional and local levels — with the effect of vesting greater autonomy in bodies administering the lives of urban blacks.

While the Government has repeatedly stated an intention to negotiate a new constitutional dispensation, it

has also said it has "guidelines" for what that dispensation should be

## Stated

The "guidelines" have been stated in generalised principles of equal political and economic opportunities for all, with the retention of exclusivity over "own affairs"

The developments so far have already been slated by opposition politicians and a wide range of academics on two critical points meaning full black leaders are not being consulted — and even moderate black leaders will

not accept separate institutions

The steps along the way to the gradual unfolding of Government intent have been

- State President Mr P W Botha's opening of Parliament in January with the statement that the "outdated concept of apartheid" had been "outgrown"
- A firm insistence, nevertheless, that autonomy over "own affairs" would not be sacrificed.

● Mr Botha's revival in September of the concept of black city states and the first

moving of elections for urban blacks,

- The commitment to reform, being largely an intention to eliminate racial discrimination on social and economic levels — but stopping short of fully integrating residential areas, schools and political structures, and

● The intention to introduce a Bill of Rights — These have prompted political analysts to an interpretation of a Government vision of a South Africa with a one-man, one-vote system — but in separate, parallel political structures

GROUP Magazine by Christian youth group members and leaders from all over the country. These ideas work. They're some of the best ideas in use today.

Use these ideas, modify them, enlarge upon them—and send us your ideas.

—Thom Schultz



No. 2143

17 October 1986

**TOWN COUNCIL OF BELABELA.—CURTAILMENT OF PERIOD OF OFFICE OF ADMINISTRATORS**

I, Jan Christiaan Heunis, Minister of Constitutional Development and Planning, do hereby, under and by virtue of the powers vested in me by section 29A (2) of the Black Local Authorities Act, 1982 (Act 102 of 1982), determine that Messrs. E. C. Mabusela and G. E. Moloisane shall, with effect from the date of publication of this notice, cease to exercise, perform and fulfil the rights, powers, functions, duties and obligations of the Town Council of BelaBela

Government Notice 1756 of 22 August 1986 is hereby withdrawn.

J. C. HEUNIS,

Minister of Constitutional Development and Planning.

No. 2144

17 October 1986

**CITY COUNCIL OF KWAGUQA.—CURTAILMENT OF PERIOD OF OFFICE OF ADMINISTRATORS**

I, Jan Christiaan Heunis, Minister of Constitutional Development and Planning, do hereby, under and by virtue of the powers vested in me by section 29A (2) of the Black Local Authorities Act, 1982 (Act 102 of 1982), determine that Messrs M. J. G. Skosana, P. B. Mbonani, R. Makwakwa and H. C. Ndhlovu shall, with effect from the date of publication of this notice, cease to exercise, perform and fulfil the rights, powers, functions, duties and obligations of the City Council of KwaGuqa

Government Notice 1692 of 15 August 1986 is hereby withdrawn.

J. C. HEUNIS,

Minister of Constitutional Development and Planning.

No. 2147

17 October 1986

**TOWN COMMITTEE OF KHUMA.—CURTAILMENT OF PERIOD OF OFFICE OF ADMINISTRATORS**

I, Jan Christiaan Heunis, Minister of Constitutional Development and Planning, do hereby, under and by virtue of the powers vested in me by section 29A (2) of the Black Local Authorities Act, 1982 (Act 102 of 1982), determine that Messrs H. Mokgethi, J. Kunnene, T. Gumede and P. S. Diseko shall, with effect from the date of publication of this notice, cease to exercise, perform and fulfil the rights, powers, functions, duties and obligations of the Town Committee of Khuma

Government Notice 1691 of 15 August 1986 is hereby withdrawn.

J. C. HEUNIS,

Minister of Constitutional Development and Planning.

No. 2177

17 October 1986

**DISESTABLISHMENT OF TOWN AT BRITS**

I, Jan Christiaan Heunis, Minister of Constitutional Development and Planning, do hereby make known in terms of section 37 (2) of the Black Communities Development Act, 1984 (Act 4 of 1984), that the town defined, set apart and laid out at Brits and described in Government

No. 2143

17 Oktober 1986

**DORPSRAAD VAN BELABELA.—INKORTING VAN AMPSTERMYN VAN ADMINISTRATEURS**

Ek, Jan Christiaan Heunis, Minister van Staatkundige Ontwikkeling en Beplanning, kragtens die bevoegdheid my verleen by artikel 29A (2) van die Wet op Swart Plaaslike Owerhede, 1982 (Wet 102 van 1982), bepaal hierby dat menere E. C. Mabusela en G. E. Moloisane met ingang van die datum van publikasie van hierdie kennisgewing ophou om die regte, bevoegdhede, werksaamhede, pligte en verpligtinge van die Dorpsraad van BelaBela uit te oefen, te verrig en na te kom

Goewermentskennisgewing 1756 van 22 Augustus 1986 word hierby ingetrek.

J. C. HEUNIS,

Minister van Staatkundige Ontwikkeling en Beplanning.

No. 2144

17 Oktober 1986

**STADSRAAD VAN KWAGUQA.—INKORTING VAN AMPSTERMYN VAN ADMINISTRATEURS**

Ek, Jan Christiaan Heunis, Minister van Staatkundige Ontwikkeling en Beplanning, kragtens die bevoegdheid my verleen by artikel 29A (2) van die Wet op Swart Plaaslike Owerhede, 1982 (Wet 102 van 1982), bepaal hierby dat menere M. J. G. Skosana, P. B. Mbonani, R. Makwakwa en H. C. Ndhlovu met ingang van die datum van publikasie van hierdie kennisgewing ophou om die regte, bevoegdhede, werksaamhede, pligte en verpligtinge van die Stadsraad van KwaGuqa uit te oefen, te verrig en na te kom.

Goewermentskennisgewing 1692 van 15 Augustus 1986 word hierby ingetrek

J. C. HEUNIS,

Minister van Staatkundige Ontwikkeling en Beplanning.

No. 2147

17 Oktober 1986

**DORPSKOMITEE VAN KHUMA.—INKORTING VAN AMPSTERMYN VAN ADMINISTRATEURS**

Ek, Jan Christiaan Heunis, Minister van Staatkundige Ontwikkeling en Beplanning, kragtens die bevoegdheid my verleen by artikel 29A (2) van die Wet op Swart Plaaslike Owerhede, 1982 (Wet 102 van 1982), bepaal hierby dat menere H. Mokgethi, J. Kunnene, T. Gumede en P. S. Diseko met ingang van die datum van publikasie van hierdie kennisgewing ophou om die regte, bevoegdhede, werksaamhede, pligte en verpligtinge van die Dorpskomitee van Khuma uit te oefen, te verrig en na te kom.

Goewermentskennisgewing 1691 van 15 Augustus 1986 word hierby ingetrek.

J. C. HEUNIS,

Minister van Staatkundige Ontwikkeling en Beplanning

No. 2177

17 Oktober 1986

**AFSKAFFING VAN DORP TE BRITS**

Ek, Jan Christiaan Heunis, Minister van Staatkundige Ontwikkeling en Beplanning, maak hierby ingevolge artikel 37 (2) van die Wet op die Ontwikkeling van Swart Gemeenskappe, 1984 (Wet 4 van 1984), bekend dat die dorp bepaal, afgesonder en uitgelê te Brits en omskryf in Goewermentskennisgewings 775 van 11 Mei 1928 (gelees met Goewermentskennisgewing 999 van 15 Junie 1928) en



31/10/86 SMM  
**RSCs likely in January**

Municipal Reporter

The all-race Council for Co-ordination of Local Government Affairs met in Johannesburg yesterday under the chairmanship of Mr Chris Heunis, Minister of Constitutional Development and Planning, to discuss Regional Services Councils which, Mr Heunis said, were likely to get off the ground in January next year.

Mr Heunis reported that considerable progress had been made with groundwork in the Transvaal.



16/11/85 29/10/86 (2411)

## Regional councils to top City Council talks

By JOHN YELD  
Municipal Reporter

POLITICAL issues are set to dominate tomorrow's monthly City Council meeting

Top of the list will be the provincial Executive Committee's decision to override the recommendations of the Demarcation Board and establish one large regional service council comprising the Divisional Council areas of the Cape, Paarl and Stellenbosch

However, the committee called for further evidence and City Council representatives were summoned to an urgent meeting with provincial officials last week. A report of that meeting from Town Clerk Dr Stan Evans is on tomorrow's agenda

The council will also consider a recommendation from its Executive Committee rejecting provincial demands for management committees in Mitchell's Plain, Retreat, Schotsche Kloof, Walmer Estate, Woodstock and Salt River

### PROTRACTED FIGHT

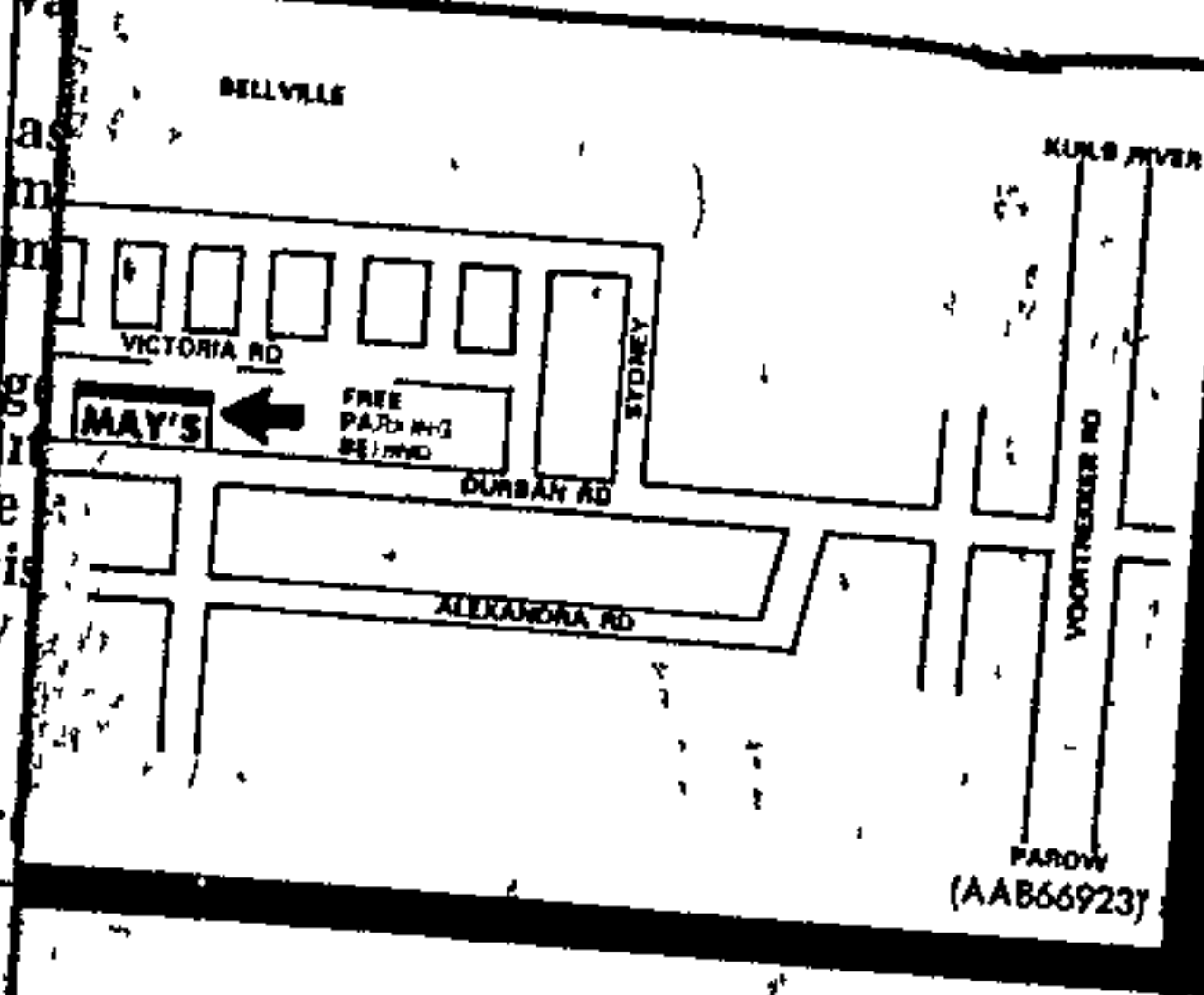
The thorny question of additional liquor licences for Sea Point and council representation at Liquor Board hearings will be raised

There has also been a protracted fight over traffic problems around the Foresters Arms in Newlands and the town planning committee has called for a report on whether the licensee — South African Breweries — could build a new pub in Main Road

Minor items likely to attract debate are by-laws relating to smoking in buses, banning dogs from Camps Bay beach, leasing kiosks in the new St George's Street mall, the conservation of historic buildings on the Albion Springs/Schweppes site in Rondebosch and the proposed proclamation of the Old Drill Hall as a national monument

Mr Arthur Wienburg has three private motions relating to more pay for Exco members, council's rules of procedure and a housing committee item

## G SOON IN AN ROAD LVILLE



# AON



# Councillors outraged by 'charade' over RSCs

*Cape Times 3/1/80 26/11*

By PETER DENNEHY

CITY councillors expressed their outrage yesterday over the provincial administration's ineffective "consultation" with the city over a new decision on how large Cape Town's Regional Services Council will be.

Mr Clive Keegan, chairman of the town planning committee, who was summoned last week to a meeting with Mr P Schoeman, MEC for local government, said Mr Schoeman simply read out a statement.

Yet the meeting was part of his "consultation" with local authorities.

In his statement, Mr Schoeman said a previous decision had been revised, and the RSC would in fact extend over the entire Cape, Paarl and Stellenbosch Divisional Council areas.

Dr John Sonnenberg said the De-

marcation Board recommendation that the RSC be much smaller, including only the 01 economic region and Atlantis, was not even mentioned.

"This is a charade," he said. "Cape Town is being used as a milch cow for the region. The decision is a purely political one," he said.

Mr Keegan said the City Council had been "ignored, rejected, and treated with contempt at every turn."

The result of imposing RSCs would be "civic dissension on a vast scale", he said, adding that Cape Town was "heading for disaster".

Sapa reports that the Minister of Constitutional Development and Planning, Mr Chris Heunis, said yesterday considerable progress had been made with the demarcation of RSCs.

The first could be established by January 1 next year.



# RSCs considerable progress made

26/11/76  
BUS DAY 31/10/76

CONSIDERABLE progress had been made with the demarcation of Regional Services Council (RSC) areas, Constitutional Development and Planning Minister Chris Heunis said yesterday, after the first meeting in Johannesburg of the Council for the Co-ordination of Local Government Affairs.

The council was established in terms of the Promotion of Local Government Affairs Act to advise government on the co-ordination of local government affairs.

The Demarcation Board's investiga-

LINDA ENSOR

tions into the Pretoria, Witwatersrand, Cape, Bloemfontein and Port Elizabeth areas had been completed and submitted to the Provincial Administrators.

Among the matters discussed at the meeting were the need to expedite training of staff, problems involved with transferring functions to RSCs, and the apparent non-acceptance of the system by black communities.

The inability of black local authorities to collect rent and provide services were

also discussed and the council recommended amending legislation to assist in overcoming the problem.

Heunis believed the draft financial regulations for RSCs relating to the collection of levies would be accepted by Finance Minister Barend Du Plessis, who was also at the meeting.

He said "In relation to the functions of the Commission of Inland Revenue, certain other regulations are to be published. They have not been considered this morning as an amendment to the RSC Act has been made."



Putco has stopped buying new buses until the situation is clarified. Although Tollgate is still buying vehicles, it's also unsure of the future.

In terms of the NTPS proposals bus operators could be contracted to supply services, but relatively short-term contracts would make it unattractive — and financially risky — for companies to invest in costly depots and vehicles.

What the two companies have proposed to government is that RSCs in whose areas their services operate buy companies' assets and then appoint the companies to run the services on behalf of the RSC.



**Public transport... stop signs ahead**

The purchase of Putco's 3 300 buses and depots and Tollgate Holdings' 1 500 buses and depots could cost RSCs around R340 m.

Although such a move would be contrary to government's stated objective of privatisation, Putco MD Albino Carleo and Tollgate MD Johan Barnard believe it offers the best hope for a continued efficient passenger transport system.

Carleo says it is doubtful that RSCs will be able to fund the sort of transport service envisaged by the NTPS because their financial priorities will lie in other areas, such as upgrading black townships.

He says the solution favoured by Tollgate

FIN MAIL 7/11/86  
BUS OPERATORS 261A

## At the crossroads

Government may soon be forced to fund the purchase of the assets of two of SA's largest private bus operators.

Both Putco and Tollgate Holdings have submitted new proposals to ensure their continued operation after the establishment of regional services councils (RSCs).

In terms of RSC legislation and the recommendations of the National Transport Policy Study (NTPS) — which is understood to have been accepted by government — RSCs will be responsible for public transport. But exact details of the responsibility and the RSCs' future relationships with bus operators have not yet been made known.

It appears clear, however, that the current structure of privately owned bus companies will not be possible, due mainly to operators' uncertainty over their long-term future under RSC jurisdiction.

and Putco is for the RSCs to acquire bus operators' assets through a government capital grant, and for operators then to provide management services at a fee.

Barnard agrees this is a good idea and sees it as most favourable for Tollgate shareholders, who have been told of the proposal. He envisages the new structures operating as utility companies which, he believes, may take much of the political sting out of public transport.

The RSCs, if truly representative, would make decisions on potentially explosive issues such as fare increases from a position of necessity rather than the profit motive.

Barnard does not see the proposed buy-out as necessarily negative, and believes that in the long run it could benefit bus users.

Carleo says that in spite of currently fashionable free enterprise clichés and theories propounded by the National Institute for Transport and Road Research among others, it is a fact that public transport is still subsidised less in SA than in the US and Europe.

"The industry could not exist here without subsidies, including a recoverable discount on passenger fares."

"No government or municipal transport service in the country functions without heavy losses, which are in effect subsidies. Yet private enterprise is apparently expected to operate profitably without recoverable discounts or other subsidies."

He says factors which make this impossible include:

- ☐ The Group Areas Act, which forces many blacks to live far from their work;
- ☐ Township unrest, which causes heavy losses;
- ☐ Denial of access to bus operators by local authorities to CBDs, which forces many passengers to use alternative transport (access to Pretoria's CBD has been granted from November 1);
- ☐ The lack of dedicated bus lanes which hit trip frequency in peak traffic times; and
- ☐ The uncontrolled increase in the number of combi taxis — legal and illegal — operating without the restrictions and requirements placed on the bus industry. Carleo says the RSCs may eventually be faced with the choice of killing either the bus or the taxi industry.



amic witnesses, he said

# Heunis says RSCs good for all-race co-operation

26/11/78  
5004

By Don Holliday

The implementation of the Regional Services Councils (RSC) provided a golden opportunity for liaison and co-operation between all race groups at local government level, the Minister of Constitutional Development and Planning, Mr Chris Heunis, said last night.

Mr Heunis was speaking at a meeting of the Johannesburg Afrikaanse Sakekamer.

He stressed the RSCs were not a new government level, but simply "a horizontal extension of local government".

The implementation of the RSCs had three goals: political participation, effective rendering of services and the gathering and distribution of additional sources of income.

## LEVIES

Mr Heunis said the Government had undertaken to replace the subsidising of local government affairs with a source of finance which would be self-generating within the region concerned.

Two levies fulfilling this requirement were a regional service levy based on the total remuneration of an employer to an employee and a regional settlement levy based on the turnover of a business.

These levies were replacements for existing levies and not additional levies, he said.

Wherever possible, services would be paid for by the eventual user.

The two levies were in line with the Government's standpoint of "maximum devolution of authority, functions, funds and decision-making to the local authority level".



# PFP clash on RSCs expected at congress

By ANTHONY JOHNSON  
Political Correspondent

JOHANNESBURG — A major clash over participation in the government's ethnically-based Regional Service Councils (RSCs) is expected at the PFP's federal congress here this weekend.

The battle lines are drawn between the Transvaal — where many delegates express qualified support for involvement — and the rest of the country whose delegates vehemently oppose any participation in the proposed local-government structures.

One senior member of the party predicted "fireworks" over the issue while another agreed that RSCs would be "the most hotly debated topic at the congress and fur is bound to fly".

A resolution from the Cape Western Regional Council calls for an outright ban on any PFP members participating on RSCs.

## RSCs 'ethnic, entrench apartheid'

It calls on the party to do all in its power to bring about democratic, non-racial local government.

A resolution from the Border regional executive of the Young Progressives notes that the proposed RSCs are based on the principle of ethnic representation and thereby entrench apartheid.

It further notes that black local authorities lack credibility in their communities and consequently their delegates will be unrepresentative.

RSCs are also seen as being open to manipulation by the government and as placing an unnecessary burden on the taxpayer.

By contrast, some Transvaal delegates feel a boycott of RSCs will lock the PFP out of an important realm of future decision-making and could threaten the job security of certain members in future.

The other major points of contention at the congress are likely to come from a number of strongly worded resolutions from the youth wing of the party.

The call by the Young Progressives for a reassessment of the party's blanket opposition to sanctions could well lead to confrontation with party stalwarts who have tirelessly campaigned against all forms of sanctions.

A number of other resolutions condemn detention without trial and the state of emergency.



FIN MAIL 5/12/86 232  
261A  
REGIONAL SERVICES COUNCILS

## Sluggish confusion

Are the proposed regional services councils (RSCs) characterised by aims diametrically opposed to Pretoria's avowed policies of privatisation and deregulation? If so, it will be

another minus for RSCs, which in any case hardly get a kind word from any quarter. Against all opposition, it appears that RSCs will be steamrollered through by Pretoria. Though RSC law and regulations may be in tatters, demarcations have been made for the Bloemfontein, Pretoria and Witwatersrand areas.

Many advisory bodies like Assocom are inundated with queries as to how to budget and plan for RSCs. The immediate concern is the levies they will exact from productive enterprises, but the public service will cough up too.

Though it is legal personae that will be liable to pay a percentage of payroll and turnover to RSCs, such levies are ultimately paid by people. business taxes mean lower dividends, wages and profits, and higher prices.

### General sentiment

General sentiment is expressed by Assocom's legal manager Ken Warren. "Implementation of the levies should be deferred until conditions for success are better. And the report of the Margo Commission should be taken into consideration. We simply cannot afford a constitutional failure of the magnitude possible if RSCs do not work."

Nobody knows when the final regulations will appear. It is generally accepted that they will be difficult to implement, interpret and administer without substantial governmental and corporate bureaucracy.

It is doubtful, says an ex-town clerk, that the levies will ever be cost-effective compared to other more logical ways of funding. And it has been noted that the taxes are open-ended and could rise to prohibitive levels.

Clearly RSCs' priority is to defuse racial barriers at the third tier of government — at, it appears, any cost. Economic priorities such as privatisation and deregulation seem largely to have fallen by the wayside.

Ironically, free-enterprise policies have been adopted at local level for some time. Much meter reading is done by private enterprise, refuse disposal and parks administration are other examples in private hands. And there are many cases of hiring out services, one step toward privatisation. Johannesburg, for example, provides sewerage and joint fire services for other local authorities.

Some private-sector bodies have asked for

a book of standard by-laws to facilitate privatisation and deregulation. Such a rule-book would simplify the efforts of private enterprise in taking unproductive work away from government.

RSC levies are easy to condemn from an economic viewpoint. A low-markup store is assessed on the same basis as a high-markup business. Levies cannot be deducted by a business running at a loss which is not, therefore, paying tax. And capital-intensive business is favoured over those emphasising use of labour.



# Council in R700 000 housing row

THOKOZA Town Council officials are at the centre of a R700 000 row over the alleged misuse of funds to buy houses in the plush Johannesburg suburbs of Sandton and Rosebank

Five officials from Thokoza, near Alberton, are reported to have recently bought private properties in the northern suburbs. Two might have already moved in.

Executive council member of the

HAMISH McINDOE

Transvaal Provincial Administration, John Griffiths, said yesterday that an independent auditor's report on the council's books showed several irregularities.

"The report has been sent to the council. It would be unfair to comment until they have had an opportunity to reply."

This is the third report — in less than five weeks — of financial irregularities

in the council's affairs

Thokoza town clerk Doris Thinane refused to answer repeated calls yesterday when *Business Day* tried to clarify the issue.

An audit last month showed that Thokoza officials spent about R93 000 in council funds on cars, trips and hotel stays over a 17-month period.

This has been reported to the East Rand police.



## RSC role in health services uncertain

JOHANNESBURG

The role which Regional Services Councils (RSCs) will play in the provision of health services has still not been worked out — despite the fact that they are scheduled to come into operation in some areas next year.

The acting director of community services in the Department of National Health and Population Development, Dr Pieter Henning, said no finality had been reached on the system.

"RSCs are still in a development phase. The role they will play in health services will become clear as the whole investigation progresses and as soon as they become functional," he said.

Dr Henning said a report had been compiled on how health services would fit into the new constitutional dispensation — DDC.



261A

THE levies for the first Regional Services Council (RSC) are expected to come into effect from July 1 next year, instead of April 1, says Ernst & Whinney's Ken Walton.

Government, however, has not yet issued specific details. Many businesses are concerned by this delay and are hoping final legislation will be gazetted by the end of this month.

Walton says "It is obvious a large administrative burden will fall on industry. It is a pity the burden is being aggravated by the absence of specific details concerning the various RSC regions and the rates of levy that will apply in those regions."

He says the delay is particularly disruptive for companies concerned with cashflow forecasts and profit budgeting.

When implemented, the councils will be financed from two sources: a regional services levy (the payroll levy) at a likely rate of 0.25% of payroll and a regional establishment levy (the turnover levy) at a rate not exceeding 0.1% of turnover.

### Main provisions

It is understood the regions will be decided by the Minister of Finance in consultation with the Minister of Constitutional Development and Planning. Except for Bloemfontein, the regions will not follow the existing municipal boundaries, and may embrace more than one municipal area.

Walton outlines some of the main provisions of the proposed legislation, in the November issue of Ernst & Whinney's *Tax News*.

The payroll levy will be imposed on remuneration, as defined in the 4th schedule of the Income Tax Act, including taxable fringe benefits.

Although excluded from the Income Tax Act definition, these amounts are specifically included for the purposes of the payroll levy.

☐ Fees paid to a director of a private company,

☐ Fees paid to a non-executive director of a public company;

☐ Drawings by proprietors and partners: Drawings exceeding accumulated profits or a partner's share of profits will be exempt, however.

Certain exemptions from the payroll levy have also been provided for:

☐ Remuneration paid to domestic servants.

### Turnover levy

☐ Remuneration paid by any religious or charitable institution of a public character;

☐ A blanket exemption if the total payroll levy and turnover levy amount to less than R60 a year.

Walton says "Although pensions and annuities are included in the legislation we believe these will be exempted sometime in the future."

The turnover levy will be imposed on the turnover of any trade, business or profession. This includes most businesses operating on a non-profit basis.

The original intention to base the levy on the amount taxable in terms of GST was scrapped, because the authorities felt the GST base was too narrow.

## Business concern at govt delay on levies

STUART SUTTON

The levy will be calculated on turnover, excluding amounts collected for GST, and will be payable once a month. However, the taxpayer will have the option to pay the levy either on amounts owed to him, or on amounts actually paid, to him.

Generally, the amount on which the levy can be charged includes

☐ Total receipts from sales;

☐ Rentals received,

☐ Receipts for services rendered,

☐ Interest received on loans or credit granted,

☐ Interest or dividends received on invested funds,

☐ Gross profit from trading in financial assets.

There are certain exemptions to the turnover levy.

### Exemptions

☐ Certain transactions of non-profit organisations,

☐ Receipts by any control board for the sale of products for which they were originally established,

☐ Receipts by State bodies for goods or services — for which they were originally established — supplied to other State bodies,

☐ Receipts by the State or utility housing companies from the letting or sale of residential property on a non-profit basis,

☐ Rent derived by an employer from the letting of accommodation to an employee on a non-profit basis,

☐ Receipts from contracts concluded before the RSCs commence, which are received not later than six months after the commencement date,

☐ A blanket exemption if the total payroll levy and turnover levy amount to less than R60 a year.

Walton says the burden of the tax will not be evenly distributed.

He says "Labour-intensive businesses will be badly hit by the payroll levy. The turnover levy will also have a harsh effect on businesses with a high turnover and small profit margin, while businesses with a smaller turnover and higher margin will pay less, even though the level of profit may be similar."



# Public Sector - Regional Services Councils

## 1987

JANUARY - MAY.

N.B. This File had to be re-organised  
because it was badly handed  
by users. Please understand  
people!



for micro-light pilot licence. (vii) R45 solo and R70 dual. (D) Three Koala training aircraft. (This publication supersedes a similar publication on 12 December 1986 in the name of Robert Sinclair.)

(2 January 1987)

enkelstuur en R70 dubbelstuur. (D) Drie Koala-opleidingsvliegtuie. (Hierdie publikasie vervang 'n soortgelyke publikasie op 12 Desember 1986 in die naam van Robert Sinclair.)

(2 Januarie 1987)

## NOTICE 10 OF 1987

### CONSTITUTIONAL DEVELOPMENT SERVICES ENQUIRY INTO THE DEMARCATION OF A REGION(S) FOR A REGIONAL SERVICES COUNCIL(S) FOR THE EAST AND SOUTH-EASTERN TRANSVAAL AREA

Notice in terms of section 7G (1) of the Promotion of Local Government Affairs Act, 1983 (Act 91 of 1983), is hereby given that the Administrator of the Transvaal has in terms of section 7F (1) (a) of the said Act requested the Demarcation Board for Local Government Areas to hold an enquiry and advise him on the desirability or otherwise of the demarcation of a region/regions in terms of section 2 of the Regional Services Councils Act, 1985 (Act 109 of 1985), for the establishment of a regional services council or councils in the area described below.

The said request is open to inspection at the office of the Secretary of the Demarcation Board for Local Government Areas, Room 06, 240 Walker Street, Sunnyside, Pretoria, and at the town clerk, secretary or other chief executive officer of every local authority and management body whose area of jurisdiction is situated wholly or partly within the aforementioned area, listed below.

Written objections against or representations in connection with the proposed demarcation may be lodged in tenfold with the Secretary of the Demarcation Board for Local Government Areas, Private Bag X644, Pretoria, 0001, on or before 26 January 1987.

The Demarcation Board will also meet on the undermentioned dates, times and places to hear further evidence and representations from those persons who lodged objections and representations in pursuance of this notice.

| Date              | Place                                                         | Time  |
|-------------------|---------------------------------------------------------------|-------|
| <b>Middelburg</b> |                                                               |       |
| 9 February 1987   | Council Chamber, Civic Centre, Wanderers Avenue, Middelburg   | 09h00 |
| <b>Ermelo</b>     |                                                               |       |
| 10 February 1987  | Civic Centre, Church Street, Ermelo                           | 09h00 |
| <b>Nelspruit</b>  |                                                               |       |
| 11 February 1987  | Council Chamber, City Hall, Louis Trichardt Street, Nelspruit | 09h00 |

### Description of area

#### Point 1 to point 2 on the map

Follow the Magisterial District Boundary of Pilgrim's Rest 1.

Beginning at a point where the magisterial district boundaries of White River and Pilgrim's Rest 1 meet, thence generally northwards, eastwards and southwards along the magisterial district boundary of Pilgrim's Rest 1 up to a point where the last mentioned magisterial district boundary meets the magisterial district boundary of White River, which is point 2.

#### Point 2 to point 3 on the map

Follow the Magisterial District Boundary of White River. Beginning at a point where the Magisterial District Boundaries of Pilgrim's Rest 1 and White River meet, thence towards along the eastern boundary of the magisterial district boundary of White River up to a point where the magisterial district boundaries of White River and Barberton meet, which is point 3.

## KENNISGEWING 10 VAN 1987

### STAATKUNDIGE ONTWIKKELINGSDIENS

### ONDERSOEK NA DIE AFBAKENING VAN 'N STREEK/STREKE VIR 'N STREEKSDIENSTERAAD VIR DIE OOS EN SUID-OOS TRANSVAAL GEBIED

Kennis geskied hiermee ingevolge artikel 7G (1) van die Wet op die Bevordering van Plaaslike Owerheidsaangeleent-hede, 1983 (Wet 91 van 1983), dat die Administrateur van Transvaal ingevolge artikel 7F (1) (a) van gemelde Wet die Afbakeningsraad vir Plaaslike Owerheidsgebiede versoek het om ondersoek in te stel na en hom van advies te dien oor die wenslikheid of andersins van die afbakening van 'n streek/streke ingevolge artikel 2 van die Wet op Streeksdiensterade, 1985 (Wet 109 van 1985), vir die instelling van 'n streeksdiensteraad of rade in die gebied hieronder beskryf.

Bedoelde versoek lê ter insae by die kantoor van die Sekretaris van die Afbakeningsraad vir Plaaslike Owerheidsgebiede, Kamer 06, Walker Straat 240, Sunnyside, Pretoria, en by die kantoor van die stadsclerk, sekretaris of ander hoofuitvoerende beampte van elke plaaslike owerheid en bestuursliggaam wie se regsgebied geheel of gedeeltelik in die voormelde gebied gelee is, soos hieronder aangedui.

Skriftelike besware teen of vertoe in verband met die voorgestelde afbakening kan op of voor 26 Januarie 1987 by die Sekretaris van die Afbakeningsraad vir Plaaslike Owerheidsgebiede, Privaatsak X644, Pretoria, 0001, in tienvoud ingedien word.

Die Afbakeningsraad sal ook op die onderstaande datums, tye en plekke vergader om enige verdere getuieis en vertoe aan te hoor van diegene wat besware en vertoe na aanleiding van hierdie kennisgewing ingedien het:

| Datum             | Plek                                                  | Tyd   |
|-------------------|-------------------------------------------------------|-------|
| <b>Middelburg</b> |                                                       |       |
| 9 Februarie 1987  | Raadsaal Burgersentrum, Wandererslaan, Middelburg     | 09h00 |
| <b>Ermelo</b>     |                                                       |       |
| 10 Februarie 1987 | Burgersentrum, Kerkstraat, Ermelo                     | 09h00 |
| <b>Nelspruit</b>  |                                                       |       |
| 11 Februarie 1987 | Raadsaal, Stadshuis, Louis Trichardtstraat, Nelspruit | 09h00 |

### Beskrywing van streek

#### Punt 1 na punt 2 op die kaart

Volg die Landdrostdistrikgrens van Pilgrim's Rest 1

Begin by 'n punt waar die landdrostdistrikgrense van White River en Pilgrim's Rest 1 ontmoet, daarvandaan algemeen noordwaards, ooswaarts en suidwaarts met die landdrostdistrikgrens van Pilgrim's Rest 1 langs tot by 'n punt waar laasgenoemde landdrostdistrikgrens die landdrostdistrikgrens van White river ontmoet, wat punt 2 is

#### Punt 2 na punt 3 op die kaart

Volg die Landdrostdistrikgrens van White River

Begin by 'n punt waar die landdrostdistrikgrens van Pilgrim's Rest 1 en White River ontmoet, daarvandaan suidwaarts met die oostelike landdrostdistrikgrens van White River langs tot by 'n punt waar die landdrostdistrikgrense van White River en Barberton ontmoet, wat punt 3 is



**Point 3 to point 4 to point 5 on the map**

Follow the Eastern Magisterial District Boundary of Barberton (point 3 to point 4) and the National State of KaNgwane's Northern and Western Boundary (point 4 to point 5 in the districts Barberton, Carolana and Ermelo)

Beginning at a point where the magisterial district boundaries of White River and Barberton meet, thence southwards up to a point where the last mentioned magisterial district boundary meets the boundary of the National State of KaNgwane, which is point 4, thence generally westwards, south-westwards and southwards along the northern and western boundary of the National State of KaNgwane up to a point where the last mentioned boundary meets the magisterial district boundary of Ermelo, which is point 5

**Point 5 to point 6 on the map**

Follow the Magisterial District Boundary of Ermelo

Beginning at a point where the boundary of the National State of KaNgwane meets the eastern magisterial district boundary of Ermelo, thence southwards along the magisterial district boundaries of Ermelo up to a point where the magisterial district boundaries of Ermelo and Piet Retief meet, which is point 6

**Point 6 to point 7 on the map**

Follow the Magisterial District Boundary of Piet Retief

Beginning at a point where the magisterial district boundaries of Ermelo and Piet Retief meet, thence generally south-eastwards, southwards and westwards along the magisterial district boundary of Piet Retief up to a point where the magisterial district boundaries of Piet Retief and Wakkerstroom meet, which is point 7

**Point 7 to point 8 on the map**

Follow the Magisterial District Boundary of Wakkerstroom

Beginning at a point where the magisterial district boundaries of Piet Retief and Wakkerstroom meet, thence generally westwards up to a point where the magisterial district boundaries of Wakkerstroom and Volksrust meet, which is point 8

**Point 8 to point 9 on the map**

Follow the Magisterial District Boundary of Volksrust

Beginning at a point where the magisterial district boundaries of Wakkerstroom and Volksrust meet, thence generally westwards up to a point where the magisterial district boundaries of Volksrust and Standerton meet, which is point 9

**Point 9 to point 10 on the map**

Follow the Magisterial District Boundary of Standerton

Beginning at a point where the magisterial district boundaries of Volksrust and Standerton meet, thence generally westwards up to a point where the magisterial district boundaries of Standerton and Balfour meet, which is point 10

**Point 10 to point 11 on the map**

Follow the Magisterial District Boundary of Balfour

Beginning at a point where the magisterial district boundaries of Standerton and Balfour meet, thence generally westwards up to a point where the magisterial district boundaries of Balfour and Heidelberg meet, thence generally north-eastwards along the magisterial district boundary of Balfour and Nigel and the proposed guide plan boundary of East Rand/Far East Rand met, which is point 11

**Point 11 to point 12 on the map**

Follow the Proposed Guide Plan Boundary of East Rand/Far East Rand (Government Gazette 6034 dated 2 June 1978, Notice 1138)

**Point 3 na punt 4 na punt 5 op die kaart**

Volg die Oostelike Landdrosdistriktegrens van Barberton (punt 3 na punt 4) en die Nasionale Staat van KaNgwane se noordelike en westelike grens (punt 4 na punt 5 in die distrikte Barberton, Carolana en Ermelo)

Begin by 'n punt waar die landdrosdistriktegrense van White River en Barberton ontmoet, daarvandaan suidwaarts tot by 'n punt waar laasgenoemde landdrosdistriktegrens die grens van die Nasionale Staat van KaNgwane ontmoet, wat punt 4 is, daarvandaan algemeen weswaarts, suidweswaarts en suidwaarts met die noordelike en westelike grens van die Nasionale Staat van KaNgwane langs tot by 'n punt waar laasgenoemde grens die oostelike landdrosdistriktegrens van Ermelo ontmoet, wat punt 5 is

**Point 5 na punt 6 op die kaart**

Volg die Landdrosdistriktegrens van Ermelo

Begin by 'n punt waar die grens van die Nasionale Staat van KaNgwane die oostelike landdrosdistriktegrens van Ermelo ontmoet daarvandaan suidwaarts met die landdrosdistriktegrens van Ermelo langs tot by 'n punt waar die landdrosdistriktegrense van Ermelo en Piet Retief ontmoet, wat punt 6 is

**Point 6 na punt 7 op die kaart**

Volg die Landdrosdistriktegrens van Piet Retief

Begin by 'n punt waar die landdrosdistriktegrense van Ermelo en Piet Retief ontmoet, daarvandaan algemeen suid-ooswaarts, suidwaarts en weswaarts met die landdrosdistriktegrense van Piet Retief langs tot by 'n punt waar die landdrosdistriktegrense van Piet Retief en Wakkerstroom ontmoet, wat punt 7 is

**Point 7 na punt 8 op die kaart**

Volg die Landdrosdistriktegrens van Wakkerstroom

Begin by 'n punt waar die landdrosdistriktegrense van Piet Retief en Wakkerstroom ontmoet, daarvandaan algemeen weswaarts tot by 'n punt waar die landdrosdistriktegrense van Wakkerstroom en Volksrust ontmoet, wat punt 8 is

**Point 8 na punt 9 op die kaart**

Volg die Landdrosdistriktegrens van Volksrust

Begin by 'n punt waar die landdrosdistriktegrense van Wakkerstroom en Volksrust ontmoet, daarvandaan algemeen weswaarts tot by 'n punt waar die landdrosdistriktegrense van Volksrust en Standerton ontmoet, wat punt 9 is

**Point 9 na punt 10 op die kaart**

Volg die Landdrosdistriktegrens van Standerton

Begin by 'n punt waar die landdrosdistriktegrense van Volksrust en Standerton ontmoet, daarvandaan algemeen weswaarts tot by 'n punt waar die landdrosdistriktegrense van Standerton en Balfour ontmoet, wat punt 10 is

**Point 10 na punt 11 op die kaart**

Volg die Landdrosdistriktegrens van Balfour

Begin by 'n punt waar die landdrosdistriktegrense van Standerton en Balfour ontmoet, daarvandaan algemeen weswaarts tot by 'n punt waar die landdrosdistriktegrense van Balfour en Heidelberg ontmoet, daarvandaan algemeen noordooswaarts met die landdrosdistriktegrens van Balfour langs tot by 'n punt waar die landdrosdistriktegrense van Balfour en Nigel en die ontwerpgidsplangrens van Oos-Rand/Verre Oos-Rand ontmoet, wat punt 11 is

**Point 11 na punt 12 op die kaart**

Volg op Ontwerpgidsplangrens van Oos-Rand/Verre Oos-Rand (Staatskoerant 6034, gedateer 2 June 1978, Kennegewing 1138)

Beginning at a point where the magisterial district boundaries of Balfour and Nigel and the proposed guide plan boundary of East Rand/Far East Rand meet, thence generally north-eastwards along the mentioned guide plan boundary up to a point where the guide plan boundary joins the magisterial district boundary of Delmas, which is point 12

**Point 12 to point 13 on the map**

Follow the Magisterial District Boundary of Delmas

Beginning at a point where the guide plan boundary of East Rand/Far East Rand joins the magisterial district boundary of Delmas, thence generally northwards and eastwards along the western and northern magisterial district boundary of Delmas up to a point where the magisterial district boundaries of Delmas and Witbank meet, which is point 13

**Point 13 to point 14 on the map**

Follow the Magisterial District Boundary of Witbank

Beginning at a point where the magisterial district boundaries of Delmas and Witbank meet, thence generally northwards up to a point where the magisterial district boundaries of Witbank and Groblersdal meet, which is point 14

**Point 14 to point 15 on the map**

Follow the Magisterial District Boundary of Groblersdal

Beginning at a point where the magisterial district boundaries of Witbank and Groblersdal meet, thence generally northwards, north-eastwards, southwards and eastwards along the western and northern magisterial district boundary of Groblersdal up to a point where the magisterial district boundaries of Groblersdal and Lydenburg meet, which is point 15

**Point 15 to point 16 on the map**

Follow the Magisterial District Boundary of Lydenburg

Beginning at a point where the magisterial district boundaries of Groblersdal and Lydenburg meet, thence generally north-eastwards along the northern magisterial district boundary of Lydenburg up to a point where the magisterial district boundaries of Lydenburg, Pilgrim's Rest 2 and the Ohngstad river meet, which is point 16

**Point 16 to point 17 to point 18 on the map**

Follow the Ohngstad river and an Imaginary Boundary

Beginning at a point where the magisterial district boundaries of Lydenburg, Pilgrim's Rest 2 and the Ohngstad river meet, thence along the centre line of the Ohngstad river up to a point in the middle of the Blydenverspoort Dam, which is point 17, thence north-eastwards in a straight line up to a point where the mentioned line meets the most southern beacon of the farm Dreihock 417 KT and the magisterial district boundary of Pilgrim's Rest, which is point 18

**Point 18 to point 19 on the map**

Follow the Magisterial District Boundary of Pilgrim's Rest 2

Beginning at the most southern beacon of the farm Dreihock 417 KT, thence eastwards and southwards along the magisterial district boundary of Pilgrim's Rest 2 up to a point where it meets the boundary of the National State of Lebowa, which is point 19

**Point 19 to point 20 on the map**

Follow the Boundary of the National State of Lebowa

Beginning at a point where the magisterial district boundary of Pilgrim's Rest 2 meets the boundary of the National State of Lebowa, thence generally southwards up to a point where the boundary of the National State of Lebowa meets the magisterial district boundary of Mhala and the boundary of the National State of KaNgwane, which is point 20

Begin by 'n punt waar die landdrosdistriktegrense van Balfour en Nigel en die ontwerpgidsplangrens van Oos-Rand/Verre Oos-Rand ontmoet, daarvandaan algemeen noordooswaarts met die genoemde gidsplangrens langs tot by 'n punt waar die gidsplangrens aansluit by die landdrosdistriktegrens van Delmas, wat punt 12 is

**Point 12 na punt 13 op die kaart**

Volg die Landdrosdistriktegrens van Delmas

Begin by 'n punt waar die gidsplangrens van Oos-Rand/Verre Oos-Rand aansluit by die landdrosdistriktegrens van Delmas, daarvandaan algemeen noordooswaarts en ooswaarts met die westelike en noordelike landdrosdistriktegrens van Delmas langs tot by 'n punt waar die landdrosdistriktegrense van Delmas en Witbank ontmoet, wat punt 13 is

**Point 13 na punt 14 op die kaart**

Volg die Landdrosdistriktegrens van Witbank

Begin by 'n punt waar die landdrosdistriktegrense van Delmas en Witbank ontmoet, daarvandaan algemeen noordwaarts tot by 'n punt waar die landdrosdistriktegrense van Witbank en Groblersdal ontmoet, wat punt 14 is

**Point 14 na punt 15 op die kaart**

Volg die Landdrosdistriktegrens van Groblersdal

Begin by 'n punt waar die landdrosdistriktegrense van Witbank en Groblersdal ontmoet, daarvandaan algemeen noordooswaarts, noordooswaarts, suidwaarts en ooswaarts met die westelike en noordelike landdrosdistriktegrens van Groblersdal langs tot by 'n punt waar die landdrosdistriktegrense van Groblersdal en Lydenburg ontmoet, wat punt 15 is

**Point 15 na punt 16 op die kaart**

Volg die Landdrosdistriktegrens van Lydenburg

Begin by 'n punt waar die landdrosdistriktegrense van Groblersdal en Lydenburg ontmoet, daarvandaan algemeen noordooswaarts met die noordelike landdrosdistriktegrense van Lydenburg langs tot by 'n punt waar die landdrosdistriktegrense van Lydenburg, Pilgrim's Rest 2 en die Ohngstadrivier ontmoet, wat punt 16 is

**Point 16 na punt 17 na punt 18 op die kaart**

Volg die Ohngstadrivier en 'n Denkbeeldige Grens

Begin by 'n punt waar die landdrosdistriktegrense van Lydenburg, Pilgrim's Rest 2 en die Ohngstadrivier ontmoet, daarvandaan met die middellyn van die Ohngstadrivier langs tot by 'n punt in die middel van die Blydenverspoortdam wat punt 17 is, daarvandaan noordooswaarts in 'n reguit lyn tot by 'n punt waar die genoemde lyn die mees suidelikste baken van die plaas Dreihock 417 KT en die landdrosdistriktegrens Pilgrim's Rest 2 ontmoet, wat punt 18 is

**Point 18 na punt 19 op die kaart**

Volg die Landdrosdistriktegrens van Pilgrim's Rest 2

Begin by die mees suidelikste baken van die plaas Dreihock 417 KT, daarvandaan ooswaarts en suidwaarts met die landdrosdistriktegrens van Pilgrim's Rest 2 langs tot by 'n punt waar dit die grens van die Nasionale Staat van Lebowa ontmoet, wat punt 19 is

**Point 19 na punt 20 op die kaart**

Volg die grens van die Nasionale Staat van Lebowa

Begin by 'n punt waar die landdrosdistriktegrens van Pilgrim's Rest 2 die grens van die Nasionale Staat van Lebowa ontmoet, daarvandaan algemeen suidwaarts tot by 'n punt waar die grens van die Nasionale Staat van Lebowa die landdrosdistriktegrens van Mhala en die grens van die Nasionale Staat van KaNgwane ontmoet, wat punt 20 is



**Point 20 to point 21 on the map**

Follow the Boundary of the National State of KaNgwane  
Beginning at a point where the boundary of the National State of Lebowa meets the magisterial district boundary of Mhala and the boundary of the National State of KaNgwane, thence generally southwards, south-eastwards and northwards along the boundary of the National State of KaNgwane up to point where the last mentioned boundary meets the mutual magisterial district boundaries of Mhala and White River, which is point 21

**Point 21 to point 1 on the map**

Follow the Magisterial District Boundary of White River  
Beginning at a point where the boundary of the National State of KaNgwane meets the mutual magisterial district boundaries of Mhala and White River, thence generally eastwards up to a point where the magisterial district boundaries of White River and Pilgrim's Rest 1 meet, which is point 1, the point of beginning

**List of local bodies****A MUNICIPALITIES**

- 1 Amersfoort
- 2 Balfour
- 3 Barberton
- 4 Belfast
- 5 Bethal
- 6 Breyton
- 7 Dullstroom
- 8 Carolina
- 9 Delmas
- 10 Ermelo
- 11 Evander
- 12 Graskop
- 13 Greylingstad
- 14 Groblersdal
- 15 Hendrina
- 16 Kinross
- 17 Komatipoort
- 18 Leandra
- 19 Lydenburg
- 20 Machadodorp
- 21 Marble Hall
- 22 Middelburg
- 23 Morgenstern
- 24 Nelspruit
- 25 Piet Retief
- 26 Sabie
- 27 Secunda
- 28 Standerton
- 29 Trichardt
- 30 Volksrust
- 31 Wakkerstroom
- 32 Waterval-Boven
- 33 Witbank
- 34 White River
- 35 Wessellon
- 36 Kwa Guga
- 37 Mhluzi

**B AREA COMMITTEES**

- 1 Amsterdam
- 2 Badplaas
- 3 Charl Celliers
- 4 Hoevelhof

**Punt 20 na punt 21 op die kaart**

Volg die grens van die Nasionale Staat van KaNgwane  
Begin by 'n punt waar die grens van die Nasionale Staat van Lebowa die landdrosdistrikte van Mhala en die grens van die Nasionale Staat van KaNgwane ontmoet, daarvandaan algemeen ooswaarts tot by 'n punt waar die landdrosdistrikte van White River en Pilgrim's Rest 1 ontmoet, wat punt 1 is, die begin punt

**Punt 21 na punt 1 op die kaart**

Volg die landdrosdistrikte van White River  
Begin by 'n punt waar die grens van die Nasionale Staat van KaNgwane die gemeenskaplike landdrosdistrikte van Mhala en White River ontmoet, daarvandaan algemeen ooswaarts tot by 'n punt waar die landdrosdistrikte van White River en Pilgrim's Rest 1 ontmoet, wat punt 1 is, die begin punt

**Adresse van plaaslike liggame****A MUNISIPALITEITE**

- 1 Amersfoort
- 2 Balfour
- 3 Barberton
- 4 Belfast
- 5 Bethal
- 6 Breyton
- 7 Dullstroom
- 8 Carolina
- 9 Delmas
- 10 Ermelo
- 11 Evander
- 12 Graskop
- 13 Greylingstad
- 14 Groblersdal
- 15 Hendrina
- 16 Kinross
- 17 Komatipoort
- 18 Leandra
- 19 Lydenburg
- 20 Machadodorp
- 21 Marble Hall
- 22 Middelburg
- 23 Morgenstern
- 24 Nelspruit
- 25 Piet Retief
- 26 Sabie
- 27 Secunda
- 28 Standerton
- 29 Trichardt
- 30 Volksrust
- 31 Wakkerstroom
- 32 Waterval-Boven
- 33 Witbank
- 34 Witvler
- 35 Wessellon
- 36 Kwa Guga
- 37 Mhluzi

**B GEBIEDSKOMITEES**

- 1 Amsterdam
- 2 Badplaas
- 3 Charl Celliers
- 4 Hoevelhof

- 5 Oges
- 6 Pordokop
- 7 Roossenekal
- 8 Sheepmoor
- 9 Stofberg
- 10 Christiesmeer
- 11 Davel
- 12 Hectorspruit
- 13 Kriel
- 14 Lothar
- 15 Malelane
- 16 Ohrigstad

**C HEALTH COMMITTEES**

- 1 Devon
- 2 Pongola

**D TOWN COMMITTEES**

- 1 eZamokuhle
- 2 Siyathemba
- 3 Einzoni
- 4 Syathuthuka
- 5 KwaZanele
- 6 Sibobela
- 7 Boteng
- 8 Sakhelwe
- 9 KwaZamokuhle
- 10 Lebhang
- 11 Masing
- 12 Emtonjenu
- 13 Sivukile
- 14 Phola
- 15 Syazenzela
- 16 eThandakukhanya
- 17 Sumle
- 18 eMbalentle
- 19 Sakhile
- 20 Vukusake
- 21 eSizanele
- 22 eMwenya
- 23 KwaDela
- 24 eMjundini
- 25 Impumelelo
- 26 Nkorwane

**E MANAGEMENT COMMITTEES**

- 1 Mhlapark (City Council Bethal)
- 2 Carolindia (City Council Carolina)
- 3 Delpark (City Council Delmas)
- 4 Cassimpoort (City Council Ermelo)
- 5 Langwerwag (City Council Evander)
- 6 Glory Hill (Town Council of Graskop)
- 7 Kellyville (City Council Lydenburg)
- 8 Nazaret (City Council Middelburg)
- 9 East Dene (City Council Nelspruit)
- 10 Nelsville (City Council Nelspruit)
- 11 Valencia Park (City Council Nelspruit)
- 12 Retefville (City Council Piet Retief)
- 13 Kempville (City Council Piet Retief)
- 14 Harmony Hill (Town Council of Sabie)
- 15 Azalea (City Council Standerton)
- 16 Stan West (City Council Standerton)
- 17 Skoonheids (City Council Witbank)
- 18 Pineridge (City Council Witbank)

T M SMITH,

Secretary, Demarcation Board

(Reference 12/10/5/4/27 28)

(2 January 1987)

- 5 Oges
- 6 Pordokop
- 7 Roossenekal
- 8 Sheepmoor
- 9 Stofberg
- 10 Christiesmeer
- 11 Davel
- 12 Hectorspruit
- 13 Kriel
- 14 Lothar
- 15 Malelane
- 16 Ohrigstad

**C GESONDHEIDSKOMITEES**

- 1 Devon
- 2 Pongola

**D DORPSKOMITEES**

- 1 eZamokuhle
- 2 Siyathemba
- 3 Einzoni
- 4 Syathuthuka
- 5 KwaZanele
- 6 Sibobela
- 7 Boteng
- 8 Sakhelwe
- 9 KwaZamokuhle
- 10 Lebhang
- 11 Masing
- 12 Emtonjenu
- 13 Sivukile
- 14 Phola
- 15 Syazenzela
- 16 eThandakukhanya
- 17 Sumle
- 18 eMbalentle
- 19 Sakhile
- 20 Vukusake
- 21 eSizanele
- 22 eMwenya
- 23 KwaDela
- 24 eMjundini
- 25 Impumelelo
- 26 Nkorwane

**E BESTUURSKOMITEES**

- 1 Mhlapark (Stadsraad van Bethal)
- 2 Carolindia (Stadsraad van Carolina)
- 3 Delpark (Stadsraad van Delmas)
- 4 Cassimpoort (Stadsraad van Ermelo)
- 5 Langwerwag (Stadsraad van Evander)
- 6 Glory Hill (Dorpsraad van Graskop)
- 7 Kellyville (Stadsraad van Lydenburg)
- 8 Nazaret (Stadsraad van Middelburg)
- 9 East Dene (Stadsraad van Nelspruit)
- 10 Nelsville (Stadsraad van Nelspruit)
- 11 Valencia Park (Stadsraad van Nelspruit)
- 12 Retefville (Stadsraad van Piet Retief)
- 13 Kempville (Stadsraad van Piet Retief)
- 14 Harmony Hill (Dorpsraad van Sabie)
- 15 Azalea (Stadsraad van Standerton)
- 16 Stan West (Stadsraad van Standerton)
- 17 Skoonheids (Stadsraad van Witbank)
- 18 Pineridge (Stadsraad City Council Witbank)

T M SMITH,

Sekretaris Afbakeningsraad

(Verwysing 12/10/5/4/27 28)

(2 January 1987)



# Coalition keeps city Progs out of RSCs

By Shirley Woodgate, Municipal Reporter

Johannesburg's ruling National Party/Independent Ratepayers' Association coalition has taken all five seats on the Central Witwatersrand Regional Services Council.

The Progressive Federal Party opposition is out in the cold, despite representing nearly half of the city's voters.

After being hamstrung by two PFP walkouts, the coalition managed to muster its full complement of supporters last night for a third try and was helped by the votes of Independent Mr Lionel Keenan (voted an alternate RSC representative to Mr Johan Fick) and New Republic Party councillor Mr Ron Selley.

The representatives are Mr Danie van Zyl (NP leader in the city council), Mr Jan Burger (NP member of the management committee), Mr Johan Fick (leader of the NP caucus) and Mr Eddy Magid (IRA). Their alternates are Mr Henne Schoeman (NP), Mr Cecil Long (NP), Mr Carel Venter (NP) and Mr Lionel Keenan (Ind).

Mr Sam Moss, council leader of the PFP, has appealed to the coalition to let the PFP serve and not to allow "the tyranny of the majority" to apply.

He said "The RSCs are congenitally flawed. Considering the difficulties in their birth and background I had hoped that Johannesburg, as the largest centre in this particular RSC, would be represented right across the board."

He warned that if the PFP was refused participation it would not be a slap in the face for the party but the disenfranchisement of a major part of the city.

Mr Tony Leon (PFP) wanted to know why the coalition had reversed its ideas on power-sharing after being prepared to share the management committee with the PFP in 1982.

"Why are we more irresponsible now than in 1982?" he asked.

Management committee chairman Mr Francois Oberholzer said the RSC representatives would work closely with the management committee and be answerable to the council, which would have many opportunities for full debate on issues as it was an agent of the RSCs.

He warned that those who served on the RSCs would be targets for "vicious attacks" and that the RSCs would become politicised to such an extent that it would be unpleasant to serve on them.



# Financial clout is basis for representation on RSCs

Last week after two aborted attempts, the Johannesburg City Council voted its five representatives on to the Central Witwatersrand Regional Services Council (RSC). The final details of the proportion of representation on this RSC are expected to be thrashed out at a hearing of the Demarcation Board in the next month. The 12 members of the Johannesburg region include Roodepoort, Sandton, Randburg, Soweto, Alexandra, Eldorado Park, Lenasia, Ennerdale, Diepmeadow, Marlboro Gardens and Dobsonville. **SHIRLEY WOODGATE** reports.

Financial clout, rather than the number of voters in a particular region, is the basis for representation on the Regional Services Councils (RSC).

Representation is proportional to the amount of services (a total of 21 including water and power) purchased by a local authority from the RSC, excluding regional services provided in industrial or central business areas. Roughly this means a city providing 20 per cent of the RSC budget will have 20 per cent of the votes.

The RSCs Act of 1985 states that RSCs will be constituted from the local authorities and management bodies of all race groups.

Only elected bodies can be represented on an RSC but the Act is

presently being amended to allow representation of nominated bodies such as the Indian and coloured management committees.

Every local body which is represented may from its members nominate one member of the council for every 10 per cent or part thereof of the total number of votes to which it is entitled, but no local body may nominate more than five members, and no single local authority may have more than 50 per cent of the vote.

The number of votes in excess of 50 per cent will be apportioned among the other members.

The Administrator appoints a chairman for every RSC with the concurrence of the four ministers responsible for local government

affairs

Mr John Griffiths, MEC, illustrated that if the total value of the services supplied to Johannesburg amounted to R100 and the city consumed 70 per cent of that amount, then it was entitled to have one member for every 10 per cent or part thereof, limited to a maximum of five members and 50 per cent of the voting power.

"The balance of 30 per cent would be spread proportionately between the other members, eg if Sandton used 15 per cent it would get two members plus a part of one member (making it three) and the other ten would have one member each.

"Built-in minority protection

allows any local body represented the right of review and appeal against any decision taken by the RSC.

"Two appeal bodies exist, one for matters not directly concerned with finances, which will be chaired by the Administrator and four Ministers, and the other chaired by the Minister of Finance assisted by four Ministers," he said.

It is also accepted that the alliances in a council will differ according to the issue concerned.

But experts have said the real dispute will be a political one between the haves (the white municipalities) and the have-nots (the black, coloured and Indian local authorities).



# RSC chairmen 'could earn <sup>26/A</sup> R96 000/year' <sup>11/2/87</sup>

Own Correspondent

CHAIRMEN of regional service councils (RSCs) are likely to earn R96 000 a year, John Malcomess (PFP Port Elizabeth Central) said yesterday.

And if they were retired MPs, they would also receive their pensions, he added.

Malcomess said that Finance Minister Barend du Plessis's replies yesterday to questions about the salaries of RSC chairmen amounted to "misinformation".

Du Plessis said in the House of Assembly that the remuneration and allowances for chairmen and members of RSCs was determined by the administrators.

The Minister said it had been recommended that chairmen receive an all-inclusive emolument linked to a maximum daily allowance.

This would vary from one RSC to another depending on the complexity and responsibility of the position, but with a loading of 25% on the daily tariff of an ordinary RSC member.

He said that an additional loading of 50% was allowed to provide for service benefits such as pension, medical aid, housing and partial transport costs.

The allowance per session day for or-

dinary members would also vary, he added, but would range from R100 to R220 per day.

Du Plessis said that where RSC chairmen received a State pension, they would continue to receive this, as the RSCs offered no pensions for chairmen or members.

Commenting on the Minister's replies, Malcomess said he had learned reliably that RSC chairmen would receive R96 000 a year and, where the chairman was also in receipt of a parliamentary pension, this could rise to as much as R144 000 a year.

In addition, he said, they would be picking up "a very nice tax-free cheque".

It was clear, he added, that the National Party was "going all out to use the taxpayers' money to their own advantage and in an attempt to buy votes".

□ Replying to a question from W J Snyman (CP Pietersburg), Constitutional Development and Planning Minister Chris Heunis said eight RSCs would come into operation on July 1: Pretoria/Brits/Bronkhorstspuit; Central Witwatersrand; East Rand; West Rand; Bloemfontein/Botshabelo; Port Elizabeth/Uitenhage; Walvis Bay and Cape Town/Paarl/Stellenbosch.

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International Standard Minimum Rules as accepted by the Republic of South Africa

Detainees in terms of the emergency regulations are, as is the case with other prisoners, given the opportunity to participate in sport, move about freely under supervision in courtyards, and taken from their cells when visited by their families, for medical consultations, or consultations with legal practitioners. They sometimes refuse to go back to their cells when ordered to do so and during these occasions a threatening and aggressive attitude is taken towards supervising staff.

To restore order in such cases and to prevent a situation from developing to the point where personnel and detainees may be seriously injured or even killed, the SA Prisons Service staff is committed to an also trained in the use of the minimum force. The use of tear-smoke is subject to strict rules and serves as an alternative when all other effective options to defuse a potentially dangerous situation have been exhausted and where it is obvious that violence aimed at fellow detainees or personnel has to be prevented, property be protected from wanton and malicious damage and order be restored. Tear-smoke which is used in such cases after requests to calm down have been ignored, is the most effective alternative to the application and deployment of more stringent means.

Michael L Beea

\*24 Mr D J DALLING asked the Minister of Law and Order

- (1) Whether a certain person, whose name has been furnished to the South African Police for the purpose of the Minister's reply, has been detained by the South African Police, if so, (a) when, (b) in terms of what statutory provisions and (c) what is the name of this person,

- (2) whether this person is to be charged with any offence, if so, (a) when and (b) what are the charges?

The MINISTER OF LAW AND ORDER

- (1) Yes

- (a) From 2 July 1986 until 26 January 1987

- (b) Section 29 (1) of the Internal Security Act, 1982

- (c) Michael L Beea

- (2) Yes (a) and (b) He was already charged on a main charge of sedition on 26 January 1987

Moses Jongisizwe Mayekiso

\*25 Mr D J DALLING asked the Minister of Law and Order

- (1) Whether a certain person, whose name has been furnished to the South African Police for the purpose of the Minister's reply, has been detained by the South African Police, if so, (a) when, (b) in terms of what statutory provisions and (c) what is the name of this person,

- (2) whether this person is to be charged with any offence, if so, (a) when and (b) what are the charges?

The MINISTER OF LAW AND ORDER

- (1) Yes

- (a) 28 June 1986 until 26 January 1987

- (b) Section 29 of the Internal Security Act, 1982

- (c) Moses Jongisizwe Mayekiso

- (2) Yes (a) and (b) He was already charged on a main charge of sedition on 26 January 1987

Regional Services Council

\*26 Mr D J N MALCOMESS asked the Minister of Finance

What is the (a) salary, including allowances, and (b) car allowance paid to a member of a Regional Services Council?

The MINISTER OF FINANCE

In terms of the Regional Services Councils Act, 1985 the remuneration and allowances of the chairmen and members of Regional Services Councils shall be determined by the respective Administrators

- (a) The level of operational complexity and responsibility of the Regional Services Council (metropolitan, urban or rural Regional Services Councils) will determine the sessional allowance payable to members. According to recommendations submitted to the Council for the Co-ordination of Local Government Affairs, it can vary between R100 and R220 per sessional day

- (b) No fixed car allowance is paid. A transport allowance for official use of a private vehicle will be paid on a kilometre tariff determined, periodically, by the Administrator

Regional Services Council

\*27 Mr D J N MALCOMESS asked the Minister of Finance

- (1) What is the (a) salary, including allowances, and (b) car allowance paid to a chairman of a Regional Services Council,

- (2) whether persons in receipt of State pensions who are appointed as chairmen or members of Regional Services Councils will continue to receive such pensions in addition to salaries from these Councils, if so, why,

- (3) whether chairmen and members of Regional Services Councils will be eligible for pensions, if so, what is the nature of the pensions for which they will be eligible?

The MINISTER OF FINANCE

In terms of the Regional Services Councils Act, 1985 the remuneration and allowances of the chairmen and members of Regional Services Councils shall be determined by the respective Administrators

- (1) (a) It was recommended to the Council for the Co-ordination of Local Government Affairs that the chairman not be paid a salary but an all-inclusive annual emolument, linked to a maximum daily allowance that varies according to the Regional Services Councils standard of complexity and responsibility, but with a loading of 25% on the daily tariff for an ordinary Regional Services Council member. An additional loading of 50% is allowed, to make provision for non-applicable service benefits such as pension, medical aid, housing and partial transport costs

- (b) Taking into account the motor transport expenses that must partly be borne by the chairman himself, it was recommended that compensation be payable according to a kilometre allowance as applicable to the provincial administrations

- (2) Yes. Such persons left the service of a previous employer and are now employed in another capacity. The Regional Services Councils offer no pension scheme for chairmen or members. They are therefore free to join any scheme of their choice, since they will pay all pension contributions themselves

- (3) No. They are not employees of local authorities who in terms of their conditions of services are members of a prescribed pension fund

Assistance to certain person

\*28 Mr D J N MALCOMESS, asked the Minister of Foreign Affairs

Whether his Department gave any assistance to members of a certain party, the name of which has been furnished to the Minister's Department for the purpose of his reply, with regard to an overseas trip made by them in September or October 1986, if so, (a) what specified financial



the Defence Force, was, however, convened by the appropriate military authority. The Board found that the members acted in good faith for the purposes of or in connection with the prevention or suppression of terrorism in an operational area.

(2) (a) Yes, in respect of the only deceased, Mr Frans Mapota

(b) No, because it was privileged

(3) Yes

(4) No (a) and (b) Because the provisions of Section 103 *ter* (2) of the Defence Act, 1957, are applicable in this case

(5) No The members will not be tried

(6) (a) According to medical opinion, a massive subdural hematoma

(b) Replying to this question will defeat the action already taken by the State President, the Cabinet for the territory of South West Africa and myself in terms of Section 103 *ter* of the Defence Act, 1957.

#### Regional Services Councils

110 Dr W J SNYMAN asked the Minister of Constitutional Development and Planning:

Whether the demarcation of the areas of Regional Services Councils has been completed, if not, when is it expected that (a) the demarcation will be completed and (b) all regional services councils will be in operation?

#### THE MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING

(a) The demarcation of the following regions has already been finalised and published in the various Official Gazettes

— Pretoria/Brits/Bronkhorstspuit region,

— Central Witwatersrand region,

— East Rand region,

— West Rand region,

— Bloemfontein/Botshabelo region,

— Port Elizabeth/Uitenhage region,

— Walvis Bay region,

— Cape Town/Paarl/Stellenbosch region

These regional services councils will be in operation with effect from 1 July 1987

(b) For various other regional services councils substantial progress has been made to take the prescribed steps for the demarcation of regions. Decisions on dates for the establishment of such regional services councils have not yet been taken

#### Electrified fence

115 Mr B B GOODALL asked the Minister of Defence

Whether, with reference to his reply to Question No 14 on 11 March 1986, any persons have died as a result of contact with the electrified fence on the northern border of the Republic since 2 October 1985, if so, (a) how many, (b) on what dates, (c) what was the nationality of the persons killed and (d) what were the circumstances surrounding each death?

#### THE MINISTER OF DEFENCE

Yes

(a) One

(b) 16 July 1986

(c) Mozambican

(d) The person apparently wanted to cross the barrier from North to South

THURSDAY, 12 FEBRUARY 1987

(b) (i) 53, and

(ii) 39, as at 4 February 1987

†Indicates translated version

For written reply

General Affairs

#### Technicians/postmen

4 Mr A B WIDMAN asked the Minister of Communications

(a) How many employees in his Department resigned in 1986 and (b) how many such employees were (i) technicians and (ii) postmen?

The MINISTER OF COMMUNICATIONS

(a) 4 609, and

(b) (i) 268, and

(ii) 233

#### Flats/housing units

5 Mr A B WIDMAN asked the Minister of Communications

(a) How many (i) flats and (ii) housing units were owned by his Department, and (b) how many such (i) flats and (ii) housing units had been allocated to non-White employees, as at the latest specified date for which figures are available?

The MINISTER OF COMMUNICATIONS

(a) (i) 1 132,

(ii) 1 766, and

#### Telephone electricians

6 Mr A B WIDMAN asked the Minister of Communications

(a) How many (i) Coloured, (ii) Asian, (iii) White and (iv) Black learner telephone electricians completed their training in 1986 and (b) how many electricians in each race group are employed by his Department at present?

The MINISTER OF COMMUNICATIONS

(a) (i) 209

(ii) 112,

(iii) 1 755,

(iv) 141, and

(b) (i) 1 016,

(ii) 609,

(iii) 8 657, and

(iv) 759

Note: The figures under (b) reflect the position on 31 December 1986 and include all electrician grades except learners

#### Applications for telephones

7 Mr A B WIDMAN asked the Minister of Communications



# Warning to prepare for higher RSC taxes

GERALD REILLY

IF THE bulk of the R1bn expected to be raised by the Regional Services Councils' turnover and payroll taxes would be used to subsidise commuter rail fares, there would be little left over for essential development, said PFP transport spokesman Reuben Sive.

He said it cost Sats nearly R800m a year to subsidise urban rail fares.

This responsibility would now fall on the RSCs. And when the costs of the additional bureaucratic structures were taken into account it was clear the 0.1% turnover tax and the 0.25% tax on payrolls would have to be drastically revised.

So private sector interests should brace themselves for big increases in the two taxes.

## Well paid

Sive stressed merely to accommodate and pay RSC administrative staffs, furnish offices and provide transport would add substantially to overall costs.

PFP Port Elizabeth Central MP John Malcomess has estimated chairmen of RSCs would earn up to R96 000 a year.

Members would also be well paid. Sive said Treasury would have to accept responsibility for subsidising urban commuter rail fares if the RSCs were to fulfill their original purpose of upgrading services in congested urban areas and townships.

Otherwise the private sector would face crippling increases in taxation that would have to be recovered from higher product prices — "a move which would add greatly to inflation", sive added.



# No decision on future of div councils

By DENISE BOUTALL

NO decision has yet been taken on the future of divisional councils after the regional services councils start operating in July.

The senior assistant director of local government, Mr Gideon van Wyk, said "The idea now is that the divisional councils will continue functioning until the middle of 1988."

Speaking from Cape Town, he said the provincial administration was still investigating how the divisional councils would fit into the new system.

The members of the first Port Elizabeth-Uitenhage Regional Services Council (RSC) would probably be appointed in April or May. The chairman of the council would be the MP for Algoa, Mr

James Kleynhans.

Mr Van Wyk said the decision on the future of the divisional councils was complicated by a number of factors.

"For one thing there is the question of local areas. If we abolish the divisional councils there will be no representative body for people in the local areas. We really have to look at the whole business of rural representation."

The question of the future of the staff of the divisional councils had also not been settled.

"There are also a number of important services provided by the divisional councils which have to continue."

Asked which services would be delivered by the RSC, Mr Van Wyk said the

first priority would be electricity and water, followed by tourism, planning, health, ambulance and fire services.

"But the transfer of services will only be finalised after the RSCs have been constituted. They will have to negotiate the transfer with the local authorities."

He said the number of representatives of each local authority on the RSC would be based on its consumption of services provided by the RSC.

The first RSCs composition would be based on the current consumption of the different local authorities of certain common services as water and electricity.

Mr Van Wyk said the RSC would have to draft a budget by July 1.



19/2/87 B1 Day 26/A

**LINDA ENSOR**

THE financial regulations for Regional Services Councils (RSCs) published this week make no provision for administrative procedures.

Further notices will be promulgated governing the administrative powers of RSCs and the Commissioner of Inland Revenue.

Inland Revenue's Ian Meicklejohn said yesterday the final regulations made no material changes to the draft version as regards who was liable for the taxes and the circumstances of that liability.

Each RSC will decide the levies it will

## RSC powers not defined

impose and these will be promulgated in government notices after the approval of Finance Minister Barend du Plessis has been obtained.

The maximum payroll levy is 0,25% and maximum turnover levy is 0,1%.

Liability by levy-payers will commence on the date stipulated in government notices.



# Mounting pressure on launch of RSCs

CHRIS CAIRNCROSS

SEVERAL local authorities, grouped within the umbrella of the Regional Services Councils (RSCs), that have already been announced by government, are seeking every legal means of putting a spoke in the efforts being made to ensure their introduction in July goes as smoothly as possible.

In particular, there is a growing groundswell of opinion, which is likely to translate into outright refusal, by some of these authorities to act as the principal tax-collection agents for the RSCs.

This could present very serious problems in getting the RSCs up and operating, presenting government with an equal if not more serious operational dilemma than it already faces with the establishment of management committees.

As a result, government's determination to press ahead with its racially constituted and costly RSC plans is certain to become a major issue in the forthcoming election.

And none more so than in the election battle looming in the Western Cape constituency of Helderberg between Constitutional Development and Planning Minister Chris Heunis and former diplomat Denis Worrall.

Officials in areas such as Stellenbosch, Somerset West and Bellville — which all fall within the boundaries of Helderberg — have been expressing considerable anger over a decision taken by Heunis to ignore their requests that if an RSC must be foisted on them, it must reflect their distinct independence from greater Cape Town's metropole.

It is clear Heunis has lost considerable local support as a result.

And there is no doubt Worrall intends to capitalise on this during the election campaign.

Local officials in Cape Town also remain distinctly unhappy at the way government has run rough-shod over any representations they have made.

Their strenuous opposition has already led to serious disruption.

There is, consequently, a real possibility that July's RSC launch will be aborted.

26/11  
23/2/87 13/Day



17/06/87 24/2/87

BUSINESS

TAXATION

# RSC levies may hit R375-million

From MICHAEL CHESTER

JOHANNESBURG. — Business alarm over Government plans to go ahead with special levies on business to finance Regional Services Councils grew today when private sector studies revealed that the annual cost of the new taxes may run as high as R375-million a year.

The confidential leakage of estimates coincided with fresh pleas from big business to freeze moves to introduce the levies at least until the findings of the Margo Commission on Taxation are disclosed and the whole issue of tax reform is examined.

## PAYROLLS

The Association of Chambers of Commerce and the Federated Chamber of Industries joined forces to close ranks in opposition to RSC levy regulations.

There is also widening concern in business circles that the Government has still given no

official indication of the precise level of the proposed levies nor whether rates may vary from one RSC to the next.

But it is generally assumed that the Government intends to clamp special levies of 0,25 percent on all payrolls, assessed at about R5 000-million a year in private sector studies, plus 0,1 percent on all business turnover, reckoned to be around R15 000-million a year.

Assocom and the FCI issued a joint statement that argued: "It is difficult to accept the justification for promulgating at this stage — before the publication of the report of the Margo Commission of Inquiry — regulations with the force of law to introduce new and drastic forms of taxation.

"The Margo commission was appointed to make recommendations for a cohesive tax structure at all levels of government and it would surely be preferable for the authorities

to providing bridging finance for the Regional Services Councils while the commission proposals are evaluated.

"The actual content of the regulations also occasions anxiety. It is characterised by a lack of precision untypical of taxation laws, which should leave no room for doubt as to their interpretation.

## OBJECTIONS

"Still more seriously, there is no provision for the lodging of objections and appeals, as there was in the draft regulations published in error some months ago.

"Taxpayers may be at the mercy of requirements imposed by new and inexperienced RSCs, without any opportunity for objections and securing a hearing and review by a competent and impartial body as the Income Tax Special Court."



# RSC's announce chairmen

Pretoria Bureau

A member of the President's Council and the SABC board, Mr Gerrit Bornman, has been named as chairman of Johannesburg's Central Witwatersrand Regional Services Council.

Other chairmen announced include Mr Pieter Delpont, town clerk of Pretoria since 1977, will head the Pretoria RSC. Mr Cornelius de Bruyn, town clerk of Randfontein since 1983, will head the West Rand RSC, and Mr Leon Ferreira, town clerk of Boksburg since 1972, will be appointed chairman of the East Rand RSC.



GOVERNMENT FINANCES

# Into a R10 billion deficit

A new era of government finances is dawning, led by Pretoria's conscious decision to allow 1986-1987's R5,5 billion deficit to rise to R8 billion when the new fiscal year starts on April 1. While a period of protracted deficit financing in 1987-1988 would be stimulatory and welcomed by economists, fundamental changes will take place at lower government finance levels with the collection of the first regional service Council (RSC) levies in July.

Deficit financing at national level will probably be used in lieu of tax hikes, theoretically needed after Finance Minister Bar-end du Plessis revealed that government will overspend its estimates for 1986-1987 by R2 billion. The effect of overspending, without tax hikes, is that the original estimated deficit of R4 billion will be an actual R5,5 billion for 1986-1987.

Gerhard Croeser, CE policy, Department of Finance, argues that in the current economic climate a deficit equal to 4,5% of estimated 1987-1988 GDP of about R170 billion (around R7,65 billion) is acceptable by international standards.

The deficit will be helped to that level by Pretoria's habit of overspending (though calmer now), and the modest tax cuts in the recent mini-Budget. This appears to be a radical change from the earlier commitment to hold the deficit around 3% of GDP.

Croeser adds that while a R7 billion-R8 billion deficit is justifiable on economic grounds, it is also affordable given the current capacity of capital markets, and interest rates that remain low on slack credit demand.

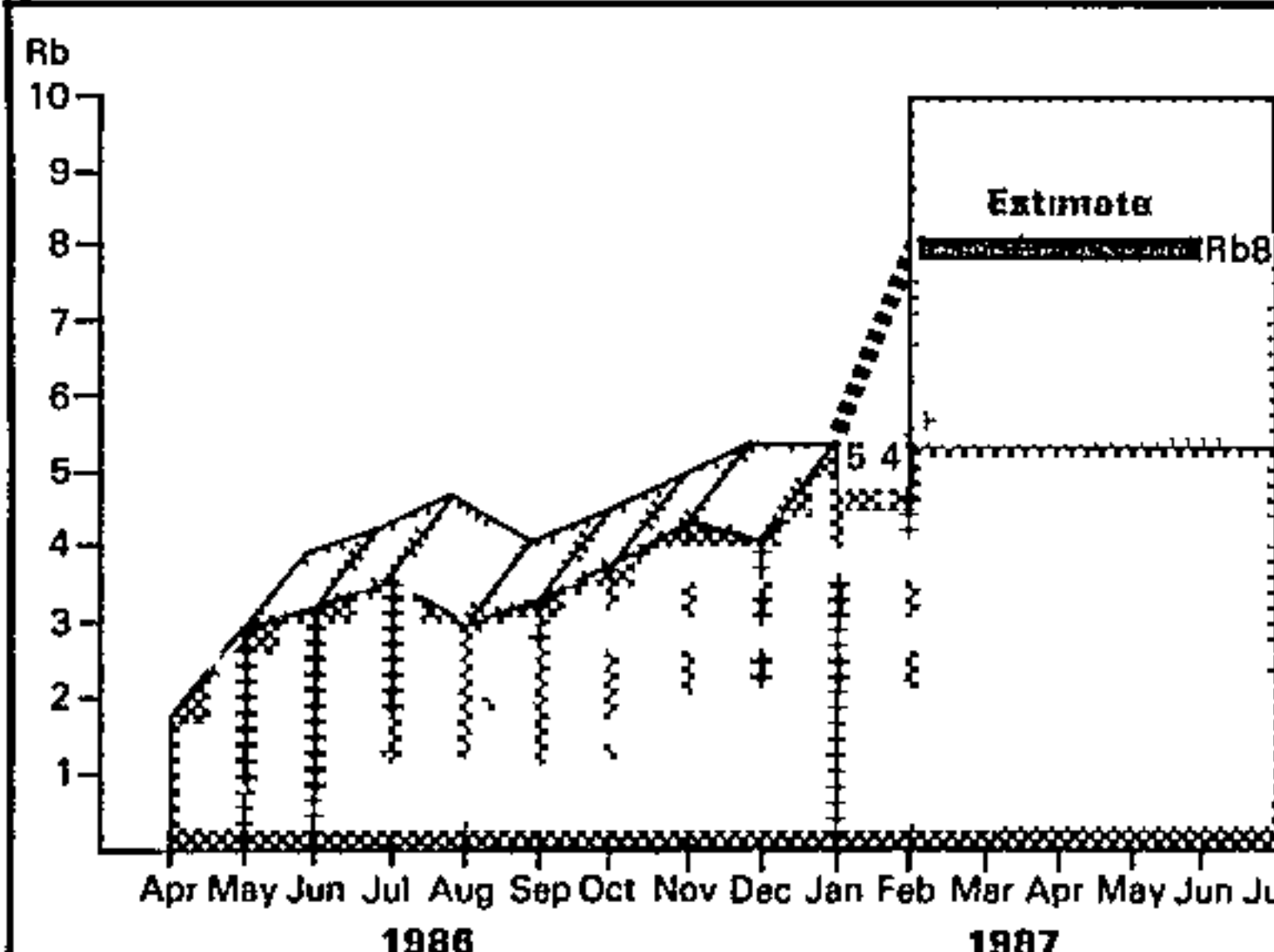
He thinks capital markets will absorb deficit stock around an average 12% coupon, implying R1 billion financing cost for a projected R8 billion deficit. The UBS's Hans Falkena even sees a 6% 1987-1988 deficit of R10 billion as comfortable *provided* government savings turn positive (current income exceeds current expenditure).

Such a deficit, says Falkena, would only be justifiable if financed in the capital markets and the cash raised spent on items classified as capital items by the IMF (not military expenditure, for example). The alternative of financing such a deficit through the money markets (which Pretoria has now come to avoid) would be inflationary.

If there is one worry about government finances it is simply the apparently insoluble overspending characteristic.

Du Plessis pointed out that revised 1986-1987 spending of R40 billion was an increase of 22% on the previous year's R33 billion. He added that if spending generated by the stimulatory package was taken out, spending

## The budget deficit



had risen by just 19,9% — modest in real terms. Indeed, "in the light of the economic situation it is fully justifiable".

The projected 1986-1987 spending increase was 13,9%. If it rises in the coming fiscal year by about 20%, R48 billion, equal to 28% of GDP, will go through fiscal coffers. But what will happen to revenues without a tax increase? Could the deficit truly go through the roof without one?

Projected revenues for this year of R34 billion need rise 18% in 1987-1988 to R40 billion to produce an R8 billion deficit on R48 billion spending. While an 18% rise in revenues is unlikely given the effect of the mini-Budget tax cuts, pay increases of 14% in the private sector and a probable 15%-20% in the public sector will push taxpayers into higher tax brackets. GST collections will rise on swelling consumer prices — all making good the 18% rise.

There is speculation too that Du Plessis will act in the June Budget against numerous tax concessions available to the corporate sector. It is thought that the main thrust of the finished but unpublished Margo Commission on tax is the general cutting of tax rates by abolishing as many concessions as possible. The corporate sector is a prime target for such a policy: the idea would be to close the gap between the official 50% company tax rate and the actual rate of an estimated 25%.

Government finances will be irreversibly impacted by the first RSC payroll and turnover taxes in June. The "colour-blind" RSCs will become a major general election issue, already "deep concern" has been expressed by Assocom and the FCI over last week's promulgation of the RSC regulations.

Assocom and FCI argue that the Margo

Commission report should be awaited and RSCs acquire "bridging finance" meanwhile. They are disturbed by "lack of precision" in the regulations and the absence of the right to lodge objections and appeals.

RSCs are based on the "benefit" principle and will have jurisdiction over 22 services provided at local level. They have many options regarding each service ranging from financing through levies to abolition, from re-capitalisation to privatisation.

Each RSC will have a minimal staff, Inland Revenue will collect and police the levies. Croeser estimates RSCs will collect R800m in their first 12 months and reduce the strain on the central Exchequer.

To what extent (if any) RSCs will reduce the burden of mainstream taxes (by privatisation, for example) is unknown.

However, a main function of RSCs will be to create and maintain infrastructure, lessening the burden on Exchequer. In recent times Pretoria has spent substantial amounts through the Exchequer on creating infrastructure, which will be assumed by RSCs in their relevant areas.

Moreover, RSCs should relieve to some extent the substantial amounts incurred by the Exchequer on transport subsidies. Officials point to this year's Transport White Paper, which reckoned that responsibility for transport should be assumed at the lowest possible level.

With abolition of the Provincial Councils effective on July 1 last year, the provinces go on to the list of Exchequer votes as of 1987-1988. The four provinces retain taxing powers (over horseracing, for example), and will be subject to a Parliamentary Standing Committee.

But these political developments should not shroud watchdogs of government spending. George Huysamer, economist Louis Geldenhuys is concerned about the overall quality of government spending. Concern has been voiced over rising consumption replacing capital spending, for example. A new worry is that what appeared to be one-off items in last year's stimulatory package may become recurring, due to their socio-political nature.

The main example is the R661m allocated to the SA Housing Trust and other low-cost housing. If these schemes for black housing are a success it will be extremely difficult not to replenish the funds in years ahead. Officials point out, however, that the Trust will

be expected to find further funding of up to R400m (equal to its budgetary allocation) in the capital market — so becoming financially self-sufficient.



THE delimitation of the first three Regional Services Councils in the Cape has been announced by Administrator Gene Louw.

The three areas will be the Cape Metropole, Port Elizabeth and Walvis Bay.

Louw said the delimitation of the outside boundaries of the areas was the first step towards establishment of RSCs.

It was a sensitive matter and had been approached with great circumspection.

Towards the end of last year, my executive committee made a final resolution, and the Ministers concerned, as laid down by the Regional Services Councils Act, have concurred with this resolution.

In the Cape Metropole area, the RSC jurisdiction would cover the divisional council areas of the Cape, Stellenbosch

## First Cape RSCs areas are unveiled

and Paarl.

The RSC for Port Elizabeth would cover the divisional council area of Dias and the magisterial districts of Uitenhage and Kirkwood, which fell in the Winterhoek divisional council.

It would also include the portion of the divisional council area of Humansdorp, situated in the Hankey magisterial district.

The entire Walvis Bay enclave would be delimited as an RSC area.

The necessary legal notices bringing these into effect would be published tomorrow, Louw said. — Sapa.

BUS DAY



# Introduction of RSCs

## year 'a

## political

## disaster'

26/11/87  
13/1/87  
this

By KIN BENTLEY

THE introduction of Regional Services Councils (RSCs) this year could result in 1987 becoming "a political disaster", Mr Rory Riordan, director of Operation Real South Africa, said today.

This was because, to make RSCs work, unpopular apartheid-based black town councils would have to be made to function.

RSCs are due to start operating in the Port Elizabeth-Uitenhage area, the Cape Metropole and Walvis Bay from July 1. The chairmen would take up their positions on April 1.

The National Party MP for Algoa, Mr James Kleynhans, will be the PE-Uitenhage chairman.

Mr Riordan said that, to keep apartheid-based local Government structures going, the Government would increasingly rely on "repression, destabilisation, patronage and obfuscation" — the latter through the SABC and censorship — to keep whites unaware of repressive measures.

Predicting that the State President, Mr P W Botha, would retire soon after the general election and that his "enormously ambitious" lieutenant, Mr Chris Heunis, Minister of Constitutional Development, wanted his job, Mr Riordan said Mr Heunis would only stand a chance if his RSCs got off the

ground.

"For them to work, so must their constituent bodies including, most particularly, black town councils — the seed of the political disaster that 1987 looks like becoming."

He said third-tier Government based on apartheid had not worked, despite enormous expenditure.

"Black town councils are rejected and some (Uitenhage, Cradock) have no black councillors at all, while Port Elizabeth (Ibhayi) totters along with barely a quorum."

Over the past few years, Eastern Cape blacks had "flocked" to join organisations like the PE Black Civic Organisation, the PE Youth Congress and the PE Women's Organisation — "having rejected the philosophy and the institutions created by the apartheid structures".

## Kleynhans is 'very optimistic' about his new position

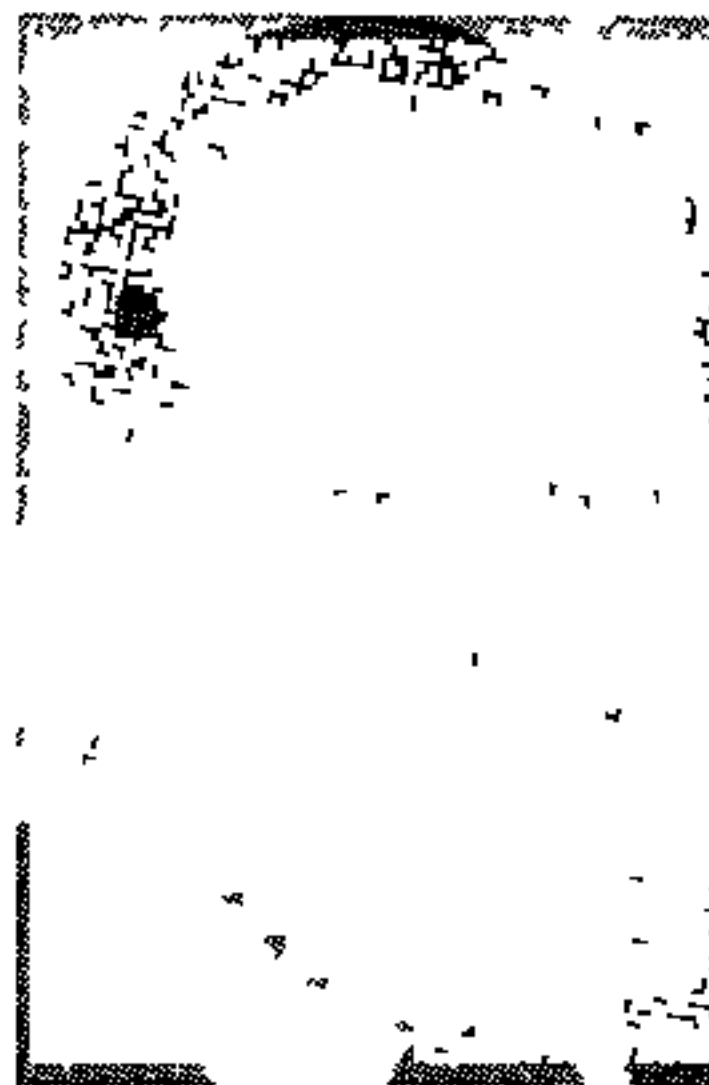
By PATRICK CULL  
Political Correspondent

THE chairman-elect of the Port Elizabeth-Uitenhage Regional Service Council, Mr James Kleynhans, said today that he was "very optimistic" about the RSC which will come into existence on June 1.

Mr Kleynhans, whose appointment was announced by the Administrator of the Cape, Mr Gene Louw yesterday, will resign as MP for Algoa before the general election.

Mr Kleynhans said he regarded the appointment as "a new challenge" and an opportunity to return to his "first love".

"I have been involved in public affairs for 29



Mr JAMES KLEYNHANS

years," he said today, "so I feel I have the experience for the job."

"It is a great challenge as I will have to bring the

people from 34 different bodies together."

Mr Kleynhans was elected a city councillor in 1967 and served as Mayor of Port Elizabeth from 1973 to 1975.

He was a member of the Provincial Council between 1976 and 1981, president of the Cape Municipal Association in 1980, having been vice-president for four years, and would have been vice-president of the United Municipal Executive had he not been elected MP for Algoa in 1981.

Mr Kleynhans's resignation means that some 24 of the 165 elected MPs have now indicated they will not stand in the next

general election scheduled for the first half of this year. Six of the MPs are from the Eastern Cape.

The other Eastern Cape MPs are Dr De Villiers Morrison (Cradock), Mr Sarel Hayward (Graaff-Reinet), Mr Frans Conradie (Sundays River), Mr Johann Greeff (Alwal) and Mr Gert van der Linde, (Port Elizabeth North).

●The PFP MP for Beaufort West, Major Reuben Sive, announced last night that he would not seek re-election. He will be succeeded by Mr Douglas Gibson, Transvaal leader of the PFP and an MPC for 16 years.



N/M 9/1/87. 261A

# Cadman explains reason for delay of RSC in Natal

Pietermaritzburg  
Bureau

THE delimitation of the first regional services council area in Natal had not yet taken place because of 'circumstances peculiar to the province', the Administrator of Natal, Mr Radclyffe Cadman, said yesterday.

RSCs were an extension of local government and the legislation (the Regional Services Councils Act of 1985) applied only to areas and local authorities under the jurisdiction of the Natal Provincial Administration, Mr Cadman said.

'It follows that areas such as Umlazi and Kwa Mashu being within KwaZulu, do not fall directly under the

purview of the Act, as they are not within the jurisdiction of the NPA,' he said.

Mr Cadman explained that that was why specific provision was made in the legislation that such areas could be included in RSCs only by agreement negotiated between the regional services council and the government of the national state concerned.

He said it was important to appreciate that the political representation of such communities on an RSC was not specified but was open to negotiation and agreement.

## Feasible

As areas such as Umlazi and Kwa Mashu would very likely derive considerable benefit from the financial resources which would be made available to a regional services council for the greater urban area, for example, one would prefer to try to embed upon any delimitation knowing that negotiation for their inclusion was feasible, the Administrator said.

While much of the preliminary work for the regionalisation has already been done by the NPA, at the present stage of the concept prior to the advent of the Regional Services Councils Act of 1985, one nevertheless wishes to secure the co-operation of as many of the communities and authorities likely to be affected as possible.

*Search for  
electricity  
leak which  
killed*



# Most local councils withdraw opposition to RSCs

By Toni Younghusband  
and Gien Elsas

July 1 sees the inauguration of the new Regional Services Councils and, despite initial criticism, local city and town councils seem now to have accepted this new form of local government.

The RSCs, which will co-ordinate all community services on a regional basis, will be funded by way of employment levies and a turnover tax.

In the Transvaal, the RSCs are all located in the PWV area and are divided into the Central Rand, East Rand, West Rand and Pretoria and its environs, the largest of these being the East Rand.

Roodepoort, traditionally linked with the West Rand, has been included in the Central Rand region.

Some council officials had objected to the town's inclusion in

this region, thinking Roodepoort could have more say in a smaller RSC on the West Rand.

They feared that smaller towns might be "swallowed up" by the larger cities and might be forced to take a back seat when it came to decision-making.

But after careful consideration, Mr Werner Zybrands, town clerk of Roodepoort, said this week his council now accepted fully its inclusion in the Central RSC region.

Roodepoort would still play an important role and, after the initial organisation, the work load would not increase by much.

"It is a method of achieving certain objectives. None of those who have criticised have come up with a better solution."

When the Government proposed the establishment of RSCs, Mr Ricky Valente, chairman of the Sandton Town Council manage-

ment committee, called for the total rejection of the plan.

He called on the Government to get back to the drawing board where "we will assist them to establish a framework of logical metropolitanism, but we cannot accept what is proposed."

This week a spokesman for the council said Sandton would co-operate "because the RSCs were now law", but stressed that it's views remained unchanged.

Some conservative white town councils had rejected the RSC system for allowing power-sharing between races and for removing white "autonomy."

However, three traditionally conservative towns on the West Rand this week welcomed the inauguration of the RSCs.

Mr Kobus Nieuwoudt, Town Clerk of Krugersdorp, said the town council was sure the Region-

al Services Council would be an effective council for discussing projects of mutual interest.

"The West Rand Council is in the preparation stage," he said, "and several sub-committees are being formed to investigate certain issues."

Mr Neels de Bruin, Town Clerk of Randfontein, expects the Regional Services Council to be an effective vehicle to eliminate the duplicating of several expensive essential services.

"We are very positive about the success of the venture which we feel will mean better co-operation among West Rand municipalities," he said.

Mr Hannes van Niekerk, Town Clerk of Westonaria, said the West Rand Regional Services Council had started several work committees before the council becomes effective.

"As we are situated rather far apart, however, some projects will be rather hard to tackle as a council because of the vast distances between the municipalities."

Anti-apartheid groups, such as the United Democratic Front, feel the RSCs are based on racial segregation and merely entrench apartheid.

The PFP is opposed to the RSCs for the same reason, warning that blacks have already shown strong opposition to apartheid at local government level.

Representatives of the National Party on the Johannesburg City Council have welcomed RSCs — particularly with reference to the inclusion of Soweto and "Norweto" in the Central Rand region.

"We see this as a challenge and have no qualms about tackling our responsibilities to the RSCs," an NP spokesman said.



# New councils due to start working in July this year

Jan. 1987

261A

By Sue Leeman, Pretoria Bureau

The new date for inauguration of the first Regional Services Councils is July 1, according to a spokesman for the Department of Development Planning

He said it was all systems go for the establishment of the first four councils in the Transvaal, three in the Cape and one in the Free State, the areas of which have been finally delimited following demarcation board hearings

The delimitations for the Transvaal councils were published in yesterday's provincial gazette and make provision for

- A Central Rand council, including the municipalities of Johannesburg, Soweto, Alexandra, Sandton, Randburg, Roodepoort, Ennerdale, Eldorado Park and Lenasia

- An East Rand council, including Germiston, Benoni, Boksburg, Brakpan, Alberton, Bedfordview, Edenvale, Katlehong, Daveyton, Vosloorus, Duduza, Nigel, Modderfontein, Kempton Park and Thembisa

- An RSC on the West Rand, including Krugersdorp, Randfontein, Carletonville, Kagiso, Khutsong, Muldersdrift and Magaliesberg

- An RSC for Pretoria and environs, including Verwoerdburg, Midrand, Akasia, Brits, Bronkhorstspuit, Hartbeespoort, Atteridgeville, Mamelodi, Soshanguve, Rayton, Cosmos and Lethlabile

In the Cape, the first three RSCs will be the Cape Metropole, Port Elizabeth and Walvis Bay. In the Cape Metropole area, the RSC's jurisdiction will cover the divisional council areas of the Cape, Stellenbosch and Paarl

## END TO SPECULATION

The RSC for Port Elizabeth will cover the divisional council area of Dias and the magisterial districts of Uitenhage and Kirkwood. It will also include the portion of the divisional council area of Humansdorp situated in the Hankey magisterial district

The entire Walvis Bay enclave would be delimited as an RSC area and delimitation has also been completed for the Bloemfontein and environs RSC

The inauguration of the first RSCs, which will render certain vital services on a regional basis, will end years of speculation and deliberation about how the new multiracial bodies will work

The inception of the first councils was originally scheduled for last April but was repeatedly postponed. Officials have been busy with delimitation boards for months and there has been controversy over which municipalities will fall under which council

Larger municipalities, it was feared, would be able to control the councils, financed through taxes on businesses

The department spokesman said for the councils to be inaugurated on July 1 they needed to be fully operational. July 1 had been chosen because it was the start of a new financial year

## Local authorities within

### Transvaal RSCs

Central Rand: Johannesburg, Soweto, Roodepoort, Randburg, Sandton, Marlboro Gardens, Dobsonville, Alexandra, Ennerdale, Eldorado Park, Lenasia, Deep Meadow  
West Rand: Krugersdorp, Randfontein, Toekomsrus, Mookeng, Westonia, Bekkersdal, Carletonville, Fochville, Kokosi, Green Park, Azaadville, Muldersdrift, Hillside  
West Rand: Magaliesberg, Kagiso, Khutsong  
East Rand: Germiston, Palm Ridge, Katlehong, Alberton, Eden Park, Tokoza, Bedfordview, Edenvale, Springs, Bakerton, Benoni, kwaThema, Actonville, Daveyton, Wattville, Boksburg, Brakpan, Reigerpark, Vosloorus, Geluksdal, Tsakane, Nigel, Mackenzieville, Alra Park, Duduza, Heidelberg, Thomas Ridge, Ratanda, Modderfontein, Kempton Park, Thembisa  
Pretoria and environs: Pretoria, Verwoerdburg, Midrand, Akasia, Brits, Bronkhorstspuit, Hartbeespoort, Atteridgeville, Mamelodi, South West Pretoria, Hammanskraal, Rayton, Cosmos, Refilwe, Zithobeni, Lethlabile, Laudium, Eersterus, Primindia, Soshanguve



# Call for regional council rethink

African Affairs  
Correspondent

THE Durban Metropolitan Chamber of Commerce has called on the Government to rethink the establishment of Regional Services Councils (RSCs) in Natal.

In a Press release issued yesterday, the chamber said it made this point in discussions held between a delegation from the organisation and the Chief Minister of KwaZulu, Chief Mangosuthu Buthelezi.

The chamber also called for the findings of the KwaZulu/Natal Indaba to be put to the people of the region as soon as possible.

The statement said the chamber believed blacks would never support RSCs in Natal. They perceived these to be an attempt by the South African Government to force yet another form of political dispensation on them.

The chamber urged the Government to accept that it had a national responsibility to help in financing infrastructural development in the region, particularly in the townships.

It said the proportion of funds allocated for capital projects in KwaZulu had been declining in the past seven years because additional funds were not coming from the Government.

Infrastructural development in the townships had been limited as a result.

Obviously this is the main reason why the Minister of Constitutional Development and Planning, Mr Chris Heunis, is so keen to see RSCs established in Natal, the statement said.



# RSCs 'will not be ready for action'

LINDA ENSOR and STUART SUTTON

THE preparatory work required to get Regional Services Councils (RSCs) off the ground is so great that it is unlikely to be completed by the target date of July 1, Assocom legal advisor Ken Warren says.

He says the delay in promulgating the financial regulations will exacerbate the problem.

"Teething troubles are going to be substantial," he says, adding that local authorities' treasury and collection staff will have difficulty understanding and implementing the voluminous and complicated regulations.

The latest target date for the launching of RSCs on the East and West rand, central Witwatersrand and Pretoria is July 1.

Gerard Croeser, of the Finance Department, says the regulations are only awaiting Finance Minister Barend du Plessis' signature and should be ready for promulgation "soon".

He says no substantial changes to the principles and structure of the draft regulations have been made.

Technical committees have been set up in each of the regions to investigate practical problems in setting up RSCs.

Questions to be addressed include how functions will be transferred, and the demarcation of commercial and industrial areas which are excluded for voting purposes.

HARARE — As Canadian Prime Minister Brian Mulroney arrived here yesterday for a four-day solidarity visit, the Frontline States published R1,4bn strategy for full-scale confrontation with apartheid.

Leaders of Botswana, Zambia and Zimbabwe are due to attend a summit in Victoria Falls tomorrow already being asked the practicability of the summit has no announced date.

After countless promises there is renewed optimism from Zambian President Kenneth Kaunda that Zimbabwean Prime Minister Robert Mugabe will use the opportunity to announce how he will implement the Cessation package.

Canadian diplomats are optimistic about the chances of gaining Mulroney for their cause.

The only tangible result received so far is from sending more instructions.

## Transv

NRP Transvaal leader has been persuaded by a local executive to take contact with the PFP.

Stephens said yesterday also agreed not to go where such opposition is on the right wing.

Defending the decision the NP in certain seats don't want to be pitted against the Nats when liberals in the NP.

a formal government informal struck in

come un-apartheid al agree-

an SA consisting director is Stals, Reserve rnor Jan and legal illem du npleted a nding out terday in mininster



ALBANY 01-1067

Critics in show of defiance

# RSC opposition growing after PFP walkout

30/11/87  
B/Dey  
26/A

LOCAL authorities opposed to government's Regional Services Councils (RSCs) are gearing up for a final show of defiance against their introduction later this year.

City councillors in Cape Town indicated yesterday they were considering emulating the PFP's walkout of the Johannesburg City Council earlier this week. And the Cape Town Chamber of Commerce has strongly criticised RSCs in the Peninsula.

Critics say RSCs will be unworkable, costly extensions of existing bureaucracy. They are set upon persuading government to drop a "convoluted form of metropolitan local government".

Many have decided to boycott official efforts to obtain nominations for the embryo RSCs.

Cape Town Chamber of Commerce president Peter Hugo said yesterday

CHRIS CAIRNCROSS

there was extreme concern at the decision to incorporate the divisional council areas of Stellenbosch, Western Cape and Paarl into an RSC.

He said the decision flew in the face of representations made by leaders across a wide spectrum of the local community.

DIANNA GAMES reports that PFP leader in the Johannesburg City Council Sam Moss believes the PFP will not be allowed a representative on the local RSC.

The ruling NP/Independent Ratepayers' Association alliance has a one seat majority in the council, and although it has said it will allow the PFP a seat, Moss doesn't think this will come about.

And the council's management committee said later the PFP had, by its actions, ruined its chance of gaining representation on the RSC.



2/3/87 261A  
B/Days

FORMER NP member of the Transvaal Provincial Council Gerrit Bornman will take up his position as chairman of the Central Witwatersrand Regional Services Council (RSC) on June 1

That is the target date when the RSC is expected to become operational

Bornman, a businessman who serves on the President's Council's economic committee, said at the weekend it was "early days" to comment on the RSC's budget

But much preparatory work had been done by the local authorities as far as the budget and preparation for the raising of funds and levies was concerned

As council chairman, he will be responsible to the Administrator, who appointed him for a five-year period

He sees his job as co-ordinating the RSC's activities and budget, and liaising with government and local authorities

"I hope to promote the activities of the council and see to the extension of services of the council. We have 22 listed services and will gradually expand on

## Bornman to chair new Rand RSC

DOMINIQUE GILBERT

them," he said

He will report directly to the Finance Minister on the budget and levies, as well as liaising with the "own affairs" Ministers of local government, the Co-ordinating Council for Local Government, and the Department of Constitutional Development and Planning

Asked if he viewed his appointment as a full-time job, Bornman said "It's still early days. I will probably retain my directorships and involvement in business. I imagine it will be a full-time job."



TAX REFORM

# Through the back door

In examining the levy structure for regional services councils (RSCs), it is clear that the tax rates are hopelessly inadequate. Current estimates for RSC levies, R240m a year, suggest that rates will have to be at least doubled to meet planned expenditure.

The rates are now 0,25% of payroll and 0,1% of turnover. Information, however, is scanty. Is Pretoria deliberately keeping a serious problem under wraps until after the general election?

By introducing the RSC levies in July, Pretoria will access a tax base the FM conservatively estimates at R270 billion. Finance officials will not be drawn on what figures they are working with. For one thing, RSCs will charge levies on new areas, such as professionals and the public service.

Perhaps more important, the probable turnover base of R170 billion is based on estimated GDP for 1986-1987, which excludes double-counting. A single item could go through five or more turnovers, giving the turnover tax a multiplier effect — to perhaps R500 billion.

## Corporate boardrooms

Mystery creates uncertainty, of course, and corporate boardrooms can only begin to guess at the damage to cash flows RSC levies may inflict. One mining company has calculated RSC levies will cost it R390 000 a month.

The councils' levy rates could increase exponentially, as they did after GST was introduced as a broad-based low tax of 3%. It is now four times that. Pretoria officials will not be drawn on the question, nor will they say, for example, how many, if any, bureaucrats RSCs will create.

Ernst & Whinney's Roger Bramwell points out that the original legislation allows Finance Minister Barend du Plessis to increase rates in any RSC area simply by publication in the *Government Gazette* — at the RSC's request.

Given that the proposed rates will not raise what Pretoria needs, what is the scope for increases? Chris Frame of Price Waterhouse argues that RSC levies "allow government to increase its fiscal grip over the economic activities of the economy in general. They represent an inevitable fiscal progression, whose complexity will be increased by the fact that they are levied separately from the rest of the tax system. The precedent will undoubtedly be taken up at national level in due course."

It is clear that Pretoria is plunging SA into a tax revolution that could negate the work of the Margo Commission.

The other new tax introduced "through



Frame



Divaris

the back door" is valued added tax (VAT) which is said to be one of Margo's recommendations. Liquor outlets are now required to pay GST "up-front" on purchases — ostensibly to end revenue losses from she-beens, which do not pay GST.

According to Frame "To all intents and purposes the liquor trade is subject to VAT, but the label remains GST." The question is how many other sectors (grocers, for example), will in future be required to pay sales tax up-front.

Some argue that a combined RSC levy-GST/VAT system could replace the entire existing tax structure. Taking the total turnover and payroll taxbase as R270 billion, yield at (say) 9% would, of course, be R24 billion. This, topped up with contributions from GST, would quickly yield the R34 billion total revenue raised in 1986-1987.

Two taxes always make more sense than a single tax, since there is less incentive to evade. But would the two taxes make logistical sense in SA? There are 176 000 registered companies in SA, of which 56 000 are dormant, leaving 120 000 doing business and vulnerable to both GST/VAT and RSC levies.

Including close corporations, sole proprietorships and partnerships, some 250 000 enterprises would be SA's sole taxpayers in a GST/VAT-RSC levy system. This would eliminate the current system's some 2m personal taxpayers.

As Costa Divaris of Divaris Stein says, RSC levies would tax companies that do not pay income tax — at present 61 000 have assessed tax losses.

GST/VAT and the turnover tax are indirect taxes, regressive in nature, and inflationary. But savings at personal and corporate tax levels would have uncountable benefits, particularly in the short term.

If such a system is applied without exemption (so for example, food would again be subject to GST/VAT and the exemptions cut from RSC regulations), Pretoria would be free of pressure from vested interest groups.

Business decisions would not be distorted

though companies would not pay income tax, they could not claim allowances. Decisions as to what business to set up and where to locate it would thus not be distorted by tax considerations.

## BANKING SUPERVISION

### New custodian

"Banking in a rapidly changing environment is a dynamic process," says the new Registrar of Banks and Building Societies, Chris de Swardt. "There are innovations on a daily basis, each may have far-reaching implications."

With the transfer later this month of bank and building society supervision from the

## QUOTABLE

### John Hays Hammond in his memoirs

My reason for joining the (1896 Jameson Raid) movement was the continued and exasperating series of government regulations which jeopardised the successful operation of the mines. I could not carry on my work efficiently, and I felt I had a heavy responsibility toward the people who had invested large sums of money on my professional recommendation.





Y/M/6/3/87

## REGIONAL SERVICES COUNCILS

### Taxing times <sup>26/1/87</sup>

With the recent announcement of the names of the chairmen of the four regional services councils (RSCs) demarcated in the Transvaal, the councils finally look set to start rolling on July 1

The Transvaal RSCs and their chairmen are Central Witwatersrand, Gerrit Bornman (a businessman and member of the President's Council), West Rand, Cornelius de Bruyn (Town Clerk of Randfontein), East Rand, Leon Ferreira (Town Clerk of Boksburg), Pretoria, Piet Delpont (Town Clerk of Pretoria)

However, there still seems to be uncertainty about the practical implications of the RSCs, which are essentially meant to provide and maintain infrastructure and "hard" services such as transport, water and electricity. In some instances officials are defensive or unwilling to clarify matters

Criticism, particularly of RSC tax mechanism continues, some local authorities are reportedly refusing to "act as tax collectors for the RSCs," and KwaZulu is refusing to take part because it was not consulted

A joint statement issued by Assocom and the Federated Chamber of Industries (FCI) expresses their "deep concern" at the appearance of the RSC levy regulations before the Margo Commission has reported.

They criticise the vagueness of RSC taxes and the fact that there is no provision for the lodging of objections and appeals (as there was in the draft regulations published in error some months ago)

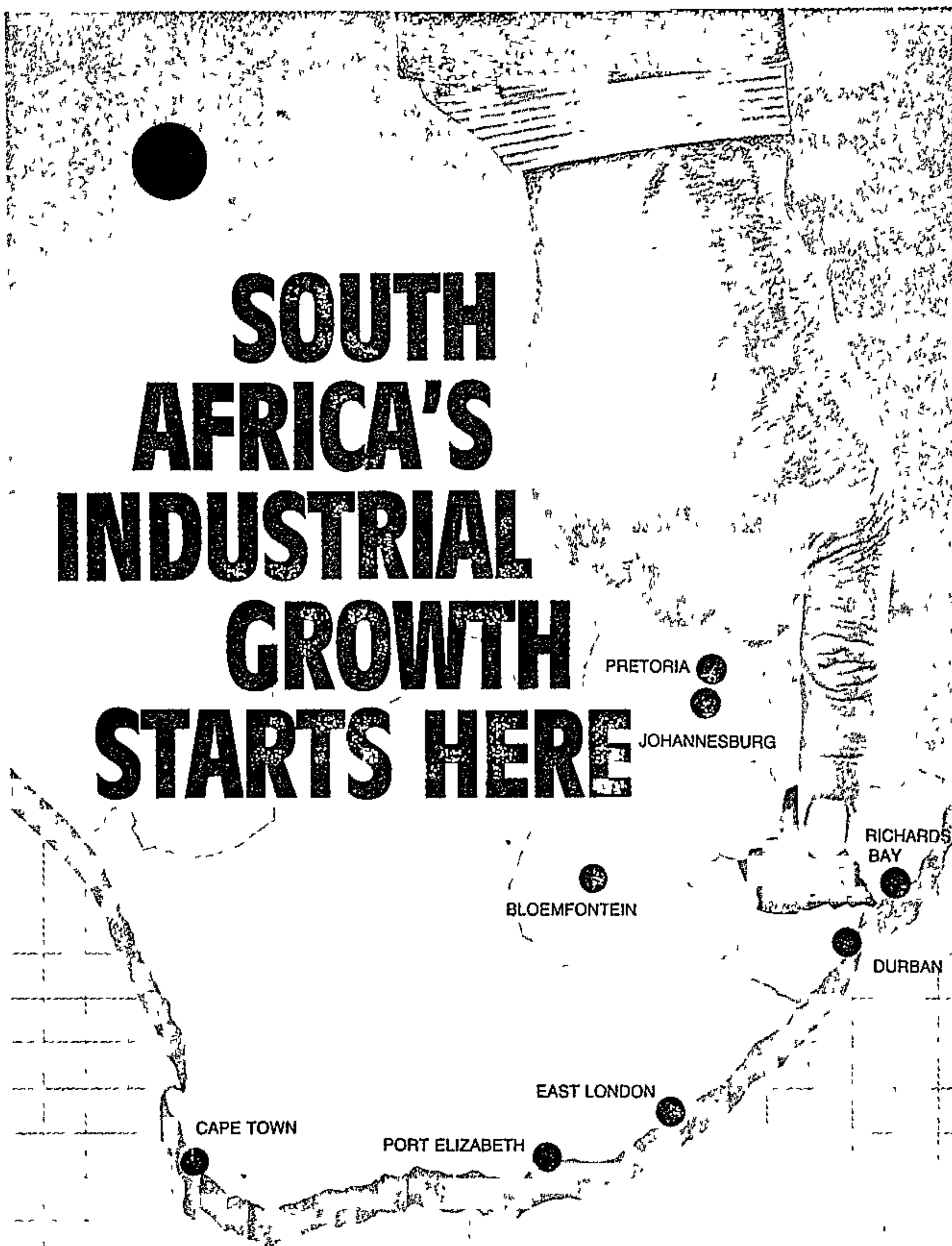
"Taxpayers may be at the mercy of requirements imposed by new and inexperienced RSCs without any opportunity for objections and for securing a hearing and review by a competent and impartial body such as the income tax special court," say Assocom and FCI (*Economy* February 27)

So a lot of basic questions remain unanswered. Although businessmen know they have to pay a turnover tax of 0,1% and payroll tax of 0,25% (one leading consulting engineering company says it will have to pay about R40 000 a year in RSC tax), they do not know how the money will be spent. How much of it will actually go towards providing bulk services, and how much will be poured into RSC administration and salaries?

CE (policy) of the Department of Finance and one of the architects of the RSC tax laws Gerhard Croeser says he has the "soft figures," but they are not ready for publication. He maintains RSCs will not be just another bureaucratic system

A spokesman for the Johannesburg City Council says official staff will consist of only about six to 10 people. But the RSC Act of 1985 does not prescribe the number

Central Rand RSC chairman Gerrit Bornman says existing services will be used as far as possible, and minimal additional staff will be required. But numbers could increase according to the type and quantity



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of services rendered

Although council members will meet only occasionally, their transport costs and salaries also have to be taken into account

But not everybody is pessimistic about RSCs. Nigel Mandy, chairman of the Johannesburg CBDA, says the best should be made of a bad job. There is a great need to upgrade certain areas, he adds, and the objectives of the RSCs therefore cannot be faulted

Soweto Town Clerk Nico Malan says he is satisfied with the proposed RSCs. If services are rendered on an agency basis and the agents do not go profit hunting, he says, they will lead to the upgrading of areas and include black participation. This is an important aim of RSCs.

According to Wits University political scientist Mark Swilling the RSCs will not be

agents (like Escom) and then claim them from the local authorities, instead of the accounts going directly to the local authorities. But he says services will be rendered in a co-ordinated way over a large area, which will be economically advantageous. It will also be practical, as not every municipality has the facilities to render a variety of services

Perhaps the ongoing argument for and against RSCs (*Current Affairs* September 26 1986), and the various amendments to the Act explain why the implementation of the councils has been postponed so often

Swilling says the system is a "managerial monstrosity — an organisational nightmare" For better or worse, however, they are a *fait accompli*



**CBDA's Mandy ... RSCs are a fait accompli**

able to raise the money to upgrade the infrastructure of poorer areas adequately and in a sufficiently short time

East Rand RSC chairman, Leon Ferreira, says RSCs are not instruments for redistribution of wealth. Rather they are designed to "create opportunities and improve the living conditions of the different communities. This ensures a more balanced distribution of resources"

It seems the RSCs will deal with practical problems as they arise. In the Transvaal, for example, the Johannesburg Metropolitan Transport Advisory Board (Jomet) is divided in two by the Central Rand and East Rand RSCs. Johannesburg Town Clerk Manie Venter says the matter is being investigated. The options are to either let Jomet continue and sign contracts with the Eastern and Central RSCs respectively, or to cut a piece of Jomet off and give it to Ormet (Jomet's equivalent on the East Rand)

But it might not pose an immediate problem. Although the RSCs are set to control 22 services eventually, they will start with only two or three. The Central Rand and East Rand RSCs are planning initially to handle only sewage services, water and electricity provision

Bornman says the RSC will not really make any difference to the services rendered. The only practical change will possibly be that the RSC will receive accounts from the



GOVERNMENT has thrown caution to the wind and is determined to take steps to ensure the two Regional Services Council (RSC) taxes — payroll and turnover levies — are imposed when the RSCs come into being on July 1.

This is in spite of:

- Commerce and industry strongly opposing the RSCs;
- No detailed budgets having been done in the respective regions;
- No decisions having been taken at local level as to what services will be provided and what revenues will be required;
- Several local authorities threatening

# RSC levies from July 1

6/3/87

CHRIS CAIRNCROSS

to refuse to co-operate in becoming collection agents,

□ The regulations being so imprecise as to create doubts as to their interpretation;

□ No reductions in other taxes being contemplated to compensate, in part, for the levies.

Department of Constitutional Development and Planning director (constitutional promotion) Len Dekker said yesterday teams would implement the two taxes from July, particularly in the Port Elizabeth and Cape Town RSCs.

He said most of the necessary forms had been drafted and would be sent to the principal collection agents in due course.

The decision not to delay implementation of the RSC levies was because the financial year for regional administration

● To Page 2 ➔

## An oil find for Soekor

ALAN SENDZUL

EXPLORATION company Soekor struck an unquantified amount of oil 120km off the Mossel Bay coastline two weeks ago.

Director-general of Mineral and Energy Affairs Louw Alberts said from the initial assessment it appeared to be only a "small body of oil" and therefore not commercially viable.

But the precise volume and availability of oil will possibly be known within a few weeks.

## RSC levies due from July 1

6/3/87

tions started in July

Dekker said 'Every month lost will mean that much less can be collected in levies'

The onus would be on businesses and employers — identified by address lists held by the Department of Inland Revenue — to pay the two levies from July.

And, as provided for in the RSC Act, the services of local Inland Revenue offices would be co-opted to ensure the law was complied with

As none of the RSCs so far named had yet been able to decide what revenues would be needed, the blanket flat rates set out in the legislation would apply for the year

Those were 0,25% of payroll and 0,1% of turnover which, together, were roughly estimated as likely to bring in about R240m a year.

There seems to be little doubt those rates will be lifted substantially in July 1988

Officials are already preparing the way for this by saying the rates are much too low

In any event, substantial bridging finance will have to come from central government to prop up the RSC coffers, especially if difficulties are experienced in collecting the two levies — as has been the case in those depressed regional areas affected by rent and rates boycotts

Aside from generally being opposed to the RSC framework of local government being foisted on the country, organised commerce and industry remain adamant that there is no justification in imposing the two levies before publication of the Margo Commission tax report

Even then, the wisdom of the two taxes has been questioned — and is merely being viewed as a another means for government to further "debilitate" an already strained economy.

Political comment in this issue by Ken Owen. Newsbills by Trevor Bisseker. Headlines and sub editing by Michael Allwright. All of 11 Diagonal Street Johannesburg



# Stepping into the RSC 'hot seat'

By Shirley Woodgate,  
Municipal Reporter

Mr Gerrit Daniel Bornman (52), appointed first chairman of the central Witwatersrand Regional Services Council, is set to step into one of the hottest seats in local government in June.

He takes up his position ahead of the launch of the first RSCs in July, mindful of sustained public criticism of the new bodies, yet convinced the RSCs not only must, but will, succeed.

A property and business economist and director of companies, his qualifications include the degrees of BA in diplomacy and BA (Hons) in economics from the University of Pretoria.

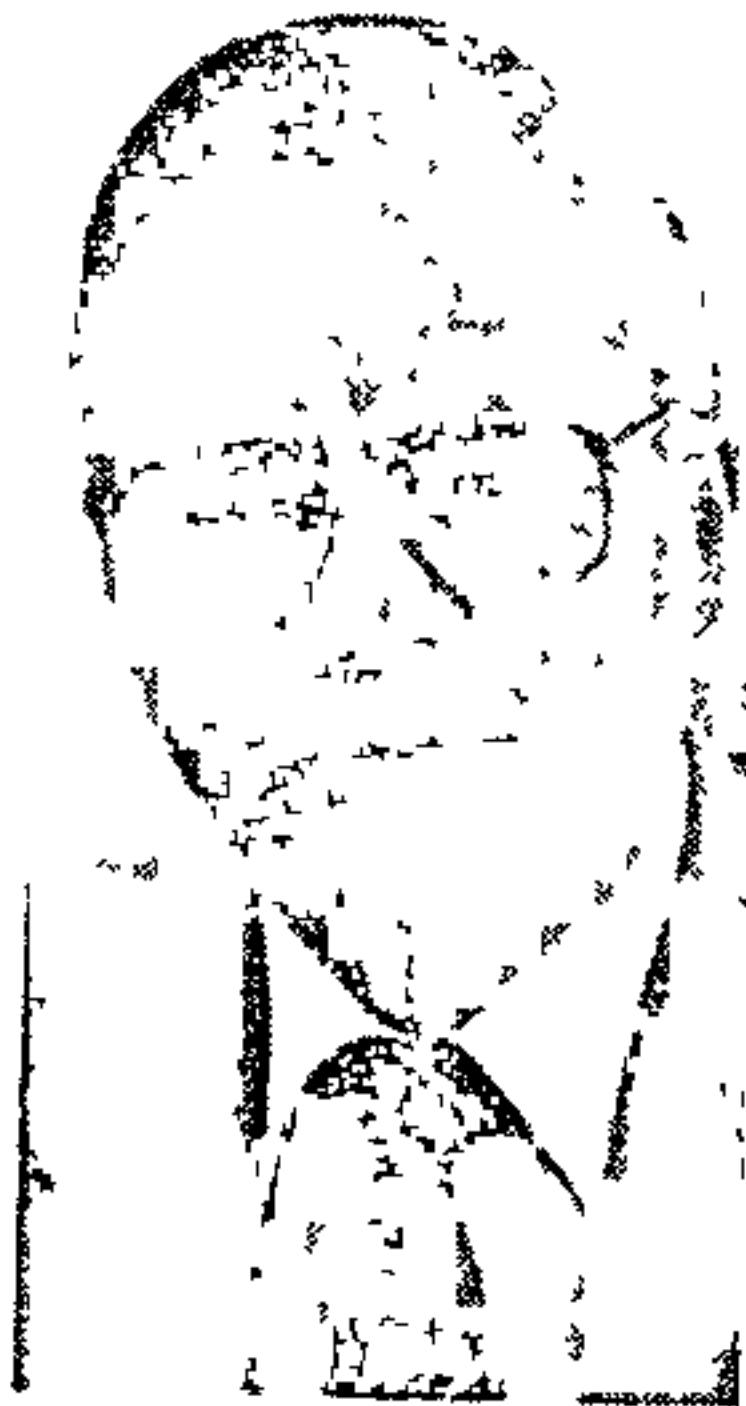
Then followed a career that included working in the Department of Foreign Affairs, numerous positions in the financial sector and on Government advisory boards.

A 20-year spell as town, city and provincial councillor included two years in Verwoerdburg and 10 years in Johannesburg where he served on the management committee.

He presently sits on the President's Council and on the board of the SABC.

Tracing the history of the RSCs, he said it was not always appreciated that the concept was not fleeting but dated back to the Schumann Investigation in the 1960s.

"This was followed by



Mr Gerrit Bornman ...  
'RSCs must succeed'.

the recommendations of the Brown Committee, the Croeser Work Group, the section of the President's Council that dealt with local government investigations and finally the Co-ordinating Council for Local Authorities.

"The plea that came through was for co-ordination of services at local level to achieve savings, especially in the rural areas where authorities simply could not afford to buy their own equipment."

On the financial side local authorities were always pleading for additional sources, and eventually the Croeser Work Group came up with the guidelines for the RSC.

"It suggested three levies to raise money, the payroll, the turnover and the investment levy, but

while the first two were adopted, the last was referred to the Margo Commission on tax reform."

Mr Bornman doubted whether the findings of the Margo Commission would affect local authorities and the RSCs.

Referring to complaints by commerce and industry about the two levies, Mr Bornman said many critics had failed to note that the levies unlike GST were tax deductible.

"This means that some 50 percent of the tax would be paid by the central Government."

"If the businessman had to recover the rest by increasing prices then the people would pay," he said.

"There exists a tremendous need for help in the developing communities and we are going to see considerable improvement in the present situation in those areas," he said.

Basics like the supply of water, electricity, refuse removal and treatment and sewerage would be looked at first, followed by roads and transport.

Mr Bornman said no new bureaucracy would be created to handle RSCs "That would defeat the object," he added.

"It is government by the people, for the people," he said.

*Jan 10/3/87*  
*261A*



Mining houses to take action

# Jo'burg CBD misses out on RSC levies

10/3/87 B/Dary 26/1A

JOHANNESBURG'S CBD, host to the mining houses, will not become the major beneficiary of the two Regional Services Council (RSC) levies to be imposed on the mining industry when the RSCs start operating from July.

Department of Finance sources say the levies — on turnover and employment — are to be imposed directly on the operating mines themselves, and the revenue obtained is to be re-deployed to provide the infrastructure and services in those areas where the mines are located.

This could mean some of the smaller RSCs, located in outlying areas where economic activity is virtually "self-serviced", could also potentially become among the wealthiest — unless the local authority concerned decides to reduce the rates set in the RSC Act: 0,25% of payroll and 0,1% on turnover.

CHRIS CAIRNCROSS

This is unlikely, at least in the 12 months from July, as these two rate levels are to be applied uniformly by all RSCs during this first year of operation, in view of the fact that no clear budget parameters have been established anywhere.

Official estimates are that the two levies could yield as much as R800m in the first year, providing for surpluses at the end of the 12 months.

And, with officials already saying these rate levels are still too low, it is probable these ceilings will be raised substantially a year from now.

This prospect is the cause of concern within the private sector, even though it is a development which comes as no surprise.

Although this third tier of government

● To Page 2 ➡

## Jo'burg CBD misses out on levies

B/Dary 10/3/87 ● From Page 1

is not given the authority to raise levies beyond those prescribed in the RSC Act, it has now become obvious Finance Minister Barend du Plessis can simply bypass this by providing "bridging finance" in the main or mini budget and, at the same time, authorise increases in the ceiling on the two levies to be included in amendments to the legislation.

Given the early warnings issued by officials, it seems certain some sort of bridging finance will be provided this year — even though the full range of services will not.

Like the budget, therefore, these regional taxes are also open-ended.

The manner in which the mining industry is to be handled has, apparently, caused something of a quandary within this sector.

Mining house representatives are to meet within the next few days to decide on whether they should bow to this arrangement or seek an alternative option.

Their position is different to that to be imposed on the financial institutions — banks, building societies and life offices.

Although the establishment levy will be applied where the regional and other

front offices employees are located, the turnover levy will be where these institutions have their head offices.

Thus, Cape Town, which hosts many of the life head offices, could benefit proportionately more than other centres from the premium and investment income enjoyed by those major institutions.

Another factor of intense concern to the business community is the principle laid down in the RSC legislation which excludes business areas in the determination of the voting power of the local body through which it is represented.

As the business community is to be the main source of revenue for the RSC, this feature in the legislation continues to arouse fierce reaction, with organised commerce maintaining it is still only equitable that the voting power of local bodies representing these interests should be commensurate.

Cape Town's Chamber of Commerce says the situation is tantamount to "taxation without representation".

So far these objections have fallen on deaf ears.



ARBUS 11/3/87

26/1A

## Major cities discuss problems of RSCs

**Municipal Reporter**

REGIONAL services councils dominated talks at a meeting in Cape Town of major cities

City authorities from Cape Town, Pretoria, Johannesburg, Port Elizabeth and Durban meet regularly to make policy recommendations to the management and executive committees of the cities, to the United Municipal Executive and to the Department of Constitutional Development and Planning's co-ordinating committee for local government.

### IMPLICATIONS

The chairman of Cape Town City Council's Executive Committee, Mr Dick Friedlander, hosted yesterday's meeting

Mr Friedlander said there had been "lots of discussion" about the implications and possible problem areas of RSCs

### ELECTION

These included the difficulty of preparing municipal budgets because of uncertainty over income sources, and services which would be transferred to RSCs

Other items discussed included election procedure and the date of municipal elections, crime in municipal areas, and the establishment of "neighbourhood watches", petty theft of aluminium products, privatisation, deregulation and tax-free allowances for councillors



Govt to be grilled at congress

# Local bodies' anger grows over RSCs

12/3/87  
26/A  
B/Day

CAPE TOWN — Disgruntled local government officials will gather at a congress here today and demand clarification on plans for the introduction of Regional Services Councils (RSCs).

It is clear from many of the position papers for the two-day United Municipal Executive (UME) annual congress that delegates are unhappy with the way they have been kept in the dark over government plans, and over its apparent failure to give attention to their views

● See Page 3

Some are also peeved at the decision by President P W Botha to withdraw his acceptance of an invitation to open the congress. The reason given was the "pressure of parliamentary duties" — thought to be a rather thin excuse, as Parliament is in recess.

The task of addressing a seemingly hostile UME has been given to Botha's constitutional guru, Constitutional Af-

CHRIS CAIRNCROSS

fairs and Planning Minister Chris Heunis.

The RSCs' proposed functions and responsibilities, as well as other plans in the constitutional pipeline for the "devolution of powers", will be scrutinised today by the people who will have to operate them.

About 50 delegates, representing seven regional local authorities in SA and Namibia, will attend the congress.

The 200 items to be dealt with are heavily weighted with issues connected with the RSCs' implementation.

With the date on which the RSCs are due to become operational only three months away, the municipal associations pull no punches in expressing their discontent over the extraordinarily little information they have been given about their future functions and responsibilities.

The situation has severely strained re-

● To Page 2 ➡

## RSCs: local bodies angry

26/A B/Day 12/3/87

lations between local and central government

Many of the municipal officials have strong misgivings over the extent of the financial responsibilities Heunis is intent on imposing on the RSCs.

In particular, there is considerable opposition to proposals that these local authorities should be entirely responsible for the capital and operating costs of providing facilities such as schools, post offices, police stations and railway stations.

The reasons for this opposition are

- Local authorities would be required to provide the capital funds to establish these authorities and possibly still be subjected to State Treasury controls on capital expenditure.
- The organisation utilising the facilities

provided, ie SA Transport Services, may refuse to pay a rental sufficient to enable a local authority to recover its expenditure. Difficulties have already been experienced in this regard covering site rentals for abattoirs and ambulance stations.

□ In the event of the asset no longer being required by the organisation concerned, the local authority might well have an asset which has little market value, and on which an outstanding debt exists.

□ The full planning and design costs incurred by a local authority may not be recoverable from the relevant State department.

◀ ● From Page 1



## TAPPING R650 BILLION

Inland Revenue has given some indication of the taxbase it is assuming for the RSC turnover and payroll levies

The annual yield in SA's "major metropolitan areas" would be about R800m a year, according to Revenue's Ian Micklejohn. The 0,25% payroll levy, on 1987-1988 national remuneration of about R100 billion, would yield some R250m. The balance, to R800m, would come from a 0,1% levy on turnover to yield R550m. This assumes a turnover taxbase of R550 billion. The total taxbase of R650 billion is by far the greatest yet known in SA.

Has Pretoria stumbled on to something without realising it? The RSC levies taxbase of R650 billion can be compared with those of our current system, personal tax of about R100 billion; GST of R75 billion, and company and mining tax of some R24 billion. These current major taxbases total R200 billion.

One is forced to wonder if the RSC levies are not an experiment for a totally new tax system, evolved independently of the Margo Commission. If GST was retained at 12%, and the RSC levies increased to 9%, revenues raised would equal current government needs.



MARCH 13 1987

Financial  
Mail

TAX AND THE RSCs

## Time to think again

Almost everything about the new regional services councils (RSCs) suggests that they will bring administrative chaos to local government and fiscal decay to the economy. The next three pages examine the situation in substantial detail.

It would be far the best thing for President P W Botha to delay the processes of implementation — at least until the election is over. That would be both an act of statesmanship and of political astuteness.

As matters stand, it is hard to exaggerate the consequences — especially the economic ones — of the RSCs. It is not impossible that with their implementation will come such a plunge in business confidence that the fragile economic upturn will be aborted. Nor are the political consequences clear. They won't be salutary.

To believe that this proposed amorphous structure of local government will allow for greater participation of the community — especially black members — is nothing less than delusion. It does no such thing: it represents the heavy hand of centralised authority.

If the intention is to redistribute wealth, then the RSC proposals are a mightily inefficient way of going about this

dubious task. Inflation — about which this government is far too complacent — already has that matter in hand.

But, as the *FM* has consistently pointed out, to impose a payroll tax when unemployment has reached a new peak is extreme folly. As Nobel economist Milton Friedman says: if you want less of something, tax it more.

If there is no way of postponing the RSCs, the next most sensible thing is for government to take Assocom's advice and provide bridging finance until the proposed payroll and turnover taxes have been referred to the Margo Commission. It is no secret that the commission has reservations about their consequences.

We have the uncomfortable feeling, too, that Pretoria stumbled unawares on the enormous untapped RSC taxbase, and that it will be tempted increasingly to exploit it to the hilt. If so, we will see in the months ahead a steady increase in the two RSC levies without an appropriate and compensating decline in steeply progressive income taxes.

Efforts to deregulate the economy and encourage the growth of small business become a mockery besides the RSC levies. There is simply nothing to recommend them. ■



# RSC officials to visit EL

Dispatch Reporter

EAST LONDON — The full focus of Regional Service Councils (RSC) will hone in on the East London area

This was the message last night from the Mayor, Mrs. Elsabe Kemp, who returned from the United Municipal Executive Council meeting

Mrs Kemp said no specific areas were discussed but she had had an opportunity to talk to the executive of the RSC, Mr P Schoeman,

about the next step in East London

He had told her that the next step would be for his officials to visit East London to formally accept the demarcated boundaries before the RSC system was implemented in the area

"This was a most fruitful and elucidating congress which dealt mainly with the RSCs and the next municipal elections

"No far reaching decisions were really taken but more clarity emerged, she said "



# RSCs have business and industry in grand tizzy

REGIONAL Service Councils are expected to be in place by July 1, but their introduction is causing confusion in business

Commerce and industry are still asking questions relating to the payment of the two levies and into which regions their activities will fall

## Vague

The 0,25% levy on payrolls and the 0,1% on turnover are expected to raise about R800-million in the first year and will be used by the RSCs to finance the provision of electricity, water and sewerage, among others. It is not known whether RSCs will have to provide public transport.

Ian MacKenzie, of accounting firm Arthur Young & Co who has made a study of the RSC concept says "It is still vague as to what these councils will provide."

Mr MacKenzie says the regulations for the collection and payment of levies were spelt out in the Government Gazette of February 17, "but they do not appear to be final as some of the

original clauses were withdrawn and could be reintroduced"

Eight regions have been delineated — Pretoria and environs, Central Rand, East Rand, West Rand, Port Elizabeth and Uitenhague, Cape Town, Walvis Bay and Bloemfontein. No regions have been delineated in Natal.

The problem facing large companies is that separate figures for each shopping centre will have to be established for payment of levies.

## Roads

Another problem faces road-construction companies which will be required to calculate total salary and wage bills plus the value of the contract in each region through which the road runs.

There is also confusion as to which region a company with a head office in one region and a factory in another will have to pay its levies.

Mr MacKenzie says "These problems are exceptionally difficult for all

concerned and it is likely that this confusion will be continue"

The definition of a "financial enterprises" is also causing concern.

Every company and other business operations will have to submit a monthly return and pay the levies due to each separate council in the region where these businesses operate.

## Projection

This will require a new accounting systems because the levies cannot be based on GST calculations.

Although the initial rates of the levies are low, several councils say they will have to be doubled in the next year.

The policing of payments will be undertaken by the RSCs and in some cases with the assistance of the Department of Inland Revenue.

But says, Mr MacKenzie, "neither the collection nor the spending of the funds can be efficient until the proposals are final."

A seminar will be held by the Johannesburg Chamber of Commerce to discuss these matters tomorrow.



261A

**Dispatch Reporter**  
**GRAHAMSTOWN** — Grahamstown city councillors would like to see the seat of the regional services' council (RSC) established in Grahamstown, it was stated at the monthly council meeting.

Councillors were responding to a letter from the chief director of the Department of Local Government who said it remained to assign a name and determine the seat for the council for "the Port Elizabeth/Uitenhage metropole and surrounding area"

This was the RSC within the boundaries of which Grahamstown would fall

The letter said it had been necessary to assign a temporary unofficial name, the Algoa Regional Services Council, but as soon as the RSC was constituted it would decide on a formal name. This — plus determining the seat — would be done after consultation with local bodies in the area.

The Mayor of Grahamstown, Mr Dick Atwood, suggested the

name Cuyler. He said "Cuyler" had significance in the Eastern Cape because Colonel Cuyler had been landdrost in the area at the time of the arrival of the 1820 Settlers. Several streets in Eastern Cape towns were named after him.

The spokesman for works, Mrs Pamela Paton, supported the suggestion. She said Colonel Cuyler had come to South Africa from Albany in the United States, hence Grahamstown's magisterial district was called Albany. As a civic leader Colonel Cuyler had made his mark.

The deputy mayor, Mrs Martha Olckers, however, was against it. She said "People won't know where Cuyler is, Algoa, however, is known throughout South

## Council call for G'town to be RSC seat

Africa. Let us remember Cuyler in a different way."

Mrs Paton said "The advantage of using Cuyler is that it is not geographically linked."

Dr Brian la Trobe said "I am less concerned with what we call the RSC than where the seat is going to be."

He said he would like to see Grahamstown approach the Department of Local Government and suggest the city be the seat of the RSC.

Dr La Trobe said it seemed that Fort Beaufort, Adelaide, and Bedford were all still out on a limb.

He said the South Eastern Areas Development Association (SEADA) had also pressed for their inclusion in the RSC area.

"We have no ambitions about becoming a

big industrial centre but Grahamstown historically has claims to being developed as an administrative centre," Dr La Trobe said.

"Let us formally apply to become the seat of a future RSC and at the same time express our concern about the immediate hinterland."

Mrs Paton supported him, saying "Grahamstown needs this type of development."



# KwaZulu RSC will spark mass anger, says Buthelezi

*Chief minister warns crisis  
will be of govt's making*

Dispatch Correspondent

ULUNDI — The "foisting" of regional services councils on the Zulu community could have the effect of sparking off a "mass explosion of black anger".

This was said here yesterday by the Chief Minister of KwaZulu, Chief Mangosuthu Buthelezi, when he thanked the Administrator of Natal, Mr Radclyffe Cadman, for opening the fifth session of the fourth KwaZulu Legislative Assembly.

Chief Buthelezi said he believed it was possible for the South African Government to delay the final introduction of regional services councils and to make some interim arrangements so that there could be negotiations about what should be happening to first and second-tier government structures of KwaZulu-Natal.

"If the South African Government does not afford us this time, they will be precipitating another crisis which will be of their own making," he said.

The KwaZulu chief minister said South Africa and the world were greatly encouraged by the emerging ferment in the National Party.

Every white voter who

supported the challenge being thrust at Mr P W Botha by senior members of his party acted to "legitimise" the South African political system.

Chief Buthelezi said the South African Government would have to learn that it was more important to look over its left shoulder than it was to look over its right shoulder.

"The lunatic right will never harness internal and external forces which will make them powerful," he said.

"It is only people to the left of the National Party's centre who can do so."

Chief Buthelezi said the ferment in white political circles held out a promise which was encouraging.

It was the tip of an iceberg which would sink the National Party if it did not take cognisance of the deeply-rooted and wide-spread demand that South Africa be normalised as a modern, Western-type industrial state.

He said the KwaZulu authorities had opened the assembly to oppose apartheid.

They would continue to legitimise non-violent opposition to apartheid and continue to legitimise the pursuit of the politics of negotiation during the session.



CHIEF BUTHELEZI...  
left shoulder



21/3/87 (261A) WSP087

## Govt must heed RSC warnings

THE political and economic consequences of Regional Service Councils are potentially so serious that the Government should heed the many calls to delay their proposed implementation on July 1 and rethink the whole matter.

Here indeed is political dynamite.

First, the councils are ethnically based, perpetuating the concept of group identity so hated by blacks.

Second, black local government, a cornerstone of the RSCs, has already collapsed in many areas. Mr Andrew Savage, PFP MP for Walmer, reported last year that only 27 of 45 community councils were functioning in the Eastern Cape. And it is from these discredited councils that representatives are supposed to be chosen.

Third, appointments will in any case be suspect because representatives will be chosen by Government appointees and not by the people they represent.

Given the history of failed group-concept institutions like the Coloured Representative Council, the Cabinet Council and the Indian Council, is there really any hope that the new concoctions will be received any differently?

The economic consequences are equally disturbing. Regional services previously funded out of the central tax pool will now have to be paid for by the private sector, and the cost must inevitably filter down to the ordinary working man by way of inflation.

Furthermore, at a time when the economy is showing the first signs of recovery there is a real danger that the new taxes — a turnover levy and a payroll levy — could stifle growth and destroy jobs.

The turnover levy will hit high-turnover, low-margin businesses like supermarkets, motor and construction companies particularly. And because it is based on turnover and not on profit, even companies trading at a loss will have to pay it.

The payroll tax is downright folly. It will penalise the biggest employers — labour-intensive industries like mining and motor manufacture — at a time of serious unemployment.

How much will the new system cost? The Revenue Department expects the levies to yield an astonishing R800 million annually from the main metropolitan areas alone. And if that is not enough, the levy rate can be increased by an announcement in the Government Gazette!

Remember when GST was 4%?

Regional Service Councils are a costly device to perpetuate apartheid. There are sensible, less expensive alternatives, but these require that the Government accept the reality of mixed-race cities and work from there. Multi-racial municipalities are a starting point.



# Assocom report slams RSC law

23/3/8 26/1A

Mercury Reporter

THE Association of Chambers of Commerce is concerned that Regional Services Councils will not attain 'desirable objectives'.

Assocom yesterday released a report which contains wide-ranging criticism of the legislation which is to bring RSCs into being and which expresses doubts about the way they are to be funded.

Levies on companies' turnover and payrolls would have 'a serious cost-raising effect' and would harm business performance, the report said.

## Feared

The levies departed 'in almost virtually every respect from the traditional four canons of taxation of fairness, certainty, convenience and economy'.

Assocom was also worried that representatives on RSCs would be drawn from 'local bodies elected along racial lines that do

not all enjoy the full support of the community that they serve'.

It feared that the size of the bureaucracy could mushroom if no determined rationalisation took place in the public sector.

It felt it was unwise to introduce 'a new, wide-ranging form of regional taxation prior to the publication of the Margo Report into the reform of the tax structure'.

'The actual content of the (levy) regulations give rise to much anxiety (The regulations) are characterised by a lack of precision and typical of taxation laws,' the Assocom report said.

In spite of widespread criticism, the Government seemed determined to have eight RSCs in the Transvaal, Free State and Cape operational from July 1.

Assocom urged businessmen to start planning for the introduction of the levies and, if possible, to restructure their business operations to avoid paying levies unnecessarily.



22/3/87  
261A 6 Day

## Scepticism over RSC's cost-cutting ability

ALAN FINE

CITY councillors and business have reacted with scepticism to assurances by Central Witwatersrand Regional Services Council chairman-designate Gerrit Bornman that services will become more cost-effective.

Bornman says his RSC's initial activities after its establishment on July 1 will be the supply of water, electricity and sewerage services. The RSC will buy water and electricity from the Rand Water Board (RWB) and Escom respectively for sale to its component local authorities.

He denies that the RSC's intervention as an additional channel for the supply of these services will serve merely to increase the cost to consumers. Bornman's argument is that the RSC will ensure greater efficiency by co-ordinating and rationalising the building of, for example, water reservoirs and electrical sub-stations.

The response from Sandton management committee chairman Ricky Valente, Johannesburg PFP councillor Tony Leon and Johannesburg Chamber of Commerce GM Marius de Jager is that this co-ordination and planning is already happening through the RWB and Escom and, informally, the existing local authorities.

Leon says rationalisation of sewerage has also been negotiated between councils. He says water and electricity represent important sources of income for municipalities, and speculates that the RSC wishes to involve itself initially in supplying these services in order to supplement its budget.

Valente describes the RSC structure as inefficient, impractical and harmful to race relations. He adds that the Sandton council has always opposed RSCs, but has no choice but to participate. "We hope we will be able to make some positive contribution," he says.

De Jager says "We sympathise with Bornman's difficulties, and we wish him the best of luck. But, in the case of the Witwatersrand, we would question whether services will be provided more efficiently."



'English, Afrikaans versions differ'

# Major errors in RSC Act, say Cape officials

26/11  
5/12/87  
24/3/88

MAJOR discrepancies have apparently been uncovered in the Regional Services Councils Act by officials of the various Cape Divisional Councils dealing with the implementation of the RSCs.

Discrepancies include material differences in the Afrikaans and English versions of the Act.

The situation raises several serious legal questions concerning the application of the legislation should it ever be tested in court — a likely development given the vagueness which characterises the drafting of the law.

Meeting in training sessions in Cape Town to work out their new responsibilities when the RSCs come into operation from July, several council officials expressed concern that their task would be virtually impossible to carry out effectively.

In their view, the legislation should be "cleaned up significantly" before

CHRIS CAIRNCROSS

any attempt is made to get the RSCs officially operating.

This is most unlikely to occur in the time left before the first eight RSCs are declared functional.

When Parliament resumes after the election on May 6, most of the time up to July will be taken up with the Budget and little will be left over to deal with any amending legislation which may concern the RSCs.

Adding to the confusion is that officials are uncertain as to whether they have the legal machinery at their disposal to force businesses and other organisations to register with a specific RSC to become liable for the two levies.

Clarity on the issue has become all the more urgent in view of the fact that registration forms for the Western Cape RSC, for example, are expected to be ready for delivery early next month.



WHEN BUSINESSMEN receive the Regional Services Council's (RSC) tax forms in three months' time they will be excused for thinking that they have received the incorrect forms

The forms will call upon businesses to pay a monthly 0.25% regional services levy and 0.1% regional establishment levy from July 1. And if the lack of direct reference to either a turnover or payroll levy fails to elicit puzzlement, the maze of legislation spanning three *Government Gazettes* is guaranteed to confuse

Levy rates, although fixed for one year, will undoubtedly spiral upwards in the years to come

Costa Divaris, tax partner at Divaris Stein, estimates that RSC rates could eventually be into double-digit figures. The 300% rise in GST from 4% in 1978 to the current 12% is a trend which scares the hardest entrepreneur, says Divaris

Taxpayers could be forgiven for being both mystified and confused — but forewarned is forearmed

Business has to seriously re-examine existing operational structures and trade methods to ensure they pay no more RSC tax than is absolutely necessary

The levies may cause companies to re-evaluate their group structures. Companies with extended group structures will be levied on previously tax-neutral intergroup turnover. In order to counter this, groups may rationalise into branches or divisions

### Benefits

Ernst & Whinney's Ken Walton points to the simultaneous income tax benefits that often flow from rationalising into divisions

"Under current tax laws, individual companies within a group are treated as separate taxable entities and are therefore unable to offset profits and losses. However, when rationalised, losses of unprofitable divisions are deducted from the taxable income of profitable divisions and the company invariably pays less income tax"

Ian Wilson, a tax partner at Price Waterhouse, notes that the introduction of levies ironically could aid business previously barred from rationalisation.

"In rationalising their operations, companies may consolidate their business into a company with an assessed loss. Previously, the Commissioner for Inland Revenue could attack rationalisation schemes under the Section 103 tax avoidance measures

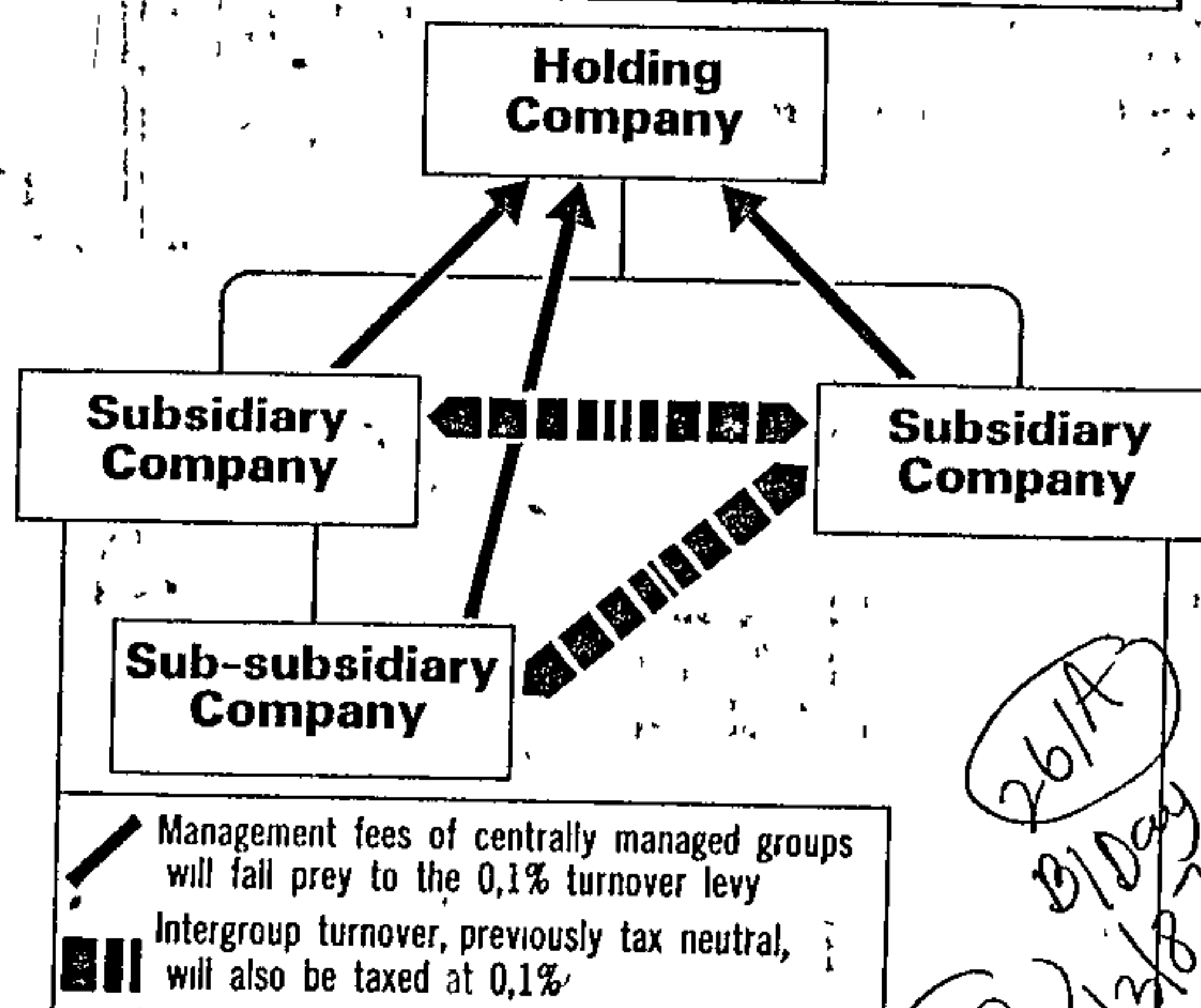
### Cascade effect

"But because the levies are not administered by the Commissioner, it may prove difficult for him to attack such schemes, in view of the lack of inference that the sole or main purpose of the rationalisation was to avoid or defer liability of a tax administered by the Commissioner," Wilson said

Business sectors with long manufacturing and distribution chains will also fall prey to the cascade effect of the levies, as each link of the chain will be levied

This could lead to the formation of manufacturing partnerships. Such partnerships — in terms of which resources are pooled and

## HOW GROUPS WILL SUFFER



# Forewarned is forearmed

DAVID COHEN, in his final article on proposed RSC levies — due to come into effect in certain areas on July 1 — offers some tax planning suggestions

profits derived in the form of profit distributions — limit the inflationary effects of the turnover levy within a sector to a minimum

However, formation of partnerships should be viewed with caution, as drawings derived from these are taxable in terms of the RSC regulations

Intergroup finance methods may also be reviewed. In groups of companies it is common for the holding company to exercise management centrally. The holding company recovers its outlay by charging a management fee to operating subsidiaries

This previously tax-neutral transaction will now be subject to the 0.1% turnover levy

The obvious alternative to management fees is the inter-company loan. Interest on loans for companies other than financial institutions is not leviable. Considerable scope is afforded, in that no hard and fast rule for charging of interest on such loans exists

Similarly, it may be useful to decentralise management costs, whereby management fees are borne by the operating companies as a direct cost instead of indirectly by the holding company

Techniques to defer liability of the new imposts could also be devised. Directors and shareholders of private companies could take loans throughout the year as an advance against salary — thereby limiting levy liability to a single payment at the end of the year

For some time it has been de-

partmental practice not to tax loans in lieu of salary as dividends in terms of Section 8 B

Wilson suggests that groups with substantial in-house sales consider confining all invoicing to the last month of the year — again effectively deferring levy liability to a single payment

Demographic changes could also flow once the levies are imposed. There are indications that some regions may impose higher rates than others. Businesses may wish to relocate the source of their transactions to outlying areas paying lower levies.

### A loss

It may also lead companies operating in the independent states to expand operations there, ironically resulting in a loss of revenue to SA

Finally, group companies paying rent to a central property-owning company within the group should review tenancy and rental agreements. Unlike GST, there is no facility for the authorities to impose minimum acceptable rents

Possibly the only businessmen likely to benefit from the introduction of the RSC levies are tax consultants. This is no coincidence. Tax consultancy is based on the premise that, given an infinite amount of power, an infinite number of bureaucrats will weave an infinite number of loopholes

Hardly surprising that it has become such a lucrative business



# RSC areas: G'town team off to PE

25/3/87  
261A

Dispatch Reporter

GRAHAMSTOWN — A large delegation from Grahamstown is due in Port Elizabeth on Friday for a meeting of the demarcation board of the proposed regional services' council for the area

Representing the city council will be the mayor, Mr Dick Attwood, the health spokesman, Dr B la Trobe, and the works spokesman, Mrs Pamela Paton

The chairman of the Grahamstown Management Committee (GMC), Mr Sam Christoffels, and Mr J K Abdul will represent the GMC. They will be accompanied by the town clerk, Mr Lionel Pienaar

The town clerk of the neighbouring Rini town council, Mr Koos Celliers, said he might go along, depending on pressure of work

Mr Pienaar said the board was meeting to ratify certain exclusions from the area from which money would be generated

The idea was to exclude all central business districts and industrial areas. The remaining areas would determine the strength of the vote of each local authority, he said

Mr Pienaar said Grahamstown and the GMC had already opted to exclude the CBD and the industrial area. These had been open for objection but none had been received so far

"Nor do I anticipate any objections. I see the meeting largely as a formality," he said

Mr Celliers said Rini had asked for the exclusion of Grahamstown's CBD, the industrial area, the light industrial area and railway property

"We have also asked for the exclusion of Rhodes University and the three hospitals — Settlers', the Day Hospital and Fort England"

Mr Celliers said Rini's reasoning was that Rhodes did not serve only the white community. At least 20 per cent of students were black, as was a high percentage of the staff

Similarly the hospitals served many more blacks than whites

"That is why we have asked the demarcation board to excise these," he said



REPUBLIC  
OF  
SOUTH AFRICA



REPUBLIEK  
VAN  
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Vol. 261

PRETORIA, 27 MARCH  
MAART 1987

No. 10688

## GOVERNMENT NOTICE

### DEPARTMENT OF FINANCE

No. R. 727

27 March 1987

REGIONAL SERVICES COUNCILS ACT, 1985  
(ACT 109 OF 1985)

REGULATION UNDER SECTION 14 (2) OF THE  
REGIONAL SERVICES COUNCILS ACT, 1985

The Minister of Finance has under section 14 (2) of the  
Regional Services Councils Act, 1985 (Act 109 of 1985),  
made the regulations in the Schedule

#### SCHEDULE

**OATH OF SECRECY TO BE TAKEN BY PERSONS  
EMPLOYED IN CARRYING OUT THE PROVISIONS  
OF SECTION 12 OF THE REGIONAL SERVICES  
COUNCILS ACT, 1985**

- 1 Every person employed in carrying out the provisions of  
section 12 of the Regional Services Councils Act, 1985  
(Act 109 of 1985), shall before acting under that Act,  
subject to regulation 2, take and subscribe before a com-  
missioner of oaths the following oath of secrecy

#### "OATH OF SECRECY"

Regional Services Councils Act, 1985

I, (Full name and surname)

Date of birth

Identity number

hereby swear that I—

- (a) will not, either directly or indirectly, disclose to anyone any  
matter in respect of any person which may come to my  
knowledge in the exercise of my powers or the performance  
of my duties under the provisions of the Regional Services  
Councils Act, 1985 (Act 109 of 1985), or any regulation or  
notice made or issued under the said Act, or permit any  
person to have access to any records in the possession or  
custody of a regional services council, except in the exer-  
cise of my powers or performance of my duties under the  
said Act, regulation or notice, or by order of a competent  
court,

## GOEWERMENTSKENNISGEWING

### DEPARTEMENT VAN FINANSIES

No. R. 727

27 Maart 1987

WET OP STREEKSDIENSTERADE, 1985  
(WET 109 VAN 1985)

REGULASIE KRAGTENS ARTIKEL 14 (2) VAN DIE  
WET OP STREEKSDIENSTERADE, 1985

Die Minister van Finansies het kragtens artikel 14 (2) van  
die Wet op Streeksdiensterade, 1985 (Wet 109 van 1985),  
die regulasies in die Bylae uitgevaardig

#### BYLAE

**EED VAN GEHEIMHOUDING WAT AFGELÊ MOET  
WORD DEUR PERSONE WAT DIENS DOEN BY DIE  
UITVOERING VAN ARTIKEL 12 VAN DIE WET OP  
STREEKSDIENSTERADE, 1985**

- 1 Elke persoon wat diens doen by die uitvoering van die  
bepalings van artikel 12 van die Wet op Streeksdienste-  
rade, 1985 (Wet 109 van 1985), moet, voordat hy inge-  
volg daardie Wet optree, behoudens regulasie 2, die  
volgende eed van geheimhouding voor 'n kommissaris  
van ede aflê en onderteken

#### "EED VAN GEHEIMHOUDING"

Wet op Streeksdiensterade, 1985

Ek, (Volle name en van)

Geboortedatum

Identiteitsnommer

verklaar hierby onder eed dat ek —

- (a) nóg direk nog indirek aan enigiemand enige aangeleentheid  
ten opsigte van enige persoon wat tot my kennis kom by die  
uitoefening van my bevoegdhede of die uitvoering van my  
pligte kragtens die bepalinge van die Wet op Streeksdienste-  
rade, 1985 (Wet 109 van 1985), of 'n regulasie of kennis-  
gewing kragtens genoemde Wet uitgevaardig of uitgereik,  
sal openbaar nie, of iemand sal toelaat om toegang te verkry  
tot aantekeninge in die besit of onder die bewaring van 'n  
streeksdiensteraad nie, behalwe by die uitoefening van my  
bevoegdhede of die uitvoering van my pligte kragtens ge-  
noemde Wet, regulasie of kennisgewing, of op bevel van 'n  
bevoegde geregshof,



## RSC PREPARATION

~~26/1A~~ 27/3/87  
Assocom has issued a useful handbook on regional services councils (RSCs) in response to the desperate thirst for knowledge on these new impost-raising creatures. Observers have commented that RSC levies (0,25% on payroll and 0,1% on turnover) have been mentally wished away by many businessmen.

But businesses (including partnerships, sole proprietorships, financial institutions — and most of the public service) will have to do their administrative homework. Assocom highlights the following areas. The business should

- ☐ Ascertain the RSC region(s) empowered to collect levies from it;
- ☐ Allocate internal administrative responsibility regarding the various regions levies will be payable in,
- ☐ Determine the *nature* of its transactions within the meaning of the regula-

- tions,
- ☐ Ascertain the operational date of each relevant RSC,
  - ☐ Review and amend accounting systems — as a matter of urgency;
  - ☐ Carefully consider inter-group transactions, to prevent "cascading," if possible,
  - ☐ Consider rationalisation of operations, for example, by discontinuing activities in more than one area,
  - ☐ Decide whether to be taxed on a "receipts" or "accruals" basis (considerable amounts can be saved by signing contracts before levies are first exacted), and
  - ☐ Study and be familiar with the regulations.

Assocom notes that the attempt to keep the legislation "simple" has done little more than create large areas of uncertainty.



ARGUS 5/13/87 1980-101-1124-111

# RSC officials must take oath of secrecy

The Argus Correspondent (2614)

PRETORIA — Regional Services Council officials dealing with levies payable to the councils will have to take an oath of secrecy

According to a notice in the Government Gazette, "every

person employed in carrying out the provisions of section 12 of the Regional Services Councils Act" will have to take the oath

Taking an oath is required in terms of Section 14 of the Act

This stipulates that officials

may not disclose information regarding the carrying out of the provisions of Section 12 and may not give anyone access to council records.

Section 12 provides for the payment of levies to each council by employers and vendors in the council's area of jurisdiction



Empowering legislation on way

# Receiver to police levies on the RSCs

26/11  
13/12/87  
31/3/87

DAVID COHEN

CHANGES will be made to existing legislation to empower the Minister of Finance to inspect company records to ensure Regional Services Councils (RSCs) levies are paid.

Rob Collins of the Receiver's Johannesburg office, who is responsible for interpreting and implementing RSC legislation on the Witwatersrand, said yesterday the Receiver's office would be policing the payment of levies.

Anthony Chait, a partner at Fisher Hoffman Stride, who has been consulting with the Receiver, said the Minister would be empowered to audit levy payers' records as part of investigations into tax payments.

"At present, Revenue is restricted to the role of an adviser."

As it now stands, say tax experts, the RSC legislation has no teeth, making it impossible to police payments.

Collins yesterday unexpectedly withdrew at short notice from a seminar in Johannesburg to discuss the proposed RSC levies, setting off speculation that there was uncertainty in the Receiver's office about its right publicly to interpret the legislation.

Solly Gerber, a senior partner at Fisher Hoffman Stride, said possible changes to RSC legislation could alter the Receiver's position, making any public statements premature.

He said: "Revenue are in a difficult situation. They are not sure where they stand. In order to avoid possible embarrassment, they decided not to stand on any public platform until their position is clarified."

Explaining his absence, Collins said: "Initially, we did not realise that participants would be charged a fee. A policy decision has been taken not to participate in seminars where a fee is paid."

He said that the RSC Act was not administered by the Minister of Finance, but fell under Constitutional Development and Planning.

Tax experts are wondering whether Ian Meiklejohn, another Inland Revenue representative, will participate in an RSC seminar, for which a fee is charged, and scheduled for tomorrow in Johannesburg.



# Major changes expected to RSC levy legislation

1/4/8  
26/1A  
B/Day

TWO important amendments to the Regional Services Council (RSC) legislation are to be introduced during the first session of the new Parliament.

They are provisions allowing for appeals on levy disputes to the Income Tax Court and empowering the Commissioner for Inland Revenue to scrutinise company records to ensure the turnover and payroll levies are being paid.

A senior Inland Revenue official told *Business Day* the department was working on July 1 as the date for the introduction of the levies in eight RSC regions.

Inspection of company books would

GERALD REILLY

be carried out by the same audit teams that checked records for PAYE and GST transgressions or omissions

Deadline for July payments of the levies would be August 20.

The official said the Act placed the onus on those liable for the levies to register with the councils.

A maximum fine of R5 000 could be imposed for transgressions of the RSC legislation, including failure to register. Interest would be imposed on overdue levy payments.

Report by Gerald Reilly, 216 Vermuelen Street, Pretoria



261A

28/2/87

## Secrecy pledge by RSC officials

By DENISE BOUTALL

OFFICIALS carrying out Regional Services Council (RSC) duties will have to take an oath of secrecy, according to a notice gazetted in Pretoria.

Local government officials do not normally take an oath of secrecy.

The oath, in terms of a regulation made by the Minister of Finance under the RSC Act of 1985, stipulates that officials may not disclose information about any person obtained while performing their duties.

They may also not allow anyone access to any records in possession of the RSC except in exercising their functions under the Act or by order of a court.

A spokesman for the Algoa Regional Services Council (ARSC) said the reason for the oath of secrecy was that officials of the council would be working with information about the turnover and profits of private companies and businesses. This information was normally highly confidential and similar to the kind of information handled by the Receiver of Revenue.

The disclosure of this information could potentially be harmful to the businesses concerned.

It was not the intention of the RSCs to exchange information with the Receiver.

The ARSC came into formal existence yesterday.

The first step taken was to advertise the fact that all businesses — from multinational corporations to the housewife who sells cakes to a home industries' co-op — have to register with the RSC as levy-payers.



26/11/87  
PASSENGER TRANSPORT

## The RSC factor

Wide-ranging changes to the proposed regional services council (RSC) transport system were suggested at the recent biennial conference of the Passenger Transport Association (PTA) in Cape Town.

Public transport operators remain wary of the RSC system and some even see the new era as an opportunity to divest themselves of politically unpopular and uneconomical operations.

In terms of the National Transport Policy Study recommendations — accepted by government and endorsed in a White Paper published in January — RSCs will be responsible for passenger transport policy decisions and for issuing "operating authorities" to passenger transport operators.

Provision is also made for RSCs to call for tenders where operators are not prepared to supply a service without subsidy. But some bus operators feel that this does not go far enough.

Tollgate Holdings MD Johan Barnard suggests that RSCs acquire the depots, buses, plant and machinery of bus operators who presently operate in RSC areas.

RSCs should then form Section 21 utility companies and appoint private entrepreneurs to manage and operate the bus companies, while assets will remain the property of the RSCs.

Putco favours a similar rationalisation (*Business* November 7 1986).

Last year, both Barnard and Putco MD Albino Carleo expressed concern that private bus operators could face serious financial risks in terms of the proposed new policies.

Both companies suggested that government should finance the RSC purchases of their buses (Putco has 3 300 and Tollgate 1 500) and depots for a total cost of R340m. Operators could then be retained by the RSCs to run the services on their behalf.

Barnard says a joint venture between bus

operators and RSCs would also have the "clear benefit" of countering the loss of employer contributions for transport which were previously due in terms of the Black Transport Services Act and the Transport Services for Coloured and Indian Persons Act.

In terms of the RSC Act, the two transport Acts will fall away as soon as an RSC charges a regional levy for any service — not only transport.

"In other words, if an RSC were to provide the bulk supply of water and charge a levy for such service, the contribution by employers within that region towards the public transport of their employees would cease immediately. The region will then be faced with the dilemma of subsidising passengers from its own resources within that area," Barnard says.

Other advantages of the suggested changes to the RSC transport system are that the expertise of private enterprise will be retained for operating the utility companies. And the industry will be "depoliticised" because the entire community will collectively own the bus service.

Barnard says RSCs will also have the ability of current local authorities to borrow money and issue stock.

"In fact, the financial reward to regions owning their own bus operations with private enterprise skills opens up a new direction for business in regional activities for the future," says Barnard.

Gerhard Croeser, Department of Finance Chief Executive Policy, says government wants to see the "gradual substitution" of subsidised transport services by the "user charge" principle. But he agrees that subsidies play an important role in keeping fares down and, thereby, in helping to stabilise potentially explosive black areas. ■



# R800m from RSC taxes in first year

261A W/P 4/4/87

By DENISE BOUTALL  
LIKE it or not, the Regional Services Councils are here and all businesses, big and small, will be contributing to the R800 million expected to be raised by the eight RSCs in their first year of operation.

In Port Elizabeth, the Algoa Regional Services Council (ARSC) officially opened its doors this week and announced its presence to the public by means of newspaper advertisements tantalisingly headed "Do you know"

Unsuspecting readers were then informed that all businesses, including non-profit organisations, have to register as levy-payers.

The purpose of the RSCs, according to the Department of Constitutional Development and Planning, is to rationalise the provision of services, provide for political participation for black local authorities and act as a mechanism for collecting and distributing the levies.

The money collected will be spent primarily on the upgrading of infrastructure

in the black residential areas of the region.

Just how the ARSC will operate is still unclear, and according to a spokesman the process of development could take as long as five years.

For the moment, however, the emphasis is on the collection of money.

April 30 is the deadline for registration as a levy payer, July 1 is the official starting date of the council and the date from which levies will be calculated. The first levies will be due on August 20.

ARSC officials this week posted 10 900 registration forms to businesses throughout its area but estimate that the potential number of payers in the area is probably in the region of 20 000.

The local area includes the entire Dias division, the magisterial districts of Uitenhage and Kirkwood and the part of the Humansdorp division that falls in the Hankey magisterial district.

At the moment the staff of the ARSC consists of nine

people, including the chairman, Mr James Kleynhans.

With the exception of the chairman, all of them have been seconded by the Port Elizabeth Municipality and Dias Divisional Council and are still on these authorities' payrolls.

Asked what the council's income would be spent on, the spokesman said this would be decided once the council was constituted.

This, in turn, depended on how much of the services provided by the RSC would be used by each of the constituent local authorities, as this determined the number of representatives from each authority.

Port Elizabeth's City Treasurer, Mr Amandus Strydom, has been authorised by the City Council to control the finances of the ARSC in the initial stages.

He estimates that the local income from levies in the first year will be between R10 and R20 million.

Although this was not a lot of money, it would be a substantial sum with which to service loans used to finance capital work.

Asked whether the system would not lead to increased costs, Mr Strydom replied "Not as long as I can prevent it."

The system held two advantages.

● "Whether you agree with the basis of the representation or not, it will allow people of all races to participate in the decision-making on services used by all people."

● The money raised through the RSC levies would be used primarily to upgrade those areas previously neglected.

The director of the Midland Chamber of Industries, Mr Brian Matthew, said although commerce and industry had criticised the introduction of RSCs he felt the system could work if the members of the council had popular support.

"Then at least the people would have a lot more say than they previously had."

Ideally, the situation would lead to a reduction in taxation because money would be raised locally to pay for services in the area.



CMB 7/12/88  
6/4/87

## Provincial appointee favours <sup>261</sup> open govt, democracy

Staff Reporter

MR Eddie Samuels, 46, appointed to serve on the executive committee of the Provincial Administration from April 1, is in favour of "democracy and open government"

His appointment last week by the State President, Mr P W Botha, brings the number of Members of the Executive Committee to six. Other members are Mr Themba Nyati, Mr Jacobus Theron, Mr Deon Adams, Mr Andreas van Wyk and Mr Petrus Schoeman

Mr Samuels said yesterday that he had been a member of the Labour Party for many years, but had never been elected to public office.

His career had been that of an administrator of housing. He has worked as an official of the Port Elizabeth City Council since 1966, and served as that municipality's Director of Housing since 1984.

"I have not been assigned a portfolio yet," he said, "but I know that I will no longer be working in the housing field, as that is an 'own affair' which is not the concern of the Provincial Administration."

Asked whether he thought a more open style of government than the provincial administration's present practice of "meetings behind closed doors" was desirable, Mr Samuels said simply "I agree."

"I am a policy-maker now," he said. "I feel I can represent the community."



BLACK local authorities who are not members of the Urban Councils Association of SA (Ucasa) will not be catered for on the new Regional Services Councils, (RSCs) Ucasa president Steve Kgame said yesterday.

# No place on RSCs for non-Ucasa members

14/11/87  
26/11/87  
Billay

SOPHIE TEMA

Kgame, whose organisation is the only body with government recognition to represent urban blacks and local authorities on the RSCs, said yesterday councils that had joined the newly formed United Municipalities of SA (Umsa) would suffer because they would have no representation on the RSCs.

He said the guidelines set out in the RSC Act stated that blacks would be represented in eight RSC regions with each region having a chairman and committee.

The black community, city and town councils — most of them Ucasa members — would also be represented on the different RSCs.



# Councils not in RSC plan?

Dispatch Correspondent

JOHANNESBURG

Black local authorities that are not members of the Urban Councils Association of SA (Ucasa) will not be catered for on the new Regional Services Councils, Ucasa's president, Mr Steve Kgame, said yesterday.

Mr. Kgame said councils that had joined the new United Municipalities of SA (Umsa) would suffer because they had no representation.

He said according to the guidelines set out in the RSC Act, blacks would be represented in eight RSC regions, each region having a chairman and committee.

Ucasa had already appointed eight representatives in these regions.

He said councils could return to Ucasa as "prodigal children."

Ucasa has made several amendments to the RSCs Bill, including

That all money col-

lected by the RSCs be used in areas where there is the most and greatest need.

That the Administrators of the four provinces be appointed arbitrators of all money collected and distributed for the purpose of development.

That an appeal court consisting of three ministers be set up to whom reports would be submitted if the money was not distributed to the right sources.



# Traders angry at new levies

SOUTH AFRICA - 27/4/87

261A

SMALL businesses are furious about the levies imposed on them to support the Regional Services Councils (RSC)

Mr A. L. Gafoor, secretary for the Chamber of Muslim Meat Traders for the Western Cape (COMMTRA) said it

was "totally opposed to the state's latest tax innovation to feed its bankrupt ideologies"

All businesses in the Western Cape are required to register their concerns by the end of this month

"For those that do not register, the Regional

Services Act provides for a penalty of R5 000 or imprisonment for a period not exceeding 12 months or for both such fine or imprisonment," Mr CH Mocke, the secretary for the divisional council said

Taxes will be levied on businesses in the Cape Town RSC area in two parts

The first will be a 0,1% levy on turnover and the second, a services levy calculated on 0,25% of an enterprises salaries and the income of self-employed individuals

"The levies are to be imposed on turnover and remuneration paid and does not take cognisance of profits," Mocke said

The services levy is expected to hit hardest at those labour intensive enterprises. Employers will be forced to retrench workers and evade the tax by investing in capital intensive machinery

Gafoor said "The employment tax is a contradiction in terms. On the one hand the government appeals to private enterprise to create more jobs and with the same breath introduces a tax on employees, discouraging employers from engaging more labour"

COMMTRA sees the implementation of the RSC as part of the government's strategy to

appease the growing unemployment among whites

"The state needs to increase its bureaucracy to accommodate white unemployment. It fears white alignment with the broader masses," Gafoor said

For butcheries, who are taxed three cents a kilo of meat, these additional taxes are hard to swallow

The West Cape Traders Association (WCTA), which represents over 2 000 black traders in the Western Cape, finds the system proposed by the RSC "unacceptable"

A spokesperson said. "We cannot support this undemocratic institution. The WCTA feels it is the central government's responsibility to provide all these services. We blacks pay taxation without representation which makes a mockery of democracy"

Consumers can expect the price of every item and service to increase thus making the cost of living in the RSC areas less tempting. The unemployment and rise in consumer goods in the RSC areas will serve as a subtle form of influx control

The tax levies will be collected by the Divisional Council until the RSCs have come into operation on July 1



## Ucasa challenged to debate on RSCs

26/12  
SMA  
15/4/87

The President of the United Municipalities of South Africa (Umsa) and mayor of Daveyton Mr Tom Boya have challenged the President of the Urban Councils Association of South Africa (Ucasa), Mr Steve Kgame, to a debate concerning representation on Regional Services Councils (RSCs).

The challenge came in reply to a statement this week by Mr Kgame criticising Umsa.

Mr Boya said yesterday Mr Kgame's statement that black local authorities who were not Ucasa members would not be catered for on RSCs was a clear "demonstration of ignorance".

Section 3 (1) of the Regional Services Councils Act reads as follows. "The administrator may, subject to the provisions of section 2 (a) (II) b and c by notice in the official gazette and with effect from a date specified in such a notice, establish a regional service council for any region and from time to time announce which local bodies are represented thereon."

Said Mr Boya "Unless Umsa's interpretation is wrong this means any local body or authority can be represented in the RSC depending on the administrator's choice."

"If the RSCs will not accommodate Umsa then it will mean that matters of prime concern will be left unattended." —Sapa.

Unless otherwise stated, all political comment in this edition is by HW Tyson and RA Gibson, headlines by D Rink and posters by R G Anderson, all of 47 Sauer Street, Johannesburg.



Dispatch Reporter

EAST LONDON — A spokesman for the United Municipalities of South Africa (Umsa) has rejected claims by the president of Ucasa, Mr Steve Kgame, that only members of Ucasa would be represented in the new Regional Services Councils

The assistant public relations officer of Umsa, Mr Paul Ntholeng, said the very reason Umsa had pulled out of Ucasa was that officials of Ucasa did not have sufficient knowledge of the laws pertaining to blacks

In a telephone interview from Johannesburg, Mr Ntholeng quoted a report which claimed that Mr Kgame had said that councils which joined Umsa would suffer because they had no representation

According to the report, guidelines set out in the Regional Services Councils Act provided for blacks to be represented in eight RSC regions. Ucasa, the report said, had already appointed eight representatives in the regions

However Mr Ntholeng slammed the report and said the statement was a clear demonstration of ignorance of the act

Mr Ntholeng said this statement should not have come from a president of an organisation which claimed to be representing the black masses

It had also proved to people who knew something about the RSC's that the president of

261A DD 16/4/89  
**Row over number of seats on RSC**

Ucasa did not know what he was talking about, he said.

Mr Ntholeng said according to the act, the administrator may, subject to certain provisions, establish by notice in the government gazette and with effect from a date specified, a Regional Service Council for any region and from time to time announce which local bodies are represented on it

He said unless Umsa was mistaken this clearly meant that any local body could be represented on the RSC for as long as the administrator wished to include it

"While Mr Kgame is saying councils which have joined Umsa cannot be represented on RSC's it is strange that the president of Umsa, Mr S T Boya, is receiving encouraging correspondence in relation to the RSC particularly at a time when he is still a member of NRDAC, which is working in conjunction with the RSC," he said

Mr Ntholeng said it was unreasonable for Mr Kgame to have stated that councils which have joined Umsa would suffer because they would have no representation on RSC because since the formation of Umsa many councils and individuals, councillors had realised a better platform where the needs of their respective communities could be rep-

resented and as such representation at the RSC by Umsa affiliates is a non-debatable issue since the exclusion of Umsa will be of extreme detriment to the RSC as well as the government.

He said he believed that eventually all black local authorities would be represented RSC's irrespective of their affiliation

**SACC appoints new secretary**

JOHANNESBURG — The general secretary of the Institute of Contextual Theology and a former vice-president of the United Democratic Front, the Reverend Frank Chikane, has been appointed general secretary of the South African Council of Churches (SACC)

Mr Chikane, who succeeds Dr Beyers Naude, will officially assume office on July 1



More controversy over RSCs

# Scrapping of transport levy under attack

ANOTHER hot potato has been thrown up by the highly criticised regional services councils (RSCs).

It concerns the existing transport services levies employers have to pay which will be abolished when the RSC levies come into operation from July.

Organised commerce is incensed by a Department of Transport suggestion that employers should increase wages and salaries when the transport subsidies are stopped to enable employees to pay their own commuter transport costs.

Cape Town's Chamber of Commerce has condemned the suggestion as being fraught with practical problems, noting also that it would drive up the cost of remuneration without resulting in corresponding increases in productivity and that it would be highly inflationary.

Chamber director Alan Lighton

CHRIS CAIRNCROSS

said. "To suggest that the responsibility for the cost of transport subsidisation be shifted to employers upon the abolition of the transport services levies would mean that government would be reneging on its prior commitment to relieve the business community of this burden."

He said the logical conclusion of any such shift would be that the tax base on which the RSC payroll tax would be collected would be increased, resulting in employers being taxed more heavily than before.

The existing transport subsidies were also based on actual distances travelled. If employers were required to increase wages in proportion to travelling costs, the resultant differences in remuneration levels would undoubtedly lead to dissatisfaction, Lighton said.

## Pay offer puny Mawu

ALAN FINE

THE Metal and Allied Workers Union (Mawu) yesterday criticised the Steel and Engineering Industries Federation of SA (Seifsa) after the third round on Tuesday of the 1987 wage negotiations.

The talks affect more than 340 000 employees and 8 000 companies.

Mawu described Seifsa's wage increase offer, (11% to 15%), as meagre. It said wage increases had been 7% to 8% below the inflation rate for many years. It said the

metal industry could afford to pay a living wage.

Mawu said all union parties to the council had rejected the latest Seifsa offer.

Seifsa director Sam van Coller said the organisation would not comment on negotiations while they were in progress, although Seifsa might wish to clarify aspects which it felt were not accurately represented.

AIRLINE MOVEMENTS



# RSC reports incorrect — department

261A STAR 23/4/87  
Pretoria Bureau

The Department of Constitutional Development Services claims misleading reports on regional services councils (RSCs) were published in a morning newspaper

A departmental statement said a Business Day report on April 13 made two faulty assertions about the pay of the RSC chairmen

The report claimed a chairman would receive fringe benefits on top of his salary

The statement added "The fact

is that an all-inclusive amount is paid as salary, from which the person must provide a car, pension-fund contributions etc. No fringe benefits are provided"

The newspaper also said all chairmen would receive maximum remuneration, irrespective of the size of the RSC

The statement said "Chairmen will be remunerated according to the number of working days they will be employed. For example, the chairman of the Bloem area will only receive 60 percent of

what the chairman of the Central Witwatersrand RSC will receive as full-time chairman"

The department said a Business Day article on April 14 had wrongly claimed that only local authorities affiliated to the Urban Councils Association would be represented on RSCs

The statement added "A local authority's membership of an RSC is determined by its situation within the region of an RSC and that it buys services from the RSC"



Chairmen's duties not yet defined

# Some top RSC men already get big salaries

CHRIS CAIRNCROSS

SOME of the regional services council chairmen whose appointments have been announced are already in office and drawing substantial monthly salaries — even though they do not yet know precisely what their duties entail.

Questions are being asked as to what they are doing to earn their keep in the interim.

Considerable criticism is being voiced over the fact that it is likely to be some time before this unsatisfactory state of affairs will be resolved — if at all.

It also seems clear that if there is going to be a solution it will not be applied uniformly in each of the 57 RSCs that are expected to be established.

Government has apparently decided to abdicate its responsibility in this regard and merely set broad guidelines.

Definitive decisions on the issue are to be left to the members of each RSC to determine, once they are eventually constituted, says Department of Constitutional Development and Planning constitutional promotion director Len Dekker.

"We have no intention of being prescriptive," he says.

There is no knowing when any adequate job description for the chairmen will be forthcoming. Constituent local authorities have yet to decide whether they are going to participate in this "imposed" third tier of government by appointing or electing representatives.

RSC chairmen who have already been appointed have therefore been left in well-cushioned limbo until they learn what they are supposed to do.

According to Dekker, each RSC chairman will not be treated on the same basis.

Those in large and financially active RSCs like Johannesburg and the Western Cape will have to put in a five-day week to earn their R90 000 to R96 000 a year.

In regions like Walvis Bay, on the other hand, the executive post will only need to be filled twice a week. In Bloemfontein it will be three times a week.

The remuneration will be commensurately less, says Dekker.

the year ending 29 February 1988

In terms of the Prospectus the first dividend will be declared out of the 1988 profit



# Divisional councillors worried about future

(261A)  
CP  
28/4/82

By GAVAN O'CONNOR  
Municipal Reporter

MEMBERS of the Dias Divisional Council are extremely concerned about the uncertainty surrounding their futures when the council is absorbed by the Algoa Regional Services Council (ARSC) in July.

There was lengthy debate at the divisional council's monthly meeting today about possible action which could prompt a decision by the Provincial Administration on the councillors' future.

Mr Gene Louw, Administrator of the Cape, announced this week that councils would be disbanded when RSCs came into operation and that divisional council rates would fall away.

He said local area rates would continue since local

areas were essentially nothing other than municipalities in the first stages of development.

Many areas within the jurisdiction of divisional councils have been declared "local areas" and residents there pay local area rates — separate from divisional council rates — to cover various services.

Mr Louw reassured potential payers that a situation could not arise in which divisional council rates and RSC charges would be levied simultaneously in the same RSC region.

All assets and liabilities of divisional councils within an RSC area would be transferred to the RSC and all their staff would be transferred to the RSC and retain their existing service conditions, he said.

All divisional council functions would be entrusted to the RSC.

Mr James Kleynhans, chairman of the ARSC, said today that details of representation for rural residents were under consideration by the Provincial Administration.

He also said that the

problem of meeting the shortfall in income resulting from the loss of divisional council rates was also "still being negotiated".

Mr Kleynhans confirmed that from July 1, when the ARSC took over from Dias, staff would remain in their Chapel Street, PE, offices working for the ARSC.

But at today's meeting of the divisional council there was consternation among councillors about their future.

Mr R Bladen felt strongly about the fact that none of the councillors knew where they were going. "Ratepayers look at me as if I'm damn stupid,"

He proposed that a telegram be sent to the Minister of Constitutional Development and Planning, Mr Chris Heunis, or Mr Louw, asking about their future.

Mr Wally Scharges, the chairman, urged patience.

At a suggestion by Mr J S Berrington the council agreed to discuss the issue more fully at the next meeting of its Finance and General Purposes Committee.



**QUESTION:**  
The Government is planning to establish more than 50 Regional Services Councils throughout the country. What will the functions of these structures be?

**Answer** The main function of the Regional Services Councils will be to organise funds and distribute them to the most under-developed areas, mainly the black townships

**Q:** There is a belief that these structures are being formed to replace the black local authorities because it is alleged that since they were voted into office four years back, councils have failed to deliver the goods. Is this true?

**A** No I think that the opposition to these bodies must be found in one of two reasons, either that the concept is not accepted or else there is opposition to the method in which the payments are to be made. I think we should take into account how the RSCs came about

For a long time black councillors have been asking for additional sources of revenue from the Government to develop their areas. All white local authorities in the country have viable economic basis and even the United Municipalities Executive (the mother body of all white town councils) as far back as 1980, have been making recommendations for such structures to be formed.

It is not true that the RSCs are being formed to replace black town councils. There has been progress in the townships as a result of the efforts of these men

**Q:** Where will the money to run these

structures come from?

**A** White town councils have been receiving trade and motor car levies and all the tax from the central business districts and from the industrial areas

Some way had to be found to re-distribute this money in such a manner that the under-developed areas within a region will receive some of the revenue generated

These structures have come about because of negotiations between all the race groups. No opposition to the system of the RSCs has been voiced

There are many projects in the pipeline. These projects will be put into operation as soon as these bodies are launched. They include, among other things, the provision of infrastructure, mainly in the black townships

The RSCs will serve a

very useful purpose in providing services on a regional basis, where you will be able to rationalise the benefits. A large sum of the money will come from the Government, which is the largest employer in the country

Some of the money will come from the

**A:** The money will come from the RSCs. One must take into account that you are appointing a person who has to have special qualities because he has to deal with every local authority within the region.

It has to be someone

the number of local authorities in that region. White and black councillors, members of the management committees (coloureds) and local affairs committees (Indians) will serve on these bodies

In some cases it may be 20 members and in others up to 60 members with the chairmen and chief executive officers holding senior positions. Only elected civic leaders will serve in the RSCs. Not anybody from the outside

The members, including the chairmen, will be paid according to allowances paid to statutory bodies. The money is from R160 to R200 a day

This money will be

**SUCH** scenes could be a thing of the past with the introduction of the Regional Services Councils whose main task will be to upgrade under-developed areas. This picture was taken in Katlehong, near Germiston.

# A closer look at RSCs

## FOCUS

**SOWETAN** writer MZIKAYISE EDOM spoke to the chairman of the constitutional committee of the Transvaal Provincial Administration, Mr John Griffiths about the rent crisis and the proposed Regional Services Councils. In this second part of the interview, Mr Griffiths talks about the Regional Services Councils.

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29/4/87

Cont



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29-4-87

Regional Services Levy, which is based on a percentage of the Salaries and Wage Bill (levy) At the moment it will be 0,25 percent Secondly, other funds will come from an establishment levy which is based mainly on the sales turnover

With the establishment of the RSCs, it will no longer be necessary to pay trade and transport levies

**Q:** There has been some controversy over the salaries and allowances to be paid to the chairmen and members of these structures. Can you explain how they are going to be paid and where the money will come from?

who is fully acquainted with developments and also with all matters related to the local authorities I know that a lot has been said in the newspapers about salaries to be paid to the chairmen and members of the regions

The RSCs will not be large structures with many members, because most functions will be done by the local authorities and by the private sector

Most of the services and facilities will be provided by the councilors themselves

**Q:** Who will serve in these bodies and how many members will serve on them?

**A:** It will depend on

paid only for the days they will be doing duty for their regions The chairmen's allowances will vary between R60 000 and R90 000 a year They will receive no free cars, pension and medical schemes.

From the allowances they will get, they will have to provide all this The allowances will also be taxed

**Q:** How many of these structures will be formed throughout the country?

**A:** It is difficult at this stage to say how many RSCs will be established The Government will be starting in the Transvaal first and the rest of the country will follow later In the Transvaal, about 15 of these structures will be formed The first RSC will be officially launched in Pretoria on July 1 The rest of the RSCs will be operating by the end of the year

Other areas like Natal and the Cape, are experiencing financial difficulties at the moment and a special committee has been appointed by the Government to look into the problem of these areas and how they can be solved



# Relief ahead for PE's ratepayers

2618  
30/4/82



## Municipal Reporter

**PORT ELIZABETH ratepayers will no longer have to pay divisional council rates from July 1 when the Algoa Regional Services Council comes into being.**

The chairman of the Algoa RSC, Mr James Kleyrhans, said the problem of meeting the shortfall in income resulting from the loss of divisional council rates was still being discussed.

The Administrator of the Cape, Mr Gene Louw, announced in Cape Town this week that divisional council rates would fall away when RSCs came into operation.

He said local area taxes would continue since local areas "are essentially nothing other than municipalities in the first stages of development".

Many areas within the jurisdiction of divisional council have long been declared "local areas" and residents there correspondingly pay local area taxes — quite separate from divisional council taxes — to cover various services.

Mr Louw reassured potential payers that a situation could not arise in which the divisional council taxes and RSC

charges would be levied simultaneously in the same RSC region. All assets and liabilities of divisional councils within an RSC jurisdictional area would be transferred to the RSC. All divisional council staff would be transferred to the RSC and retain their existing service conditions, Mr Louw said.

All divisional council functions would be entrusted to the RSC, he added. The few central government "own affairs" functions which divisional councils now handled would be dealt with by the RSC on an agency basis for an "own affairs" department.



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**MOTHER'S DAY G**

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# RSCs another coach to Nat 'gravy train', says Trent

**Political Correspondent**  
BY pushing ahead with regional service councils — the so-called forum for black participation — the National Party had added yet another coach to the "gravy train", the PFP candidate in Newton Park, Mr Eddie Trent said yesterday.

Speaking at a meeting in Port Elizabeth, Mr Trent said it was a "sad reality" that so few members of the public had any idea of the implications and consequences of the RSCs.

Mr Trent said that R1 in six spent by the Government went on salaries and perks for members of the civil service and other high officials while 12 cents in every rand was spent on apartheid structures.

The civil service, he added, had grown by 20% since Mr P.W. Botha had assumed office as State President, and government salaries, administration and allowances now cost R40,5 million — 500% more than in 1981.

The RSCs, Mr Trent said, were based on participation by ethnically based municipalities.

What was interesting to note was that when the Cape Provincial Administration had asked black communities to respond to plans for RSCs, out of the

entire Eastern Cape, only the Ibhayi and Kwanobuhle Town Councils had put forward opinions. However Kwanobuhle has ceased to operate and the view expressed was that of a white official appointed to administer the local authority.

And, he added, it was common knowledge that the Ibhayi Town Council had virtually no credibility with the black community in PE.

Mr Trent said the Minister of Constitutional Development and Planning, Mr Chris Heunis, had said there was a price attached to reform.

"He should realise that the tax base — the resources available within the region of RSCs — is hopelessly inadequate to meet the enormous backlog of services that exist in the black community."

"The payroll and turnover tax will therefore have to be increased far beyond what the Government have led us to believe."

Mr Trent said the most basic cause of unrest was the backlog of services and in many cases, the total absence of basic services for millions of blacks and one had to ask whether the RSCs would solve the problem.

(Report by Patrick Cull, 19 Baakens Street, Port Elizabeth)



**BUSINESS**

# Natal suggested as RSC haven

261A DD  
7/5/87

**Dispatch Correspondent  
JOHANNESBURG** —

Some companies may find it worthwhile to relocate to Natal where there are difficulties in introducing Regional Services Councils, a tax consultant, Mr Kevin Carpenter, told businessmen attending a tax seminar on RSC levies.

Mr Carpenter, who was one of several speakers at the seminar conducted by Coopers and Leybrand, said his information was that, for political reasons, no RSCs would be introduced in Natal.

Although the initial levies proposed for the other provinces were relatively small, firms could benefit long term by relocating, depend-

ing on their circumstances.

Eight areas have been demarcated so far, all in the Cape, Transvaal, and Orange Free State. The deadline for companies to register was April 30. An RSC has the power to register a company unilaterally.

Calculations must be made from July 1 for first payments of the levies due by August 20.

Mr Carpenter said it was clear that the RSC legislation had been drawn up not by a fiscal draughtsman but by a constitutional draughtsman.

He suggested employers could find it worthwhile to look again at fringe benefits. Many had turned to a straight

salary remuneration to avoid the administrative burden of the new tax on fringe benefits but this could work out more expensive with the new RSC levy.

Companies which operated within a group should also exploit the non leviable transactions between companies, he said, and make good use of the agency concept to avoid paying a double levy. For instance, a distributor could act as an agent on behalf of a manufacturer.

Another speaker, Mr Nick Gerhardt, said many RSCs would not be able to provide any services for up to a year despite payment for them starting from July 1.



# RSC representation unclear to farmers

Dispatch Reporter

GRAHAMSTOWN — Albany and Bathurst farmers, headed by the chairman of the Albany and Bathurst Farmers' League, Mr Mike Palmer, yesterday posed several questions to the chairman of Algoa Regional Services Council (RSC), Mr James Kleynhans, but were unable to get all the answers.

In Grahamstown, Mr Kleynhans, admitting he was "no expert" on RSCs, said he could give "no final answer" as to how farmers would be represented on RSCs.

"The administrator (Mr Eugene Louw) is now working out something I hope to have the answer by the end of May," he said.

Mr Kleynhans said there were several alternatives. He said the administrator might approach organised agriculture with a view to selecting "one or two men".

Or, he might choose a nucleus from the divisional councillors now serving the farming community.

"All this will be done with your consent. The principle is that you cannot have the farming community not represented."

RSCs were officially to function from June 1, he added.

Mr Palmer said "At least we have your assurance that we shall be consulted as to our representation."

Mr Kleynhans also emphasised that the levies farmers would be required to pay, a quarter per cent on the wage bill and one tenth per cent on turnover, would amount to less than farmers were now paying in divisional council rates.

This was queried by Mr Colin Fletcher, of Cuylerville, who pointed out that pineapple farmers required a far larger

labour force, for instance, than stock farmers and thus would be liable for a far greater labour levy.

He said this was a serious imbalance in the formula.

Mr Kleynhans suggested he do his arithmetic first. He said "I am sure you will find very little difference between the levies you will have to pay and what you are already paying in divisional council rates."

Mr Andrew Long, of Trappes Valley, was concerned about the level of services the RSCs would deliver.

Mr Kleynhans said the ideal of the RSCs was to provide cheaper and better services throughout the region because of the redistribution of wealth.

RSCs should have more money to disburse in the rural areas, he said.

Mr Dave Weyer of Southwell wanted to know where the extra money was coming from if farmers were to pay less in levies.

Mr Kleynhans said government institutions within the RSC areas would pay the same levies as private enterprise. This would amount to about 50 per cent of the income. But the main source of income would come from the "huge multinationals".

Mr Weyer and Mr Orgie Crous of Coombs were concerned about representation on the RSCs of farm labourers.

Mr Kleynhans said farm labourers would not have direct representation but that Rini City Council would be represented.

Mr Crous wanted to know whether Rini would represent the interests of farm labourers.

Mr Graydon Clayton of Manley's Flats said if

farm labourers were only represented through their employers, this could cause trouble.

Mr Kleynhans said "The doors are not closed. The administrator is empowered to grant representation on the RSC Board but at this stage farm labourers are not included in the RSC Act."

Mr Crous asked: "Does this not open the door for trade unions to require representation?"

Mr Calle Kotze, a Dias Divisional Council official seconded to the Algoa RSC, said "Farm labourers buy no services. Your (farmers') representation will be small because you will buy few services from the Algoa RSC. Pressure groups as such do not buy services."

Mr Kleynhans said the anticipated income from the Algoa RSC was about R25 million a year — of which R12.5 million could come from Port Elizabeth. But Port Elizabeth's representation had been limited to five so that the city would not dominate the RSC.

He said the second leg of RSCs was political participation. He said "We've been talking reform for years. The government, while maintaining security, is moving towards providing all people with a say in their own affairs."

Mr Kleynhans said divisional council rates in the Cape would be abolished from July 1, as would the business license fees farmers paid for the stores on their farms.

He said "While you may be paying as much as R290 a year in rates and a business license, you could be paying as little as R160 a year in RSC levies, a saving of R130. But remember, RSC taxes must be paid monthly."



# Increase in rates will be minimal this time

By GAVAN O'CONNOR  
Municipal Reporter

**THERE'S** good news for Port Elizabeth ratepayers. They will not feel the full effect of the annual municipal rates increase this year because of the abolition of divisional council rates.

Although Port Elizabeth residential rates looked set to increase in July by 15% for homeowners, the rise will probably be only 5,08%, the City Treasurer, Mr Amandus Strydom, said today.

The proposed rates increases for commercial and industrial areas would be offset by the abolition of divisional council rates caused by the introduction of regional services councils.

Mr. Strydom said the proposed 15% increase for residential areas and 18,06% for the commercial and industrial sector would therefore be effective increases of 5,08% and 7,88% respectively.

Divisional council rates are currently included in Port Elizabeth municipal rates accounts, but this will not be the case from July when the RSC plan comes into being.

The City Council's Policy and Resources Committee, which has discussed the operating budget a few times in the past months, will consider the proposed rates and tariff increases this afternoon and make a recommendation to the council, which will discuss the budget next week.

Electricity costs will probably rise by 12% and water tariffs by 13,65%.

These will also be discussed by the committee today.

The agenda sets the 1987-88 operating budget at R293,5 million compared with the 1986-87 amount of R266,8 million.

In his report to the committee, Mr Strydom said that when the 1987-88 operating budget had first been considered by the management team in March it had appeared that because of the erosion of the income base the rate increase would have to be 23,9%.

Guidance from the committee was sought and the decision was taken to allow a maxi-

mum rates increase of 15%.

Mr Strydom said a general salary increase of 12% for municipal staff was planned from July 1, while hourly paid workers would get a 6% increase at the same time and another 6% from January 1 next year.

The State health subsidy was R503 010 for Port Elizabeth, he reported.

The electricity service budget allowed for a 3% increase in sales volume, a 15% increase in the purchase of Eskom power from the beginning of next year and a 12% increase in tariffs to the consumer from July 1.

What relief

2018  
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19/10/87



# Treasury staff to work for RSC

Municipal Reporter

THE entire staff of the Port Elizabeth City Council's treasury department are to be made available to the Algoa Regional Services Council (ARSC)

This comes after a request by the Provincial Administration that Mr Amandus Strydom, City Treasurer, be seconded to the RSC to deal with the

registration of levy-payers, the collection of levies and financial administration

After a meeting of the city council's Policy and Resources Committee yesterday, Mr Strydom said it had been decided he would not be seconded but that the treasury would accept financial responsibility for the RSC

251A One Post 20/5/87



# Stop the RSC taxes, Assocom appeals to Govt

By Michael Chester

May 1987

The Association of Chambers of Commerce (Assocom) has appealed to the Government to shelve its plans to introduce special turnover and payroll levies on business from July 1 to finance the new Regional Services Councils.

The appeal was contained in a telex to the Minister of Finance, Mr Barend du Plessis, at the end of talks held by Assocom's executive council in Johannesburg yesterday.

Mr du Plessis today said he had no comment on the telex.

Assocom warned that price increases were imminent if the levies went ahead.

A study estimated that more than 190 000 business operations would be hit by the proposed levies on payrolls of R88 billion and on turnovers running at about R415 billion.

Although the rate of levies appears low — an establishment levy of 0,1 percent and a services levy of 0,25 percent — the overall cost to business now looks likely to reach R1 250 million a year.

The levies themselves would cost R692 million, but the administration would cost business at least another R558 million.

Mr H S Mabin, special consultant to Assocom, said "There will be an inevitable backlash that will slow down the current economic recovery and dampen hopes of a 3 percent real growth rate."

"Substantial internal business reorganisation will be necessary to minimise multiple payment of the taxes and limit the cascading impact on prices."

There was also particular concern over the backlash of taxation on payrolls when unemployment was high.

Assocom chief executive Mr Raymond Parsons said the Government was being urged to halt the introduction of the levies at least until the recommendations of the Margo Commission on taxation were made known.



## RSC move may save town R250 000

The introduction of Regional Services Councils (RSCs) on July 1 could result in a saving of R250 000 on water, electricity and sewerage tariffs for Randburg.

The chairman of the Randburg Management Committee, Mr Frans Lourens, said in his budget speech yesterday this would result from the standardisation of tariffs throughout the Central Witwatersrand RSC under which Randburg falls.

At present, Randburg's tariffs are dictated by the Rand Water Board, Escom and

the Johannesburg City Council's sewerage division.

Another advantage of the RSCs, Mr Lourens pointed out, was a commission collection of about R100 000 which Randburg's council will receive as a payroll and turnover collection agent for the RSC.

For this it is entitled to a 2,5 percent collection commission.

Randburg had budgeted R126 000 for the regional services taxes it will itself have to pay the RSC, he said.

26/1/87  
57/1/87  
26/5/87



# RSCs spell job losses, says building chief

By RALPH JARVIS  
Property Editor

A WARNING that Regional Service Councils could lead to unacceptable job losses in the building industry was given in Port Elizabeth yesterday, coming hard on the heels of strong opposition by other sectors to the system.

This latest warning comes from the president of the Building Industries Federation of South Africa (Bifsa), Mr Peter Jacobsen.

In an exclusive interview after a meeting of the full Bifsa executive committee in PE, Mr Jacobsen said members expressed "great concern about the inflationary effects this is going to have".

One of the major areas affected by the RSC sys-

tem was that of labour, he said.

"We are a very labour-intensive industry and this is going to cost a lot of money but, worse still, it will also lead to mechanisation and this is something South Africa does not want.

"There will be a levy on your wage bill. So what do you do? You get rid of unskilled workers and buy or hire machinery."

Mr Jacobsen said this levy could not be passed on to the consumer. It was a tax.

"So the more people

you employ the more you pay in tax," he said.

Mr Jacobsen said this was bad for the country in which there was growing unemployment.

"These people have got to be absorbed somehow, and, rather than there being a tax on labour, there should be an incentive for people to use labour."

Mr Jacobsen said Bifsa intended making further representations, going "right to the top".

He said the organised building industry had not been consulted before the formation of the RSCs but

had been presented with a *fait accompli*.

"We went along with a lot of other organisations and objected, but it was a fact of life that they made up their minds what they wanted to do and that was it."

"But we were not consulted before the establishment of the councils."

● The Association of Law Societies also announced yesterday that it was to request a full investigation into the legal and social ramifications of the new Regional Service Council levies.



Mr PETER JACOBSEN



MEC for local government J M Griffiths has warned the central Witwatersrand Regional Services Council (RSC) to expect stiff opposition to the establishment of RSCs.

### Serious difficulties

Griffiths claimed at a meeting yesterday that "serious difficulties and opposition" from Assocom were part of an orchestrated attempt to sink RSCs, and that it had been "aided and abetted by a certain newspaper, namely Business Day".

"Efforts are being made in articles to delay establish-

ment of RSCs and to cast doubt and suspicion to destroy the RSC system before it comes into operation," he said.

He challenged Business Day to identify a single local authority in Transvaal which was against the idea of RSCs.

Griffiths said he reflected the view of every Transvaal black local authority by saying:

"It is of the greatest importance for blacks that they are

able to decide within these regional structures with other groups as to how revenue from a region is employed."

### Sounded a warning

He sounded a warning to organisations planning to hamper the proper functioning of RSCs, saying such action would lead to a confrontation which would benefit neither local government nor commerce and industry.

# Opposition to RSCs slammed by MEC



# Advocate to challenge RSC Act

26/1/89  
29/5/89

PRETORIA — The constitutional validity of the "incomprehensible" Regional Services Councils (RSC) legislation is to be tested in the Supreme Court

In papers to be submitted to the court here today, a Pretoria advocate, Mr Boris Savvas, will ask that the RSC Act and an amending Act be declared invalid

Alternatively, he will ask that regulation 340 — which provides for the two RSC levies and the method of collection — be declared invalid, or that certain clauses of regulation 340 be declared invalid or ultra vires in terms of the South African Constitution Act or the RSC legislation

It will be further argued that the Administrator's notices, establishing the Pretoria Regional SC, are invalid

The first respondent is the Government, second, the Minister of Constitutional Development and Planning and third the Minister of Finance. The fourth respondent is the Transvaal Administrator and the fifth the Pretoria RSC

Mr Savvas will submit that the RSC Act is unconstitutional because it was passed by each of the three houses of Parliament, without an outright majority of total membership of each house.

He believes the Act

failed to fulfil the conditions stipulated in section 99(2) of the constitution

It will be contended that either in law, or in terms of the constitution, there was a duty on Parliament to make all substantive laws clearly and fairly, and that even Parliament could not legislate this duty away

In this case, according to submissions, Parliament had derelicted its legally imposed duty by producing incomprehensible legislation and abandoning its duty to make laws to Ministerial discretion

Motivating the action, Mr Savvas says the government is pressing ahead with full speed

with the implementation of the Act Levies will be imposed from August

The secretary-general of the KwaZulu Local Government Association (Kwaloga), Mr H A Fakude, says his organisation supports a moratorium calling for the postponement of the introduction of regional services councils in Natal

The proposal has been made by the central committee of Inkatha

Mr Fakude said Kwaloga could not take part in a regional services council because the idea had been imposed on them — Sapa



DD 29/5/87 5618

## RSC levy drag-net to catch the self employed

JOHANNESBURG — On July 1, thousands of self-employed individuals — some earning too little to pay income tax — will make their debut alongside the business community as Regional Services Council (RSC) levypayers.

The RSC legislation dictates individuals who perform on-going services will be liable for both the 0,1 per cent turnover levy on fee income and the 0,25 per cent payroll levy on monies drawn, an effective 0,35 per cent on total earnings.

An Inland Revenue Department spokesman said amendments would be promulgated to allow each RSC to determine its own exemption level.

He said the minimum level was unlikely to be less than a combined turnover and payroll levy liability of R5.

If the legislation is passed, self-employeds earning less than R1 430 a month will be off the hook. For the rest, only a downward adjustment of fees can stave off the additional fiscal and administrative burden.

DDC



# RSCs: the bugbear of the self-employed

DAVID COHEN

ON JULY 1, thousands of unsuspecting self-employed individuals — some earning too little to pay income tax — will make their debut alongside the business community as regional services council (RSC) leypayers

RSC legislation dictates that individuals who perform on-going services will be liable for the 0.1% turnover levy on fee income and the 0.25% payroll levy on moneys drawn — an effective 0.35% on

total earnings

Many of these individuals — private tutors, sports coaches, musicians, freelance journalists, private taxi-owners and typists — have never heard of an RSC. However, ignorance will be no defence against unwitting contravention

Price Waterhouse partner Chris Frame described the decision to levy the

self-employed as "ludicrous"

He said "The administrative cost to the collecting municipalities will far outweigh the miniscule returns from these people, unless a reasonable statutory minimum levy is introduced."

Inland Revenue's Ian Meiklejohn, said amendments would be promulgated to allow each RSC to determine its own exemption level

● See Page 9



## BUSINESS

# Lawyers: consumers will pay RSC costs

DD.  
26/1A  
27/5/87

JOHANNESBURG — The cost of the levies that will finance the new Regional Services Councils will effectively be borne by the man in the street, raise the cost of living and push up inflation even more, says the president of the Association of Law Societies (ALS), Mr Billy van der Merwe.

"Although, technically, the man in the street is not supposed to feel the effect of the levies, it is naive to assume that the ultimate cost is not going to be passed on to the consumer

"Because almost every transaction is subject to the levy, food and clothing must eventually be affected. The cost of services will go up. Housing will cost more. So will travel and even those house parties where plastic containers are sold, will be affected

"We believe the government has seriously underestimated the social ripple effect of these levies, not only on business but on the public as well," says Mr van der Merwe

AP The chairman of the ALS's income tax com-

mittee, Mr Cyril Jaffe, says the attorneys' profession believes that the system is inequitable and will impose a complicated, pyramid tax structure on the country

"Such a system is contrary to our current tax philosophy and it would be more practical to finance the RSC's through the normal income tax structure

"We do not know whether the concept of raising finance by means of levies was referred to the Margo Commission. If it were, we would be very surprised if the Commission had approved such a system

Because the cost of legal services will be affected, the ALS would ask the General Council of the Bar to join in requesting a full investigation into the legal and social ramifications of the Regional Services Act

"The levies will be imposed inequitably in that, despite certain provisions in the Act, a large percentage of enterprises subject to the levies will be able to pass the costs on to the public while others will be prevented from doing

so because of price control and tariff structures, Mr Jaffe said

The ALS also objects to the method of collecting the levies which, it says, will impose an unnecessary administrative burden on the small, unsophisticated businessman who already has enough difficulty coping with income tax and GST returns in a punishing financial climate

"Only the smallest enterprise (whose annual tax bill is less than R100) is exempt from complying with the regulations

"Many aspects regarding the practical implications of the levy are not clear and could be confusing to large and small businesses alike

A major problem, the ALS says, could be the Act's treatment of amounts disbursed by attorneys and other professions and service industries

"The payment of the disbursement to any of the above, whether prior to them making the disbursement or subsequently as a refund, will be subject to the Establishment Levy.

"This would lead to

the extraordinary position that the party making the disbursement will suffer a loss on every such disbursement paid because it is a matter of law and an agent cannot require his principal to pay more than the actual amount disbursed.

"This will particularly affect the legal, accounting and medical professions and those service industries which regularly make disbursements on behalf of clients. The imposition of this levy could force changes in the way such professions and industries are conducted"

The ALS says any such changes could easily be avoided by an amendment to the regulations to restore an equitable position

"No profession can accept the position which the regulations will bring about," Mr Jaffe said — DDC



# Council votes to serve on the RSC

By PETER DENNEHY

THE Cape Town City Council yesterday voted in favour of serving on the controversial regional services council.

Dr John Sonnenberg moved an amendment not to send delegates to the RSC, but the council defeated it by 22 votes to 10.

"It's a mockery, a trickery," he said. "We can criticize it just as well from outside. Falling into the trap of forming a cosy club with the witdoeke and the management committees will get us nowhere."

Mr Kosie van Zyl said Dr Sonnenberg's amendment amounted to proposing a "boycott of the RSC". Cape Town could not af-

ford to shut itself out of the decision-making process, and rate-payers would not like it, he said.

Mr Peter Parkin, who voted against participation, said the decision on "racially flawed" RSCs should be made "on principle, not on expedience".

Mr Clive Keegan said participation, albeit distasteful, would "keep alive in some small way the voice of principle, justice, and age-old wisdom".

"We must expose it for what it is, and constantly challenge what is going on there," he said.

Mr Jan van Eck faced some tough heckling from Mrs Joan Kantey and Mrs Bronnie Har-

ding, who said the council was also a "racist body".

Mr Van Eck said the council at least had the support of its white constituents, whereas the equivalent was not true of management committees. "Who serves on these bodies? Political stooges," he said. "In supporting this, we are supporting a body of people totally unrepresentative of their communities."

Mrs Eulalie Stott said she would support a boycott if she believed it would work, but it would not achieve anything, and participation was "worth a try".

It has not yet been decided how many representatives council will have on the RSC, though it is probably between three and five.

Pope builds hostel for the poor



CAPE TOWN — After again condemning the regional services councils (RSCs) in the strongest possible terms, Cape Town City Council yesterday reluctantly decided not to boycott them.

And it nominated five councillors to sit on the Western Cape RSC, which starts operating from July 1.

This final capitulation by the council — several councillors left the chamber as a protest when the nominations were made — was through an expressed fear that if the mother city did not have an elected presence on the RSC, its own standing would be in danger of being seriously downgraded.

The marathon all-day session was characterised by a vociferous attack on the RSCs, described as a "repugnant and crass exercise in idiocy forced on the country by a government of meglomaniacs".

And, councillors were on several occasions cautioned by mayor Leon Markowitz to tone down their language for their own safety.

The initial call for a boycott of the RSCs came from John Sonnenberg, who said it should not be viewed as an act of civil disobedience.

He said he strongly believed the council should refuse representation on a body which totally lacked any political legitimacy. The sole purpose of the RSCs

# Cape Town capitulates

26/11/87 B1 Day

CHRIS CAIRNCROSS

was to prop up racially-based local authorities

Sonnenberg said: "The whole thing stinks of racialism and is doomed to failure"

Frank van der Velde said. "We are shambling willy-nilly into a catastrophe."

Clive Keegan said all appeals for reason had been rejected and the city would now have to live with a system which would not endure.

He said it would be a mistake if the council's voice was not heard in the RSCs' important decision-making functions

Keegan said: "The consequences of failing to work within the RSC means the authorities will merely appoint their own nominees."

Arthur Weinberg said the State's intention was clearly an effort to divide and rule, removing the conflict within SA from central government level to local authority level.



# Council to resist govt on RSCs?

CAPE TOWN

26/7/87

26/7

CAPE TOWN City Council, or at least a large proportion of its membership, is planning to give government a last show of resistance this week over the introduction of a regional services council (RSC) in the Western Cape.

At its monthly meeting today the council is to make a final decision as to whether it is going to nominate representatives to sit on the RSC or boycott this third tier of government.

Councillors will be debating a motion calling for the latter step on the grounds that it is of the view that the racially composed nature of the RSCs will be a potential recipe for frustration and racial conflict, leading to increased polarization, particularly in Cape Town, considers that there are many undemocratic features inherent in the proposed RSCs, and believes that the proposed RSCs are ill-conceived from an economic, financial and administrative viewpoint.

Indications are that while considerable criticism will again be flung at the RSCs, and particularly at the nature and structure of the two levies they will impose, the councillors will acquiesce and agree to provide nominations.

They have little option. The RSC is a fait accompli and it is scheduled to

come into being on July 1.

If local authorities do not voluntarily provide representation, there is no doubt the Administrator, Mr Gene Louw, will exercise his powers to co-opt people on to the RSC.

This does not mean that government is going to have it all its own way from now on in setting out the detailed terms of reference, functions and responsibility of the Western Cape RSC.

Councillors are far from happy with a notification received from the Director of Local Government outlining what regional functions are to be entrusted to the RSC right from the outset.

These include sewage purification works and main sewage disposal pipelines, bulk supply of water, land usage and transport planning, tourism promotion, refuse dumps and civil defence.

The council has reaffirmed its view that the authorities would be ill-advised to be precipitate in handing over regional functions to the RSC, and has proposed instead that the above list should be carefully revised.

It has stressed that the hand-over should realistically be done in phases, with the accent in the first phase being on planning.



# Beware threat to job creation — Louw

Staff Reporter

DEREGULATION was so vital to the creation of jobs that local authorities could not be allowed to frustrate the process, the Administrator of the Cape, Mr Gene Louw, told the Cape Province Municipal Association yesterday

Devolution of power could, if not carefully carried out, enable local authorities to use new-found powers in such a way as to neutralize the goal of deregulation completely, Mr Louw said

"Since deregulation is so important, such a state of affairs cannot be tolerated, and local authorities will have to accept that in certain areas there will still have to be a right of appeal to a higher authority"

Turning to devolution of powers at higher levels of government, Mr Louw said the central government would soon delegate to provincial authorities "functions relating to health and nature conservation"

## Upgrade

The most important delegated matter was the development of black communities, he said

This responsibility had devolved from central government to province late last year, and his administration had had to undergo major structural changes to deal with it

A new Chief Directorate for Community Development had been created to upgrade existing (black) towns and provide infrastructure and housing in new ones

Mr Louw also said R13,2 million was available in this financial year for local authorities, including black ones, for use in job-creation programmes

So far 85 000 unemployed people had benefited from such programmes



# Administrator: RSC's delayed

CAPE TOWN — The creation of the first regional services councils (RSCs) had been considerably delayed due to a variety of problems, the administrator of the Cape, Mr Gene Louw, said yesterday.

Mr Louw, who was speaking at the Cape Province Municipal Association's conference here, gave the assurance that RSCs would be formed much sooner in the future.

The voting powers of local authority bodies on the RSCs will be determined according to how much each body pays for sewerage, water, refuse, civil defence, tourism promotion, land use and transport planning.

The Provincial Administration's Department of Local Government said more regional service functions would later be entrusted to RSCs but initially only a "limited number" of services would be chosen "for the purpose of determination of voting power and representation".

Meanwhile, farmers in the Western Cape are concerned that the implementation of RSCs will impede job creation in agriculture.

This is the view of the chairman of the Western Cape Agricultural Union, Mr Frans Malan, who said the proposed service levy on wages, coming at a time when job creation was regarded as a high priority, could retard the creation of new job opportunities — DDC



AK 643 20/5/87 (261A) 

# 'City may lose R5m a year to the RSC'

## Municipal Reporter

CAPE Town City Council stood to lose more than R5-million a year when the Cape metropolitan regional services council was established, said Executive Committee chairman Mr Dick Friedlander.

Speaking at the Cape Provincial Municipal Association congress in the city yesterday, Mr Friedlander, criticising the RSC concept and receiving support from delegates throughout the Cape, said it was no secret that the introduction of the RSC would be an "additional burden" on ratepayers.

Although previous Government investigations, among them the Browne inquiry, had been constituted to look for additional sources of revenue for local authorities, these would now lose, Mr Friedlander said.

He wanted to know how losses would be made good.

"Where are the new sources of income? What is the future of local government when RSCs are

instituted and we have to sustain these losses?" he asked.

Mr J G Young of Port Elizabeth said new sources of revenue had been found but these had been given to RSCs instead of to local authorities. He proposed that the State should pay 100 per cent of its rates and that it should pay "promptly" like any other business.

However, his Town Clerk, Mr P K Botha, disagreed.

He said Port Elizabeth would lose R1-million in licence fees when the local RSC was constituted, but this would be made up. The RSC levies amounted to only R400 000 out of a R300-million budget, he said.

Cape Town's Mrs Eulalie Stott said no one who served on the RSCs would be directly accountable to ratepayers.

CPMA honorary life-president Dr T G Schlebusch of Queenstown said there was concern over the salaries of the RSC chairmen (applause), over the demarcation of RSC areas, with practical problems of delegates travelling long

distances to attend meetings and over financial arrangements.

He agreed with Mrs Stott that RSC members would not be directly accountable.

"That the position of local authorities as we know them will deteriorate cannot be questioned and we ask 'Where will the additional funds come from?'" But Mr P J Schoeman, MEC for local government, said in a sharp reply that he was sorry to find "so much negativity and uncertainty" about RSCs.

He assured delegates that provision had been made for bridging finance and that the salaries of RSC chairmen were just reward for the work they would be doing.

"These salaries weren't sucked out of the air," he said.

He said taxing business turnovers was an accepted way of broadening the tax base and delegates had to stop paying lip service to helping backward areas — providing it did not affect their pockets.



Critics 'misrepresent' councils

# PW denies that RSCs are new tier of govt

PRESIDENT P W Botha last night condemned those people who have been critical of the regional services councils (RSCs), accusing them of misrepresenting the position of these proposed new structures.

Opening the annual congress of the Municipal Association of SA in Cape Town, Botha denied that the RSCs represented another new tier of government and, were therefore, an extension of the country's bureaucracy

CHRIS CAIRNCROSS

"They do not replace the former provincial councils, nor do they replace the existing local authorities

"It is an additional third-tier institution on which each local authority in the particular region will enjoy representation," he said.

Botha said criticism of the financing of the RSCs was also unreasonable

The RSCs were to be financed in an approved manner from a range of sources, he said

He appealed to those officials who are to serve on them to divert or loan funds to those regions which were under-developed

Botha said it was ironic that the loudest voices of protest came from those circles who accused the government of being guilty of being slow in helping the deprived areas of the community

Botha also took issue with those who accused SA of being over-governed, having too many legislative institutions, and too large a bureaucracy.

"Given our demographic realities, and compared with other countries in a similar situation, this is not true," he said

If the public sector were to be defined in its widest sense it would comprise of about 1.5m employees, Botha said.

"With a population of about 28m, that gives us one member of the public sector for every 18 people in SA," he said, adding that similar ratios could be applied to a country like Britain



# RSCs an opportunity for renewal — Botha

THE Regional Services Councils provided a unique opportunity for development and renewal and the criticism which had been directed at them was unreasonable, the State President, Mr P W Botha, said yesterday.

Speaking at the congress of Municipal Associations, he said it was ironic that the loudest protests often came from the same circles, which accused the government of doing too little to uplift communities which were experiencing a backlog in development.

"Islands of prosperity in a sea of poverty create dangerous conditions which can threaten the future development of everyone."

"It is for this reason that I find the criticism of the financing of RSCs un-

reasonable."

He appealed to the people who would serve on the RSCs to give preference to areas in which there were backlogs in development when funds were allocated.

Mr Botha said accusations that South Africa's bureaucracy was too big was a "travesty of truth". Comparisons which were made between South Africa's public sector and that of the United Kingdom were incorrect.

He said South Africa had one public servant for every 18 people, while in the UK the ratio was the same. In Australia the ratio was one to ten.

Referring to deregulation, he said the country was over-regulated in many fields.



19/5/87

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METROPOLITAN

# W: RSC funds must aid under-developed areas

Municipal Reporter

OFFICIALS who were allocating regional services council (RSC) funds should give priority to under-developed areas, President Botha told the 80th annual congress of the Cape Province Municipal Association.

Opening the congress in the Cape Town Civic Centre last night, Mr Botha said RSCs would be financed from a variety of sources on a reasonable basis. He appealed to those who would be serving on RSCs to give priority funding to under-developed areas.

"Prosperous islands in a sea of poverty create dangerous conditions which can even threaten the survival of all that prosperity," he said.

He denied that South Africa had a bloated bureaucracy and rejected Press reports before the election that South Africa had one civil servant for every 27 people while Britain had one in every 94 000.

## "Clearly false"

"This is so clearly false it would have been funny if it had not been a travesty of the truth," he said.

According to his figures, South Africa and Britain both had one member of the public sector for every 18 people while in Australia there was a ratio of "virtually one government employee for every 10 people".

Referring indirectly to the Group Areas Act, Mr Botha said that "own residential areas, community lives and cultural activities" were the "safest foundation" for good neighbourliness and peace in South Africa.

Mr Botha said the stage had been reached where all groups could enjoy autonomy at local government level, "if they want to use this".

## Home-ownership

Stable community life was anchored in property ownership. Since the beginning of the 1980s the Government had made a special effort to improve home-ownership, particularly in the lower income bracket of all race groups.

"As far as the provision of housing is concerned, South Africa does not have to take a back seat to any other country," Mr Botha said.

He was welcomed to the congress by Cape Town's Mayor, Mr Leon Markovitz.

Mr Markovitz, who made no mention of the detention of his son under emergency regulations, said the council was "very concerned" that Cape Town's housing shortage had continued to escalate and that there were 45 000 families on the waiting list.



## City all set for another sunny twin

Municipal Reporter

EXTENDED families caused by multiple births are not confined to people, it seems.

Joining the "baby boom" is the city of Cape Town, which will soon produce its fourth set of "twins".

The City Council has unanimously agreed to "twin" Cape Town with Funchal, the capital of Madeira.

A ceremony concluding the agreement will take place on the sub-tropical island on July 3, making it the city's fourth "twinship". Others are Nice in France, Haifa in Israel and Ilan County in Taiwan.

## 10 000 sign petition on Lansdowne

Staff Reporter

A PETITION containing 10 000 signatures supporting Lansdowne residents threatened with removal under the Group Areas Act has been handed to the City Council.

Accepting the petition on behalf of the council yesterday, Executive Committee chairman Mr Dick Friedlander said:

**WINNER:** Raven-haired Melony Turner has her sights on another national beauty title. Melony, 20, of Newfields, Athlone became the Paarl regional Miss Picard Hotel at the weekend. This year she will compete against Miss cards from other gions at the final Johannesburg. 1 year Melony, study at UWC to be teacher, won the Rapport Extra



# Callers panic over RSC levies

By Shirley Woodgate,  
Municipal Reporter

Frantic callers have flooded the switchboard of the Central Witwatersrand Regional Services Council (Wits RSC) since a report in The Star was published yesterday warning that people who failed to pay levies could be prosecuted.

Mr Francois Barnard, professional officer of the Wits RSC, said his staff was working flat out to cope with queries. Failure to pay the two RSC levies — the tenth percent turnover levy and the quarter percent payroll levy — could

lead to a R5 000 fine or 12 months jail.

He said many individuals who rented out flats or houses were unaware that they were liable to pay both levies.

The April deadline for registering to pay levies has been extended to the end of May.

Registration forms for the Wits RSC are available from the Johannesburg municipality — telephone 834 7013 or 834 6924/5 — and the municipalities of Roodepoort, Soweto, Dobsonville, Diepmeadow, Sandton, Randburg, Alexandra, Lenasia South and Ennerdale.



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## RSC levies: Collection costly

By CHRIS CAIRNCROSS

2617

THE cost to the private sector of collecting the two regional services council (RSC) levies in their first year of operation — if they were applied throughout SA — could amount to as much as 80% of the total revenue collected, according to new detailed estimates prepared by Assocom.

Such costs will be both damaging and disruptive to the economy, Assocom declares in making a further urgent plea to the Minister of Finance to find ways of avoiding introduction of the two levies on July 1.

Predicting a possible gross turnover

of all economic activity of about R415 billion for the 12 months from July 1, Assocom estimates that the yield for 1987/8 would be about R692m, if the levies were imposed throughout the country.

This is considerably less than the R800m government target.

It means that if the official target is to be reached the rates of the levies may well be increased, says Assocom.

Of far greater concern is the cost-raising effect on the private sector of collecting the two taxes.

Assocom puts this at a likely R558m for the whole of SA — representing as much as 80,6% of the yield.



BUSINESS has greeted the Regional Services Councils (RSC) concept with mingled outrage, disbelief and dismay. All these reactions were probably justified by the obscurity of the concept, by the way it has been rammed through, and by the imposition of an extra tax burden on business.

Equally worrying is the likelihood that the concept of RSCs found favour with the Margo Commission, whose report has not yet been made public. That government will bear half the cost of the taxes is of little comfort, the tax burden of government is ultimately that of the citizen who will also, indirectly, bear the levies on payroll and turnover.

Much of this is now history. What matters now is how can one make the best of the situation and what will the situation become?

For business, the most obvious feature of the RSCs, which are essentially a form of socio-economic engineering, is the new tax burden. At the moment, the figures are not particularly daunting.

For example, on a Rlm turnover, an enterprise will pay an estimated R1 000 turnover levy. Estimates of payroll levies are naturally harder to make — and the proposed rate of tax is higher.

What is daunting is what they may become and the likelihood of regionally differentiated levies. The 3 090% rise in general sales tax since 1978 offers little comfort. Neither does the State's recent record on taxation by decree.

A remorseless law of taxation seems to be that decline in one area is more than matched by increase in others. The RSC levies are unlikely to be either predictable nor equitable; their administration is certainly not clear; they almost certainly will not

# Planning for the new RSC regime

**COLIN BRAYSHAW, Managing Partner of Pim Goldby, one of SA's large accounting services firms**

get lower

However, as with any form of taxation, the aim is to pay not what is demanded but what is proper. And this involves planning, with the risk that planning around RSCs may involve jumping a loaded and hidden gun.

Tax planning is a facet of corporate planning the two cannot be divorced; and this is all the more true of taxes whose underlying aims are to discourage "urban concentration" and encourage "homeland" development. The businesses which most obviously need to plan round RSCs are financial enterprises, large employers and partnerships. The first will be affected by the levy on transactions, the second by the payroll levy, and the third by double-taxation — turnover levy and tax on drawings.

Construction companies face the complication of deciding where they are carrying on an enterprise and where their employees are employed; by their nature, they are moving targets. The remedies available are in scrutinising the structures of businesses, their geographical location and their manpower policies. For ex-

ample, inter-group sales are leviable, like management fees between group companies and inter-group loans. One possible remedy is altering a group to a divisional structure.

Geographical location raises a problem for service industries performing work in different regions. If, for example, they perform services outside their base region, and this gives rise to management or control taking place outside the base region, then they may be doubly leviable if management fees flowed between the regions. Again the question of where management takes place has implications for structure.

One of the more disturbing features of RSCs is the possible effect they might have on manpower policies. Depending on how levies grow, the temptation for large employers to relocate outside RSC areas to take advantage of alluring "homeland" tax concessions might be irresistible, though the proximity of Natal (which has so far rejected RSCs) to major markets could weight more heavily.

Again, depending on the growth of the levies and how cumbersome they are to business, business may tend to

shed divisions, reduce staff, reclassify them or even to change the very nature of the business performed (e.g. becoming capital-rather than labour-intensive). SA's unemployment rate does not need that.

A possible effect of RSCs could be to discourage mass employment in urban areas — which is in line with government's political and urban planning policies.

Looked at more optimistically, RSCs could, in time, give an impetus to privatisation. A municipality facing levies on a service that could be performed by a private contractor based outside the RSC region could be tempted to sell out that service.

Another effect of the RSC levies has mixed benefits: the RSCs are bound to stimulate the growth of the informal sector or, to put it another way, the growth of that sector providing services on a small scale on a cash basis and thus evading the taxation net.

But this is speculation. What is certain, and what has tended to be overlooked, is that the RSCs represent a fundamental change in the business climate, they could have a fundamental effect on the structure of the economy, and, most important of all, they are a form of socio-economic engineering whose long-term effects may not have been carefully considered. That's what is scariest of all.



# 4 500 out of 100 000 register for RSC levy

By Shirley Woodgate,  
Municipal Reporter

Thousands of Reef employers, individuals and institutions who are delaying registration for Regional Services Council levies could face fines of R5 000 or 12 months in jail for late payment.

This warning comes from Mr Gerrit Bornman, chairman of the Central Witwatersrand Regional Services Council (Wits RSC).

He said only 4 500 of the estimated 100 000 levy-paying employers and institutions had registered with the Wits RSC although D-Day for registration was April 30.

About 180 000 notices and information brochures had been sent out and as a result 120 000 registration forms had been provided to potential payers of the two RSC levies — the 0,25 percent services or payroll levy and the 0,1 percent establishment or turnover levy.

There is no penalty for late registration, only for non-payment.

Mr Bornman pointed out that if registration was not done in time to allow the normal administrative procedure and issuing of assessment forms, payment would also be delayed.

Payments for the month of July start on August 20, Mr Bornman said.

It was anticipated by Mr Gerhard Croeser of the Department of Finance that a total of about R360 million would be raised from the turnover and payroll levies. Mr Bornman said the figure for the Wits RSC was expected to be in the vicinity of R80 million.

It was possible the Wits RSC would be lenient in the at first in line with the Government's approach to the payment of GST when it was introduced in 1978.

Notices were sent to three groups: companies, GST-payers and PAYE-earners.

Institutions and organisations which have not yet received registration forms may apply to Mr Francois Barnard at the Johannesburg City Hall, corner Russik and Market streets.



## RSCs to levy double tax for self-employed

SELF-EMPLOYED people are faced with the grim prospect of being taxed twice on the same amount when regional services council (RSC) levies become payable

Pim Goldby partner Bruce Sandilands says, for example, the profits in the hands of the partners of an accounting

JENNY BOBERG

firm are subject to income tax.

But the monthly drawings made by partners in lieu of salary, and which are drawn from the same profits, will attract

To Page 2

## RSC tax burden for self-employed

the RSC services levy

The services levy includes employee wages and drawings

The levy has yet to be determined but is currently set at a maximum of 0.25% of the monthly drawings

While companies will be levied on wages only, self-employed people may be liable for wages and drawings

The levy on a director's salary, for example, will be paid by the company

Sandilands says that self-employed people will, through the levy on drawings, be paying a levy on their own salaries plus another on the salaries of their own employees

Close corporations are in the same position as companies because members do not make drawings, but are paid fixed salaries



CATG Tmfs 8/5/87 (26/4)

# Establish RSC in Khayelitsha, says prof

By JANE ARBOUS

ONE way of promoting the virtually non-existent business development of Khayelitsha would be to establish the new Regional Services Council (RSC) there, the deputy general manager of the Small Business Development Corporation (SBDC), Professor Wolfgang Thomas, said yesterday.

Prof Thomas said that siting the RSC headquarters in the huge township instead of in the city would help to establish a central business district which, aside from providing jobs, was needed to capture the imagination and commitment of all its residents.

Little attention to the current pattern of business growth and related problems in the rapidly-growing township has been given by either its critics or defendants.

Turning his address to the Institute of Citizenship yesterday into the first comprehensive paper on the subject, Prof Thomas said that whether one agreed with the establishment of Khayelitsha or not, no one could wish away a current population of about 180 000 which was expected to swell to 600 000.

The biggest single obstacle to a broad economic plan, he said, was the ineffective and unrepresentative local black authority. This, coupled with a scarcity of resources, meant that even

the allocation of land for businesses became a political issue.

Prof Thomas suggested that a development corporation with a "business-like approach" be established to overcome this administrative dilemma.

Apart from the lack of township leadership and administration, other problems were:

- ☐ Lack of support for informal sector enterprises.

- ☐ Insufficient funds to meet basic residential and business infrastructure needs.

- ☐ Inappropriate planning principles producing a sterile, "lower-income version of Mitchells Plain".

- ☐ Neglect of big industrial and administrative development.

- ☐ Intense competition for only a few sites for formal business development.

- ☐ Neglect of consumer interests.

- ☐ The absence of open debate on a strategy for local business development.

Prof Thomas said a key element of such a strategy would be active financial and managerial support for the informal sector, where there were already 2 000 shops in the self-built areas.

An important role for the SBDC itself would be to bring together different interest groups concerned with the business development, he said.



# Taxpayers flock to experts over RSCs

WHILE taxpayers' pockets are set to be drained by regional services council (RSC) levies, those of accountants and tax consultants are bulging as clients flock to tax experts for guidance on the new legislation

Some accounting firms have held seminars to educate clients, charging between R60 to R170 a delegate

One large firm held 12 seminars between mid-March and the end of April

JENNY BOBERG

and has another 11 scheduled for this month

"It cannot be denied that our firm is doing nicely out of the new legislation. It has resulted in much additional work. We like to think, however, that we are providing a service," Arthur Young partner Ian MacKenzie said yesterday.

Price Waterhouse partner Ian Wilson

said while RSC levies had generated work, a fair amount of time and research was required.

Ernst and Whinney partner Roger Bramwell said "As legislation gets more complicated, the need arises for increasingly specialised help through the minefield. There are not only more types of taxes, but each branch has become more complicated."



## BUSINESS

THE financial regulations to be imposed by the regional services councils (RSCs) have been drafted to ensure the tax net set by the two levies — the establishment or turnover levy and the services levy — is spread as wide as possible.

In fact, there will inevitably be elements of double and even treble taxation and there will be few exemptions, warns Department of Finance deputy director (legislation) Ian Meiklejohn — author of the financial regulations.

Every normal transaction carried out by any enterprise will be subject to the establishment levy and, ultimately, use of infrastructure in a particular region will determine liability.

Meiklejohn notes at this stage no penalties will be imposed on businesses submitting late registrations, but there will be penalties imposed against the non-payment of the two levies, which must be made by the 20th of each month.

### Lengthy session

In a lengthy session before a large gathering of Cape Town's business community last week, Meiklejohn answered a few of the many questions concerning the RSC levies that are creating both concern and confusion among those who will be subjected to them.

☐ Does SA Transport Services (Sats) pay a levy on transport services to other parastatal or semi-government departments?

In general terms, a levy will be payable. There will be some exemptions, however, such as the Government Printer and the Government Garage, which are construed to be an in-house service.

☐ Will an amateur sporting association be subject to the establishment levy on gate money at regular matches?

Yes. Only subscription payments will be exempt. Clubs will also be liable for the services levy in respect of any staff they employ in a full-time capacity.

☐ Non-profit-making institutions, established to represent persons with common interests on subscriptions, donations or contributions are not subject to the establishment levy. But many such organisations have income from other sources and, as such, would they be leviable?

If such income accrued on a continual basis it would be subject to the establishment levy, but not so if it

# 'Double tax' part of RSC regional net

THE controversial and much-criticised regional services councils (RSCs) become a *fait accompli* on July 1, reports CHRIS CAIRNCROSS. They bring with them two cost-raising levies designed to spread the regional tax net as wide as possible, with few exemptions likely to be granted, according to IAN MEIKLEJOHN, legal drafter of the RSC financial regulations in the Department of Finance, who answers several detailed queries concerning the two taxes that are already confusing or arousing the concern of the business community.

amounted to *ad hoc* receipts.

☐ When a group of companies of common shareholding are engaged in manufacturing and supplying each other on a vertical basis, must levies be raised between companies?

Every transaction between legal entities will be leviable. There will be no exemption on any inter-group transfers. This applies equally to wholesaling and to any form of exports.

☐ The definition of "financial enterprise" includes a buying association. Does this refer to a "buy aid"? And what about a group company used as a buying service?

### Liable for levies

All of these will be liable for the levies.

☐ Given a central selling organisation which has different corporate members in the same (or different) RSC areas, will levies on turnover be collected from the central selling organisation, individual members, or both?

Wherever transactions occur between different legal entities they will be liable for the levies. In these circumstances there could be an element of double taxation.

☐ What is the position regarding the establishment levy where one company makes all the purchases for itself and the group, and transfers goods received by a sister company at cost?

Sales are leviable whether conducted at arms length or through inter-group transfers.

Cartage sub-contractors are hired to carry the produce of a company to the consumer. The rate charged to customers (that is, R100) is slightly higher than the rate paid to the sub-contractor (R95). What amount in both cases is the levy calculated on?

Both sums are fully leviable, again an example of double taxation.

☐ Is an agent for a company required to pay the RSC levy on his sales?

No. The sales value or turnover will be levied on the company only and the agent will be required to pay a levy only on the commission received.

☐ Are royalties leviable?

No.

☐ Are betting transactions leviable?

No. But it is a loophole which is being looked at. Profits made by the Totalisator will be leviable.

☐ Would a company or private person be liable for the levy on interest on a savings account which is purely incidental to other professional activities?

Private individuals will not be leviable. Neither will companies if the investment is not an integral part of day-to-day business activities. Cash held temporarily on call will, for example, not be liable for the levy.

☐ Would a company which is not a financial institution but derives its income from interest and/or dividends

be liable for the establishment levy? Yes.

☐ In a private company with a sole shareholder, an additional amount is credited to the shareholder's account as remuneration, once the profit for the year is established. Must this additional amount be included in the remuneration figure for calculation purposes?

Yes.

☐ If an enterprise is deemed to carry on in more than one region, but a head office employee based in one region travels among all regions, is the services levy on his salary payable at his head office?

Yes.

☐ Company A manufactures a product at a cost of R1 000. It sells this product to Company B for R2 000, being the price the latter sells the product to the public in turn. Company A pays Company B a commission of R400 for the service. Do both have to pay a levy?

Both have to pay a levy. In fact, A will pay a levy on R1 000, a levy will be due on R2 000 from B, and a levy will be liable on the R400 — in effect a three-times tax.

☐ In a real estate agency business a broker is employed as an agent on a commission basis only which he splits 50/50 with the agency. Payment on any sale is made to the agency, with half being paid subsequently to the agent. What charges are leviable?

The agency will be subject to the full services levy and the full establishment levy on the commission.

☐ How will a shop-keeper be treated who draws stores from his own shelves for his own consumption periodically?

Goods used for one's own purposes will be subject to the establishment levy.

☐ *Ad valorem* excise duty of 35% collected by a manufacturing jeweller is collected in terms of a licence from the Commissioner of Customs and Excise and payable every quarter. Is this amount included in turnover in terms of the RSC levies?

Yes.

☐ Should the RSC insist the *ad valorem* tax collected by these jewellers and paid quarterly be included in turnover, the net effect would be such a company would be taxed on a tax collected. Your comments?

There is obviously an element of double taxation which the company will have to accept. It is also an issue which could be looked at again.



# Squatters' 'urgent' plea for former land

CM-Times 5/5/87 Staff Reporter ~~2614~~ 2617  
SQUATTERS who lost their homes in the Cross-roads fighting in May and June last year want to return to the land they formerly occupied, a squatter spokesman said yesterday.

In a statement, Nyanga Bush executive committee member Mr Enoch Madywade said the people of Nyanga Bush wished to return to their former land. This was "urgent" because of the onset of winter.

"Since the houses were burnt out the government has said nothing about what they are going to do with the cleared-out area," Mr Madywade said.

If the government could not face the needs of blacks "nothing will come right in South Africa".

The people of Nyanga Bush camp, currently living in plastic shacks in scattered settlements around Nyanga, rejected the Regional Services Councils and would not serve on them, he said.

He also said that one parliament for all would be a start in solving South Africa's problems.

The director of the CPA's Office for Community Service, Mr Louis Koch, has so far not commented on government plans for the refugee squatters.

(Report by C Harper, 122 St George's Street, CT)



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# RSC levy: Move to Natal proposed

By JANE ARBOUS

SOME companies may find it worthwhile to relocate to Natal where there are difficulties in introducing Regional Services Councils, tax consultant Kevin Carpenter told local businessmen attending a tax seminar on RSC levies yesterday.

One of several speakers at the seminar conducted by accounting firm Coopers & Leybrand, Carpenter said further that according to his information, there would be no RSC's introduced in Natal for political reasons.

Although the initial levies proposed for the other provinces are relatively small, firms, depending on their circumstances, could benefit long-term by relocating

Eight areas have been demarcated so far, all in the Cape, Transvaal and Orange Free State and the deadline for companies to register was April 30. An RSC has the power to register a company unilaterally.

Calculations must be made from July 1 for first payments of the levies due by August 20.

Carpenter said that when he first read the RSC legislation he felt like "a woodpecker without a beak, commonly called a head-banger".

"It's clear that it was not drawn up by a fiscal draughtsman but by a constitutional draughtsman," he said.

Another suggestion he made was that employers could find it worthwhile to look again at

fringe benefits. Many had turned to a straight salary remuneration to avoid the administrative burden of the new tax on fringe benefits but this could be worked out more expensively with the new RSC levy.

Companies which operated within a group should also exploit the non-leviable transactions between companies, he said, and make good use of the agency concept to avoid paying a double levy. For instance, a distributor could act as an agent on behalf of a manufacturer.

Another speaker, Nick Gerhardt, said many RSC's would not be able to provide any services for up to a year in spite of payment for them starting from July 1.



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# Louw hits at Divco's 'poor treatment' claims

Staff Reporter

THE Administrator, Mr Gene Louw, has hit back strongly at accusations by the Divisional Council of the Cape that it was treated in a "cavalier fashion" over the introduction of the Cape metropolitan regional services council.

Mr Louw was criticised by certain councillors last week for not officially notifying them that the council was to be disbanded when the RSC was introduced on July 1.

The council also unanimously voted to ask that it be allowed to stay in office so a smooth takeover could be assured.

Replying in a Press statement, Mr Louw said the decision to abolish the council was not sudden — the council knew long ago it would be dissolved.

In terms of the Abolition of Development Bodies Act of 1986, divisional councils had to be abolished by the end of June.

In addition, Mr Louw said he had informed the divisional councils' congress in Kimberley last year that they would be phased out once the regional service councils had been established, and there had been "major discussion" on this subject.

## Threat invalid

He also said senior council officials and the chairman and former chairman of the Cape Association of Divisional Councils had attended several ministerial meetings on the issue of disbanding the councils.

"I, therefore, find it incomprehensible the Divisional Council of the Cape was unaware of these developments," said Mr Louw.

The council would cease to exist on July 1 and, therefore, councillors Mr Len Pothier, for Hout Bay and Llandudno, and Mr Jasper Walsh, for Claremont, would not be able to carry out their threat to resign with effect from that day.

Mr Louw said councillors' claims that RSCs were perpetuating apartheid were "equally incomprehensible" as divisional councils, which were for whites only, were "a worse manifestation of apartheid".



# RSC cost 'milking the taxpayer dry'

Political Staff

30/4/82 (26/11/82)  
THE Government with its new tax on everything from schools to amateur sport and retirement golden handshakes is "milking the taxpayer dry", said Mr Harry Schwarz MP, Progressive Federal Party finance spokesman today.

Mr Schwarz was commenting on an announcement made yesterday on the extent of the controversial new taxes to fund the regional services councils.

"If ever there was a reason to vote against the Government it is the way people are being taxed."

"Every voter should look at his payslip and then at what they have to spend on necessities of life."

"The Government has gone tax crazy. Instead of encouraging growth, it is introducing additional taxation."

"It is now taxing employment when it should be doing something to reduce unemployment. It is taxing turnover, irrespective of whether a company is making a profit or a loss."

## NEW BUREAUCRACY

"It is creating a whole new bureaucracy to collect the taxes. It is forcing companies to employ extra staff, who will be unproductive, to fill in Government returns."

Mr Schwarz said that at the very least the new taxes should have been submitted to the Margo Commission for examination.

At a symposium in Cape Town yesterday, Mr Ian Meiklejohn, deputy director of the Department of Inland Revenue, said just about every business transaction would be taxed to raise money for the RSCs.

They would apply to golden handshakes on retirement, revenue from amateur sporting events, rentals, lay-by sales, transactions between countries and even to staff salaries at schools.

(Report by B Cameron, 85 Field Street, Durban)



Wide-ranging taxes will fund new councils, businessmen told

# Levies to finance RSCs

By MAGGIE ROWLEY  
Finance Staff

JUST about every possible business transaction will be taxed to raise money for the Government's controversial regional services councils, Cape Town businessmen have been told.

There will even be levies on golden handshakes before retirement, revenue from regular amateur sporting events, rentals, lay-bye sales, export sales and sales transactions between companies in the same group.

Even private schools will be liable for a services levy based on staff salaries.

Professional bookmakers have escaped the tax so far — but they may soon become liable.

Mr Ian Meiklejohn, deputy director (legal draughting) of the Department of Inland Revenue, said that while the Totalisator Board was leviable on profit rake-offs, bookmakers were not. This had been an oversight and would be rectified as soon as possible.

## Turnover

Mr Meiklejohn was addressing a one-day question-and-answer seminar, organised jointly by the Cape Town Chamber of Commerce and the Cape Chamber of Industries.

Two levies would be payable — an establishment levy will be paid on turnover from the sale or hire of goods on immovable property and services rendered while the services levy will be placed on the gross remuneration of all employees, except domestic or private servants (as in the case of a chauffeur hired solely to drive a disabled person for non-business reasons).

The registration date for businessmen in the Western Cape RSC was April 1. Mr Meiklejohn warned that while there would not be a penalty for late registration, penalties would be imposed if levies had not been paid before August 20.

The amount of the levies had not yet been fixed by the Minister of Finance but they would not exceed 0,01 percent in the case of turnover tax and 0,25 percent in services tax, he said.

While RSCs did not have any procedure to audit individual's or companies' books, the Commissioner of Inland Revenue had the power to do so. The Department of Inland Revenue would also have the power to enforce binding rulings on all RSC regions and would have procedures for objection and appeal, he said.

Other points raised in the seminar in answer to questions by businessmen included:

- Amateur sporting associations would be subject to establishment levy on gate money at regular matches.

- Government departments, which did not operate solely for the benefit of other State departments, such as the South African Transport Services, would be liable for levies on services to the general public.

- Export sales were not exempt from turnover levy.

- Gift vouchers were leviable on issue.

- An individual who let a property or bought a second house for an investment would be liable.



# 2 Divco men quit in anger over RSCs

CAL Time 29/4/87

263 261A

By PETER DENNEHY

TWO Cape Divisional Councillors are to resign from the end of June because of dissatisfaction with the implementation of the Western Cape Regional Services Council (RSC) on July 1.

Councillors Mr Len Pothier, for Hout Bay and Llandudno, and Mr Jasper Walsh, for Claremont, are to resign. Councillor Mr Jock Sturrock, for Constantia, said he too "must consider not remaining on the council".

Mr Pothier asked council chairman Mr Louwtjie Rothman whether wards would be represented on a racial basis when the RSC came into effect. Mr Rothman nodded, so Mr Pothier resigned, with regret, as he "will not be associated in any way with RSCs".

He called RSCs "a callous perpetuation of political and economic apartheid", with "as little chance of solving racial inequality at local government level" as the tricameral Parliament had of resolving broader issues.

Mr Walsh said that as one who had been opposed to the RSC, he too would wish to resign when they came into effect. Mr Rothman told him and Mr Pothier to put their resignations into writing.

Their resignations came during and after a debate initiated by a motion by Mr Neil Ross in which he expressed distress at the manner in which the council had been treated in the process of introducing RSCs.

He said he had been given no notice that his job was to end and that Divco was to be dissolved (from July 1 when the RSC is established).

"Having to read this in the press before being notified is being treated with a contempt I find unacceptable," he said.

After much debate, a motion was cobbled out of Mr Ross's motion and several amendments of varying tone, expressing "council's concern and distress at the cavalier manner in which it has been treated".

The motion, which was eventually passed unanimously, also called on Administrator Mr Gene Louw to clarify where funds for Divco's budget are to come from.

Mr Ross said dropping Divco taxes from the end of June would entail a loss of R27,5 million which would otherwise be spent on financing the body.

Councillors had been told on a "nod-nod, wink-wink basis" they might continue as a committee, he said.



## Independence' plea from city regions

REQUESTS by Hout Bay, Llandudno, Constantia and Tokai residents that their possible future status as municipalities be investigated have been passed on to the Administrator, Mr Gene Louw. This was disclosed at the monthly Cape Divisional Council meeting yesterday by Mr Louwtjie Rothman, the Divco chairman.

The chairmen of the three ratepayers' or property owners' associations concerned said in a joint letter that in view of the imminent creation of a Western Cape Regional Services Council (RSC), they wanted an inquiry into their options.

They wanted "the optimum degree of independence", as well as representation on the RSC. Three alternatives existed, they said.

- Incorporation into existing municipalities
- Joint promotion to full municipal status
- Conversion with all "local areas" and "rural areas" into a single body which would have status and independence equal to that of a municipality

Divco approved the ratepayers' request to the administrator that an inquiry into the options be held.



# Business transactions tax plan to fill RSC's coffers

CAPE TOWN — Just about every possible business transaction will be taxed to raise money for the government's controversial regional services' councils (RSCs), Cape businessmen have been told.

There will even be levies on golden handshakes before retirement, revenue from regular amateur sporting events, rentals, lay-by sales, export sales and sales transactions between companies in the same group.

Professional bookmakers have escaped the tax so far — but they may soon become liable.

The deputy director (legal draughting) of the Department of Inland Revenue, Mr Ian Meiklejohn, said while the Totalisator Board was leviable on profit rake-offs, bookmakers were not. This had been an oversight and would be rectified.

Mr Meiklejohn was addressing a one-day question-and-answer seminar, organised jointly

by the Cape Town Chamber of Commerce and the Cape Chamber of Industries.

Two levies would be payable — an establishment levy will be paid on turnover from the sale or hire of goods on immovable property and services rendered, while the services levy will be placed on the gross remuneration of all employees, except domestic or private servants.

The registration date for businessmen in the Western Cape RSC was April 1. Mr Meiklejohn warned that while there would not be a penalty for late registration, penalties would be imposed if levies had not been paid by August 20.

The amount of the levies had not yet been fixed by the Minister of Finance but they would not exceed 0,01 per cent in the case of turnover tax and 0,25 per cent in services tax, he said.

While RSCs did not have any procedure to audit companies' or individuals' books, the Commissioner of Inland Revenue had the power to do so.

The Department of Inland Revenue would also have the power to enforce binding regulations on all RSC regions and would have procedures for objection and appeal, Mr Meiklejohn said.

Other points raised were

- Amateur sporting associations would be subject to establishment levy on gate money at regular matches,

- Government departments which did not operate solely for the benefit of other state departments, such as the SA Transport Services, would be liable for levies on services to the general public.

- Export sales were not exempt from turnover levy,

- Gift vouchers were leviable on issue,

- An individual who let a property or bought a second house for an investment would be liable — Sapa



# RSCs to tax almost every transaction says revenue man

261A  
SMM  
29/4/87

Own Correspondent

CAPE TOWN — Almost every possible business transaction will be taxed to raise money for the Government's controversial regional services councils, Cape Town businessmen have been told.

There will be levies on golden handshakes before retirement, revenue from regular amateur sporting events, rentals, lay-by sales, export sales and sales transactions between companies in the same group.

Private schools will be liable for a services levy based on the amount paid to their staff.

Professional bookmakers have escaped the tax so far.

Mr Ian Meiklejohn, Deputy Director (legal-draughting) of the Department of Inland Revenue, gave this information yesterday at a one-day seminar organised by the Cape Town Chamber of Commerce and the City of Cape Town Industries.

He said that while the Totalisator Board was liable to a levy on profit rake-offs, bookmakers were not. This had been an oversight and would be rectified.

The first eight RSCs are expected to start functioning on July 1 and will provide basic infrastructure and services on a regional level.

Two levies will be payable — the establishment levy will be paid on turnover from the sale or hire of goods or immovable property and services rendered, while the services levy is on the gross remuneration of all employees, except domestic or private servants.

Anyone who starts a business or takes on a new employee is required to register within a month.

Assocom (the Association of Chambers of Commerce) said today that the levies were due to be collected for the first time on July 1, even though the RSCs had not yet carried out budgetary exercises.

A spokesman said Assocom was opposed to the levy system for economic and practical reasons, and that it was regrettable that the Government had not waited until the findings of the Margo Commission of Inquiry into South African tax laws were made known.

Several companies have expressed their opposition to the introduction of the RSC levies, fearing that rises in the levies will be inevitable soon.

Speaking at the release of OK Bazaars annual results yesterday, managing director Mr Gordon Hood said "The RSC levies are unfair on companies like us, which have high sales figures and low profit margins."



# Tax 'holiday' for some on RSC levies

ENTERPRISES concluding commercial contracts before July 1 will be afforded a six-month "tax holiday" on payment of Regional Services Council (RSC) 0.1% turnover levies

Tax experts say RSC legislation provides for a six-month tax break on amounts received by, or accrued to enterprises for contracts concluded before the starting date of RSCs. Accordingly,

DAVID COHEN

amounts received or accrued by December 31, in terms of a contract entered into before July 1, will be exempt from the 0.1% turnover levy

The tax break — introduced to relieve long-term contractors locked into low-margin, fixed-price contracts — offers opportunities for all types of business.

Price Waterhouse's Ian Wilson says "Levy-payers opting for the accrual basis for purposes of determining leviable amounts, will be afforded greater scope for radical tax planning"

Sounding a word of caution, Kessel Feinstein's Ernest Mazansky, says "Enterprises planning to front-end-load receipts or accruals should weigh this up against the cost of income tax and GST payable in advance"



Call Traps 28/4/87  
**RSC tax break for  
timely contracts**

JOHANNESBURG — Enterprises concluding commercial contracts before July 1 will be afforded a six-month "tax holiday" on payment of Regional Services Council (RSC) 0,1% turnover levies.

Tax experts say that RSC legislation provides for a six month tax break on amounts received by, or accrued to enterprises for contracts concluded before the commencement date of RSCs. Accordingly, amounts received or accrued by December 31, 1987 in terms of a contract entered into before July 1, will be exempt from the 0,1% turnover levy.

#### **Greater scope**

The tax break — introduced to relieve long-term contractors locked into low margin, fixed price contracts — offers broad tax planning opportunities.

Price Waterhouse's Ian Wilson noted that "Levy-payers opting for the accrual basis for purposes of determining leviable amounts, will be afforded greater scope for radical tax planning."

Sounding a word of caution, Kessel Feinstein's Ernest Mazansky, said, "Enterprises planning to front-end-load receipts or accruals should weigh this up against the cost of income tax and GST payable in advance."



CAPE Times 19/3/87

26/A

# Divco, not city, to collect RSC levies

By PETER DENNEHY  
Municipal Reporter

CAPE TOWN municipality was yesterday relieved of its impending task of serving as collector of levies for the Cape metropole's Regional Services Council (RSC), which is due to be established on July 1.

Instead, the levies will "provisionally" be collected by the Divisional Council of the Cape, which was due to have been abolished as soon as the RSC came into effect.

Mr P J Schoeman, a member of the Provincial Administra-

tion's Executive Committee, announced this yesterday in a press release in which he also allocated a "temporary unofficial name" to the RSC, namely "Western Cape RSC".

Mr Schoeman said that for practical reasons, including that levy-collection forms were being printed, a name was needed immediately but when the RSC was constituted it would decide on an official name itself.

He also declared that the RSC would have its seat in Cape Town, thus clearing up recent speculation to the contrary Stellenbosch and Paarl

will have regional offices of the RSC, he said.

Cape Town was appointed principal agent for RSC levy collection on November 7 last year, and the City Council accepted this by a resolution.

Mr Schoeman said "circumstances had changed" and the provincial administration had to accommodate the personnel of the Cape, Paarl and Stellenbosch divisional councils.

Mr R M Friedlander, chairman of Cape Town City Council's executive committee, commented yesterday "We will survive. From our point of view, the decision to appoint

the Divisional Council as principal agent is perhaps a wise one."

Councillor Mr Arthur Wienburg said last night "I am pleased that the ratepayers of Cape Town will not be tainted with, and burdened by, the collection of taxes for a racist body which is not supported by the majority of its residents."

At the City Council's most recent monthly meeting, Mr Wienburg proposed a motion that the consequences of rescinding council's earlier acceptance of the role of principal agent should be investigated. Debate then reached a deadlock.



CMT Times 27/4/87

# Cadets suspended in Natal

MARITZBURG. — Principals of all Natal high schools have received a directive to suspend all cadet activities till further notice.

The president of the Natal Teachers' Society, Mr Hylton Johnstone, said yesterday that he understood the move was in the interests of the pupils' safety, and as such should be welcomed.

However, he added it was "very sad day" and a comment on our society when such an action became necessary.

The decision to suspend cadet activities was taken by the new director of education in Natal, Mr Arthur Olmesdahl, and is understood to affect about 25 000 cadets.

Mr Olmesdahl, who could not be

reached for comment yesterday, is reported to have said he felt the move was necessary in the present political atmosphere and in view of the approaching elections.

Mr Villiers Terblanche, the superintendent-general of the Department of Education and Culture, would not disclose whether cadet activities would be suspended in other provinces or give any further information on the issue.

Mr Roger Burrows, Progressive Federal Party MP and education spokesman for his party, welcomed Mr Olmesdahl's decision. He said it was the ideal opportunity to review compulsory schools cadets throughout the country.

— Own Correspondent and Sapa )



## Kruger rands

| JSE Closing |         |       |
|-------------|---------|-------|
| Buyers      | Sellers | Sales |
| 1 oz        | 1110    | 1115  |
| 1/2 oz      | 530     | 530   |
| 1/4 oz      | 26500   | 27000 |
| 1/10 oz     | 11200   | 11500 |

**THE SOUTH AFRICAN BULLION  
AND KRUGERRAND EXCHANGE**  
PH: 25 1788, 25 1946

# Business Review

THURSDAY, APRIL 16, 1987

4

By AUDREY D'ANGELO  
Financial Editor

## Transport levy: Chamber reacts

THE CAPE TOWN CHAMBER OF COMMERCE is strongly opposed" to a suggestion that employers should raise wages to compensate for fare rises after the public transport services levy — which brings in millions of rands — is abolished on July 1.

Instead, it says the government should subsidize public transport since it is for political reasons that poor people were moved far away from work centres.

The transport services levy paid by employers on all black and coloured employees will be abolished on July 1, when the Regional Services Council levies come into operation in greater Cape Town.

The Department of Transport has suggested that "pay increases compensate employees for resulting fare rises."

But the chamber says such rises without corresponding increases in productivity would be "highly inflationary."

They could also lead to ill-feeling, since employees with furthest to travel would receive higher increases than those living nearer their workplace.

The chamber's director, Alan Lighton, points out that employers were promised they would be compensated for having to pay the new payroll and turnover taxes by the withdrawal of the transport levy and business licence fees.

He accused the government yesterday of reneging on this by asking employers to shoulder an increased burden.

Lighton also points out that giving wage increases to make up for the loss of the subsidy would not compensate the unemployed and pensioners.

"It is also no solution to suggest that the burden of transport subsidization be passed on to Regional Services Councils, as this would impose impossible strains on the resources of these councils."

He said that in 1985, the transport services levy raised about R140m in greater Cape Town. To ask the Regional Services Council to make up for this would "seriously prejudice prospects for economic growth in the region."

He said the chamber had asked the Department of Transport to subsidize urban transport services from central revenue sources.

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# How RSC levies will affect business

CAPE TOWN TIMES  
16/4/87  
261A

By PETER DENNEHY

MONTHLY levies under the new Regional Services Council (RSC) system will cost businessmen and traders R1 per R1 000 of turnover, and R1 per R400 of remuneration their employees receive, Mr P J Loubser, chairman of the Western Cape RSC, said yesterday.

Mr Loubser said the RSC offices at 35 Wale Street had been inundated with "thousands" of phone calls, applications and written inquiries this month.

He said in a press statement that those liable for payment to the RSC must register this month.

The levies had been fixed at this level for the first tax year, he added. The Western Cape RSC is expected to be formally established on July 1. The first levies will be payable from the following month.

Mr Loubser said the levies would not be significantly inflationary, nor would they have much detrimental effect on employment.

The levies were not an additional burden on the taxpayer and RSCs were not "another bureaucracy".

## 'Additional burden'

Mr Peter Hugo, president of the Cape Town Chamber of Commerce, said it was true that certain business expenses, such as licence fees and transport levies, would fall away when levies were imposed, but he did not know whether new and old revenue sources would "balance out".

"The levels of the levies are not firm. Levies could prove to be an additional burden," Mr Hugo said.

Mr Dawood Khan, a former chairman of the Western Cape Traders' Association, said he intended to go to the Supreme Court in a bid to fight the establishment of the RSC.

"It is an additional load, and it's a waste of money as the RSC will be unworkable. The majority of people have rejected it because it is racially based."

"The only workable solution is to involve all the oppressed people in the decision-making processes in this country," Mr Khan said.

Mr Loubser said the RSC office telephone number was 22-1025, and his staff would "gladly help the public as far as possible to integrate with the system."

Information and registration application forms were available at all municipal and divisional council offices, he said.

☐ Leading article — Page 8

☐ Chamber opposes levy — Page 8

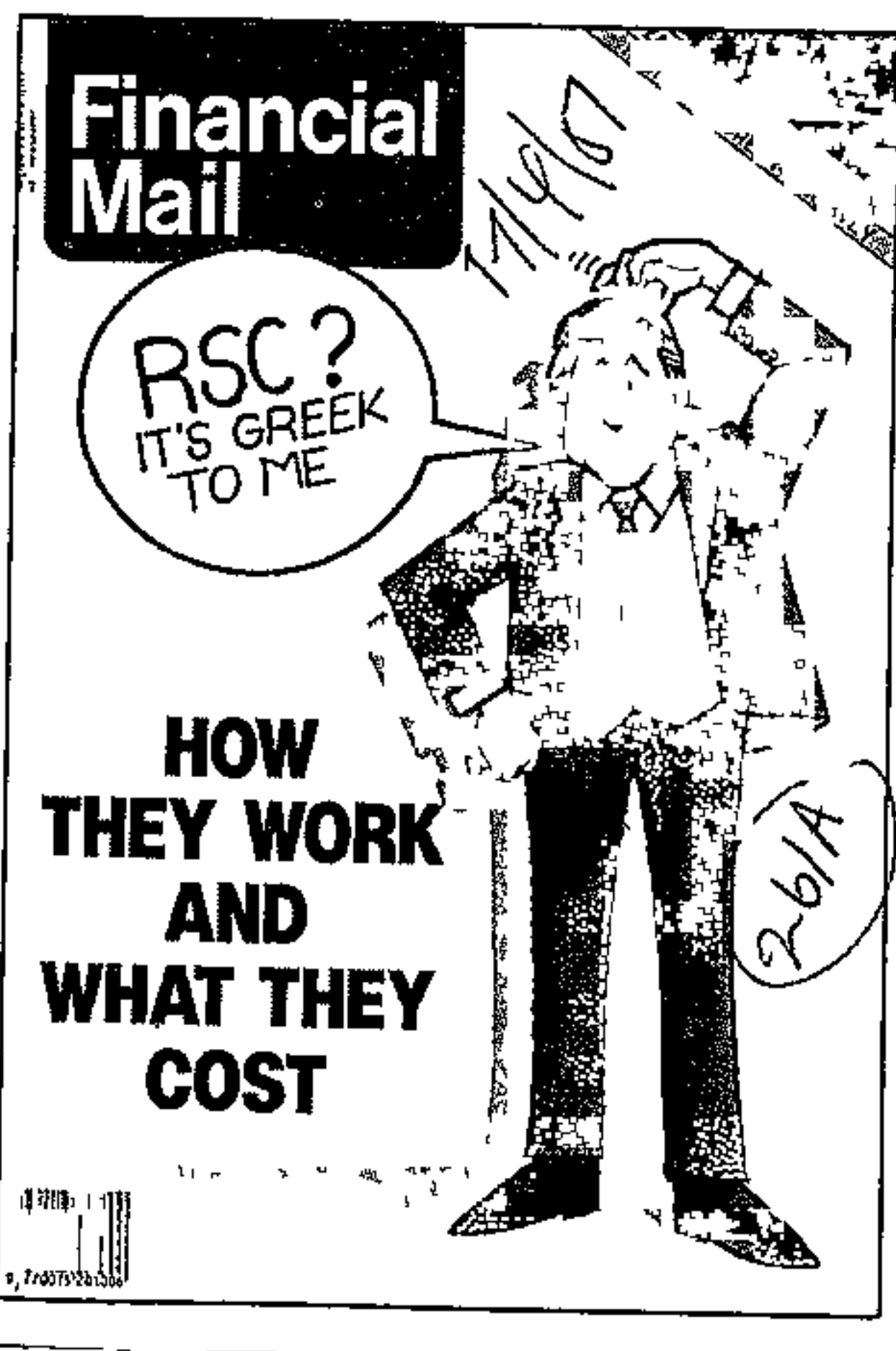


### What the town clerk says

Sir — I wish to answer the letter from Mr D Broomfield headed "The RSC timebomb" (FM March 27)

It seems that Mr Broomfield is not conversant with the provisions of the Regional Services Councils Act, 1985 (No 109 of 1985) Section 12, particularly sub-sections (3) to (6), which specifically provides for how a council's funds shall be applied, states as follows:

☐ No money shall be withdrawn from the account referred to in sub-section (2) save in



accordance with the provisions of this Act,

☐ A council shall before the end of its financial year submit a copy of its budget for the next ensuing financial year to the minister of finance, and obtain his approval thereof,

☐ A council shall pay one-twentieth percent of the total proceeds in a specific financial year of the levies referred to in sub-section (1) to the training fund established by section 7 of the Local Government Training Act, 1985 (Act No 41 of 1985),

☐ Subject to the provisions of sub-section (5), the council shall, by resolution, appropriate the funds referred to in sub-section (2) within or outside its region or in accordance with an agreement in terms of section 4(3), for:

The payment or part payment of the costs incurred in the execution or performance of any power or function entrusted to a council in terms of section 3(1) (b) and (c);

The payment or part payment of the costs incurred in the execution or performance of any of its powers or functions;

The payment or part payment of the costs resulting from the collection of the levies referred to in sub-section (1) and the administration of this Act,

The payment or part payment of the costs of the establishment, improvement and maintenance of an infrastructure for and the running of transport services for commuters between their places of residence within or outside the region or outside SA and their places of employment in the region; and

Any other purpose approved by the minister of finance after consultation with the Administrator provided that in determining the priorities in connection with the appropriation of funds, the council shall give preference to the establishment, improvement and maintenance of infrastructural services and infrastructural facilities in areas where the greatest needs therefore exist.

The Act also provides that the levies shall not be recovered by adding them to prices or tariffs or the cost of services, or by deducting them from wages or salaries paid. Furthermore, the levies are allowed as operating expenses of a business. In effect they will be deductions from income tax.

It is hoped that this makes it clear that there is no intention "to raise taxes on employers to cover the loss of income to township authorities because of rent boycotts." Mr Broomfield may rest assured that the levies will be applied for the purposes set out in the Act and for no "hidden" purpose.

P Mathee, acting town clerk, Johannesburg.



CAP Tm 25/4/87 26/1A

# Crossroads to have town council and seat on RSC

Staff Reporter

THE squatter community of Crossroads is to have a town council and will also have a seat on the local Regional Services Council (RSC) when it comes into effect in July.

Mr Pieter Schoeman, member in charge of local government on the Cape Executive Committee, said yesterday that Crossroads was declared a local authority this month.

The area now has all the rights and responsibilities of a town council.

Mr Schoeman said the declaration meant Crossroads was eligible for a seat on the RSC, but that it would not necessarily have a vote on the council.

Voting power is determined by services used by a community.

A residents' meeting to select a committee to administer the area had already been held and seven people had been elected, he said. Their names were not available late last night, but it is believed the committee elected "witdoek" leader Mr Johnson Nxobongwana as mayor.

Other members of the committee are understood to be Mr Melford Yamile, Mr Christopher Toise and Mr Alfred Siphika.

Mr Schoeman said elections would be held when the security police and residents indicated it was possible.



Mr Nxobongwana



and stock theft, was shot and killed after producing a gun when confronted by police in Winterveld.

*CAPE TIMES 14/4/87* **Kleinmond library for all** *(26)*

THE whites only library in Kleinmond is to be replaced by a R393 000 library for all races. Approval of the plans for the new library has been given by the Cape Provincial Library Service, which is to give an 80% subsidy of R314 000 towards the cost of the new building. It is expected the new library will be completed by the end of next year.



# RSC levy inflationary — Assocom

Finance Staff

Commerce and industry have protested in the strongest possible terms at the "ill-conceived" Regional Service Council legislation, but "doors, window and ears in Pretoria appear to be tightly sealed", according to the Association of Chambers of Commerce.

In an exceptionally strongly-worded editorial in its quarterly review, Assocom says planning of legislation for the RSC appeared so leisurely that the fact that deadlines had to be met was apparently overlooked.

Inadequate time was left for consultation with the private sector on many issues.

The rates for the new taxes to finance the RSCs — levies on turnover and payrolls — were apparently set by a process of "think of a number" without even basic budgetary calculations or estimates of how much money would be needed for what and how much it would cost to collect, says Assocom.

No matter how they are calculated or imposed they will be a further siphoning of funds away from the productive private sector to the consuming public sector, and will inevitably be inflationary.



# RSCs 'can be delayed'

ASSOCOM believes there is still time to delay the establishment of Regional Services Councils (RSCs)

LINDA ENSOR

Legislation governing the unpopular RSCs — due to come into existence in July — has already been promulgated.

But Assocom spokesman Ken Warren says it is not necessary to impose the turnover and payroll levies immediately as government has provided bridging finance for RSCs to get off the ground.

Assocom believes the levies should not be imposed until the report of the Margo Commission — now in the hands

of President P W Botha — has been evaluated.

A delay would also allow time for comprehensive accounting and budgetary analyses of the finance required by RSCs. The present levies appear to have been fixed arbitrarily, Warren says.

"There is a strong and rising tide of anger at RSCs as the impact of their financial, economic and administrative effects strikes the business community more forcefully," he added.



Chairmen to earn at least R5,4m

# RSC perks will burden SA taxpayers

26/11  
B/Day  
13/4/87

TAXPAYERS are going to have to fork out as much as R5,4m a year just to finance the salaries of the chairmen of the regional services councils (RSCs) when they are all established.

And this is just the tip of the terrible cost mountain this third-tier bureaucracy is going to burden the economy with.

It is apparent government is going to significantly expand "financial patronage" beyond just giving high salaries to an army of officials whose precise executive duties have yet to be defined satisfactorily.

The position of chairman will inevitably carry with it a number of other perks, such as subsidised housing, an expensive car and, no doubt, a substantial gratuity when the incumbent eventually retires.

Current estimates are that about 57 RSCs are to be established eventually. Each will have a full-time chairman, whose post carries with it a salary of R90 000 to R96 000 a year, no matter how big the RSC.

Government has gone on record in denying the post is a political one. But

CHRIS CAIRNCROSS

judging by most of the appointments so far, the position will be used to reward faithful political sons who have done duty on the defunct provincial councils, the President's Council or as MPs.

For many of these appointees who have served on any of these bodies, or in Parliament, for at least eight years, the financial tab could be doubly rewarding.

Not only will they get their chairman's salary, but a monthly pension payout as well, for it seems the RSC job is not to fall within the umbrella of the Parliamentary and Political Officer Bearers' Remuneration Act.

And, for those "retrenched" when the provincial councils were disbanded last year, there is that substantial gratuity that has already been paid.

It has been variously estimated, for example, that the chairman of the Western Cape RSC, Piet Loubser — an MEC for many years and latterly a member of the President's Council — stands to enjoy a combined income from the State of

● To Page 2 ➡

## Taxpayers set to subsidise RSC gravy train

about R150 000 a year.

PFP constitutional affairs spokesman Nic Olivier describes the situation as iniquitous, accelerating the spiral of costs the already overburdened taxpayer has to pay for.

He says it demonstrates the characteristics of a government that has been in power for too long, in which there is an increase of corruption at all levels and where areas of patronage are being extended beyond bounds.

26/11  
13/4/87  
➡ ● From Page 1  
The RSCs are being established behind the guise of broadening political powers to the lowest levels of government.

Olivier says in reality, they mean a less democratic type of structure, which will have terrible consequences for the economy.

Report by Chris Cairncross, 122 St George's Street, Cape Town



CAPE TIMES 13/4/87  
26/17

# Salaries for RSC could costs taxpayers millions

By CHRIS CAIRNCROSS

TAXPAYERS are going to have to pay as much as R5,4 million a year just to finance the salaries of the chairmen of the Regional Services Councils (RSCs) when they all are established

This is just the tip of the cost mountain with which this third-tier bureaucracy is going to burden the economy

It is apparent the government is going to significantly expand its "financial patronage" beyond just giving high salaries to an army of officials whose precise executive duties have yet to be satisfactorily defined

The position of chairman will inevitably carry with it a number of other perks, such as subsidized housing, an expensive car, and no doubt a substantial gratuity when the incumbent eventually retires

Current estimates are that about 57 RSCs are eventually to be established. Each will have a fulltime chairman, whose post carries with it a salary of between R90 000 and R96 000 a year, no matter what size the RSC

The government has gone on record in denying the post is a political one. However, judging by most of the appointments made thus far, the position will be used to reward faithful political sons who have done duty on the defunct provincial councils, the President's Council, or as MPs

For many of these appointees, then,

who have served on any of these bodies, or in Parliament, for at least eight years, the financial tab could be doubly rewarding

Not only will they get their chairman's salary, but a monthly pension payout as well, for it seems the RSC job is not to fall within the umbrella of the Parliamentary and Political Officer Bearers Remuneration Act

For those "retrenched" when the provincial councils were disbanded last year there is that substantial gratuity which has already been paid

It has been variously estimated, for example, that the chairman of the Western Cape RSC, Mr Piet Loubser — an MEC for many years, and latterly a member of the President's Council — stands to enjoy a combined income from the state of about R150 000 a year

Mr Nic Olivier, the PFP's spokesman on constitutional affairs, described the situation as iniquitous, accelerating the spiral of costs the already overburdened taxpayer has to pay for

It demonstrated the characteristics of a government that has been in power for too long, in which there is an increase of corruption at all levels, and where areas of patronage are being extended beyond bounds, he said

The RSCs are being established behind the guise of broadening political powers to the lowest levels of government

(Report by C Cairncross, 122 St George's St, CT)



# Service levies will cost city, firms millions

By MAGGIE ROWLEY, Financial Staff

LEADING Cape companies and Cape Town City Council expect to pay out millions of rands when they become liable for the new regional service levies in 12 weeks' time.

The council will have to pay about R1,2-million a year, estimated city treasurer Mr Donald Geyer.

He said R580 000 would have to be paid on payroll levies, while turnover levy would cost R680 000.

"This is a lot of money to have to find. Unfortunately, some of it will have to be raised from electricity accounts, while the rest will have to be carried by ratepayers."

Mr Ian Anderson, divisional general manager of finance for Barclays Bank, said the bank expected to pay R5-million a year if the levies were implemented in all regions.

A spokesman for Pick'n Pay said the company estimated the levies would cost it about R3-million.

Mr Johan Belcher, group financial controller of the country's largest clothing manufacturer, Sear-del Investment Corporation, said the company estimated it would have to pay R750 000 a year on the levies, R500 000 of which would be on sales and R250 000 on the payroll.

The levies, gazetted last month in the face of strong opposition from industry and commerce on the grounds that they amounted to "taxation without representation", allow for up to 0,25 percent payroll tax and 0,1 percent turnover tax.

Many company directors interviewed this week were uncertain of how the regulations, described as "very broad" and "awkwardly deficient in many respects", would affect them.

## POLITICAL MOTIVATION

The first eight RSCs are expected to start on July 1 and will provide basic infrastructures and services on a regional level, with income from the levies.

Mr Colin McCarthy, director of the Cape Chamber of Industries, believes that while competition will not allow businessmen and industries to pass on these levies directly to the consumer, they will certainly increase production costs and, inevitably, selling prices.

The chambers of commerce and industries jointly are holding a question-and-answer seminar with a top tax official on April 28 at the Nico Malan Theatre.

The chambers said in a joint statement "The concept of regional levies is an unfortunate development motivated more by political expediency than fiscal necessity and, inevitably, will give rise to practical difficulties in implementation."



REGIONAL SERVICES COUNCILS

# A seminar debacle

26A FM 3/4/87

Commissioner for Inland Revenue Clive Kingon has been forced to decide that Revenue officials will only be authorised to appear at certain seminars — to be precise, those that only aim at recovering costs, not those run with a view to making a profit.

The events which led to the decision started when Rob Collins — a Johannesburg Revenue official — withdrew from a seminar organised by FSA Management Consultants (Pty) in Johannesburg. Collins was quoted as saying he had been instructed to

are reserved to Inland Revenue

The daily newspaper statement that "Changes will be made to empower the Minister of Finance to inspect company records," is inaccurate.

Constitutional Development and Planning's Len Dekker says the only change envisaged to RSC legislation concerns objections, appeals and penalties procedures by aggrieved levy-payers. Normal appeals run up high legal costs.

Officials in the Department of Finance are

investigating a "cheaper and more expeditious" way of settling disputes.

Details will probably appear as regulations. But the main enabling RSC statute must be amended first, and that will have to wait until parliament meets again on May 19.

The latest controversy is a further example of the confusion and frustration that has come to characterise the RSC question.

Feelings may be cooled by a related development in which government issued its first book of guidelines on RSC levies. Dekker points out that regulations on the levies were only published on February 17,

the seminars." The seminars, says Assocom's Ken Warren, will be "at a nominal cost to cover expenses. They will explain and clarify aspects of RSC regulations," says Kingon.

Last week, dates were gazetted for businesses to register as levy-payers in certain aspects of RSC regulations.

The RSC "seminar" debacle drew agonising comments from officials, and signs of exasperation in the private sector. But it may be remembered that Assocom, among others, called for the levies to be delayed until the outcome of the Margo Commission.



withdraw after Revenue realised that a fee was being charged.

The event embarrassed another firm, Ernst & Whinney, which through official channels had arranged for Revenue's Ian Meicklejohn to appear at its RSC seminar. The firm, understanding Revenue's role, advertised it only to clients on a break-even basis at a cost of R95 per person (compared to the FSA's R175 per person).

One consequence of the non-appearance of Collins at the FSA seminar was that a daily newspaper claimed Inland Revenue was to "police levies on the RSCs." Yet this situation has prevailed for more than two years.

The RSC Act and regulations make it clear that the empowered RSC agent will collect levies, but the RSC may not audit or inspect its levy-payers' books. Those powers — in the interests of preserving secrecy —

and defends the guidelines as in good time. The 20-page typewritten document was compiled in the Department of Finance. Says Dekker "It is intended as a low-profile document, that will be distributed at local level."

The document's format is question and answer, the answers declarative and prescriptive. Some useful information and examples are given, and the document will probably be in demand in many quarters. It should relieve many future levy-payers of the need to go to seminars.

Kingon tells the FM that the only authorised RSC seminars will be those conducted by a combination of Assocom, the AHI, FCI, Chartered Institute of Secretaries, and South African Institute of Chartered Accountants.

"We will supply speakers and venues for



## Shifting the ground

Government calls it an "accommodation project" The Transvaal Rural Action Committee (Trac) says it's a forced removal — even if indirectly. Those affected, the black residents of Machadodorp township, seem confused about whether they are being forced to move to a new site, Emthonjeni, 3 km away, or if they've been made an offer they can't refuse.

At any rate, removals/resettlements of

FM 3/4/87

black communities are emphatically not a thing of the past, despite government's moratorium on "forced" removals. Minister of Constitutional Development and Planning Chris Heunis has said some 22 000 people countrywide have yet to be resettled (*Current Affairs* March 20), although he did not include Machadodorp on his list of those affected.

The reason is explained by the Department of Development and Planning spokesman, Johan Oosthuizen. He says government does not regard the resettlement of black villagers at Machadodorp as a removal as they were given the opportunity to apply for new houses at Emthonjeni from January 1981. Also, several meetings were held with the residents to reach "consensus" on their re-location. "That is why it is not a 'removal' and why Minister Heunis omitted Machadodorp from his list of townships still to be resettled this year," Oosthuizen says.

Only the 287 people who have their names listed will receive houses in Emthonjeni. But Oosthuizen says Machadodorp township currently houses about 300 families, those who do not get a new house will be accommodated on the 130 serviced sites at Emthonjeni, where they can build their own homes. This implies they will have to move, voluntarily or otherwise, at some point.

Some residents told the *FM* they felt intimidated by the presence of police in Machadodorp. Although they admit that their

living conditions are poor — they use the old bucket sewage system, and about 20 families share a communal tap — many prefer to stay, as they will not be able to afford Emthonjeni rents and service charges.

The residents built their own homes in Machadodorp and pay only R15 a month for services. In Emthonjeni, they will have to pay R53 for rent and services. Most of them earn between R50 and R150 a month.

Oosthuizen says the financial problems are being investigated, but rents cannot be cut since they were fixed at the rates of three years ago. Township superintendent Piet Venter says two small families can move into one house at Emthonjeni and share the costs. The houses have four rooms.

Trac's Alan Morris says it is clear that the great majority of residents will not be able to afford the new rents. If a referendum were to be held in an "unintimidated" atmosphere, there is little doubt that they would prefer to stay in the old township, which they can afford, he adds.

Oosthuizen denies that an indirect forced removal is at work. He claims people will be free to stay, although they might encounter difficulties as the school and other institutions will eventually be moved to Emthonjeni. But he also says no structure presently in use — church or school — will be demolished until accommodation can be provided in Emthonjeni.

Machadodorp township was never pro-

claimed as such. Venter says an application for proclamation was turned down for "practical reasons" in 1948 because it was too close to the white area, a mere 100 m from white Machadodorp. The municipality decided to lease the ground to the township.

Venter denies that the ground will be used to expand the white area. "We are not resettling people to get the ground, but because we want to improve their appalling living conditions."

Talks on removing the township started in 1974, but the administration involved in developing another township is time-consuming, Oosthuizen says. He says it will not be practical to upgrade the existing township, as the ground has not been serviced and the residents will in any case have to be accommodated elsewhere to do so.

The removal process, according to the Department of Development and Planning, works like this: "A specific person is informed four days before the actual date of the exact time and date he would be moved to Emthonjeni. Every house owner is given the choice to have his house evaluated and to be paid out the amount agreed upon, or to get rid of the material himself."

Although Venter would like to see the removals completed and the ground returned to the Machadodorp municipality by the end of July, he says the date is "flexible."

The township dwellers, meanwhile, seem to have acquiesced in a fait accompli.



## RSC 'secrecy' oath

SMC 11/4/87 26/17  
The Government has taken steps to gag certain employees of the Regional Services Councils

In terms of a notice in the Government Gazette, every person employed to carry out the provisions of section 12 of the Regional Services Councils Act will be obliged to take an oath of secrecy.

The employee will swear before a commissioner of oaths not to disclose to anyone, directly or indirectly, "any matter in respect of any person which may come to my knowledge in the exercise of my powers or the performance of my duties under the Regional Services Act, or any regulation or notice made or issued under the said Act, or permit any person to have access to any records in the possession or custody of a Regional Services Council, except in the exercise of my powers or performance of my duties under the said Act, regulation or notice, or by order of a competent court" — Pretoria Bureau.



# Deadline for RSC levy payers

*CMC Tent 5  
3/13/87  
261A*

Staff Reporter

EMPLOYERS and traders must, in terms of a Government Gazette proclamation on Friday, register as levy payers for the Regional Services Council (RSC) within a month.

The only employers who will not be liable for the regional services levy are employers of domestic servants, according to a press release by Mr C H Mocke, secretary of the Divisional Council, the collecting agent for the RSC.

Another levy, the regional establishment levy, will affect all traders as it will be imposed on "consideration received from the sale or hire of goods or immovable property and the rendering of services by an undertaking".

Registration will begin tomorrow and the closing date is April 30.

Employers and traders who fall under the Western Cape RSC are all those who live in the area of the Peninsula bounded by the outer borders of the Cape, Stellenbosch and Paarl divisional councils.

This includes Cape Town itself and the 18 municipalities within the area.

Details on registration, levies and exemptions are obtainable from the offices of the RSC at 35 Wale Street, or at the head offices of the divisional councils of the Cape, Stellenbosch and Paarl.

The number for telephone inquiries is Cape Town 221-025.



# Deadline for levy-payers to register

BUSINESSES and all self-employed people who have to pay Regional Services and Regional Establishment levies have to start registering with the State on Wednesday.

This announcement was made by Director-General, Finance, Gerhard Croeser in Boksburg last week.

Croeser said the service levy would be calculated on remuneration, as defined in the Income Tax Act for PAYE purposes, paid to persons employed within the region.

The establishment levy would be calculated on turnover (excluding sales tax) derived by any person carrying on an enterprise within the region.

Religious, charitable and educational institutions of a public character would, however, be exempted from the establishment levies. But educational institutions were not exempt from the service levies, Croeser said.

Non-profit-making organisations

engaged in nature conservation or animal protection activities would be exempt on all income received.

Minister of Finance Barend du Plessis would in due course publish in the *Government Gazette* the rates at which the levies were to be determined and the date on which those rates would come into effect.

Croeser also announced that for the first year government would make available an estimated R360m for the eight Regional Service Councils planned to start on July 1.



Pretoria, Province of the Transvaal, as shown on a sketch plan copies of which have been filed under RMT R6/87 in the Mining Titles Office, Johannesburg, and in the office of the Mining Commissioner, Pretoria

(19/5/1/2174)

(27 March 1987)

**NOTICE 192 OF 1987**

REGIONAL SERVICES COUNCIL FOR THE PORT ELIZABETH/UITENHAGE METROPOLE AND ENVIRONS.—DETERMINATION OF REGISTRATION DATE FOR LEVYPAYERS

Notice is hereby given that the Port Elizabeth Municipality, duly authorised thereto by the Administrator in terms of section 2A of the Regional Services Councils Act, 1985 (Act 109 of 1985), has, in terms of paragraph 10 (1) of Government Notice R 340 of 17 February 1987, determined 1 April 1987 as the registration date in relation to the region for which the Regional Services Council for the Port Elizabeth/Uitenhage Metropole and Environs was established in terms of Provincial Notice 3 of 9 January 1987

P. K. BOTHA,  
Town Clerk, Port Elizabeth Municipality.  
(27 March 1987)

**NOTICE 193 OF 1987**

REGIONAL SERVICES COUNCIL FOR THE WALVIS BAY ENCLAVE —DETERMINATION OF REGISTRATION DATE FOR LEVYPAYERS

Notice is hereby given that the Walvis Bay Municipality, duly authorised thereto by the Administrator in terms of section 2A of the Regional Services Councils Act, 1985 (Act 109 of 1985), has, in terms of paragraph 10 (1) of Government Notice R. 340 of 17 February 1987, determined 1 April 1987 as the registration date in relation to the region for which the Regional Services Council for the Walvis Bay Enclave was established in terms of Provincial Notice 2 of 9 January 1987.

J. J. J. WILKEN,  
Town Clerk, Walvis Bay Municipality.  
(27 March 1987)

**NOTICE 194 OF 1987**

REGIONAL SERVICES COUNCIL FOR THE CAPE METROPOLE AND ENVIRONS —DETERMINATION OF REGISTRATION DATE FOR LEVYPAYERS

Notice is hereby given that the Divisional Council of the Cape, duly authorised thereto by the Administrator in terms of section 2A of the Regional Services Councils Act, 1985 (Act 109 of 1985), has, in terms of paragraph 10 (1) of Government Notice R. 340 of 17 February 1987, determined 1 April 1987 as the registration date in relation to the region for which the Regional Services Council for the Cape Metropole and Environs was established in terms of Provincial Notice 4 of 9 January 1987

C. H. MOCKE,  
Secretary, The Divisional Council of the Cape  
(27 March 1987)

en in die kantoor van die Mynkommissaris, Pretoria, bewaar word, kragtens artikel 179 (1) (b) van die Wet op Mynregte, 1967 (Wet 20 van 1967), vir die doeleindes van 'n openbare pad uitgehou.

(19/5/1/2174)

(27 Maart 1987)

**KENNISGEWING 192 VAN 1987**

STREEKSDIENSTERAAD VIR DIE PORT ELIZABETH/UITENHAGE-METROPOOL EN OMGEWING —BEPALING VAN REGISTRASIEDATUM VIR HEFFINGSPLIGTIGES

Kennis geskied hiermee dat die Munisipaliteit Port Elizabeth, ingevolge artikel 2A van die Wet op Streeksdiensrade, 1985 (Wet 109 van 1985), behoorlik daartoe gemagtig deur die Administrateur, ingevolge paragraaf 10 (1) van Goewermentskennisgewing R 340 van 17 Februarie 1987, 1 April 1987 as die registrasiedatum bepaal het met betrekking tot die streek waarvoor die Streeksdiensteraad vir die Port Elizabeth/Uitenhage-metropool en Omgewing by Provinsiale Kennisgewing 3 van 9 Januarie 1987 ingestel is

P. K. BOTHA,  
Stadsklerk, Munisipaliteit Port Elizabeth  
(27 Maart 1987)

**KENNISGEWING 193 VAN 1987**

STREEKSDIENSTERAAD VIR DIE WALVISBAAI-ENKLAVE —BEPALING VAN REGISTRASIEDATUM VIR HEFFINGSPLIGTIGES

Kennis geskied hiermee dat die Munisipaliteit Walvisbaai, ingevolge artikel 2A van die Wet op Streeksdiensrade, 1985 (Wet 109 van 1985), behoorlik daartoe gemagtig deur die Administrateur, ingevolge paragraaf 10 (1) van Goewermentskennisgewing R. 340 van 17 Februarie 1987, 1 April 1987 as die registrasiedatum bepaal het met betrekking tot die streek waarvoor die Streeksdiensteraad vir die Walvisbaai-Enklave by Provinsiale Kennisgewing 2 van 9 Januarie 1987 ingestel is.

J. J. J. WILKEN,  
Stadsklerk, Munisipaliteit Walvisbaai  
(27 Maart 1987)

**KENNISGEWING 194 VAN 1987**

STREEKSDIENSTERAAD VIR DIE KAAPSE METROPOOL EN OMGEWING —BEPALING VAN REGISTRASIEDATUM VIR HEFFINGSPLIGTIGES

Kennis geskied hiermee dat die Afdelingsraad van die Kaap, ingevolge artikel 2A van die Wet op Streeksdiensrade, 1985 (Wet 109 van 1985), behoorlik daartoe gemagtig deur die Administrateur, ingevolge paragraaf 10 (1) van Goewermentskennisgewing R 340 van 17 Februarie 1987, 1 April 1987 as die registrasiedatum bepaal het met betrekking tot die streek waarvoor die Streeksdiensteraad vir die Kaapse Metropool en Omgewing by Provinsiale Kennisgewing 4 van 9 Januarie 1987 ingestel is

C. H. MOCKE,  
Sekretaris, Die Afdelingsraad van die Kaap.  
(27 Maart 1987)



# Major discrepancies in RSCs found by Cape Divisional Council staff

26/1/87

26/1/87

EP 25/3/87

Post Correspondent

JOHANNESBURG — Major discrepancies have apparently been uncovered in the Regional Services Councils Act by officials of the various Cape Divisional Councils dealing with the implementation of the RSCs

Discrepancies include material differences in the Afrikaans and English versions of the Act

It raises several serious legal questions concerning the application of the legislation should it ever be tested in court — a likely development given the vagueness which characterises the drafting of the law

Meeting in training sessions in Cape Town to work out their new responsibilities when the RSCs come into operations from July, several council officials expressed concern that their task would be virtually impossible to

carry out effectively

In their view, the legislation should be "cleaned up significantly" first

But when Parliament resumes after the election on May 6, most of the time to July will be taken up with the Budget and little will be left over to deal with any amending legislation which may concern the RSCs

Adding to the confusion is that officials are uncertain as to whether they have the legal machinery at their disposal to force businesses and other organisations to register with a specific RSC to become liable for the two levies

Clarity on the issue has become all the more urgent in view of the fact that registration forms for the Western Cape RSC, for example, are expected to be ready for delivery early next month



Business advised to ready itself

# RSC levies are on their way

MICK COLLINS

BUSINESS has been urgently advised to review and amend accounting systems before July 1 — the date set for the introduction of the controversial RSCs.

In an eight-page guide to assist business on RSCs, Assocom said businessmen should immediately start planning for the introduction of levies.

These are the regional service (payroll) levy — based on wages, salaries and allowances — and a regional establishment levy based on turnover.

For the first year the payroll levy would not exceed 0,25% and the turnover levy would not be higher than 0,1%. The levies would be tax deductible as operating expenses but may not be recovered from employees or customers.

The report warned that business would be required to pay the levies on a "self-assessment" basis, but was liable to heavy penalties in respect of non-payment or incorrect payment.

"Notwithstanding criticism from various quarters, the authorities appear determined to have the already demarcated eight RSCs operational by July 1, from which date levies will be payable," Assocom said.

Businessmen are strongly advised to acquaint themselves with the contents of the regulations. Courses of action should include the allocation of responsibility for administration of the levies within a company.

"Ascertain which regions apply in respect of various business transactions. Companies should determine the nature of their transactions within the meaning of the various definitions contained in the regulations."

Business must establish the operational date of each applicable RSC, as these may vary from region to region.

"Consider the rationalisation of business activities. Investigate the necessity for continuing to operate within more than one region."

"Businesses with major contracts in the offing can save by concluding these contracts before July 1 and so escape payment of the turnover levy involved."

As the turnover levy is charged on all amounts, the levy-payer could elect to be taxed on a "receipts" basis or on an "accrual" basis.

"In terms of the regulations, if a consideration accrues or is received not more than six months after the commencement date of the liability for the levies, in respect of an agreement formally and finally concluded before this commencement date, then this consideration is exempted from the levy."

The Johannesburg Chamber of Commerce has published a booklet entitled "RSC Levies Handbook" which is available at R10.



# RSC regulations 'give rise to uncertainty'

**The Argus Correspondent**

**JOHANNESBURG** — The Government has been taken to task for introducing a new wide-ranging form of taxation for the Regional Services Councils before the publication of the Margo report.

The Associated Chambers of Commerce of South Africa said today that the Government should have provided bridging finance for the RSCs, which had been launched before the implications of the Margo report into the reform of the tax structure could be evaluated.

"The actual contents of the regulations give rise to much anxiety and are characterised by a lack of precision untypical of taxation laws," Assocom stated.

"They not only contain several anomalies, but also provide scope for uncertainty in interpretation."

"As they presently stand, the regulations do not provide for objections and appeal procedures because of a possible deficiency in the enabling legislation — which will hopefully be rectified at a later stage."

Assocom repeated its deep

concern at the RSC regulations concerning the turnover and payroll levies, and reservations about the RSCs themselves.

It supported the broad objectives aimed at the RSCs but said the new structures would not attain these desired objectives.

One reason was that representation on the RSCs was on the basis of local bodies elected on racial lines that did not all enjoy the support of the community they served.

The levies and the mechanisms to collect them would have a serious cost-raising effect on business and would have a negative impact on business performance.

It was feared that further bureaucracies would be created and that the impact of the levies could neutralise the overall stimulatory effects which fiscal policy was trying to achieve.

Another criticism was that the turnover and employment levies departed in almost every respect from the traditional four canons of taxation, fairness, convenience and economy.



STAR 23/3/87

# Assocom attacks RSC tax

By Shirley Woodgate,  
Municipal Reporter

The Government has been taken to task by the Associated Chambers of Commerce for introducing new, wide-ranging taxation for the Regional Services Councils before the publication of the Margo Report.

Assocom said today the Government should have provided bridging finance for RSCs, launched before the implications of the Margo Report into the reform of the tax structure could be evaluated.

"The content of the regulations give rise to much anxiety and are characterised by a lack of precision untypical of tax laws," Assocom said.

"They not only contain several anomalies but also provide scope for uncertainty in interpretation.

"The regulations do not provide for objections and appeals."



## No joy for UME

The 50-odd delegates to the annual United Municipal Executive (UME) congress in Cape Town last week left the city apparently as perplexed as ever about regional services councils (RSCs)

There had been some hope that, with the first eight RSCs due to come into operation in barely three months, the representatives of local government at the meeting would explain precisely what was involved. It was, after all, the last gathering of its kind before the new bodies come into being (FM March 13)

But enlightenment was not forthcoming. Discussion papers circulated before the congress indicated considerable unease among UME members over the financial implica-

tions of RSCs in particular — an unease which cut significantly across political affiliations

In his opening remarks, constitutional guru Chris Heunis (a stand-in for President P W Botha, who pulled out due to pressure of parliamentary duties) threw very little new light on the matter. He said merely that the launch of RSCs on July 1 remained on schedule

He had earlier refused to meet a UME delegation to have more discussions on the principles of the formation of RSCs, saying he saw no purpose in such a meeting.

In his welcoming address, Cape Town Mayor Leon Markovitz set out his council's opposition to RSCs, stating that a considerable number of (black) residents of towns and cities did not regard RSCs as the "broadening of democracy," but rather as the "entrenchment of unpopular racial stratification."

His comments were almost immediately attacked by Randburg councillor and aspirant Nationalist MP Olaus van Zyl who referred to "so-called resistance" to RSCs and disputed that there was much opposition

He said there were some "small problems" and conceded that the RSCs were not ideal, but called on all concerned to be "positive"

Heunis's failure to deal more fully with RSCs in his opening speech was seen as an indication of his awareness that they were an unpopular issue which could easily be exploited during the current election campaign

Of particular concern to Heunis must be the dissatisfaction in his own constituency of Helderberg, where some local farmers and businessmen claim he ignored their representations for an RSC in their own region and included the area in the Cape Town metropole instead

Some businessmen believe this was done purely as an attempt to counter the possible negative influence of the Cape Town City Council. They say Somerset West, the Strand, Stellenbosch and Gordon's Bay should have had an RSC of their own ■



## PROBING RSC YIELDS

A retired senior economist reckons that Pretoria's estimate of R800m a year income from "major metropolitan areas" for regional services councils (RSCs) (FM March 13) is too optimistic

Using a "crude" rule that turnover should be around 2,5 times GNP, the turnover tax base for 1987-1988 is about R415 billion. This yields R415m, at the 0,1% RSC turnover levy. The economist assumes that 1987 national remuneration will be about R88 billion, yielding R220m for the 0,25% payroll levy.

Together the two levies yield R635m, much less than the R800m forecast. This suggests rates will have to be increased, a fear that has been voiced in many quarters.

The assumption that national turnover is about 2,5 times GNP is the crucial yardstick.

While many items go through many turnovers (a cob of maize, for example), some go through two or only one (for instance, a manufacturer who exports his own goods).

The big question is how can Pretoria forecast what RSC levies will yield, thus setting the rates, when nobody is certain of the size of the tax base?



# Divco tax to go with RSC change-over

By PETER DENNEHY

DIVISIONAL councils will be disbanded when the Regional Services Councils (RSCs) come into operation, and Divco taxes will fall away, administrator Mr Gene Louw announced yesterday.

He said local-area taxes would continue, since local areas "are essentially nothing other than municipalities in the first stages of development".

Many areas within the jurisdiction of the Divisional Council, such as Constantia, have long been declared "local areas" and residents there correspondingly pay local-area taxes — quite separate from Divisional Council taxes — to cover various services.

Mr Louw reassured potential payers that a situation could not arise in which the Divisional Council taxes and RSC charges would be levied simultaneously in the same RSC region.

## July 1 change-over

All assets and liabilities of Divisional councils within an RSC jurisdictional area will be transferred to the RSC, and all Divisional Council staff will be transferred to the RSC and retain their existing service conditions, Mr Louw said.

All Divco functions would be entrusted to the RSC, he added.

The few "own-affairs" functions which Divco now handles would be dealt with by the RSC on an agency basis for an "own-affairs" department.

The change-over from Divco to RSC in Cape Town is now expected to occur on July 1, according to a recent speech by Mr Chris Heunis, Minister of Constitutional Development and Planning.



# Mayor decries impending RSC for city

BY PETER DENNEHY

THE Mayor of Cape Town, Mr Leon Markovitz, stated the impending establishment of a Regional Services Council (RSC) for Cape Town in his welcoming speech to delegates to the annual congress of the United Municipal Executive yesterday.

His speech was not enthusiastically received, and soon drew a dismissive reply from Mr Olaus van Zyl, a delegate at the congress who is also the National Party candidate for Randburg.

Mr Markovitz said in his speech that concern over RSCs was by no means limited to Cape Town.

"We cannot afford to ignore the reality that in our cities and towns exists a significant proportion, if not a majority, of people who grow more and more impatient at their continued exclusion from existing municipal government."

"They do not view the RSCs as the 'broadening of democracy at a local government level', but rather as the entrenchment of unpopular racial stratification," Mr Markovitz continued.

It seemed the government's motivation for imposing RSCs was "a desire within government to create a forum for the political representation of racial groups in a council outside of the existing municipal infrastructure", he said.

Mr Van Zyl said it was "worrying" that he should hear that there was "so much so-called resistance to RSCs".

"We (the United Municipal Executive) commented at every stage of the legislation. This has been passed by all three Houses of Parliament. Members of the private sector were involved. I can't agree that there is so much opposition."

"It's true there are small problems, but no one will say they (RSCs) are ideal, but we must be positive."

## Municipal Heunis' RSCs elections postponed 'on schedule'

Municipal Reporter

MUNICIPAL elections scheduled for March next year are to be postponed to later in the year, Mr Stefanus Immeleman, president of the United Municipal Executive, said yesterday.

The reason for the postponement was that initially the UME had expected that a Municipal Elections Act would be passed before the coming general election, Mr Immeleman said, but this had not happened.

He was delivering his presidential address at the opening of the 56th annual congress of the UME which he said was "the recognized mouthpiece of white local government".

"It seems local authorities will have to arrange the 1988 municipal elections under existing ordinances. Since officialdom requires a minimum of 14 to 18 months, we will have to look at another date, possibly much later."

Municipal Reporter

MR Chris Heunis told the United Municipal Executive (UME) at the opening of its 56th congress yesterday that the first eight Regional Services Councils would be introduced from July 1 this year.

Mr Heunis, the Minister of Constitutional Development and Planning, told delegates in the City Council's chamber that his department was "progressing according to schedule" in establishing these RSCs — among them the Cape Metropole RSC.

With the formation of RSCs, Mr Heunis said, "political power-sharing in respect of matters of common interest on local government level becomes a reality".

### 'No purpose'

While Mr Heunis was speaking, the council's executive committee was meeting in a nearby room to consider, among other items, Mr Heunis's refusal to meet a delegation to discuss again the principles of the establishment of RSCs.

He could see no purpose in agreeing to meet the delegation, Mr Heunis said in a letter to the council.

In his speech to the UME, Mr Heunis said "local government democracy is being broadened", and to illustrate this he mentioned that 1 130 local government councils had been formed.

"The number of councillors is as follows: White 3 651, coloured 1 321, Indian 370 and black 1 783," Mr Heunis said. "This excludes the self-governing territories."

The day on which municipal elections were held next year for all races and possibly throughout the country simultaneously would be a "red-letter day" on the South African political calendar, according to Mr Heunis.



By PETER DENNEHY  
REGIONAL Ser  
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In an "urgent" memorandum to the government, the UME said the passenger subsidy system needed "support from a higher level of government" than RSCs. The memorandum noted with concern that the White Paper on National Transport Policy recommended that the Department of Transport draw one-year contracts "on tender" and that these could eventually be "responsible."

Mr Olaus van Zyl, one of the Transvaal delegates to the SATS subsidies lion a year, while busi-  
ness companies were sub-  
sidized to the tune of R3 400 million a year.  
The entire income from the new RSC taxes will not be much more than that, the UMTA  
prandum said that the

Mr. Van Zyl said "We will discuss this further with the minister and want a mandate to talk about a transport subsidies". The UME gave his committee the mandat



# The next constitutional mess



**Getting blacks, coloureds and Indians involved in regional development — hitherto the prerogative of white elected bodies — makes a lot of sense. Doing it through regional services councils (RSCs) doesn't.**

The new system is scarcely understood, it will be costly and add to bureaucratic control of our lives. And since appointment to an RSC is at the discretion of Pretoria, black boycotts of the councils appear inevitable.

But, like it or not, the first of a network of RSCs will be with us in a matter of weeks — and they'll cost money. Next month businessmen in SA's economic heartland and elsewhere will receive registration forms preparatory to paying turnover and payroll levies to the RSC they fall under. Government will be provided with an enormous new tax base (see box). While government has provided estimates of revenues that could be raised, information on the amounts to be spent by RSCs is virtually non-existent. The downside implication is that if estimated revenues and expenditures don't match, levies will simply have to be adjusted upwards.

The first eight RSCs are scheduled to start operating on July 1. But what are they? And are they necessary? The proposed system is riddled with controversial areas and lack of clarity. RSCs are not replacements for the residual provincial structures, nor do they simply engulf local authorities.

Boundaries and services to be supplied are suggested by lower-tier authorities for government vetting, by a Demarcation Board. Appointments are made from the constitutive receivers of an RSC's benefits — ranging from city councils to black authorities which have scarcely functioned in some key areas in recent years. And government appoints those who appoint — so, ultimately, the lines of power run into and from the State President's Cabinet.

According to the Department of Constitutional Development and Planning, the system rests on three pillars:

- Rationalisation of services at the third tier of government (meaning the sharing of expertise to ensure fewer executive entities and bureaucracies),
- Political participation (of black local government), and
- Mechanisms to collect and distribute levies.

Will things be as neat in practice? It seems unlikely. We will have rising costs and greater bureaucracy. Take the Central Witwatersrand RSC (see map), with Johannesburg as the main

**Regional services councils are about to be foisted upon us. Based on ethnic guidelines, they require businesses to fund indeterminate entities of local government in a way that will stifle growth and destroy jobs.**

agent. Consider what's involved in collecting the levies.

The City Treasurer's department estimates there are 50 000 levy payers in the Central Witwatersrand RSC. New costs are inevitable. Expensive computer equipment is needed, and the City Council has approved the creation of 25 posts to collect and receipt levies. Initial estimated cost of establishing a branch in the City Treasurer's department to process the levies is R703 000, and equipment and accommodation to be rented will cost nearly R20 000 a month.

So the Central Witwatersrand RSC — and how many others? — will be born in debt. No provision exists in the Johannesburg management committee's estimate for this expenditure, but it notes that R353 000 will be recovered from the RSC as payments for inputs to the RSC's service functions.

Local authorities — municipalities — derive income from three main sources: rates and taxes, payment for goods and services provided, and often substantial transfer payments from central government (transport is the most-quoted case). Since the municipali-

ties will not disappear, rates and taxes will presumably continue — and possibly rise. There is no guarantee in any RSC legislation that this will not be the case, despite the fact that RSCs will take over certain municipal services.

Then there is business. Apart from the dubious principle of taxing employment in a period of high unemployment, using the private sector as a collective receiver of revenue (as with GST) is onerous. Assocom's tax committee's Ian MacKenzie points to headaches for bigger companies seeking to work out levy payments. They will have to

- Decide which region they fall into for different divisions (such as sales, service, and rentals) when activities cross RSC borders,
- Set up an accounting system for exactly which levies go to different councils, and
- Account for inter-group transactions which, if exemptions aren't made, could lead to a cascading tax effect.

The levies are deductible against taxable income — which implies that the company must be making profits. Companies trading at a loss, or in tax-loss situations, must pay the levies.

The new imposts are apparently low — 0,1% of turnover and 0,25% of payroll (the maximum rates). In compensation, certain imposts will fall away — for example, certain trading fees — but an Assocom study shows a net overall increase in private-sector tax burden. So the financial and economic consequences of the introduction of RSC levies in July are at best uncertain. At worst they will stifle growth and destroy jobs.

Economically the two taxes are flawed — some would say fatally. High turnover, low margin businesses will suffer most, while low turnover, high margin businesses will be less affected.

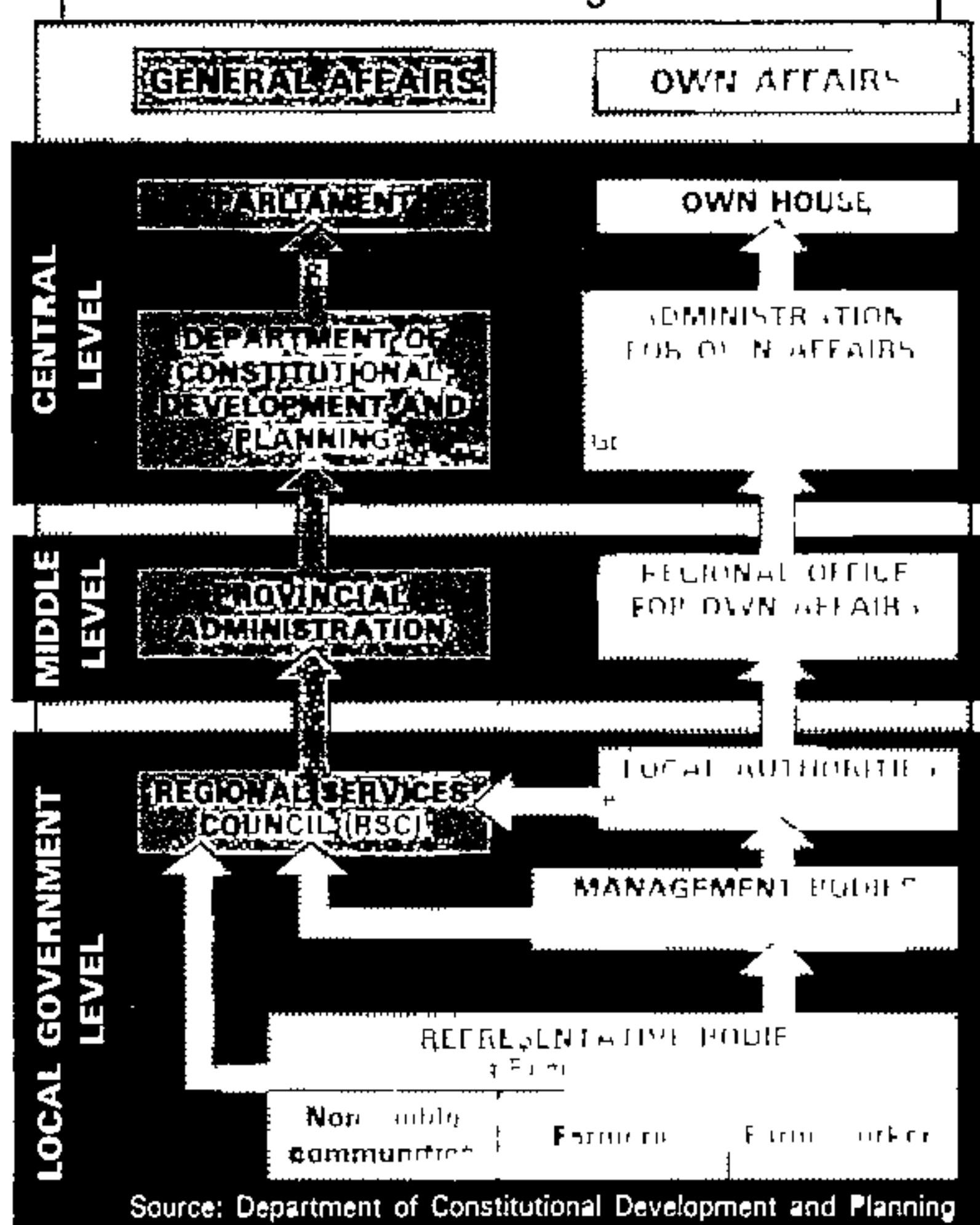
Like GST, the turnover tax is indirect, and at least initially will be inflationary. The payroll tax will probably have an effect similar to income tax — a direct tax cutting further into employers' disposable income. It will encourage the substitution of labour with capital equipment — whose cost may be tax-deductible. Payroll taxes may be imposed on different categories of employees at different rates, and the turnover tax may also be imposed on a differentiated basis. Net result: costly confusion.

RSC levies will also distort economic decisions regarding locality since they are likely to be lower in rural areas. Finance Minister Barend du Plessis has admitted that one aim of the RSCs is to assist Pretoria's decentralisation drive.

The first eight RSCs are set to come

## Slotting them in

Structures for local government





into operation on July 1 Pretoria, Central-, East-, and West-Witwatersrand in the Transvaal, Cape Town, PE-Uitenhage, and Walvis Bay in the Cape, and Bloemfontein-Botshabelo in the Free State Natal, where KwaZulu is balking (*Current affairs* March 6), has yet to present RSC boundary proposals to the Demarcation Board

Eventually, the entire country will be divided into RSCs. It is not possible to say what the final number will be. We do know that Transvaal has proposed another eight — two each in western and northern Transvaal, three in the eastern Transvaal, one for Vereeniging-Vanderbijlpark — in addition to the four already noted

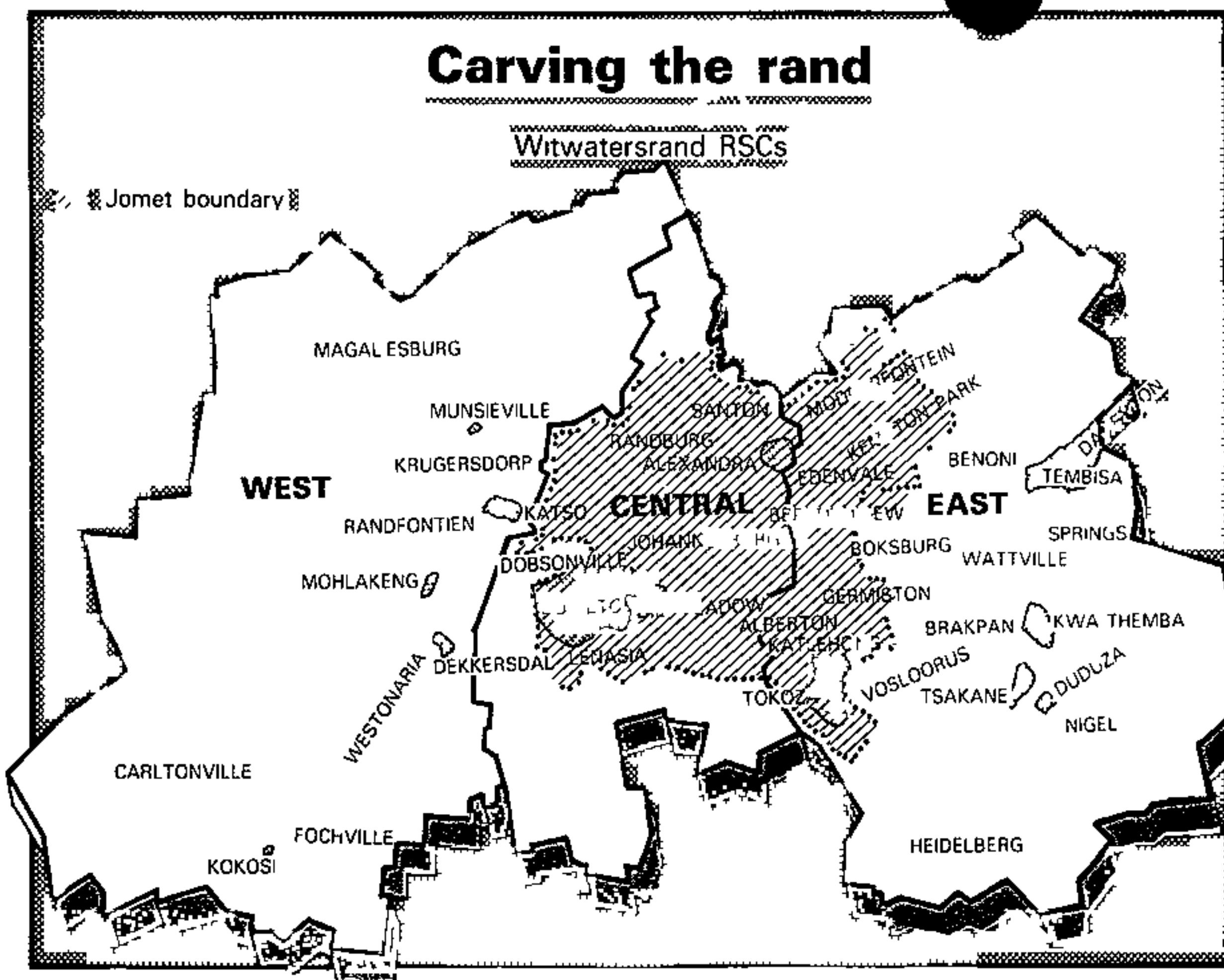
The Cape's 38 divisional councils have, through their Association of Secretaries of Divisional Councils, proposed that the province be divided into 14 RSCs. And Free State's Director of Local Government, Willem Weilbach, tells the *FM* there will eventually be about 10 in that province. He is hoping that two, Sasolburg and the OFS goldfields area, will be demarcated before July 1

Weilbach cautiously says the Bloemfontein RSC will kick off with smaller functions, such as fire services and traffic control — "to get it going." In its first few years, he adds, the RSC will *not* be in charge of bulk water supply, which is still being investigated

An RSC is not forced to take on all 22 services listed in Schedule 2 of the enabling Act (apart from major services such as lights, water, sewage and transport, this includes museums, libraries, abattoirs, airports, health services, tourism, and establishing and maintaining other infrastructure). An RSC may decide to provide only one (say, civil defence), observes Richard Kruger of the Department of Constitutional Development and Planning

An RSC may also decide to entrust part or all of a function to an outside body, such as Escom or the Rand Water Board. It can render services itself, via agents, or through the private sector. It seems that, initially, RSCs are likely to make most use of the agency basis

How services now provided by a municipality will be transferred to an RSC is unclear. If an RSC, for example, assumes all the designated services, the municipality will still reticulate, collect charges, maintain and service. Technical committees are investigat-



ing this process

An RSC, of course, is free to sub-contract work to other bodies, such as consulting engineers. It may pay for such services by charging for them or from its levies. Nobody knows for certain. The "mixture" of income will also vary from RSC to RSC

To illustrate how an individual cash-flow will work, consider the supply of bulk water. If an RSC chooses to "take" this over, it will buy from the supplier, and sell to the municipality, which will reticulate the water to residents. They will continue paying the municipality for the water, it, in turn, will pay the RSC, which will then pay the supplier

The question arises: why this extra paperwork for what has been in place for decades anyway? Unquestionably, RSCs will mean more bureaucracy. The municipality, it should be noted, never completely disap-

pears, certain powers may be taken away by the RSC, but it never loses others — for example, the right to collect dog licence revenues

The RSC system has the muddled stamp of Minister Chris Heunis all over it. It is based on the constitutional principle of racial "own affairs," as in the tricameral parliament, and it reflects Heunis's belief in gradually bringing blacks into government from the bottom up. Politically, RSCs could be grafted onto the fantasy of independent black "city states" (like Soweto). But as Johan-

nesburg CBD Association chairman Nigel Mandy puts it, city states "could never be anything other than integral parts of the multiracial metropolis of the Central Witwatersrand." The same criticism can be made of the artificial ethnic structuring of RSCs. What black local authority can in present circumstances claim to be representative?

Yet RSCs are regarded as a "cornerstone" of a new deal in local government. Local authorities of all population groups, including what are called "non-viable communities" within a defined area — for example, small informal rural settlements like those along the Orange River — will be represented on the councils

Heunis's ministry says RSCs are "a horizontal extension of local authorities (which) will not replace the provincial system." In fact, provincial administrations, since the



**Affluent suburb, impoverished township . . . transferring wealth**





**Constitutional mandarin Heunis ... pointing to uncertainty**

abolition of all-white elected Provincial Councils last year, function as multiracial "general affairs" arms of government. Appointed provincial administrators are the real power behind the RSCs.

It is easy to see that RSCs are politically motivated. There is nothing remarkable about that. The tax system has always been used to execute policy objectives. But not everyone will agree that either the timing or the statutory funding of RSCs are satisfactory. Organised commerce and industry argued as powerfully as it could for a regional GST surcharge, a piggy-back tax. The argument was simple machinery for collecting

GST has been in place for 10 years. And there is the problem of ministerial discretion: Finance Minister Du Plessis, for example, may increase the rates of levies, at an RSC's request, simply by publication in the *Government Gazette*.

According to guidelines in the Act, one matter the Administrator must consider, before farming out a function or service, is cost-effectiveness and efficiency. So if Escom is doing a good job, for instance, why transfer the service? "The community, in consultation with the Administrator, will decide which services should be regional services," Kruger notes. Yet "the community" will have no opportunity to vote for the RSC of its choice — that isn't the way the system works.

The salient point about RSCs, as Weilbach points out, is that they will be financed with new income (courtesy of business) which can be more equitably spread. He describes the system as "very good for the simple reason that the levies will enable additional services and facilities not attended to in the past to be tackled." It will be the responsibility of each council to determine its priorities for development.

Neglected — which is to say black — areas look like being assured of more money and resources than hitherto. In spite of the apportionment of voting strength, the poorer black representatives on an RSC can appeal against certain proposals. More importantly, the proviso attached to Section 12 states that, in appropriating funds, RSCs must give preference to establishing and improving infrastructure in areas of greatest need. So the Soweto representative on the Central Witwatersrand RSC, for example, can in theory at least ensure that the council knows what his community's needs are. "Black towns will benefit most," Kruger maintains.

As a government official points out, taking over services is not the prime aim of RSCs. The main aim is the redistribution of wealth.

"Initially," continues the spokesman, "the RSC would not have money available either to take over services or to reduce rates and taxes." In other

words, as the RSC levies take bite, do not expect municipalities to reduce their imposts. And so "The RSC must use its funds where the greatest needs exist." That concept, perhaps the heart of the RSC, is open to endless debate, and, no doubt, manipulation.

The danger is that, even if the two levies are kept low — and they will be politically visible — goods and services used by residents can be charged out at a substantial mark-up. There is little in the RSC legislation to regulate the charges attached to water, electricity, transport, and so on. Indeed, loading prices in one area of an RSC will enable it to spend more generously elsewhere — the RSC is authorised to apply *differentiated* charges in its area. RSC budgets must however be approved by Du Plessis.

Against that, Assocom's Ken Warren argues that there "is no direct voter control."

"Furthermore," he adds, "there is no direct private-sector representation on the RSC — notwithstanding the potential observer status for bodies such as chambers of commerce and the like. In the worst case, this could defeat the stated objective of achieving greater cost-effectiveness."

There are yet further dangers. Each RSC will be a monopoly. The Act provides that when an RSC provides a service, you are obliged to buy that service from it to the exclusion of all other (potentially cheaper) suppliers. A municipality may apply for exemption from this rule — but this is hardly the stuff of competition.

Their ultimate cost is unknown. The manner in which RSCs are to be financed is full of holes. Black communities are likely to reject them out of hand as apartheid-based. And what impact the impending release of the Margo Commission will have on the whole mess is unclear. We are shambling willy-nilly into area strewn with pitfalls. The results could be little short of catastrophic. ■

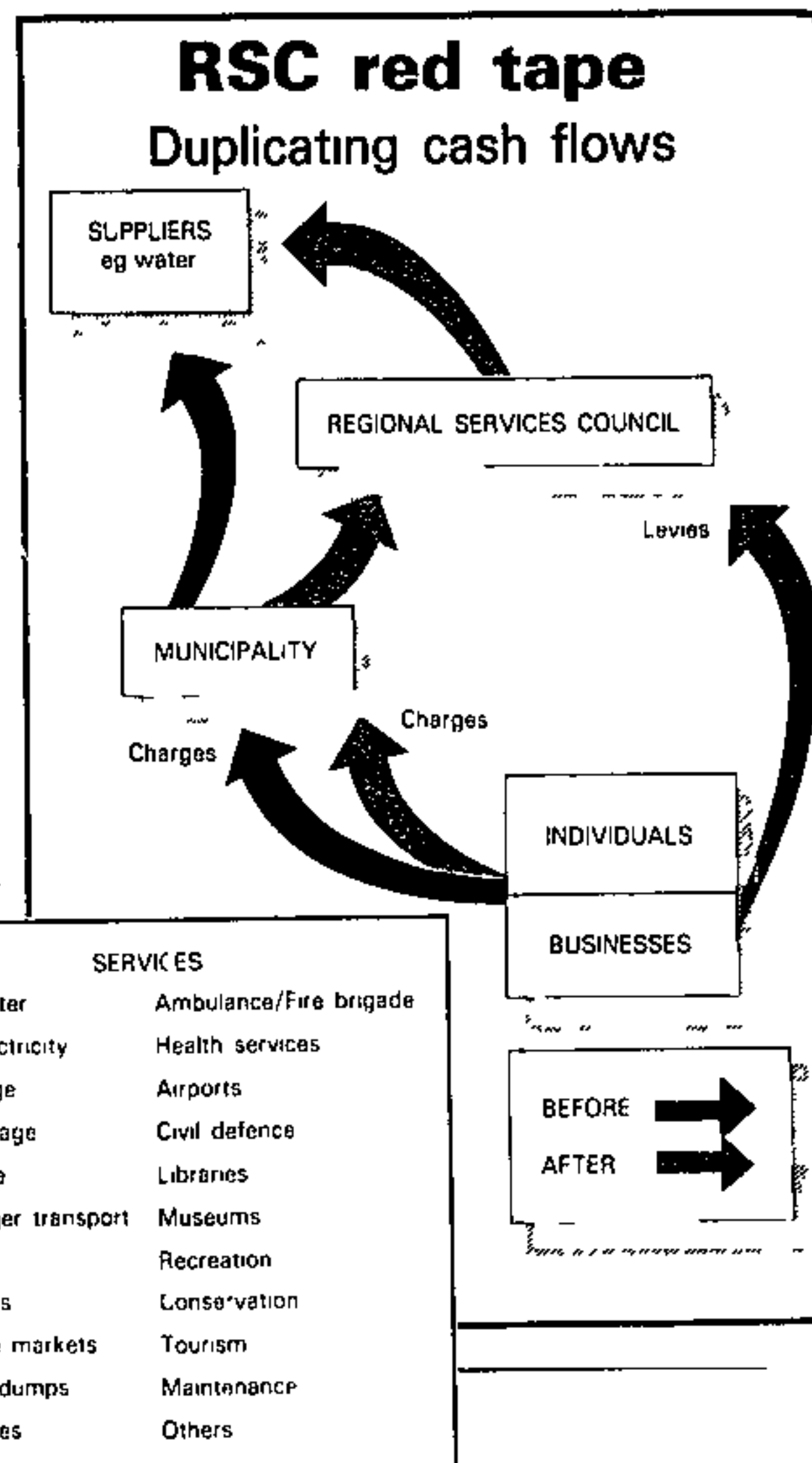
## TAPPING R650 BILLION

Inland Revenue has given some indication of the taxbase it is assuming for the RSC turnover and payroll levies.

The annual yield in SA's "major metropolitan areas" would be about R800m a year, according to Revenue's Ian Micklejohn. The 0,25% payroll levy, on 1987-1988 national remuneration of about R100 billion, would yield some R250m. The balance, to R800m, would come from a 0,1% levy on turnover to yield R550m. This assumes a turnover taxbase of R550 billion. The total taxbase of R650 billion is by far the greatest yet known in SA.

Has Pretoria stumbled on to something without realising it? The RSC levies taxbase of R650 billion can be compared with those of our current system: personal tax of about R100 billion, GST of R75 billion, and company and mining tax of some R24 billion. These current major taxbases total R200 billion.

One is forced to wonder if the RSC levies are not an experiment for a totally new tax system, evolved independently of the Margo Commission. If GST was retained at 12%, and the RSC levies increased to 9%, revenues raised would equal current government needs.





**Maritzburg's metro**

Ignoring the imminent imposition of regional services councils (RSCs), Maritzburg is taking steps to establish a non-racial metropolitan council for the greater city area

A conference called to discuss the proposal has apparently drawn much support from a wide spectrum of political interest groups — including constituencies on the Left

But at the same time, it has incensed provincial authorities who claim they were not consulted. Province's view is that the move cuts directly across existing RSC legislation and is an unnecessary duplication of effort.

"There is nothing to stop Maritzburg adapting the current RSC Act to suit its needs," notes Peter Miller, MEC in charge of local government. "In terms of the Act, the format for representation can be negotiated."

But the convenors of the Greater Pietermaritzburg Conference, scheduled to take place in July, point out that RSCs have become so politicised that it is impossible to rally broad support in the various communities for any initiative under their aegis.

Rather than offering an alternative to RSCs, Maritzburg mayor Mark Cornell says he sees the proposed metropolitan council going "hand in glove" with the new legislation, perhaps acting in a more "consultative" capacity than a legislative one. Its prime function, he says, would be to offer guidance in areas of mutual concern.

"RSCs," he says "are essentially about the supply of services. But there is more to life than where you draw your water from."

It seems that urban blacks are increasingly willing to accept the authority of the municipality into which they fall rather than answer to some nebulous homeland. Cornell has thus received popular support after being appointed official "administrator" of Sobantu Village, Maritzburg's principal black township. As such he is one of the few white mayors who enjoys jurisdiction over a black area.

Cornell's appointment was confirmed after the township's de facto authority, the so-called "Committee of 12," had rejected two other nominees put forward by government. He describes it as a "precedent" and says he is "delighted government has seen its

way clear to allow it."

Authorisation for his appointment apparently comes right from the top — the Department of Constitutional Development and Planning ■



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# Decisions on RSC this week

BY PETER DENNEHY  
Municipal Reporter

DECISIONS are to be taken this week on the location of the headquarters of the Cape Metropole Regional Services Council (RSC), and on which local government body will act as collecting agent for RSC levies and taxes.

The Administrator, Mr Gene Louw, said through his secretary, Mr Frikkie van Zyl, decisions on both issues would be taken "this week".

The city council has already been appointed collecting agent for the Cape Metropole RSC, which is due to be established on July 1 this year.

Last year it accepted this role, but at council's most recent monthly meeting, councillor Mr Arthur Wienburg introduced a motion that the decision to accept the role of RSC collecting agent should be overturned.

Over two hours of debate followed, though the press was excluded from the council chamber. Afterwards, a brief press statement was issued, saying agreement had been reached that the matter should be held over and considered by the council's executive committee.

Other bodies which could act as the levy-collecting agent include the divisional council and the provincial administration, but Mr Louw did not comment on possible alternatives.



## More talks needed on RSC — Mayor

**Municipal Reporter**

MORE discussions are necessary before a Cape Metropolitan Regional Services Council (RSC) is established, says the Mayor of Cape Town, Leon Markovitz.

He was speaking in Cape Town at the 56th annual meeting of the the United Municipal Executive, which represents white local authorities in South Africa and SWA/Namibia.

He said Cape Town was not opposed in principle to the joint provision of services.

"But it does seem the motivation for RSCs is no longer economics but rather a Government wish to create a forum for the political representation of racial groups in a council outside of the existing municipal infrastructure."

Mr Markovitz said a "significant proportion" of Cape Town's population was opposed to RSCs.

### GROWING IMPATIENT

"In our cities and towns a significant number of people, if not the majority, are growing impatient over their exclusion from existing municipal government."

"They see the RSCs not as a broadening of democracy at local government level, but as the entrenchment of unpopular racial stratification."

Local authorities should be agents for regional services councils, the outgoing president of the United Municipal Executive, Mr S Immelman, told the meeting.

This would avoid creating a new bureaucracy or tier of government.

"Local government is still the most important cog in the constitutional system and it has to co-operate in the acceptance of new ideas, principles and policies," he said.



old and new samples, and particular  
TAXES from major metropolitan regional services councils (RSCs) will bring in R800m a year, government estimates.

The RSCs to come into being on July 1 will ultimately perform 22 regional functions, but Inland

Revenue's legal expert Ian Miekles says the councils will not be able to tackle all these functions from inception.

"It is therefore not out of the question that the levy will be pitched lower," he says.

Because none of the RSCs named so far have determined what revenues will be needed, the blanket flat rates of 0,25% of payroll and 0,1% of turnover will apply for the first year.

Potential levy-payers will be sent notices of where to register with their water and electricity accounts at the end of this month.

Johannesburg town council chief director of financial services Pieter Mathee says the notice will give

# RSC taxes will bring in about R800m a year

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broad outlines of who is eligible for the levy and where the registration forms can be obtained.

Levy-payers in the central Johannesburg area will be able to obtain forms from the Johannesburg City Hall. Additional venues for the Central Witwatersrand Regional Services Council — which includes the municipalities of Sandton, Randburg, Roodepoort, Lenasia, Eldorado Park, Soweto, Alexandra and Ennerdale — are yet to be determined.

Once a formal registration date is set and gazetted, companies and eligible rate-payers will have 30 days to register.



## REGIONAL SERVICES COUNCILS

# KwaZulu on the warpath

The KwaZulu government is refusing to have anything to do with the proposed regional services councils (RSCs) for Natal/KwaZulu because it claims it was not consulted when the legislation was drafted.

Understandably, its stance is causing some agitation among provincial executives in Maritzburg, who now see the programme for implementing the councils in the region being set back indefinitely.

Delegations from province aimed at getting Ulundi to change its mind have come away virtually empty handed and the parties are no closer to agreement on the establishment of RSCs than they were before the Act was promulgated.

KwaZulu has fundamental differences of principle with the legislation, which it sees as essentially another example of apartheid-based lawmaking. But even more irksome, explains KwaZulu Education and Culture Minister Oscar Dhlomo, is that it was not consulted in its formulation.

"We are not going to allow our area to be part of RSCs," Dhlomo says flatly. "We are demanding nothing short of a total re-negotiation of the issue with the central government." Referring to the contact between Ulundi and the Natal provincial authorities, Dhlomo adds "We are not interested in talking to the province, we want to talk directly with the minister."

Clearly RSCs in Natal-KwaZulu are a non-starter without the co-operation of the Zulus. The two areas share a geographic and economic interdependence which is unparalleled elsewhere in SA. Most of the black "cities," for example, are in, or abut, white Natal.

Peter Miller, MEC in charge of local government, admits the problem is delicate. "We are handling matters very circumspectly and delicately in our desire to elicit KwaZulu's co-operation," he says.

Government has the authority to delineate RSC areas, without including national states, if it so desires. The Act makes provision for recognised black authorities, such as community councils, to negotiate their own form of representation on the councils and to contract with them for the supply of services.

However, it is unlikely that the Natal

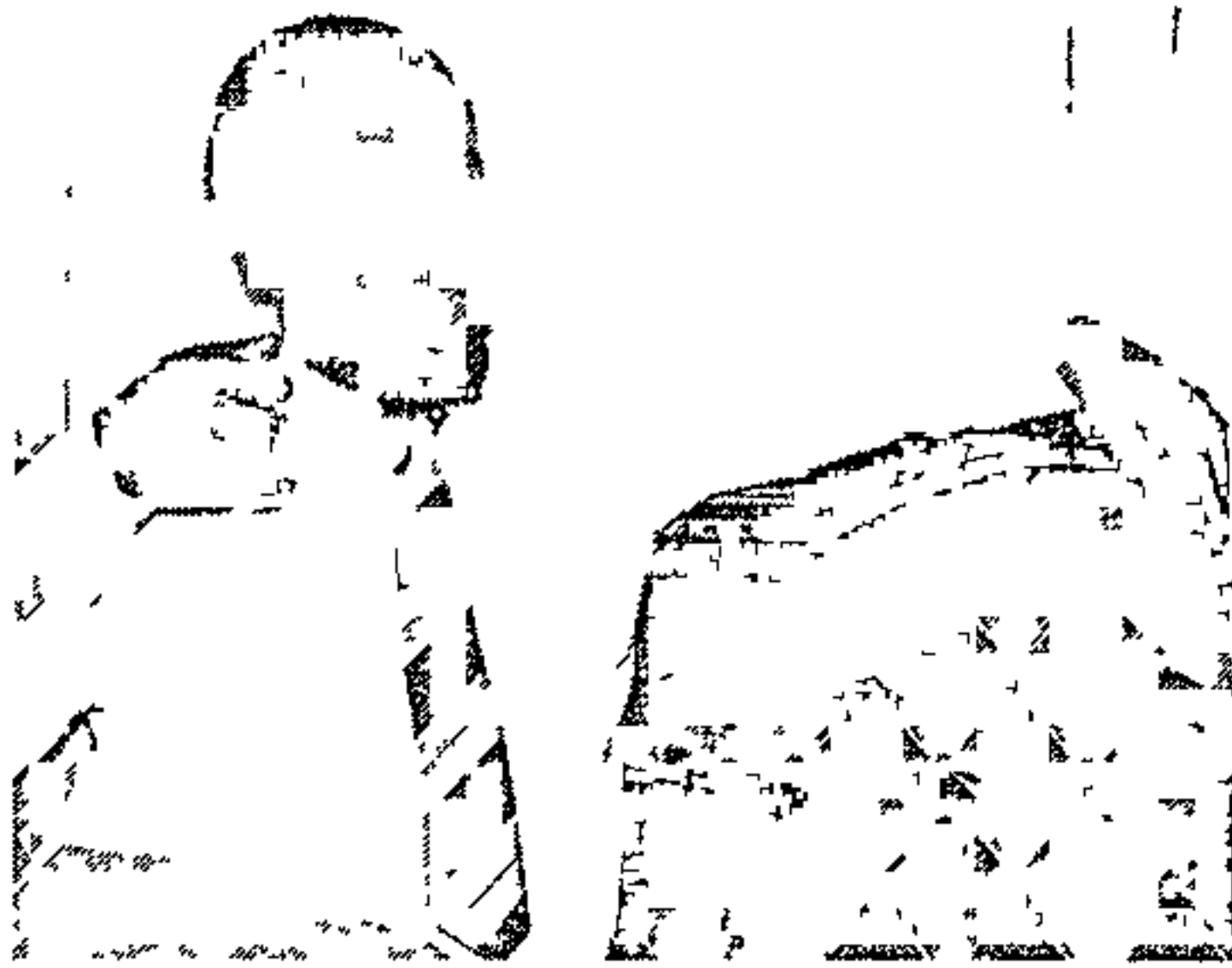
executive committee will use the legislation to bludgeon KwaZulu into submission. Aside from KwaZulu's attitude towards RSCs, for which committee members privately express some sympathy, relations between the two administrations are generally good. A Strategic Policy Group already oversees joint planning, and the new Joint Executive Authority, which will raise co-operation to an even higher level, is only months away from implementation. It is unlikely that the province would do anything to jeopardise that.

Miller confirms that tough action is not an immediate option. "We don't want to foist anything on anybody," he says. He concedes that without the support of KwaZulu, unilaterally declared RSCs would be "less effective" and would probably end up being "stillborn."

Although Miller observes that Kwa-

Zulu's reticence has "contributed to the perception that we have not made as much progress as other provinces," he says work on delimiting RSC areas is continuing. The biggest challenge now is to talk KwaZulu into co-operating.

See *Leaders, Economy* and page 51



KwaZulu's Dhlomo ... Pretoria failed to consult Ulundi

## THE ELECTION

### Independent moves

The latest addition to the ranks of "New Nat" independent candidates for parliament, Esther Lategan, is confident of victory.

In what is bound to be a tough battle in the volatile Stellenbosch constituency, the 43-year-old academic turned businesswoman will be attempting to unseat the Nationalist MP, Piet Marais.

In neighbouring Paarl, meanwhile, a meeting of about 160 disillusioned farmers and businessmen this week resolved to find an independent to fight the sitting Nat MP Kobus Meiring. An action committee was formed whose members significantly include Lategan's brother, the former top middle-distance athlete, Danie Malan.

The Paarl meeting was addressed by Stellenbosch professor Julius Jeppe, who urged

an independent to come forward. If one does, it seems likely that the Paarl independent will be aligned to the Denis Worrall group, although word from the Worrall camp is that there has not yet been contact with the Paarl group.

Lategan quit the National Party (NP) last week after 27 years of membership. Her father, Wynand Malan (no relation to the independent candidate in Randburg) was the Nat MP for Stellenbosch before Marais. He retired to concentrate on his farming enterprise. She is married to Stellenbosch theology professor Bernard Lategan and they have three children.

Among her backers who have emerged publicly so far are 19 Stellenbosch academics, including professors Sampie Terreblanche (see page 57) and Julius Jeppe, and one of the town's top businessmen, Oudemester MD Michiel le Roux.

She has a doctorate in social work which she studied under Erika Theron — one of her staunchest supporters. Lategan lectured at Stellenbosch for eight years before starting her own chain of sports clothing shops.

Her reasons for quitting the NP are similar to those of Worrall and Malan, although she appears to be far more emphatic than the other two in her rejection of Nationalist ideology.

She says she has lost faith in the determination and credibility of the NP to be an instrument of meaningful reform. Her disillusionment goes beyond the leadership of the party. She believes the unacceptable ideology is deeper than the current leadership.

Lategan's candidature follows Worrall's highly successful inaugural public appearance in the Stellenbosch town hall last week, where 1 500-2 000 students responded in overwhelming favour to his challenge to government. He is, of course, opposing Cape NP leader Chris Heunis in neighbouring Helderberg.

The Worrall meeting, which was held in the Stellenbosch constituency and attended mainly by local voters, was clearly aimed at boosting the image of the independents before the announcement of Lategan's candidacy.

Ironically, Worrall, Malan and Lategan are taking on three of the most verligte Nats in the ruling party.

Meanwhile, the NP Cape machine has thrown all it can into fighting the independents. The Cape NP mouthpiece, *Die Burger*, tried desperately this week to play down the significance of further academic defections from the party and, through Heunis, accused the Progressive Federal Party and the "so-called" independents of a "trans-



CAPE TOWN 15/1/87 (261A)

# Councillors slate choice of NP 'heavy' as RSC boss

Political Staff

THE government's cynical appointment of a Nationalist "heavy" as chairman of the new Regional Services Council (RSC) for the Cape Metropole would force party politics into local government, two Cape Town city councillors, Mr Frank van der Velde and Dr John Sonnenburg, said yesterday.

Mr Van der Velde and Dr Sonnenburg, both former Progressive Federal Party members of the defunct Cape Provincial Council, said in a statement "It is obvious now that the often stated policy of devolution of power to local level is but a hollow utterance."

They were reacting to the announcement this week by the Administrator of the Cape, Mr Gene Louw, that Mr Pete Loubser, former Cape MEC and member of the President's Council, had been appointed chairman of the Cape Metropole RSC, Mr James Kleynhans, NP MP for Algoa, had been appointed chairman of the Port Elizabeth RSC, and Mr C J de Jager, former NP MPC for Walvis Bay, as

chairman of the Walvis Bay RSC.

In their statement, Mr Van der Velde and Dr Sonnenburg said they were appalled at the cynical appointment of a Nationalist "heavy" to each of these positions.

This had followed "the equally cynical disregard for the democratic process set up by the NP themselves for the establishment of the boundaries of the Cape Metropole RSC".

"Despite the fact that this demarcation board was heavily loaded with Nationalist appointees, together with most of the constituent local authorities, it recommended boundaries which were summarily overruled by the Administrator."

"The resultant RSC area is both unwieldy and uneconomical."

"The Cape local governments have traditionally operated without a party political caucus," they said.

The appointment of Mr Loubser "now smashes this tradition, we believe to the detriment of local government."



# Non-political RSCs to benefit all — chairman

Cape Times  
17/1/87  
26/11

Staff Reporter

REGIONAL Services Councils (RSCs) are not political bodies, the newly appointed chairman of the proposed Cape Town Metropole RSC and prominent Nationalist, Mr Pete Loubser, said this week.

He was responding to criticism from two city councillors, Mr Frank van der Velde and Dr John Sonnenberg, that his appointment would force party politics into local government.

Both councillors were PFP members of the now-defunct Provincial Council during Mr Loubser's term on the council's executive committee.

"I would suggest to these old favourites among my critics to be patient and to allow me to get on with my job," Mr Loubser said.

"I am positive the RSC will operate successfully and to the benefit of all concerned."

"The only prerequisites are a positive approach and a disposition by all local authorities in the region of co-operation, manifesting also an accommodating spirit to other communities in the area."

As chairman of the RSC, Mr Loubser said, he would "strive to maintain good relations where these exist and promote such relations where these are lacking."



Meeting abandoned after RSC report row

# Angry PFP walks out of council

26/1A  
Star 26/11/87  
28/1/87

By Toni Younghusband

The Johannesburg City Council's monthly meeting broke up in disarray last night when the Progressive Federal Party walked out in protest over a report on the Regional Services Council.

The walkout came after an urgent report call for nominations for representatives to serve on the Regional Services Council (Central Witwatersrand).

The report was handed to councillors at 9 30pm. When the PFP protested at having to put forward nominations at such short notice, Councillor Danie van Zyl, vice-chairman of the management committee, said the meeting would adjourn for half an hour to give them time to discuss the issue.

Tearing his copy of the report in half, Councillor Alan Gadd of the PFP said, "I treat this report with absolute and utter contempt. The

stupidity of it is ridiculous. If we act on this then we are a bunch of irresponsible councillors."

Mr. van Zyl, of the National Party, said today that by its actions, the PFP had ruined any chances it had of gaining representation on the RSC.

"We had decided on Monday to allow the PFP to sit on the body, but after last night's actions we will have to seriously reconsider this."

He said of Mr Gadd tearing up a copy of the report "It was an unprecedented action which reflects very badly on a former mayor of this town."

The walkout meant the council was without a quorum and the meeting was abandoned.

The management committee is likely to call a special council meeting next week to discuss the report.

As is customary after a walkout, the remaining councillors — made up of National Party and Independent representatives — remained in their seats for five minutes in case the PFP returned. When they did not, the meeting was abandoned.

## Notification

The leader of the PFP in the Council, Councillor Sam Moss, said before the walkout "You cannot introduce an urgency report of this nature at such short notice. We should have had at least 24 hours notification that this matter was to be discussed. We are not prepared to consider the matter at this stage."

In reply to the PFP outburst, management committee chairman Mr Francois "Obie" Oberholzer referred to an earlier item on the council agenda which also dealt with RSCs.

After the meeting Mr Moss accused the management committee of "inconsistent civic administration."

"To expect us to even consider an important issue like this at such short notice is too ridiculous to contemplate," he said.



# Turnover, payroll taxes to begin in July

THE private sector is expected to start financing the Regional Services Councils (RSCs) from July. It is understood the Department of Inland Revenue is teed up to levy the 0.1% turnover tax and the 0.25% payroll tax as soon as the RSCs are launched.

According to a spokesman for the province's Local Government department in Pretoria, the target date for the launching of the RSCs for the central Witwaters-

**GERALD REILLY**  
rand, East Rand, West Rand and Pretoria is July 1.

Government will provide bridg- ing finance for the councils until the first collections are made.

The aim, it was stated, was to have the rest of the Transvaal RSCs operational by the begin- ning of 1988.

These are Western Transvaal,

Eastern Transvaal, Northern Transvaal and the Vereeniging-Vanderbijlpark-Meyerton area.

There could be more than one RSC in each of these areas.

The demarcation board is cur- rently working on the proposed boundaries before submitting re- ports to the Transvaal Adminis- trator.

PfP finance spokesman Harry Schwarz said the RSC taxes would obviously be inflationary.

Businessmen would load them onto consumer prices.

"The tax is regionally discrimi- natory, it will aggravate inflation and it will mean bigger staffs in Receiver's offices and in the pri- vate sector to cope with collec- tions and returns."

Schwarz said another adverse consequence of the two taxes would be to inhibit industrial ex- pansion in the taxed areas.

261A BUS DAY 27/1/87



26/11

## Louw overrides objections in marking RSC boundaries

### Staff Reporter

OBJECTIONS have been overridden in marking out the borders of the Cape's first three regional services councils.

The councils are expected to be fully operational by July 1.

The Administrator, Mr Gene Louw, announced that the priority areas would be:

- The Cape "metropole", including the divisional council areas of the Cape, Stellenbosch and Paarl

- Port Elizabeth, including the divisional council area of Dias and the magisterial districts of Uitenhage and Kirkwood which fell within the Winterhoek Divisional Council. It would also include the portion of the divisional council area of Humansdorp in the Hankey magisterial district.

### ● Walvis Bay

Western Cape local authorities were trying as late as November to have separate councils for Stellenbosch and Paarl. This tied in with the Demarcation Board's recommendation for a smaller Cape "metropole".

Mr Louw said the delimitation of boundaries was the first step in the establishment of the new councils. It was a sensitive matter and had been approached with great circumspection.

He said "Towards the end of last year, my executive committee made a final resolution and the Ministers concerned, as laid down by the Regional Services Councils Act, have concurred with this resolution."

Legal notices would be published on Friday, Mr Louw said.



# Tax laws untimely — big business

By Michael Chester

Big business today urged the Government to freeze moves to introduce special tax levies to finance Regional Services Councils (RSCs).

The Association of Chambers of Commerce and the Federated Chamber of Industries issued a joint statement, saying: "It is difficult to accept the justification for promulgating at this stage — before the publication of the report of the Margo Commission of Inquiry — regulations with the force of law to introduce new and drastic forms of taxation. The Margo Commission was appointed to make recommendations for a cohesive tax structure at all levels of government and it would surely be preferable for the authorities to provid-

ing bridging finance for the Regional Services Councils while the commission proposals are evaluated.

"The actual content of the regulations also occasions anxiety. It is characterised by a lack of precision untypical of taxation laws, which should leave no room for doubt as to their interpretation.

"Still more seriously, there is no provision for the lodging of objections and appeals, as there was in the draft regulations published in error some months ago."

Taxpayers might be at the mercy of requirements imposed by the inexperienced RSCs, without being able to object and secure a hearing by an impartial body, the statement said.



# RSC levies serious burden — Schwarz

Political Staff

LEVIES to be imposed on businesses by Regional Services Councils will be a serious new burden on taxpayers, adding an extra R1 000-million to the overall tax bill in the first full year of operation.

This is the view of Mr Harry Schwarz, the Progressive Federal Party's spokesman on finance.

Mr Schwarz was reacting today to the promulgation this week of regulations governing the new RSC levies on businesses.

In terms of the regulations, the levy on payrolls will be limited to 0,25 percent and the levy on turnover restricted to a maximum of 0,1 percent.

Mr Schwarz said the announcement of the regulations drew attention to a serious new tax burden and to the inefficiency of the authorities in the creation of this new tax structure.

He said in a statement "By creating a new tax structure, additional bureaucratic costs are being created, as well as additional costs to the private sector insofar as compliance with the new regulation is concerned."

"The new tax is likely to raise about R1 000-million in the first full year of operation and it has already been forecast by a Nationalist member of the Transvaal Executive Committee that the amount may be double that in the following year."

"To impose a tax on employment at a time of high unemployment sounds to the rational mind to be one of the most counter-productive steps to be taken."

"This together with a turnover tax will undoubtedly increase the impetus of inflation."

"In any case, there appears to be little logic in any case in introducing new forms of taxation before the report on the Margo Commission becomes public."



CAPE TOWN TIMES  
30/11/87 2619

## RSCS. Van der Velde expelled

Municipal Reporter

THE Mayor, Mr Leon Markovitz, expelled Councillor Frank van der Velde from the council chamber during debate on Cape Town's Regional Services Council (RSC) yesterday.

Under discussion was a motion appointing council staff for duties which followed on the appointment of council as collecting agent for various RSC levies.

Mr Van der Velde objected to these appointments. At this, the mayor made some remark concerning what Mr Van der Velde was "trying to do".

Mr Van der Velde said the mayor had no right to make such inferences. Mr Markovitz contested this, and expelled him from the chamber.

□ A proposal for non-racial democratic local government, drawn up after negotiation with a number of people whom the City Council considered to be real community leaders, was tabled at the council's monthly meeting yesterday.

□ Council endorsed a recommendation that the town planning scheme be changed to allow home industries, such as bakeries, hairdressers and potteries, to operate from residential areas.

Some councillors wanted to retain controls, but Mr Clive Keegan argued that deregulation was necessary to create more jobs.

□ Mr R M Friedlander, chairman of the executive committee, said a report would be taken to the utility and works committee on Monday recommending that tenders for the replacement of the Heideveld water main be called for as soon as possible.



# Govt spells out regional services councils' levies



Mr Barend du Plessis  
the payroll tax will not  
exceed 0,25 percent

261A

Pretoria Bureau

Spur

The Government has published regulations which determine the levies to be demanded by the new regional services councils (RSCs)

A Government Gazette published yesterday makes provision for a regional services levy — in effect a payroll tax — and a regional establishment tax, essentially a turnover tax

The first RSCs, which have been in the pipeline for more than two years, are expected to start functioning in April

They will provide basic infrastructures and services on a regional level, deriving income from the levies

## First year

A spokesman for Inland Revenue said Minister of Finance Mr Barend du Plessis had announced that for the first year the payroll tax would not exceed 0,25 percent and the turnover tax would not be higher than 0,1 percent

Salaries exempted from the payroll tax included wages for domestic workers and those paid out by religious, charitable and non-profit organisations

He said there were certain problems, as in the case

of travelling sales representatives and some civil servants who moved around. The regulations determined that levies usually be paid at the employee's home base

As far as the turnover tax was concerned, this was widely based and would be levied on every form of business activity, including professional practices, which were not subject to GST

The tax would also be levied at every stage of business and middlemen would not be exempted

"The turnover on a product which comes from the manufacturer via a wholesaler to a retailer and then the consumer will be taxed at every stage," said the spokesman

"The reason for this is that all these businessmen are using electricity and water and other basic services which are being paid for by the levy"

Those organisations which were exempted included religious and educational institutions, amateur sports clubs and non-profit organisations such as Assocom

The marketing control boards were also exempted because they were not in business but were control mechanisms

Housing utility companies which provided low-cost housing were also exempted

However, State organisations such as South African Airways and the railways did not enjoy exemption



Companies face accounting jigsaw

# RSCs could add up to a big headache

31 Day  
26/A 42/87

LEVIES imposed by Regional Services Councils (RSCs) could present large corporations with an administrative headache.

Unified accounting systems, which include the turnover and payroll of both head offices and branches, would have to be broken down to calculate the levies owed to each regional authority, said Graham Richardson, national di-

LINDA ENSOR

rector of tax for accounting firm Pim Goldby.

"RSCs are likely to contribute markedly to the time and effort businesses spend on tax-compliance and planning," he said.

The financial regulations governing RSCs have not been promulgated but Richardson said a differentiated rate structure for each region was probable and would add to companies' accounting burden.

However, conglomerates such as Barlow Rand, where separate records for branches and subsidiaries are already kept, may not experience these problems.

But Barlow Rand financial director, Evert Groeneweg said additional administrative costs and work would still be involved in the calculation and payment of levies.

Many companies had centralised payroll and turnover systems, said Kevin Wiles, a tax consultant with Arthur Anderson, and they would be forced to overhaul their accounting systems to distinguish between different operations.

To complicate the issue further, branches in areas where RSCs have not been demarcated will have to be excluded from the accounting system applicable to RSCs, but included for other purposes.

Particularly hard hit would be construction companies, which would have to pay levies on every site.



## Business Report

### Creeping costs

CAM-TWIT 5/2/87

# RSC levies 'will fuel inflation'

26/17

ALTHOUGH the cost of Regional Services Council (RSC) levies cannot be passed on directly to consumers by business or the state, prices are bound to creep upwards, thus fuelling inflation, says a leading accounting services firm.

Pim Goldby's national director of tax, Graham Richardson, says: "It is most unlikely that business, which opposed RSCs, will be inclined to absorb their cost — even if it is able to in the latter stages of the worst recession experienced in this country.

"It will be interesting to see if state enterprises, subject to the same levies, will set a good example to business by absorbing the costs.

"Business cannot directly pass on the cost of the two RSC levies on payroll and turnover to consumers or employees. But prices will certainly creep upwards, making it more difficult to control South Africa's rate of inflation."

Richardson's comments coincide with the publication of the firm's latest tax newsletter, which summarizes

the RSC proposals, outlines whom they affect directly and indirectly and gives examples of how to calculate the levies.

"The Regional Services Councils, which will replace the present provincial council system, have been accepted by Parliament in spite of intense opposition from business," he says.

"They are a fact. What remains to be settled is the method by which levies to fund these councils are collected."

Legislation indicates that there will be a levy based on payroll and one on turnover. Both will be tax-deductible.

The rate of levies has not yet been decided and is likely to vary regionally according to variations in services.

Richardson says: "Generally, the RSCs are likely to contribute markedly to the time and effort businesses expend on tax-compliance and planning in what promises to be an area of some intricacy."

In the newsletter, Pim Goldby calculates sample levies, based on percentages mentioned by the Minister of Finance, Barend du Plessis — 0,1% maximum levy on turnover and 0,25% on total payroll.



Cape Town RSC  
areas designated

Municipal Reporter

26/1/87

IMPLEMENTATION of the controversial Regional Services Council in the Cape Town metropole came a step closer this week with the release of plans indicating which areas have been designated "industrial" and "commercial"

The plans are open for inspection in room 562 of the Provincial Building in Wale Street

When the RSC comes into operation on July 1, each local authority area will be represented on it in accordance with the amount of services — such as electricity — consumed in the area

Commercial and industrial areas are large consumers of services, and people from many areas in the region converge to work there, so it was thought fair to exclude these areas from the "representation of areas" reckoning

The RSC area covers the entire Peninsula and extends as far as the outer borders of the Cape, Paarl and Stellenbosch Divisional Council districts

Objectors who feel areas have been unfairly or incorrectly demarcated have until February 21 to object in writing to the Secretary of the Demarcation Board in Pretoria, Private Bag X644

Only those who lodge objections in writing will be entitled to make further representations when the board meets in Cape Town on April 7, or in Stellenbosch the following day



# RSCs: R800m budgeted for 1st year

A PRELIMINARY estimate indicates about R800m will be collected from turnover and payroll taxes to finance regional services councils (RSCs) in the first year of operation.

Department of Finance chief executive (policy) Gerhard Croeser said yesterday that although the assessment had been made two years ago, he believed the figure to be roughly accurate.

MEC in charge of local govern-

by Day 9/2/87  
**GERALD REILLY**

ment John Griffiths said the projected tax rate — 0,1% on turnover and 0,25% on payrolls — was modest. It might well have to be doubled in the second year, once the needs of various councils had been determined.

Griffiths said the tax would be uniform for the first year. It might even be uniform for the second year, but different RSCs would

eventually have different financial needs, and the extent of the taxes would have to be adjusted in individual regions.

He said he was running on a tight schedule, but if all went according to plan, RSCs in the central Witwatersrand, the East Rand and West Rand and Pretoria would start from July.

Croeser said departmental organisation, including collection machinery, was in place and ready for the start of RSCs.



**No. 23**  
**2 January 1987**  
**ASSIGNMENT OF CERTAIN POWERS, DUTIES AND FUNCTIONS OF THE MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING TO THE MINISTER OF HEALTH AND POPULATION DEVELOPMENT**

The State President has, under the powers vested in him by section 26 of the Constitution Act of the Republic of South Africa, 1983 (Act 110 of 1983) assigned the execution of the provisions of the Occupational Diseases in Mines and Works Act, 1973 (Act 78 of 1973) which assign powers, duties and functions to the Minister of Constitutional Development and Planning, to the Minister of National Health and Population Development with effect from 1 November 1986

**No. 24**  
**2 January 1987**  
**ASSIGNMENT OF CERTAIN PROWERS, DUTIES AND FUNCTIONS OF THE MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING TO THE ADMINISTRATORS OF THE VARIOUS PROVINCES**

The State President has, under the powers vested in him by section 15 of the Provincial Government Act, 1986 (Act 69 of 1986) assigned the execution of the following provisions contained in the under-mentioned Acts which assign powers, duties and functions to the Minister of Constitutional Development and Planning, to the Administrators of the various provinces with effect from 1 October 1986

- (a) the Prevention of Illegal Squatting Act, 1951 (Act 52 of 1951),
- (b) section 6 (1) (b), section 6 (2) insofar as it applies to any advice furnished by any officer contemplated in section 6 (1) in connection with a matter contemplated in section 6 (1) (b), section 21, section 22 (1) (b) and 22 (4), insofar as it applies to powers in terms of section 21, and section 32 (2) insofar as it applies to the issue or withdrawal of a permit or the amendment of the conditions of a permit in terms of section 21, of the Group Areas Act, 1966 (Act 36 of 1966)

**No. 48**  
**2 January 1987**  
**CONSTITUTIONAL DEVELOPMENT SERVICES ENQUIRY INTO THE DEMARCATION OF INDUSTRIAL AREAS AND CENTRAL BUSINESS DISTRICTS FOR A REGIONAL SERVICES COUNCIL FOR PRETORIA AND ENVIRONS**

Notice is hereby given in terms of section 7G (1) of the Promotion of Local Government Affairs Act, 1983 (Act 91 of 1983), that the Administrator of Transvaal has in terms of section 7F (1) (b) of the said Act requested the Demarcation Board for Local Government Areas to hold an enquiry and advise him on the desirability or otherwise of the demarcation of industrial areas and central business districts in terms of section 9 of the Regional Services Councils Act, 1985 (Act 109 of 1985), for the Regional Services Council to be established for Pretoria and environs

The said request, as well as plans indicating the approximate areas, lies open for inspection at the office of the Secretary of the Demarcation Board for Local Government Areas, Room 06, 240 Walker Street, Sunnyside, Pretoria, and at the Department of Local Government, Room B410, Provincial Building, corner of Bosman and Pretorius Streets, Pretoria

**No. 23**  
**2 January 1987**  
**OPDRA VAN BEPAALDE BEVOEGDHEDE, PLIGTE EN WERKSAAMHEDE VAN DIE MINISTER VAN STAATKUNDIGE ONTWIKKELING EN BEPLANNING AAN DIE MINISTER VAN NASIONALE GESONDHEID EN BEVOLKINGSONTWIKKELING**

Die Staatspresident het, kragtens die bevoegdheid aan hom verleen by artikel 26 van die Grondwet van die Republiek van Suid-Afrika, 1983 (Wet 110 van 1983), die uitvoering van die bepalings van die Wet op Bedryfssektors in Myne en Bedrywe, 1973 (Wet 78 van 1973), wat bevoegdhede, pligte en werksaamhede aan die Minister van Staatkundige Ontwikkeling en Beplanning toewys, met ingang van 1 November 1986 aan die Minister van Nasionale Gesondheid en Bevolkingsontwikkeling opgedra

**No. 24**  
**2 January 1987**  
**OPDRA VAN BEPAALDE BEVOEGDHEDE, PLIGTE EN WERKSAAMHEDE VAN DIE MINISTER VAN STAATKUNDIGE ONTWIKKELING EN BEPLANNING AAN DIE ADMINISTRATEURS VAN DIE ONDER-SKEIE PROVINSES**

Die Staatspresident het, kragtens die bevoegdheid aan hom verleen deur artikel 15 van die Wet op Provinsiale Regering, 1986 (Wet 69 van 1986) die uitvoering van die volgende bepalings in die ondergenoemde Wette wat bevoegdhede, pligte en werksaamhede aan die Minister van Staatkundige Ontwikkeling en Beplanning toewys, met ingang van 1 Oktober 1986, aan die Administrateurs van die onderskeie provinsies opgedra

- (a) die wet op die Voorkoming van Onrengmatige Plakkerij, 1951 (Wet 52 van 1951),
- (b) artikel 6 (1) (b), artikel 6 (2), in soverre dit betrekking het tot enige advies verstrek deur 'n beaampte beoog in artikel 6 (1) aangaande 'n artikel 6 (1) (b) aangeleentheid, artikel 21, artikel 22 (1) (b) en 22 (4), in soverre dit betrekking het op bevoegdhede kragtens artikel 21, en artikel 32 (2), in soverre dit betrekking het op die uitreiking of intrekking van 'n permit of die wysiging van die voorwaardes van 'n permit kragtens artikel 21, van die Wet op Groepsgebiede, 1966 (Wet 36 van 1966)

**No. 48**  
**2 January 1987**  
**STAATKUNDIGE ONTWIKKELINGSDIENS ONDERSOEK NA DIE AFBAKENING VAN NYWERHEIDSGEBIEDE EN SENTRALE SAKEGEBIEDE VIR DIE STREEKSDIENSTERAAD VIR PRETORIA EN OMGEWING**

Kennis word hiermee ingevolge artikel 7G (1) van die Wet op die Bevordering van Plaaslike Owerheidsaangeleenthede, 1983 (Wet 91 van 1983), soos gewysig, gegee dat die Administrateur van Transvaal ingevolge artikel 7F (1) (b) van gemeinde Wet, die Afbakeningsraad vir Plaaslike Owerheidsgebiede versoek het om ondersoek in te stel na en hom van advies te dien oor die afbakening van nywerheidsgebiede en sentrale sakegebiede ingevolge artikel 9 van die Wet op Streeksdiensterade, 1985 (Wet 109 van 1985), vir die Streeksdiensteraad wat ingestel sal word vir Pretoria en omgewing

Genoemde versoek, asook kaarte waarop die gebiede by benadering aangedui word, lê ter insae by die kantoor van die Sekretaris van die Afbakeningsraad vir Plaaslike Owerheidsgebiede, Kamer 06, Walkerstraat 240, Sunnyside, Pretoria, en by die Departement van Plaaslike Bestuur, Kamer B410, Provinsiale Gebou, hoek van Bosman en Pretoriusstraat, Pretoria

Written objections against or representations in connection with the proposed demarcation may be lodged with the Secretary of the Demarcation Board for Local Government Areas, Private Bag X644, Pretoria, 0001, before or on 26 January 1987

The Demarcation Board will, if necessary, meet on the undermentioned date, place and time to hear further evidence and representations from those persons who lodged objections and representations in pursuance of this notice

Date —2 February 1987  
Place —Moot Conference Room, Muntoria, Pretoria  
Time —09h00

T M SMITH,  
Secretary Demarcation Board

**DEPARTMENT OF ENVIRONMENT AFFAIRS**

**No. 5**  
**2 January 1987**  
**KALAHARI GEMSBOK NATIONAL PARK —DECLARATION OF LAND TO BE PART OF THE PARK AND EXCLUSION OF LAND FROM THE PARK**

I, John Walter Edington Wiley, Minister of Environment Affairs and Tourism, by virtue of the powers vested in me by section 2 (2) (b) of the National Parks Act, 1976 (Act 57 of 1976) —

- 1 (a) hereby declare the properties mentioned in paragraph 1 (b) hereof to be part of the Kalahari Gemsbok National Park from the date of publication hereof, and

- (b) hereby amend Schedule 1 to the said Act by the addition of the description of the following properties to the definition of the above-mentioned park.

- (i) Portion 2 of the farm Mier 566, situate in the Administrative District of Gordonia, Province of the Cape of Good Hope, in extent 362,3704 hectares, as represented on and described in Diagram SG 8603/83,

- (ii) Portion 3 of the farm Mier 566, situate in the Administrative District of Gordonia, Province of the Cape of Good Hope, in extent 10 893,5794 hectares, as represented on and described in Diagram SG 8604/83, and

- (iii) Portion 4 of the farm Mier 566, situate in the Administrative District of Gordonia, Province of the Cape of Good Hope, in extent 1 754,8153 hectares, as represented on and described in Diagram SG 8605/83,

- 2 (a) hereby declare that the properties mentioned in paragraph 2 (b) hereof, from the date of publication hereof and under the authority of resolutions taken by all three Houses of Parliament where such resolutions were taken by the House of Delegates on 12 June 1985, by the House of Representatives on 13 June 1985 and by the House of Assembly on 19 June 1985, be excluded from the Kalahari Gemsbok National Park, and

- (b) hereby amend Schedule 1 to the said Act by the exclusion of the description of the following properties from the definition of the above-mentioned park

- (i) Portion 1 of the farm Monro 69, situate in the Administrative District of Gordonia, Province of the Cape of Good Hope, in extent 0,6914 hectares, as represented on and described in Diagram SG 8606/83,

Skriftelike besware teen of vertoë in verband met die voorgestelde afbakening kan voor of op 26 Januarie 1987 by die Sekretaris van die Afbakeningsraad vir Plaaslike Owerheidsgebiede, Private Bag X644, Pretoria, 0001, ingedien word

Die Afbakeningsraad sal indien nodig, op die onderstaande datum, plek en tyd vergader om enige verdere getuens en vertoë aan te hoor van diegene wat besware en vertoë na aanleiding van huerdie kennisgewing ingedien het:

Datum —2 Februarie 1987  
Plek —Moot Konferensiekamer, Muntoria, Pretoria  
Tyd —09h00

T M SMITH,  
Sekretaris Afbakeningsraad

**DEPARTEMENT VAN OMGEWINGSAKE**

**No. 5**  
**2 Januarie 1987**  
**NASIONALE KALAHARIE-GEMSBOKPARK —VERKLARING VAN GROND TOT DEEL VAN DIE PARK EN WEGNEEM VAN GROND UIT DIE PARK**

Ek, John Walter Edington Wiley, Minister van Omgewingsake en Toerisme, kragtens die bevoegdheid my verleë by artikel 2 (2) (b) van die Wet op Nasionale Parke, 1976 (Wet 57 van 1976) —

- 1 (a) verklaar hierby die eiendomme gemeld in paragraaf 1 (b) hiervan, vanaf die datum van publikasie hiervan tot deel van die Nasionale Kalaharie-Gemsbokpark, en

- (b) wysig hierby Bylae 1 van genoemde Wet deur die beskrywing van die volgende eiendomme by die gebiedsomskrywing van voormelde park te voeg

- (i) Gedeelte 2 van die plaas Mier 566, geleë in die administratiewe distrik Gordonia, provinsie die Kaap die Goeie Hoop, groot 362,3704 hektaar, soos voorgestel op en beskryf in Kaart LG 8603/83,

- (ii) Gedeelte 3 van die plaas Mier 566, geleë in die administratiewe distrik Gordonia, provinsie die Kaap die Goeie Hoop, groot 10 893,5794 hektaar, soos voorgestel op en beskryf in Kaart LG 8604/83, en

- (iii) Gedeelte 4 van die plaas Mier 566, geleë in die administratiewe distrik Gordonia, provinsie die Kaap die Goeie Hoop, groot 1 754,8153 hektaar, soos voorgestel op en beskryf in Kaart LG 8605/83,

- 2 (a) verklaar hierby dat die hieringemelde eiendomme gemeld in paragraaf 2 (b) hiervan, vanaf die datum van publikasie hiervan op gesag van besluite geneem deur al drie Huse van die Parlement, naamlik op 12 Junie 1985 deur die Raad van Afgevaardigdes, op 13 Junie 1985 deur die Raad van Verteenwoordigers en op 19 Junie 1985 deur die Volksraad, uit die Nasionale Kalaharie-Gemsbokpark weggeneem word, en

- (b) wysig hierby Bylae 1 van genoemde Wet deur die beskrywing van die volgende eiendomme uit die gebiedsomskrywing van voormelde park weg te neem

- (i) Gedeelte 1 van die plaas Monro 69, geleë in die administratiewe distrik Gordonia, provinsie die Kaap die Goeie Hoop, groot 0,6914 hektaar, soos voorgestel op en beskryf in Kaart LG 8606/83,