

COMMERCE GENERAL

1994

JANUARY — ~~NOV~~ DEC

# Promote small business, report urges

Bisa 3/11/94  
JOHN DLUDLU

THE key challenge for the new SA government is formulating a coherent policy for the promotion of small, medium and micro enterprises, says a research report released at the weekend.

The 40-page report by the Task Group on Small Enterprise Development was sponsored by the Friedrich Ebert Foundation and the authors are mostly black SA academics and trade union representatives.

The document recommends that government use existing mechanisms to promote small business. These include financing their technological and infrastructural development, devising tax incentives and financing a credit guarantee fund.

The state, as a big buyer of goods and services, should support small

businesses by buying from them.

The paper notes that the institutional framework responsible for small business promotion has structural weaknesses which include a high degree of institutional fragmentation. It proposes restructuring of bodies such as the Trade and Industry Department, the Development Bank of SA, the Small Business Development Corporation and the Industrial Development Corporation.

The document says although the department is charged with the promotion of small business, its structure militates against this role, resulting in big business being the main recipient of department support. It proposes the appointment of a deputy

minister with a small business brief. On financing, the researchers recommend that banks be encouraged by incentives to incorporate small businesses into their systems. And the conventional creditworthiness criteria should be applied in a flexible manner. (30)

They also recommend a new trade policy be drafted to eliminate bias against small business; new measures to stimulate and finance exports for small business; that certain products be legally reserved for small and that government subsidise the training of small entrepreneurs.

The paper argues that strong support of small business will result in the democratisation of the SA economy, enhance SA's competitiveness and aid the redistribution of wealth.

# ANC prepares to clamp down on defence units

B/DOM 51194

WILSON ZWANE

THE ANC plans to tighten control over self-defence units, which are accused of fuelling township violence, by screening members and establishing a clear chain of command.

The organisation will also appeal to business for funds, which will be spent on disseminating a code of conduct for self-defence units.

ANC PWV secretary-general Paul Mashatile said yesterday the defence units were bound to be hijacked by criminals if residents did not know what codes of conduct the units should adhere to and if unit members remained faceless.

He said unit members should be screened and clear lines of command established to ensure accountability and help isolate criminal elements.

Mashatile's statement came amid criticism that the self-defence units had been infiltrated by criminals perpetrating atrocities in the townships.

The ANC PWV region convened peace summits in the Vaal Triangle and on the East Rand to discuss the defence units. A code of conduct was

adopted at the summits.

It calls on members of the units to respect human rights. It also calls for barricades to be erected only after consultation with the community.

It is understood that ANC PWV officials Obed Bapela and Robert McBride convened a meeting of defence units on the East Rand yesterday. People at the meeting affirmed their commitment to the code.

But Mashatile said it was being reworked to make it more stringent.

He said decisions taken at the summits could not be disseminated properly in the townships for want of resources. Funds would be solicited from business to help "filter decisions down to the grassroots".

He stressed that the defence units were not accountable to the ANC but to their communities. "We are intervening now because there are problems in these structures," he said.

However, the NP said yesterday that warring factions of the ANC's defence units proved the ANC had

lost control over key elements of its organisation.

"These defence units have been involved in intimidating and killing innocent South Africans and members of other organisations... (They) are creating battlefields in certain townships and the ANC leadership keeps quiet."

Law and Order Ministry spokesman Craig Kotze said the "rogue units" played a major role in political violence and posed a direct threat to public safety, Sapa reports.

"To show its commitment to peace and tolerance the ANC should take immediate remedial measures and fully co-operate with the police to bring the perpetrators of atrocities to justice."

Human Rights Commission national director Safoora Sadek confirmed that her organisation had received reports of "murders and atrocities" committed by defence unit members. She said a criminal element was taking advantage of political violence to get into the defence units.

# Westonaria businesses angry at latest political boycott

B/DOM 51194

WILSON ZWANE

THE boycott of businesses in the West Rand town of Westonaria, which began on December 23, has raised the ire of local businesses who have accused boycott organisers of using them as a bargaining chip in a dispute with government.

The consumer boycott was called by the ANC and Azapo in protest against the presence of the SAP's internal stability unit and soldiers in neighbouring Bekkersdal.

Sources said the boycott was still in force yesterday. Both the ANC and Azapo have said the protest will continue until the unit and soldiers were withdrawn from the township.

Businessmen, canvassed for comment yesterday, said it was disappointing that business was blackmailed into intervening whenever political groupings in the township had problems with authorities.

A businessman said it was ridic-

ulous to expect them to intervene in things they had nothing to do with.

He said the current boycott was not the first to be called by Bekkersdal people "without consulting us".

He added that it was unlikely that the business community would petition government to accede to the demand of the boycott organisers as it had been treated shabbily in the past.

He said boycotts had been called and heeded on three previous occasions despite business people's willingness to intervene on behalf of Bekkersdal residents.

The business people said that although it was too early to assess the losses caused by the boycott, the protest was severe.

Inkatha Freedom Party has condemned the action, saying it was fuelling violence in the township.

# Nooitgedacht conflict averted

CONFRONTATION between landowners and squatters at Nooitgedacht, northwest of Johannesburg, was averted yesterday when the parties postponed a final decision on the squatters' removal until Friday.

Yesterday was the deadline for the squatters to be moved from Nooitgedacht after several weeks of deliberation on a new site after complaints by landowners in the area.

The postponement was decided at a meeting of the Transvaal Provincial Administration, the Nooitgedacht committee and the ANC's PWV region.

ANC PWV regional chairman Mathole Motshekga said he was delighted the "potentially explosive conflict has been eased".

Motshekga said the TPA and the local government committee would consult their principals over the Nooitgedacht committee's proposals and meet again tomorrow. — Sapa.

● Continues: Page 6

**NEWS** Murdered girl's father says 'ev

# Boycotts hits businesses hard

*Sowetan 5/11/94*

By Glenn McKenzie

A CONSUMER boycott of Westonaria businesses held strong yesterday despite "positive discussions" between the Bekkersdal Boycott Committee and the Westonaria business community.

Local stores have been hit hard by the boycott which began several days before Christmas.

The action is an attempt by the Bekkersdal township residents to force the controversial Internal Stability Unit out of the area.

Yesterday Mr EK Saloojee, owner of Jomo's Outfitters in Westonaria, claimed sales at his store had dropped by between 90 and 95 percent since Christmas.

He said he, however, sympathised with Bekkersdal residents.

"I'd like to see justice prevail. If I go to the Internal Stability Unit, they won't listen to my complaints.

"I'm a trader. But I would like to see the people's concerns being met," said

**(It is too expensive to go to Jo'burg but we will not buy things in Westonaria until the ISU leaves)**

Saloojee.

He said he had no immediate plans to close his store. (30)

Many local residents have decided to buy groceries and other supplies in Randfontein and Johannesburg.

Despite the high cost of travelling to these two places, residents who spoke to *Sowetan* said they would continue to stay away from Westonaria stores until the ISU had been withdrawn from Bekkersdal.

"It is too expensive to go to Jo'burg but we will not buy things in Westonaria until the ISU leaves," said Tsietsi Radebe, a Bekkersdal resident.

# Bid to end WR boycott

6/11/94  
**By Isaac Moledi**

THE Westonaria Business Forum will today meet the Bekkersdal Boycott Committee and other groups in an attempt to resolve the ongoing consumer boycott.

The boycott, called in an attempt to force the controversial Internal Stability Unit out of the township, began on December 23.

A Pan Africanist Congress official said he hoped the meeting would bring about stability and peace.

"It is our hope that this meeting will bring about understanding and tolerance among organisations. This is our problem in the area," the official said.

## Peace monitors

Circulars of the meeting were sent to the PAC, the African National Congress, Inkatha Freedom Party, South African Police, South African Defence Force, Bekkersdal Civic Association and the local and United Nations peace monitors.

Representatives of the ISU will also attend.

## Expelled officials start new retail trade union

CT 11/1/94  
JOHANNESBURG. — A new union called the Catering, Clerical, Commercial and Allied Workers Union (Cccawusa) has been formed in the retail trade by officials and workers expelled or suspended from the SA Commercial, Catering and Allied Workers Union (Saccawu). (S)

Saccawu general secretary Mr Papi Kganare said the founders of the new union were those who had applied to the Supreme Court to have Saccawu dissolved. — Sapa (30) (S)

LLOYD COUTTS

# Engineers wary of rapid development

BIDA 19/11/94

MUNGO SOGGOT

A RAPID and unplanned redevelopment programme would damage SA's construction industry, the SA Association of Consulting Engineers said on Monday.

Executive director Hennie Lemmer said it was imperative that development was structured and gradual.

"SA has suffered severely due to the lack of a structured development plan. There was either a feast or a famine... which was detrimental to the country and the economy," he said.

Long-term vision was now even more necessary as SA was poised for redevelopment, said Lemmer, who believed 2020 should be the year of its completion.

"It is indeed a challenge to achieve a total First World nation by 2020. It is important to optimise capacity in SA," he said.

If the industry was pushed into building 300 000 houses a year over a short period, certain essential materials would have to be imported.

SA Federation of Civil Engineering Contractors executive director William Vance said Lemmer's proposed timescale might

be too ambitious. "A year is a long time in the civil engineering world."

He agreed the cyclical, "boom and bust" nature of SA construction had to end, but said his federation favoured a more realistic five-year plan.

"What matters is that the construction industry is not the tap government uses to switch the economy on and off."

He said the federation had repeatedly asked government to adopt a longer-term approach to construction.

Vance said it had had "no visible success" with its requests. Its policies were more in line with those of the National Economic Forum, "where everyone wants long-term planning".

Murray & Roberts construction chief Arthur Coy said it would be "good to get the stress out of the industry".

However, the realities of life would make this difficult and political demands might flank the need to "soften the industry's ups and downs".

TELKOM will have to increase productivity and efficiency to generate additional profit against a background of tough economic conditions and a high interest burden, according to a Telkom brochure, Telkom Hello.

Telkom said that in commercialising its operations, it had inherited a gross interest-bearing debt of R10,2bn and a debt-to-equity ratio of 2,14:1, affecting its ability to commit funds to capital expenditure.

Income on telecommunications in the corporate sector had decreased and insolvencies had had a negative impact on Telkom. This trend would not abate until the economy showed signs of recovery.

While many economists

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## Fruit exports set to flourish

EDWARD WEST

CAPE TOWN — Fresh deciduous fruit export production and earnings in 1994 were likely to be substantially higher than last year, a spokesman for the industry's marketing company, Unifruco, said yesterday.

Unifruco expected deciduous fruit export production to grow more than a fifth to about 45-million cartons this year compared with about 37-million cartons last year.

The spokesman declined to forecast potential export earnings as it was still too early in the exporting season, which ends in September. But he said industry prospects looked "extremely goods so far" and 1994 could end up a "vintage year" in terms of quality.

Last year deciduous fruit export earnings totalled R1,45bn, substantially lower than the R1,7bn earned the year before. The decline was due to climatic factors and difficult market conditions in Europe.

World recession was affecting markets, but local climatic conditions had improved substantially.

Early crops had tended to produce slightly smaller fruit than usual, reducing margins, but this problem usually ironed itself out later in the season.

The fresh deciduous fruit industry, with an annual turnover of about R1,7bn, makes up about half the total fruit market production, with the other half producing dried and processed fruits.

## Elections fund starts up

WILSON ZWANE

THE Independent Business Elections Fund, established by a group of major corporations last month, comes into official operation tomorrow with the appointment of a policy-making board of directors.

This board, appointed by donors, will choose a secretariat at its first meeting to carry out its decisions. The secretariat will also ensure that all expenditure is assessed, justified and carefully monitored.

Murray & Roberts CE David Brink, who is a member of the committee entrusted with getting the fund off the ground, said yesterday money was being raised from 27 sectors.

"The response is very encouraging," he said. The exact amount raised so far would be known soon.

Among the fund's objectives is to support, reinforce and promote political tolerance, freedom of association and the secrecy of the ballot.

## Nafcoc helps blacks into import-export trade

THEO RAWANA

THE import-export programme launched by Nafcoc in September had led to black businessmen linking up with markets in Europe, the US, Africa and the Far East, Nafcoc said this week.

Nafcoc foreign trade manager Edwin Moloto said the initiative, which moved black businessmen from the confines of retailing to markets abroad, had been instigated by the German embassy.

The embassy, flooded with inquiries from countries seeking contact with local businessmen, seconded an expert on foreign trade through the German Chamber of Commerce to run programmes in conjunction with Nafcoc for aspiring black exporters.

Moloto said the programme was in line with Nafcoc president Archie Nkonyeni's intention to get black businessmen involved in the import/

export trade, exposing them to foreign markets.

"At least 200 businessmen have gone through the scheme and the feedback is that they are doing well in their newfound trade," Moloto said.

The German chamber's Hans Riemann started the programme with seminars familiarising local businessmen with foreign markets, customs regulations, trade fairs and other issues, including GATT provisions.

In turn, foreign traders looking for partners in SA were taken through courses demonstrating the spectrum of trade in SA.

Moloto said: "The programme is not designed solely for Nafcoc members."

"All businessmen with an eye on the import/export trade are invited to benefit from this scheme."

# Demand for W Cape businesses 'soars'

(30) CT20/194

By MAGGIE ROWLEY  
Property Editor

DEMAND for small and medium sized businesses in the Western Cape has soared in recent months, according to leading brokers.

Solly Joffe of Cape Business Bureau said that after a quiet 12 months, interest from local, up-country and foreign buyers for businesses of between R50 000 and R200 000 had picked up considerably in the past eight weeks.

His company alone had sold more than eight small businesses in this period and further sales were under negotiation.

Strong demand had come, from not only Cape Town buyers, but from Johannesburg, Durban, Namibia, Botswana and Europe, particularly the Ger-

mans, he said. Businesses sold by his company in the past eight weeks include a number of well-known restaurants including Kaapse Tafel and Jaitheek Grill, the former of which was sold to a German buyer.

Other sales have included Lucky Garden Services in Edgemead, Poppy's Restaurant in St Johns Arcade, M & B Pottery in NI City, Charles Blake Motors in the Strand, East Lake Motors in Muizenberg and a CBD-based accountancy firm.

"The pick up in demand at this level of the market

is indicative of the economy not only strengthening but an improvement in business confidence.

"We are receiving inquiries on a daily basis at a rate unseen in recent years," he said.

MD of Seeff Corporate Finance, Rory Stear — which has a business broking division covering deals up to R1m, and the mergers and acquisitions division for deals of between R1m and R20m — said activity levels in both sectors had picked up strongly since September, and deals negotiated in the second half of 1993 were up 25% compared to the

ing concerns and asset-backed businesses, the PE ratio was even higher.

Activity in the merger acquisition division had also picked up considerably with five deals totalling more than R25m having been dealt with.

Stear said the attitude of financial institutions towards financing these deals had also improved in recent months.

Previously it had been almost impossible to finance a deal without the buyer having a substantial cash component or the seller giving terms to the buyer.

"While banks are still being cautious and generally require the buyer to have 50% of the asking price in cash, they are definitely adopting a more positive attitude towards small business deals," Stear said.

first half.

He said they had recently done a cross section analysis of 30 deals in recent months, and the price earning ratios which businesses were now going for had improved.

Businesses up to R200 000 are currently trading at approximate multiples of 1,18 or 14 months' profits, while businesses of between R250 000 and R500 000 were generally being sold on a PE ratio of 1,89 — equivalent to two years' profit.

For some types of concerns, such as manufactur-



# Free State business forum planned

BIDAU BANAY 25/11/94  
**JOHN DLUDLU**

PLANS were under way to form a single nonracial business forum for the Free State region, the regional office of the ANC said yesterday.

ANC spokesman Moss Mokhamisi said the aim of the forum was to unify black and white business in the Free State, and create a single voice for the region during the period of national reconstruction.

"We have realised that the economic development of the region is not on the national list of priorities," Mokhamisi said.

Also, "although the region has rich mineral resources, profits generated here tend to be expatriated to other developed regions. So we want these profits now to be used for the development and reconstruction of this region in line with the recently unveiled proposals of our reconstruction and development programme."

The forum would be organised along the lines of the Business Forum — a loose association representing different business interest groups.

"It is envisaged that the structure will naturally evolve into a more formal body over time," he said.

The role of the ANC would be limited to facilitating the formation of the forum. "The ANC will then withdraw and leave it to businessmen."

Mokhamisi said major steps had already been taken to bring the business community together. Several meetings had been held with organisations such as the QwaQwa Chamber of Commerce, the OFS African Chamber of Commerce and bodies representing white business. "The response from white business so far has been positive," he added.

A meeting to resolve remaining problems and lay the foundation for the launch of the forum is scheduled for mid-February. (30)

The forum would represent key industries in the Free State, such as farming, mining and retail, Mokhamisi said, and would work alongside the province's economic development forum and other development agencies in the region.

Mokhamisi said it was hoped the setting up of the forum would encourage the agricultural sector to understand that opportunities existed for them in the province as well as personal safety and greater security.

This establishment of the Free State forum comes in the wake of the recent announcement of a task force to look into the possibility of the Business Forum transforming itself into a more formal body.

# Ackerman elected to lead world retail body

PICK n Pay chairman Raymond Ackerman has been elected to head one of the world's biggest business organisations, representing food retailers and supplier conglomerates in 41 countries.

He takes his two-year position with the International Centre for Companies of Food and Trade Industries (Centre Internationale de Entreprises du Secteur Alimentaire, or CIES) in Madrid in June.

CIES will be having its annual congress in Madrid but Ackerman will continue to be based in SA for his two-year chairmanship of the organisation.

CIES is made up of 250 food retailing chains and 250 supplier conglomerates and boasts sales exceeding \$1000bn and 5-million employees. Its activities and international events are concentrated on strategic management, marketing, packaging and the environment, supply chain management, management information systems and executive development.

Ackerman, who is co-chairman of the Cape Town

**BILLY PADDOCK**

Olympic bid committee, yesterday confirmed his withdrawal of all support for Johannesburg and Durban's bids, and indicated he would be looking to raise international sponsorship for Cape Town's bid.

Ackerman said if Cape Town lost the bid he would not support either of the other cities in the running.

"While initially I indicated I would support whichever South African city won the bid, the more involved I became and the more I have travelled overseas, the more convinced I am that Cape Town is the only city with a realistic chance," he said.

Ackerman, who recently returned to SA in time for the final determination of which city wins the SA bid, was on Saturday billed as one of the top 40 marketing superstars in the world by New York-based Advertising Age.

He shares the SA honour with M-Net's Koos Bekker and 38 other international executives.

● See Page 4 and Back Page

# Black business calls for unity

*B/Daw 27/11/94*  
THE National African Federated Chamber of Commerce (Nafcoc) was working for a fusion of all business into a single, strong entity to address SA's economic problems, Nafcoc president Archie Nkonyeni said yesterday. (30)

As a first step in this direction, Nafcoc's council had agreed at a meeting in Johannesburg at the weekend that the organisation would have a "bosberaad" with Sacob in less than a month, Nkonyeni said.

It was disturbing to note that the race factor was still dominant in organised business relationships when the rest of SA was concentrating on commonalities and moving away from exclusivity.

To address this anomaly, the organisation had decided to review its relationship with other business groupings.

Nkonyeni said black and white business sectors had mutually beneficial qualities that could be exploited for the good of SA.

"White business has resources, but lacks credibility in the outside world, while the

THEO RAWANA

opposite is true for black business.

"A form of 'toenadering' needs to be researched to make SA a viable economic destination."

While in black business had shown more affinity with labour, the tendency now would be to gravitate towards white business. "With apartheid falling away, we need to review our relationships. All business should exploit the different resources each has."

Nkonyeni said the Joint Ventures Programme (JVP), which Nafcoc launched late last year to pair black businesses with experienced white businesses in order to form viable joint enterprises, was receiving an overwhelming response from local and foreign companies.

As part of the programme, Nafcoc would approach large concerns to "divest a significant portion of their interest in favour of black partners."

# Stormy times ahead, Jacobs tells business

Star 28/11/94  
30

■ BY SVEN LUNSCHÉ

The Department of Finance has criticised key elements of the ANC's reconstruction and development programme and warned the business sector of an "unfriendly" policy environment ahead.

Opening the AGM of the Northern Transvaal Chamber of Industries yesterday, the special economic adviser to the department, Japie Jacobs, said: "The business sector will in future have to operate in a policy environment that is likely to be less friendly and market-oriented than has been the experience during the past decade."

He added: "Pronouncements on the need to break up conglomerates by using anti-trust legislation, to nationalise certain industries, to democratise the management and ownership of corporations and to intervene in the financial sector in order to channel finance towards the proposed socio-economic programmes, certainly do not help to create a climate in which the private sector can play a leading role to improve the economy."

Jacobs reserved his sharpest criticisms for the ANC. "The policies proposed for the reconstruction and development of South Africa tend to over-emphasise the role that government-driven socio-economic and job-creation programmes can play in improv-

ing long-term growth," he said.

The economy should rather become more export-oriented "in order to improve its growth performance and ability to provide the scope and resources for addressing socio-economic backlogs".

Echoing criticism that the ANC had yet to provide realistic models on how to finance its reconstruction programme, Jacobs said: "It is safe to say the economy, despite the under-utilisation of production capacity, does not have the capacity to absorb the ambitious programmes that are currently doing the rounds.

"Unfortunately, SA has not as yet been able to obtain a clear vision of the economic policies the new government is likely to implement.

"This is understandable because the new government, the composition of which one can only speculate on at this stage, will wish to obtain a clear picture of existing policies before it embarks on changes," he said.

It was only when such details had been analysed that the Budget for the 1994/5 fiscal year could be expected.

Jacobs said that the first problem the new government would have to grapple with was the persistent outflow of capital.

"Otherwise the capital flight will dictate the economic policies to be implemented to protect the balance of payments."

## Black businessmen face harassment

BLACK businessmen were targets of physical attacks in some Natal areas as they did their share of promoting democracy and voter education, Fabcos public affairs director Mike Ntlatleng said yesterday.

Fabcos, with other black business organisations, has accepted the Consultative Business Movement (CBM) manifesto committing business to promoting voter education.

But Ntlatleng said the Independent Forum For Electoral Education needed to be made aware of the concerns of the black business sector.

One Fabcos member was assaulted as he collected people for a voter education session in Natal.

He said big business could shout the virtues of voting, allow employees to go and vote and get identity documents, "but they are doing this from the comfort of their offices.

"Black business — which is non-aligned — has to

### THEO RAWANA

weigh whether to say to people vote, or even tell them how to vote.

"You have to mention things such as Codesa and the multiparty negotiations, and immediately you are seen to be taking a political stance," he said. Businessmen were seen to be taking sides by organisations like Azapo.

Taxis carrying the bumper sticker "Vote April 27th" could be a valuable vehicle for spreading the democracy message.

"But you have a taxi operator carry that in some part of Natal and you are throwing him into a lion's den," Ntlatleng said.

Independent Electoral Commission head of communication Humphrey Khoza said: "The IEC has been empowered to do whatever is necessary to ensure free and fair elections. If such incidents take place, the IEC will take whatever steps are necessary."

# SA poised to become the 'Japan of Africa'

CT29/1/94 (30)  
NELSPRUIT. — World business leaders agreed that South Africa was destined to become the "Japan of Africa", President F W de Klerk told a business lunch yesterday.

Addressing about 200 businessmen here, Mr De Klerk said government initiatives had opened many new markets.

"I have met the leading figures of the private sector of the whole world in the past four years and none of them disagree with the claim that this country is destined to become the Japan of Africa.

"Our private sector, with interna-

tional partnership, will move into Africa to reconstruct the continent. We stand on the threshold of a tremendously exciting period in our development."

There was one proviso to positive development, he said — namely that in the implementation of the new constitution "we must make sure that the value system that has succeeded across the world will be the determining value system in the new era".

Mr De Klerk received a strong endorsement from enthusiastic black farm workers in the Belfast potato belt. — Sapa

# Business joins lobby for double ballot voting system

2/2/94

ANGLO American Corporation chairman Julian Ogilvie-Thompson and SA's largest business organisation Sacob yesterday publicly threw their weight behind political parties backing a double ballot system for the April elections. (30)

Warning the ANC and government that their decision to push for a single ballot could endanger the elections, Ogilvie-Thompson said a double ballot was "vital if the views of the people of SA are to be widely represented and expressed".

He called on the ANC and government to return to their original flexibility on the issue, as this would renew pressure on the dissenting parties to return to the negotiating process and take part in the elections.

## BILLY PADDOCK

The ANC refused to comment directly on the business statements, saying its national executive committee (NEC) was meeting to consider a range of proposals regarding the Freedom Alliance. An announcement would be made today.

The ANC spokesman said the NEC was considering the issue of a double ballot, but would not be drawn on the possibility that it would concede on what president Nelson Mandela has called a "non-negotiable".

A spokesman for Constitutional Development Minister Roelf Meyer said government had never accepted a single ballot as ultimately democratic or as a principle.

"It is purely a practical consideration, where we feel that a double ballot could be damaging in giving a true democratic reflection of our voter profile at this stage."

The Inkatha Freedom Party has been the Freedom Alliance's main protagonist for a dual vote, while the DP and PAC have also called for a double ballot.

TIM COHEN reports that President F W de Klerk met Zulu King Goodwill Zwelithini for two hours at the Union Buildings yesterday. No statement was issued but they agreed to meet again. Inkatha leader Mangosuthu Buthezi was not present.

Ogilvie-Thompson said the major parties had, through long and difficult negotiations, secured an opportunity to bring to

gether South Africans in a true democracy. "I find it difficult to believe that they now appear willing to throw it away" through a refusal to follow standard international practice. "I find it all the more alarming that the reasons advanced for the single ballot appear to be rooted in expediency rather than principle," he said.

He said the question of provincial powers was more complex, but agreement on the double ballot should make it easier to prevail on parties outside the process to rejoin. This would help allay the mounting concern of South Africans and international investors whose confidence and support were essential if a new government was to

□ To Page 2

## Double ballot

8/Day 2/2/94

□ From Page 1

begin to meet its promises.

"There is growing evidence that international opinion is alarmed by this unnecessary constitutional impasse which is jeopardising international confidence in the future of SA," Ogilvie-Thompson said.

ANDREW DUFFY reports that Anglo, which controls nearly 40% of the JSE by market value, said the chairman's statement was prompted by the collapse of Monday's talks between government, the ANC and the Freedom Alliance.

It said the statement had been passed on to other business leaders. The immediate response was mute. Old Mutual and the Rembrandt Group refused to be drawn, saying it was company policy not to comment on political issues. (30)

But the Institute of Directors, whose membership is made up of directors representing 90% of JSE-listed companies, strongly supported Ogilvie-Thompson.

"It is time the major parties made this concession to bring others back into the process," its executive director Richard Wilkinson said. "They've come so far. Why

should they get hung up over this?"

Sacob president Cedric Savage said he was deeply concerned at the apparent failure of Monday's talks, and in view of business confidence and social stability it was essential that consensus be reached on constitutional changes.

"In particular Sacob wishes to add the voice of business to widespread expressions of disappointment over the single ballot paper proposed for the April elections," he said. This was an "unnecessary and unfortunate infringement of the fundamental right of voter choice" and weakened the role which regionalism ought to play in the new dispensation.

Sapa reports that the DP urged parties to show flexibility in order to achieve an all-inclusive political settlement. DP federal spokesman Ken Andrew said if negotiators could not reach agreement, outstanding issues should be resolved by independent mediators.

He said the ANC's and NP's insistence on a single ballot could destroy any hope of a peaceful and inclusive election.

● Comment: Page 6

# Black is beautiful in business this year

35 WSM 4-10/2/94

Mondli waka Makhanya

**I**T seems 1994 is the year to be black and in business. With the year just over a month old, there have been three deals involving takeovers of major companies by black businessmen.

The latest of these was the takeover of African Life Assurance by black investors this week in a deal worth R160-million. It follows hot on the heels of the Argus Group's sale last week of the *Sowetan*, the country's biggest-selling newspaper, to a black consortium led by Nthato Motlana.

It is one of a stream of big companies in which black groupings have acquired controlling stakes without necessarily having capital at hand. They have mostly had to rely on outside parties to provide the financial backing. Observers believe this will become a trend.

"It is interesting to see that black entrepreneurs are taking exactly the same route as Afrikaner capitalists in the 1940s by establishing insurance houses. There is clearly a move to mobilise black savings," notes *Innes Labour Brief* publisher Duncan Innes.

The African Life deal involved the sale by Southern Life of 51 percent to the "Acquisition Group", which includes prominent black businessmen, various church groups, some Congress of South African Trade Unions-aligned trade unions, the National Stokvels Association of South Africa (Nasasa) as well as Kagiso Trust and provident and pension funds. Southern continues to hold a 25 percent shareholding in the assurer. It hopes this will enable it to benefit from the anticipated growth of Aflife.

Although the transaction is undoubtedly part of the white business community's stampede to be seen to be involved in black advance and empowerment before April, it also makes sound business sense. For Southern, its stake in the company will enable it to tap into Aflife's expansion in the black market. The new owners include groupings, such as cash-flush Nasasa, and the trade unions, who will give the assurer an edge over competition in the rapidly growing black market.

Black investors are not inheriting a used car on its last legs. African Life is a successful company with total assets of R312-million and a growing recurring premium book which in the last financial year stood at R104-million. Its share price has also outperformed both the All Share Index and the Financial and Industrial Index on the Johannesburg Stock Exchange.

Judging by the performance of Aflife's share price since management issued a cautionary notice, investors also think



Aflife's Don Ncube ... High hopes

the deal is a good one. The price rocketed from 450c when the cautionary was first issued to a peak of 555c. It has since settled back to around 510c. When the deal was concluded the price was at 470c and it was at this value that the R160-million price was arrived at.

Market optimism about Aflife is based on the fact that the groups forming the Acquisition Group are all major interest groups with large followings and "legitimacy". It is said that together they have a membership of more than three million and incoming Aflife chairman Don Ncube (an Anglo American executive) estimates an average of three dependents per member, which would give them access to 15-million strong market. Although this may be a little exaggerated, there is no doubt this will be beneficial. This will also be enhanced by the fact that all these are shareholders of the company.

**F**erguson Bros insurance analyst Steve Rubenstein points out that the added advantage of the link-up is that members of stokvels and trade unions are employed people.

"The next five years is going to be a good time for African Life. It will see an enhancement of value," reckons Rubenstein.

Furthermore, management remains unchanged and the only significant changes will occur at board level, which will be led by Ncube. There is, however, no doubt the new owners will insist on more vigorous implementation of affirmative action. That the new management will use Aflife as a vehicle for other ventures is indicative of a strategy black business interests are using to secure financial clout before embarking on major projects.

Most of the recent acquisitions, such as Prima Bank and Methold, have been in the financial services field. The two most ambitious business startups by black businesses sector, namely African Bank and Future Bank, have also been in this field.

A major development is the strengthening of the union movement's participation in the arena. With foreign funding drying up, unions are looking for innovative ways of generating capital necessary to make them self-sufficient.



# SA firms opt to 'wait-and-see'

By AUDREY D'ANGELO  
Business Editor

TOO many SA companies are still adopting a "wait and see" attitude instead of taking action to benefit from new opportunities and meet increased competition from abroad, according to a report by Decision Makers Group International (DMG). The report is based on the latest of a series of surveys in which only very senior executives in major companies were interviewed.

It shows that the senior management of privately owned companies are, generally, more optimistic and prepared to meet new challenges than those working for major conglomerates. Expressing concern at the extent of "corporate paralysis" in

SA, the report points out that 84% of the directors of SA's 100 largest companies have technical, accounting or legal qualifications and the country's business culture is driven by analytically educated directors who are inevitably risk averse and therefore not particularly entrepreneurial. Most of them wanted to "stick to their knitting" although markets were changing and "the recent financial track record of SA companies would suggest that 'sticking to the knitting' could be tantamount to long-term business suicide."

Many suffered from a "nine month syndrome" in which they expected improvement to come in about nine months for external reasons.

The survey covered a wide range of industries from advertising and communications to clothing and textiles, engineer-

ing financial services and insurance, paper and packaging and tourism.

The report says that despite recent publicity given to increased business confidence, this improvement is based on emotion and is totally conditional on political stability, reduced violence and increased foreign investment.

The majority of respondents appear unwilling or unable to respond to the demands of what is already a fundamentally different business environment.

DMG considered these attitudes so prevalent in SA conglomerates were "largely influenced by their results being continuously exposed to public scrutiny, investment analysis and media coverage.

"Executives of these larger companies were still generally

optimistic while in the smaller and privately owned organisations, there was a greater degree of optimism.

Although there was widespread acknowledgement that business conditions would change, there is, however, general ignorance of the appropriate strategy and tactics.

There is unanimous agreement that besides increased productivity and reduced costs, greater emphasis will have to be given to marketing — especially as competition inevitably increases in a democratic SA.

There was now general agreement that real future growth would emanate only from new products and markets. While this was seen as a prerequisite for growth most executives were still thinking in terms of traditional pro-

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COPPER	ESI
MANG	9A
PLATIN	12E
OTHER	15C
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# Tending to business ills

WM 11-17/2/94 (30)

Tycoon in the morning,  
doctor in the afternoon.

**Mondli waka Makhanya**  
speaks to Nthato Motlana

**N**THATO MOTLANA tells a story about leading a business delegation to Europe in the 1980s. Wherever the delegation went, he was addressed as Mr President.

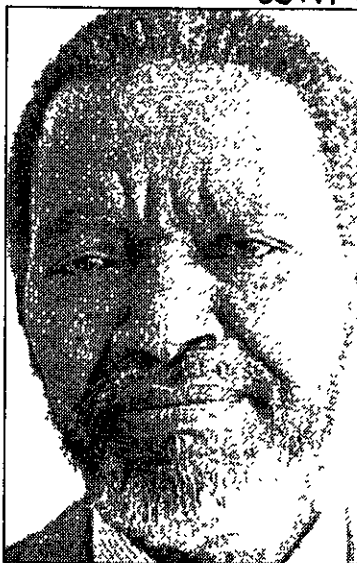
Way back then it was wishful on the part of his hosts. But today the diminutive Soweto doctor is fast becoming one of South Africa's most powerful individuals. In addition to being personal doctor to Nelson Mandela and an active political figure, he heads a business empire that is spreading its wings into media, financial services and information technology.

His influence is likely to grow as the black economic empowerment wheel gains momentum. Motlana has been a central figure in major black acquisitions and is also the first man white corporations turn to when they want a black on their boards or to get into partnerships with black businesses.

Just two weeks ago he was at the head of a consortium that bought a controlling stake in the country's biggest selling newspaper, the *Sowetan*. Motlana now intends using the *Sowetan* as a vehicle for the launch of a black publishing house.

It also puts him in direct confrontation with the African National Congress — of which Motlana is a staunch member — which has been threatening to launch its own daily newspaper. The third horse in this publishing triangle is the African Life insurance company, which was last week bought by black businessmen and intends expanding its Enterprise subsidiary into a major publishing operation.

The centre of the Motlana business empire is Kwacha Holdings, which controls the Lesedi Clinic and the Sizwe Medical Fund. Kwacha was started in the late 1970s to raise capital for a black private clinic when white clinics were reluctant to accept black patients. The result was Soweto's Lesedi Clinic and the Sizwe Medical Fund, both run by black doctors.



**Motlana: Expanding into media**

There was also an abortive attempt to get into the pharmaceutical industry with the founding of Lesedi Pharmaceuticals.

Sizwe and Lesedi Clinic bear classic characteristics of the way Motlana does business in companies he has control over. Lesedi is 10 percent owned by gas company Afrox which has a management contract with Kwacha. Afrox is also training Kwacha staff to take over once the contract ends. Sizwe is also managed by a white scheme, Medscheme.

"We need to see more of such partnerships. White people have a lot of skills they denied us in the past and we need to learn from them," says Motlana.

This dictum has been carried into the jewel of Motlana's business interests, Methold. This holding company has a controlling stake in Metropolitan Life which, with R5-billion worth of assets, is South Africa's fifth largest insurer. Since the takeover last year, white management has been retained. There will, however, be a gradual blackening of management.

Of the various companies in the Motlana stable, Methold is the one that shows the greatest potential. With its huge asset base and a total premium income of R800-million, it is growing rapidly and has in recent years been the shining star in the Sankorp stable. Motlana would like to see Metropolitan move from its concentration on the C and D income groups to A and B as more and more blacks become

professional and their wages rise accordingly.

But, surprisingly, the floating of the company's shares in the black community has not been as successful as was envisaged. Of the 140-million shares that were on offer, only 11-million were snapped up by black investors at the heavily discounted R1 a share. Methold executives blame insufficient marketing for this and are now targeting institutions to buy them at R20, instead of the R27 at which they are now valued on the Johannesburg Stock Exchange.

Methold also intends to invest heavily in property, especially shopping complexes in black areas. Property is a traditional area of investment for finance houses, but most have shied away from townships because of perceived instability in these areas.

"It's only natural for us to do that," Motlana points out.

With the *Sowetan* deal, Motlana is now set to expand into the media business. The Prosper Africa Group, of which he is chairman, is already set to rake in a fortune from its involvement in the cellular phone business. It had a 20 percent stake in the Mobile Telephony Network, which is one of two licensed network operators. However, it swapped some of its shares with Argus to finance the *Sowetan* deal.

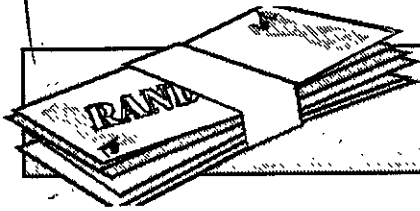
First priority, says Motlana, will be to upgrade the *Sowetan* into a better quality newspaper. "It has too much crime and sport," he complains.

It will be expanded into a national daily with printing facilities in Durban and Cape Town. "We've been thinking of black publishing house since the 1970s but it was always the same problem of finance."

Motlana also sits on several corporate boards. According to McGregor's Online information, these include Adcock Ingram, Sasol and the Development Bank of South Africa, Putco and the Small Business Development Corporation.

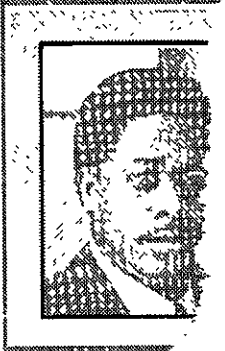
He is also on the executive boards of almost 20 community organisations.

Motlana sees to his business interests in the mornings and from 2pm to 7pm he operates his surgery in Soweto.



# Focus on Business

## Black firms are valued at R2,3-bn



Billions of this rand influence is nr

**Emmanuel and works Mouton &**

**F**OUR BLACK-OWNED companies with a total value of R2,3 billion are currently listed on the Johannesburg Stock Exchange. Metropolitan Life, African Life, Yabeng Investments and Lebowa Bakeries (Lebaka) represent less than one percent of the market value of R720 billion of all companies on the JSE.

Although this state of affairs is unacceptable, recent deals concluded between big conglomerates and black investors are indicating a move in the right direction, particularly the Metlife and Afflife deals.

Running ahead of others is Metlife with a market value of R1,7 billion and assets topping R5 billion. Although black shareholders have been allotted 10 percent of the company, they together with Sanlam, have voting control and eight of Metlife's 16 directors are black.

Metlife mainly caters for the insurance needs of black people. It should grow further as this market expands.

In the same insurance sector there is Afflife, recently secured by a consortium of black investors from Anglo American-owned Southern Life for R160 million. Its market value is R366 million and the asset base is R312 million. Most of Afflife's policy holders are black.

Stiff competition is expected as these companies battle for market share in this emerging market. Other giants such as Sanlam, Old Mutual and Liberty Life are likely to enter the fray.

In third position is Yabeng Investments, an investment trust in which the Bophuthatswana National Development Corporation has a 45 percent stake. It controls a number of Bop-based investments.

Yabeng's market value is R228 million and its assets total R110 million. Its share price has been doing well, rising from R2,75 last April to the current R4,20.

Finally, there is Lebaka, which was formally black-owned but white share holders have since acquired a majority stake. However, black investors have retained 20 percent. It is worth R25 million and has assets totalling R44 million.

Lebaka was bought by the Cape-based bakery group.

Sasko, in a controversial takeover in April 1991. The Lebowa Development Corporation sold the company to Sasko without notifying the Lebowa cabinet.

Attempts by the Lebowa government to reverse the takeover were frustrated by Sasko who bought shares belonging to minority shareholders, a move which increased its stake to 73 percent. However, these direct black holdings conceal the significant role black funds — pension, provident and unit trust funds have on listed companies.

**Billions of rands are invested in the market by blacks but scattered so widely that their influence is not felt**

# SA businesses must curb 'arrogance'

ARG 12/2/74

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**ALIDE DASNOIS**  
Business Staff

SOUTH African businesses should temper their "arrogance" about the rest of Africa, said Wesgro's David Muirhead.

Mr Muirhead has just returned from a mission to the Ivory Coast and Cameroon with Wesgro's projects co-ordinator Vera De Hen. Mr Muirhead said South Africans thought of African countries as "poor relations".

He said this would have to stop if South African companies wanted to compete in African markets.

West Africa, not southern Africa, was the Cape's natural market in Africa. Trade with West Africa accounts for only 2 percent of the country's trade.

"In the past the thrust of our relations with Africa has come from the PWV region, whose natural markets are in southern

Africa. Lusaka, Blantyre and Maputo are only a few hours away by rail from Johannesburg.

"But the Cape's natural market is elsewhere," said Mr Muirhead.

New air and sea connections were needed if the Cape was to develop an independent relationship with West African countries, he said.

"At present the only direct flight from Cape Town to another African country is to Windhoek".

But African airline Air Afrique was considering introducing a direct flight to Cape Town from Abidjan with stops in Douala or Libreville.

The Wesgro delegation said their discussions with African businesses and with French companies installed in West Africa had been promising. But not enough was known in the rest of Africa about the Western Cape.

West African businesses were

keen to export agricultural and consumer goods and to import agricultural machines, rubber goods and parts. In time the Western Cape could play a role processing West African exports such as cocoa, coffee and cotton for re-export in the region or abroad.

Mr Muirhead said the recent 50 percent devaluation of the CFA franc would force African businesses to look for cheaper imports and to find new export markets.

"We have an opportunity now to get a foot in the door."

Though African businesses were glad to welcome South Africa "back into the fold", companies in South Africa should not think they could coast back into African markets on a wave of sentiment.

"The feeling of African fellowship doesn't stretch to the back pocket", said Ms De Hen.

# Business in Western Cape is no big deal!

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ARC 12/2/94

**ALIDE DASNOIS**  
Business Staff

**BUSINESS** in the Western Cape is inward-looking, shortsighted and ill prepared for the future, a survey by chartered accountant Arthur Andersen has found.

The survey, the sixth of its kind by Arthur Andersen, the Graduate School of Business and Wesgro, is a tough indictment of business attitudes in the region.

Of the 400 owners and chief executives of Western Cape businesses who responded to questionnaires, only one percent regarded foreign competition as a significant threat to profits.

■ **Is the Western Cape the sick man of South African business? Read on...**

An alarming 78 percent had no plan for the next three to five years and 76 percent worked on short-term (one year) budgets.

Two thirds of the companies surveyed did not export, more than half said exports represented less than five percent of sales and 63 percent said they did not intend to export in the near future.

Less than a fifth had explored the possibility of joint ventures or partnerships with foreign firms in the past year.

Less than a third had explored co-operating with smaller or informal sector businesses in 1993 and of those who had

tried, barely half reported any success.

André du Plessis of Arthur Andersen said Western Cape businesses seemed to have become more insular.

"This is quite alarming as the demise of sanctions and the opening up of the South African economy to far more aggressive competitors from overseas — especially the East and Pacific Rim countries — could significantly affect their business.

"It seems business executives in the Western Cape are very complacent and are still not seeking to be competitive in world markets," Mr Du Plessis said.

Most of the firms surveyed employed up to 50 people. Only half had in-house training programmes running and just over a quarter sent their employees

out for training. Only 13 percent had affirmative action programmes.

The prospects for job-seekers are still bleak: 56 percent of the businesses surveyed do not intend to increase their staff this year and 13 percent intend to retrench.

A quarter of employers are planning to grant wage increases of more than 10 percent to staff. Only six percent do not intend to give increases, compared to 11 percent in 1993.

Most chief executives are stressed — 43 percent rated their stress levels as "high" and 12 percent as "very high". They are more worried about the recession, the political climate and violence than about problems at work.

The survey included companies in the manufacturing sector (38 percent), services, commerce and construction.

**JOBS**

# Whites pushed to think small

*ST Times (Buss)*

12/2/94

By CIARAN RYAN

CONCERN among salaried whites about job security is leading many of them into self-employment, according to an analysis of small business by the Centre for Developing Businesses at Wits University. (20)

Increasing numbers of public servants are retiring early and setting up businesses.

Whites fear that they will be passed over for promotion or even laid off by affirmative action.

Mark Peters of the Wits centre says: "Similarly, corporate employees are coming under increasing pressure to perform and that is adding to their feeling of insecurity."

"Real income and job security for salaried employees are decreasing and workloads are increasing. The risks of hard work (when self-employed) seem less daunting and the potential rewards more alluring."

The unemployed are still seeking sanctuary in the informal sector, but two new sources of entrepreneurs are emerging: women and immigrants. Firms owned by women have a high success rate. Once in business, women tend to stay there, says Mr. Peters.

A reason for the small-business

boom is a more favourable entrepreneurial environment. Many restrictive laws have been scrapped or are enforced with less vigour. There is growing recognition that vibrant small business is vital to job creation. Laws restricting hawkers and micro-businesses are either being scrapped or are weakly enforced.

A proliferation of books and courses on how to run businesses has enhanced the pool of entrepreneurial skills. Distribution channels and the supply of premises are improving and capital for new ventures is more readily attainable. Most banks operate small-business units and several non-government organisations are dedicated to promoting small business.

Mr Peters says: "We may expect a rapid exit and entry at the lower, smaller end of the small-business spectrum. Moonlighting will be an area of growth as people try to supplement their incomes."

"Retail will remain the largest sector, but the service one will grow most rapidly. The middle to upper end of the scale will have the greatest proportion of profitable firms, but entry and exit will be

rapid. At the top end of the scale, firms will be more sophisticated and assertive than ever."

Although political instability, harsh taxation and powerful competition may dampen these trends, a strong entrepreneurial culture seems set to evolve in the next decade.

The Centre for Developing Business identifies five main trends influencing the demand for products and services in SA:

- Large and rapid changes in technology. Product life cycles are becoming shorter and small businesses are able to respond swiftly to technological change in, for example, computers and office machinery.
- The growing wealth of blacks and a narrowing of the wage gap between them and whites is causing shifts in consumer demand. There is evidence of growth in black disposable income. White disposable income is static or declining. More money is being spent by blacks on transport, housing, entertainment, education, health care and food. Small business can tap these markets easily, but big business, because of political factors and poor township infrastructure, is often at a competitive disadvantage.
- The services sector is a major



MARK PETERS ... real income and job security are decreasing

growth area where individuality and customised packaging are in demand. An ageing white and a young black population will stimulate demand for specialised products and services at either end of the age spectrum.

- Big companies are focusing on their core business and hiring off non-essential services, such as catering, gardening, printing and cleaning to small firms, many of them staffed by former employees.
- Privatisation, although interrupted, may be resumed. This could create thousands of business opportunities as privatised corporations seek to trim overheads and con-

tract out non-essential services. Privatisation of British Airways led to the formation of 17 200 businesses.

Commercialised state-owned companies in SA are under pressure to show a positive return and this necessitates increased focus on the core business. The result is a growth in small businesses supplying it goods and services.

Other factors influencing the growth of small business are the absence of new jobs in the formal sector, a punitive tax regime which forces salaried employees into self-employment, urbanisation and increased pressure on corporations to show a commitment to small firms:

# Sacob, Nafcoc 'may merge'

PRETORIA. — The National Federated Chamber of Commerce (Nafcoc) and South African Chamber of Business (Sacob) should work towards a unified business body, delegates from the two organisations agreed at an indaba on Saturday.

Delegates said in a news release after the meeting they would convey this recommendation to the two bodies.

The meeting recommended that a

joint Sacob/Nafcoc 'steering' committee be set up as soon as possible to examine how and when a new unified business organisation could be established.

In the meantime, Nafcoc and Sacob would continue to undertake joint initiatives and projects where appropriate, aimed at promoting the mutual interests of their respective members and the business community at large.

— Sapa (30) CT 14/2/94

# Business needs a spur, says Mandela

Political Correspondent

NELSON MANDELA says the ANC is convinced that if the business community is left to its own devices it will "not rise to the challenges that face us".

He told the International Press Institute conference today that rather than invest in new, productive areas, development of human resources, and research and development, business had "tended to hoard its capital or speculate for the highest profits".

But small business had been stunted.

He said the highest priority of ANC policy was to create employment.

"While the democratic state will maintain and develop the market, we envisage occasions when it will be necessary to intervene where growth and development require such interventions.

"Among these will be employment mechanisms of affirmative action to redress the effects of discrimination against blacks, women, people in rural areas and the physically disabled."

Mr. Mandela said the ANC would seek to create a climate conducive to foreign investment through "stable, consistent and predictable policies".

He added: "This will necessarily entail the restructuring of public sector corporations.

"We want to get South Africa working. We will achieve this not by imposing our will from above, but rather through consultation, engagement and a continuing dialogue between government and the governed."



# US trust will channel funds to SA firms

CT 15/1/94

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Own Correspondent

JOHANNESBURG. — The Dreyfus Trust company is to start an investment fund for US institutional investors which will channel up to 40% of funds into unlisted medium-sized businesses.

Dreyfus Trust vice-president Oliver Franklin said yesterday the fund was called the Dreyfus New Africa Fund, and it would draw money from pension funds, endowments and foundations. About 60% would be invested on the JSE, with the remainder going to direct investment.

The process to set up the fund was already in motion and the first investments should take place within months.

Dreyfus Trust, which manages more than \$85bn worldwide, intended setting up a mutual fund in six months' time aimed at individuals with relatively large sums of money to invest.

We believe there is a lot of entrepreneurial talent in SA and see medium-sized businesses as an opportunity. Direct investment in entrepreneurial risk is what SA needs," Franklin said. He believed black business would benefit from the focus on medium-sized enterprises, although the fund was not focused exclusively on blacks and would invest in any growing business.

He said Dreyfus Trust was working with New Africa Advisers, a subsidiary of Sleane Financial Group — the largest black-owned US money management firm.

New Africa Advisers president Justin Beckett said he had been "delighted" with the depth and breadth of the SA unlisted market. "It is one of the better kept investment secrets."

The Dreyfus move follows US investment bank Morgan Stanley's African Investment Fund, which has already drawn applications for \$228m.

# Call on business to support election

ET 17/2/94

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344

By AUDREY D'ANGELO  
Business Editor

**BUSINESS** must help to achieve a high percentage poll in the election on April 27, SA Chamber of Business (Sacob) vice-president Philip Krawitz said yesterday.

He told members of Cape Town Chamber of Commerce, in a wide-ranging debate on the role of business in the election, that once the new government was elected there would be a lower risk premium on foreign investment "and we shall have a much bigger economy".

Emphasising that "business will want to work with whichever government is in place", Krawitz said business was chameleon-like and able to adapt to change.

It was market-driven. "Business people will do what society wants them to do."

Cosatu general secretary Sam Shilowa commented: "We know some of you are supporting all political parties."

Emphasising the need for continuing dialogue between employers and the trade unions after the election, Shilowa said his primary concern was the reconstruction of society in a way that did not hinder progress.

But although all speakers agreed on the need for business to encourage the workforce to vote without attempting to influence them politically, disagreements emerged during the three-hour debate at the Mount Nelson.

Chamber of Commerce president Roland Hudson-Bennett said the clause in the Electoral Act making it an offence to prevent the representative of any political party from canvassing or campaigning in a public or private place was "ill conceived and could lead to disruption in the workplace — or even violence".

Dennis Davis, head of the Centre for Legal Studies at the University of the Witwatersrand — and one of those responsible for drafting the Act — said it had not been intended that there should

be uncontrolled campaigning in the workplace.

He explained that the clause had been included because some farm workers seldom left the farms.

Shilowa said that arrangements should be made with employers in advance for political campaigning in the workplace "in ways that don't disrupt production but don't hinder any political party from going in".

He also suggested that employees should have paid time off for electioneering.

Krawitz said there should be time off for electioneering — but it should be unpaid. And political campaigning should be outside working hours.

But companies should not be seen supporting any political party — or giving money to any campaign fund. They should not allow their premises to be used by any political party unless they made them available to all parties.

*Chen*  
*2012/194*  
**Forum to  
light up  
darkest  
corner'**

*(30)*  
BLACK business people in the Orange Free State are taking economic empowerment into their own hands.

They joined forces on January 19 to form an organisation known as the Business Forum (OFS).

According to their spokesman Lucky Makae, it was necessary for business people to be united because the Free State is the "darkest corner of the darkest continent".

He added that unless black businesses in the area got their act together, they would be left stranded while the rest of the country grew by leaps and bounds.

He said business people could help create the goose that would lay golden eggs by attending the second general meeting of the Business Forum, scheduled for this Tuesday from 10am at the Hotel QwaQwa.

Makae said the meeting would focus on how to assist business people in meeting the demands of a rapidly changing country.

He said the forum would discuss ways in which this situation could be turned around in order for the business people to take action and become leaders and pace-setters in the world of trade.

*Investment mission starts today* <sup>N</sup>

# US fund to help boost SA firms

*Star 21/2/94*

■ BY PETER FABRICIUS  
STAR BUREAU

Washington — The US government's Overseas Private Investment Corporation is to launch a second Africa Growth Fund through which US institutional investors will be able to invest in emerging South African companies with US links.

Opic president Ruth Harkin said probably half of the investments in the new fund would go into SA companies.

The fund is likely to be launched on Opic's investment mission to SA which starts today. About 20 US companies, accompanied by officials from

## SECOND Africa Growth Fund to focus on helping small- scale black entrepreneurs

several US government agencies, will visit Johannesburg, Durban and Cape Town to discuss joint ventures with local companies.

Harkin would not say how much capital would initially go into the fund but said it would be substantial. (30)

Harkin said Opic would focus on helping small-scale black entre-

preneurs but that large projects would also be considered.

Opic has set its provisional budget for loans and insurance guarantees in SA at \$240 million (about R1 billion). But Harkin said there was no upper limit.

Opic recently lifted its upper limit per project from \$50 million to \$200 million.

Harkin said the mission would probably be looking at some infrastructure projects in SA involving energy and environmental clean-up.

The 20 companies represented on the mission include Chrysler, Ralston Purina, Maytag and Wickford Corporation.

# R260-m boost for black business

Sowetan 3/3/94

BLACK business is going to benefit from a R260 million investment fund from the United States government.

The fund, which is a partnership between the US government's investment arm, the Overseas Private Investment Corporation and a number of leading US companies, is aimed at the entire Southern African region with special emphasis on South Africa.

The Africa Growth Fund has been operational in other parts of sub-Saharan Africa for the past 20 years and

is managed by a US-based financial institution, Equator Bank.

Equator Bank's senior vice-president, Mr Richard Bouma says the first phase of the AGF in Africa was highly successful.

After a 10 day trip to South Africa, the Opic delegation announced the clinching of two deals involving US companies and local black business.

The first deal is a laundry franchise business that aims to establish 100 laundry centres in the townships.

The scheme is a partnership be-

tween African American businessman Mr Michael Giles and his South African wife, Ms Bernadette Moffat.

It is estimated that the venture could create about 2 000 jobs and will be financed to the tune of about R65 million by Opic and a number of local banks.

Also, a US-based computer firm CADscan has signed a letter of intent to join forces with the Durban-based black-owned entity, JBN Technology Services, to pursue markets in the electronics industry

(30) (53)

C

# SA business set to be mauled by internationals

(30) ARG 5/3/94

Business Editor

LOCAL business would receive the same jolt of surprise as it re-enters world markets as South African sportsmen did when they were allowed back into international competition.

This is the view of Bruce MacDonald, human resources lecturer at the Cape Town Graduate School of Business, based on the recently published results of the Western Cape Business Survey undertaken annually by Arthur Andersen, Wesgro and the GSB.

The results have sent a shockwave through Western Cape business.

The 400 business respondents to the survey ranked foreign competition 13th out of a list of 14 factors expected to effect local business conditions in the year ahead.

Mr MacDonald said this was "a very worrying result".

"I believe that South African business is in for a painful period of realisation in the coming years — a belief that is reinforced by some of the results of the survey.

"After years of isolation, South African rugby and its supporters re-entered the international arena in the blithe belief that they were the equals of anyone, only to receive a very rude shock in their first few international encounters.

"I suspect the same will apply in the business sphere when highly competitive overseas players become involved in local markets."

He says the low rating of "innovativeness" and "creativity" — 6th and 8th out of 10 factors — suggests a business community out of touch with the demands of a rapidly changing business environment, both locally and on the world stage.

Mr MacDonald said while quality of service and customer satisfaction were rated by an overwhelming majority as the most important factor in business success, employees were only rated fourth most important.

"I believe that employees are not being given enough credit in the creation of customer satisfaction and quality service."

A significant factor thrown up by the survey was that Western Cape executives say they work under substantial pressure.

Michael van Reenen, a specialist consultant in self and stress management, said that the business people are probably the cause of their own stress because they lack personal and business planning skills.

The lack of planning skills was probably the greatest cause of stress.

He said: "An analysis of the survey results indicates that 43 percent of executives rate their stress levels as high and 35 percent as average. They ascribe these stress levels mostly to economic uncertainty (65 percent) and the political climate (39 percent) — 78 percent indicated that they had no formal documented business plan for the next three or five years."

## Keys 'to look into small businesses' difficulties'

PRETORIA — Minister of Finance and of Trade and Industry Derek Keys yesterday promised to look into the financial difficulties facing the informal business sector because it was important to the South African economy. (30)

Paying a brief visit to the Mamelodi Industrial Park, Keys told small businessmen he had earlier met the director-general of Trade and Industry to discuss their problems. 10/3/94

"We have been involved in helping the informal sector through financial assistance... but it is clear we have to do more," he said.

It was encouraging that small businessmen were determined to keep their businesses running in spite of all the difficulties.

Small businessmen in Keys' audience complained of a lack of loans at their disposal.

Silverton Radiators co-owners Daniel Mabasa and Phelimon Msimango said their major problem was getting contracts from major organisations such as the Mamelodi City Council and the South African Police.

Keys promised to look into their problems. — Sapa

businesses need now • Promising economic recovery in Africa

# Skills stumbling block

Sowetan 10/3/94

By Mzimkulu Malunga ■ MAJOR CONSTRAINTS World Bank

**L**ACK of technical and managerial skills as well as finance have been highlighted by the World Bank as the major constraints on black business in this country.

Township violence, political instability, inadequate infrastructure and massive competition in the market are also external factors hindering the advancement of black business.

In a report just issued by the Southern African department of the bank, it has been identified that most black businesses are started not because of the quest for independence or higher income, but because of unemployment.

Prospects for the growth in this sector have improved in the past year. Black companies established last year showed an average growth of 46 percent compared to about 29 percent in

the preceding year. **MAJOR CONSTRAINTS** World Bank highlights factors hindering black business. 30

avoid excessive state intervention.

Experiences in countries like Malaysia and India, says the bank, demonstrated that too much state intervention in redressing imbalances in the economy stifle rather than develop intended beneficiaries.

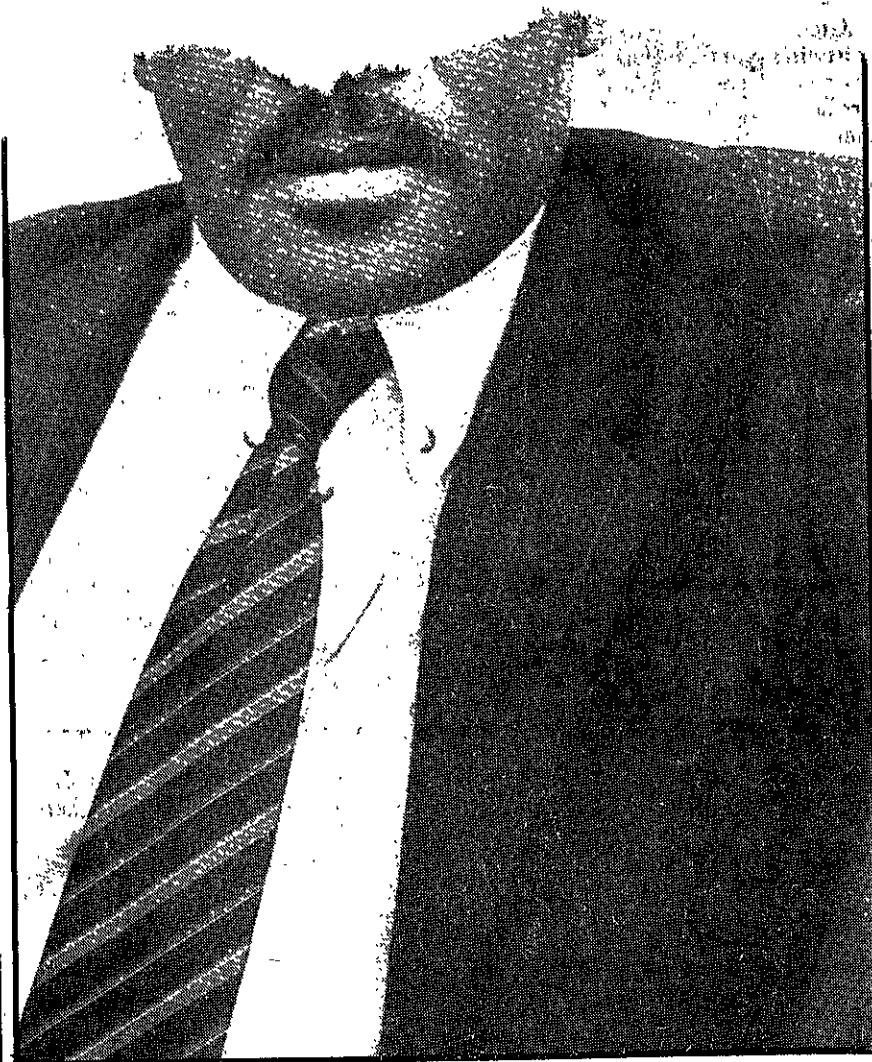
Since South Africa has a well developed institutional framework, this could be used to address the major needs of black business, says the report. Strategies like building relationships between big business and black business, training and development, as well as making finance available could help black business break the apartheid legacy.

The challenge facing South Africa is to design an institutional framework that accords black micro-enterprises much broader access to financial, training and technical assistance," says the report.

The bank says that if South Africa is to address the disparities between blacks and whites, black entrepreneurs have to be assisted to break into manufacturing. Almost 70 of black businesses are concentrated in the commerce and trade industries.

Though there is a need for a comprehensive policy to assist black business, this sector should not be over-protected and the country has to





**BANKS UNDER FIRE . . . SCCI executive director Max Legodi.**

## 'Stop turning off the finance tap'

CIPRODS 13/3/94

THE Soweto Chamber of Commerce and Industries has called on all financial institutions to relax the stringent requirements for granting credit to black business.

Creative solutions should instead be found to give black business access to equity capital, development capital and expansion financing, the Chamber said.

Max Legodi, executive director of the Chamber, a Nafcoc affiliate, said the financing institutions and the SBDC have historically paid lip-service and have been hypocritical about their role in giving black business access to development capital — which is necessary for black business empowerment and entry into the mainstream economy.

Legodi said the black business community was no longer prepared to accept the excuse of lack of

collateral and security as the basis for refusing financing for black business development. (30)

He said the black community's lack of collateral and security was a condition that had come about as a result of the white minority government's socio-political and economic disempowerment programme, and the situation could only be remedied by deliberate socio-economic and political empowerment efforts for the disadvantaged communities.

### Disenchantment

If mechanisms were not created to give black business access to development funding, Legodi said, black business would continue to be marginalised. This would undermine the social stability necessary for economic growth.

It would also lead to disenchantment with the free enterprise system among the black majority, he warned.

To be meaningful, Legodi said, any solutions would need to embrace the following elements of affirmative action:

- A redefinition of the credit criteria to take into account the historical realities of black business and the effects of oppressive policies and practices on black entrepreneurs.
- A moratorium on judgments against black business and black entrepreneurs whose failure to get credit came about as a result of government legislation and big business malpractices against black entrepreneurs.

Legodi said a meeting had been set up with the country's largest credit bureau, Information Trust Corporation, to investigate the matter.

## Small business agencies must go — ANC

CAPE TOWN — Government's small business agencies, including the Small Business Development Corporation, should be closed down, the ANC said yesterday.

They should be replaced with "a new agency with the sole aim of promoting the growth and expansion of small business enterprise", it said. "We have had 46 years with the NP masterminding economic policy and results have been disastrous."

The ANC's realistic model was not an anti-enterprise or an anti-business programme. "For its success, the ANC will require only that big business and the big corporations also change their focus and lend force to the national drive for jobs, homes, health and education."

But, the ANC said, business was not only for the big players. Its proposed new small business agency

### Political Staff

would be charged with: *Biday*

- Ensuring that adequate finance and credit were available for the needs of small business; *15/2/94*
- Ensuring that properly serviced sites were available everywhere for small traders and informal markets;
- Providing facilities for the training of small businessmen and women in management, accounting, marketing and production skills; *(20)*
- Ensuring that priority in the allocation of all public supply and service contracts was given to small business, and;
- Ensuring that equal access to loan capital, credit, licences and sites was available for existing and new small business.

Report by B Streek, TML, 122 St George's St, Cape Town.



COMMUNITY LEADERS: Zolile Hugo and Melford Notshokovu of the Masakhane development project, the driving force behind the establishment of the mall.

Pictures: ANDREW INGRAM, The Argus.

# Rowdy Lawaaikamp has been transformed into a boom town

AKL 18/3/94 (39)

## □ New shopping centre gives focus to community

Staff Reporter

I am extremely pleased. We used shipping containers to keep overheads as low as possible to make business viable for business people who have been deprived. To grow, they had to start somewhere," said Mr Hugo.

Masakhane means "Let us build together". The Lawaaikamp civic organisation founded the project in 1989 to facilitate development after the government had abandoned attempts to remove squatters forcibly.

Sylvia Fuzani, who works in the laundry which is run by her brother, T J Fuzani, said few people did business with them at the beginning but now the vast majority of Lawaaikamp residents came to them to have their washing done.

Although the mall was officially opened on Saturday, shops have been operating since November. Monthly rent is R60 and tenants have the option to buy in.

"It is doing very, very well and

"We've only been here for two months, but you wouldn't say so. Our business is doing very well," said Dumnisani Diadla, a father of four who manages Savemore Supermarket.

"The rent is very fair. I don't get tired of work, either. We're open from 7 in the morning until 10 at night," he said.

He worked as a supervisor in a George supermarket for five years before opening his shop.

The various shops include a herbalist, shoe shop, bakery, takeaways and a hardware store.

George municipality's deputy director of administration, Johann Basson, believes that the relationship between his council and Lawaaikamp has changed remarkably since a commitment was made to develop the area.

"Over the past four years, a relationship of mutual trust has been built," said Mr Basson.

Although the community's bitter struggle against forced removals is now a memory and they are finally becoming established, the scars remain.

But yet another stage in the healing process has been achieved with the opening of the 28-unit centre, the only one in the country made of converted shipping containers costing less than R2,000 each.

The Santiam Masakhane Mall has had a "major motivational impact" on Lawaaikamp and other communities, said Zolile Hugo, development education officer of the Masakhane development project.

## ANC small business loan guarantee plan

GAVIN DU VENAGE

THE ANC wanted to establish a "national enabling fund" that would guarantee loans for small and medium enterprises, ANC deputy economics head Tito Mboweni said last night. *Biday 18/3/94*

Speaking in Johannesburg at a conference to put the ANC position on small business, Mboweni said collateral for loans was the single biggest factor preventing blacks from raising capital for businesses.

The enabling fund would provide lending institutions with a certificate of guarantee after the applicant had been screened.

Legislation would have to be introduced penalising discriminating lending practices which, although they were not the policy of lending institutions, still resided "in the guts" of many bankers. *(30)*

He said institutions were hesitant to lend to black entrepreneurs despite claims that criteria were the same for all races. Legislation would ensure banks' lending practices were based on economics only. *(11)*

It would also be necessary to provide training. Mboweni said although most entrepreneurs flourished without formal qualifications, they should have access to skills upgrading programmes.

Responding to a question, he said tax breaks for small and medium enterprises would have to be negotiated. Taxation on small businesses "would not be left up to bureaucrats in Pretoria".

Cosatu general secretary Sam Shilowa

To Page 2

## Small business *Biday 18/3/94* From Page 1

told the conference it was not true that small business and labour were in conflict. He said the trade unions, although for the most part active in big business, recognised the value of small businesses in creating employment. *(30)*

However, it was important that employees in all sectors of the economy be protected. He said Cosatu rejected following

the Asian route to economic growth, which depended on cheap labour.

Shilowa said legislation encouraging small businesses, and active participation by this sector, were necessary for growth. "Big business claims to speak for all business. Small business must not stand back, even under a new government, and allow others to make decisions for it," he said.

# Business to draw up election code

ORGANISED business has formed a working committee to draw up a code of conduct for business during the elections.

Foundation for African Business and Consumer Services (Fabcos) public affairs manager Mike Ntlatleng said yesterday the committee, chaired by George Nengota, had expressed its concerns about damage to property during the elections to the Independent Electoral Commission (IEC).

"Our members, especially our taxi services, are worried and confused about what's expected of them during the election. They have been hijacked before and forced to take people to rallies."

Although the election should be seen as a necessary sacrifice by business, damage to property should be kept under control, he added.

Fabcos had sent policy guidelines to all members

except those in Natal, where the situation was still unclear.

Sacob and the Afrikaanse Handelsinstituut had also expressed concern. Sacob had drawn up a guideline on security in case there were disturbances during the election. The guideline warned of possible hijackings and advised members to take precautions like installing communication and monitoring systems.

The IEC has been meeting business, agricultural and labour bodies to discuss voter education and voting dates.

The IEC's mediation department said last night that it would intervene in unrest only if it happened during the election period. Fabcos had yet to decide whether its taxi operator members would work during the election.

B1/100

22/3/94

JOHN DLUDLU

(SAP) (30)

## Nafcoc president defends black business progress

**BLACK** representation on company boards and black equity in large corporations had escalated since Nafcoc advocated a scheme to put blacks in control of the economy, Nafcoc president Archie Nkonyeni said yesterday.

He was reacting to criticism by ANC national chairman Thabo Mbeki that black business had not come up with a cohesive plan for greater black participation in the economy.

Nkonyeni added: "A number of companies are sourcing goods and services from black suppliers. Nafcoc is participating in the marketing of a manual for procurement from disadvantaged business. (30)

The number of blacks trained to occupy senior management positions had risen since 1990, when Nafcoc adopted the 3-4-5-6 plan. It demanded that by the year 2000 30% of directorships of JSE companies had to be held by blacks, 40% of JSE shareholders

**THEO RAWANA**

had to be black, 50% of big business subcontracts awarded to outside suppliers had to go to black business and 60% of top management posts had to be occupied by blacks.

There were plans for the various components of black business. "At the lower end we have initiated the process which has now culminated in the establishment of a broadly based task group that is expected to overhaul the institutional and policy framework for the development of informal, small and medium enterprises.

"At the upper end of the spectrum is the Nafcoc joint ventures programme which is putting together partnerships between black business, the corporate sector and foreign investors. The programme encompasses all sectors of the economy," Nkonyeni said.

# Pick'n Pay in Saccawu deal

**BRUCE CAMERON**  
Business Editor

30  
ARG 26/3/94

PICK'N PAY, after years of dispute and negotiations, has finally won trade union approval for a proposal to "multi-skill" and use staff more effectively.

Pick'n Pay chairman Raymond Ackerman said over time the agreement would result in substantial savings while avoiding the a resultant need to retrench staff.

The agreement will allow greater flexibility in altering shift times in order to deal with peak trading-hours as well as with extended shopping hours in the evenings and at weekends.

In terms of the agreement staff can be changed from one outlet to another within the same locality and can be used in different capacities depending on where pressure was building up. For example, storemen could be used as shelf packers.

The issue has been of concern to all the major retailers. The agreement is directly between Pick'n Pay and the SA Commercial, Catering and Allied Workers Union.

# Nafcoc not ready for Sacob merger

THE time was not ripe for a merger between Nafcoc and Sacob, Nafcoc executive director Max Tlakula said recently.

Approached last week about rumours of an impending merger, Nafcoc executive director Max Tlakula said regular discussions with Sacob centred on increasing areas of co-operation in view of the influx of international capital.

"We've formed a joint venture committee, which is convened by Nafcoc deputy president Joe Hlongwane, with Sacob to tap on each other's strengths.

"For example, we've just formed an export desk, and this is an area in

B/Doy  
28/3/94  
JOHN DLUDLU

which Sacob has a wealth of experience. The committee will also facilitate co-operation in trade fairs."

The business playing field "had not been levelled" sufficiently for black business to justify a merger.

"Black business is still far below the standard of white companies in this country."

One of the conditions for a merger would be the increased access to capital by black businessmen.

Another requirement for a single structure would be the acceleration of training of black entrepreneurs to

the same level as whites.

"We need to work hard at building trust between white and black business before we can talk of a single business organisation."

Tlakula also expressed reservations about the enhancement of black economic empowerment — which was on top of Nafcoc's agenda — within a single business organisation.

Sacob represents about 40 000 businesses, while Nafcoc represents 150 000 "entrepreneurs".

He pointed to last week's Nafcoc/Sacob joint appearance at the SA-China Exhibition as an example of the envisaged future relationship.



# Harnessing the free market

Resources have been frittered away

Reg Rumney

service, private firms can be encouraged to provide housing directly by using tax benefits that go further than has been proposed.

They suggest tax incentives for firms to:

- Invest in funds specialising in providing low-cost housing.
- Build houses for their workers and their families.

"Tax incentives — rather than taxation and subsequent delivery — are the key. Two specific advantages are immediately apparent. First, redistribution is affected in a non-confiscatory way. Second, having the private sector build houses is almost certainly more efficient than having the state do it."

Advantages go beyond this: involving firms in building housing for workers and their families could bind them together in longer-term relationships, leading workers to see their interests closely linked with the firm and firms to invest more in the training and development of workers. It could be a step along the path to higher productivity and greater competitiveness.

The authors believe a similar incentive-based approach could be used for education, and cite the successful use of tax incentives for higher education in the US.

Natirass and Shapiro stress their arguments are about means, not ends, and reject as anachronistic the choice between leaving things to the vagaries of the market or making them the responsibility of the state.

"Following the implosion of state socialism it must be recognised that markets are here to stay. The creative challenge is to find ways to use them to promote desirable national goals."

Incentive-based approaches need not replace but can complement direct state action. The authors remark the approach they advocate cuts through several processes of state intermediation, getting firms involved in providing basic needs directly, rather than taxing them and having the government redistribute the resources.

They warn, however, that a new government should grasp the opportunity afforded by transition to reshape the tax system correctly now, and put in place than to change after a few years, when vested interests have built up.



PHOTO STEVE HILTON-BARBER

The ANC's economic proposals reek of distrust of business and markets. **Reg Rumney** reports on a creative idea for *toenadering*.

**A** NEW government should harness the free market rather than try discredited methods of intervention, argue two leading academics in a recently published paper.

South African economist Nicoli Natirass and Yale University political scientist Ian Shapiro present in *Economic Reconstruction in South Africa: Problems, Prospects and Possibilities* an incisive yet sympathetic criticism of thinking in ANC economic circles.

The authors do not attempt to pour cold water on ideas of redistribution or economic development. Natirass has been among the few economists who has taken the ANC's economic proposals seriously enough to be severely critical without sneering. Focusing on the ANC-sponsored Macro Economic Research Group's (MERG) report and the ANC's own Reconstruction and Development Programme, Natirass and Shapiro try to inject realism and clarity into a so-far fuzzy and emotional non-debate.

They recognise intervention in the economy is harder than it is made out, that state planners may not be able to copy any Far Eastern-style "targeting of industrial winners", and extensive state support anyway is not as sure-fire a recipe for success as is sometimes thought.

They note that it will be some time before the private sector comes to trust a new South African government enough for information to flow freely between and until then targeting is likely to be crude and haphazard. Many of the MERG's proposed interventions are likely to undermine rather than nurture business confidence.

Aggressive state intervention, for instance through the MERG's capital issues commission, is likely to erode investor confidence, and so also economic growth and job creation. The authors also question whether the state is able to direct, channel and effect social investments.

rising the importance of the private sector will not allay business fears if the ANC does not come up with specific proposals for the "creative mix" of state and market action mentioned.

"If ANC-aligned strategy documents continue to snarl at the financial sector, and fail to spell out exactly how they are going to support private enterprise (for example by explaining in greater detail their principles of taxation) then scolding sentences about enhancing the private sector will be taken as little more than lip-service."

The authors acknowledge that the state has the main responsibility for social investments in areas such as health, education and even low-cost housing. But, they argue strongly, the private sector can be involved in providing some basic needs incentives.

Taking housing as an example, they note that aside from strategies such as state-built housing and site and

And in the end, whatever the pros and cons of government controlling capital flows, the world economy in the 1990s does not allow for this type of intervention. Capital is a lot more mobile and has a much wider range of investment opportunities across the planet.

"South Africa has a small open economy that must attract substantial amounts of foreign investment if it is to finance the levels of development that are going to be required." So controlling capital would be difficult, if not unwise. Although further capital flight could still occur, focusing on this alone is like debating whether to close the stable door after the horse has bolted, say Shapiro and Natirass.

"The problem now is to attract massive sums of new capital." And this won't happen if business is scared off. They say statements in both the MERG documents and the RDP recog-

Building the other half... Business should be persuaded to provide low-cost housing for workers

nor will the post-apartheid dividend be sufficient.

"Distressingly few extra resources will become available to the state as a result of the abolition of apartheid structures. Although apartheid absorbed and wasted vast resources, these funds are irretrievably lost." Eliminating apartheid will not, for example, bring back the money spent on defence between 1973 and 1990. Had this not risen above the 1972 level of 2.2 percent of gross domestic product, the savings would have been great enough to eliminate the present housing backlog.

The looming crisis of expectations puts into perspective statements about macro-economic discipline. "Although all sides in the great economic debate call for fiscal discipline and sound economic management, this is going to be difficult to achieve politically."

# ANC's business plans 'will put a leash on free markets'

STIMULATED (CRUISE)

By CIARAN RYAN

AN ANC proposal to compel big companies to buy goods from small firms has been condemned as an attempt to interfere with market forces.

An ANC document says it would like to see a Market Reservation Act, which "for a limited period" would encourage big business to buy some of their material from small and medium enterprises (SMEs).

It is also considering measures to encourage ventures between black and white businesses. It wants small businesses to be given preference in the award of public contracts.

The document says small businesses that organise themselves into groups to promote "collective efficiency" should get first bite at public-sector contracts.

The document promises SME employees the same basic rights as those enjoyed by other workers. It says SME workers "enjoy little or no protection, no legal rights, no pension and Unemployment Insurance Fund, and appalling wages and working conditions. Our SME sector will have to create socially acceptable jobs and wage rates where acceptable health and safety standards are observed".

But free-market supporters say this would introduce central bargaining and minimum-wage and working conditions for small business and strangle job creation.

Small businesses will be represented within Industry Training Boards to uplift design and training standards.

Initially, this will be partially subsidised by the state.

The ANC accuses the Small Business Development Corporation (SBDC) of "lack of commitment". Most applications for loans of less than R50 000 are rejected by the SBDC and 70% of recipients are white. It wants the SBDC, Industrial Development Corporation, Independent Development Trust and Development Bank of SA to fall under a national service centre.

Chris Darroch, of the free-market Sunnyside Group, says: "If small businesses produced goods at the right price and quality, big business would use them. You cannot force this relationship on them."

Anglo American Small Business Initiative head Johan Kruger says: "We tried to set a target for purchasing our requirements from small business, but failed. A lot of our contracts require companies with economies of scale."

Monde Tabata, of the National Economic Initiative who is helping the ANC through the Black Business Caucus, says that without legislation companies will do little to promote small business.

He envisages procurement targets being negotiated between industry representatives and the government with company executives' bonuses de-

pendent on the degree to which these targets are met. Mr Tabata recently compiled a procurement guide which he hopes will be voluntarily adopted by companies to increase their purchases from small businesses.

He says: "The system should be policed by the companies themselves. But without legislation, there is good reason to believe that companies will explore every avenue to avoid linkages with SMEs."

He believes SA should adopt the US system where the government is required to buy from minorities. There is no compulsion on the US private sector to buy from minorities.

SBDC economist Edwin Basson says sub-contracting applies mainly to manufacturers, of which there are few in small business.

Legislation forcing big businesses to buy from small would escape clauses concerning price and quality. That would negate the law's intention.

Mr Basson says Cosatu's hand is visible in the ANC promise to protect the rights of employees in small businesses.

He says: "Trade unions should bear in mind that relations between employers and employees in small businesses are quite different to those in large corporations. They are more personal and flexible."

Trade unions could damage the economy if they endangered this relationship by organising employees in small businesses.

## Too many days off, says Sacob

JACQUIE GOLDING

SACOB has called for the rationalisation of public holidays by the next government.

This follows concern over looming significant production losses because of the large number of public holidays during April. *B Day*

The month would be even "shorter and more difficult" than in previous years because of the elections, Sacob economic policies director, Ben van Rensburg said yesterday.

April was usually a "difficult month for production" because of the Easter holidays and Workers' Day on May 1, but the amount of time likely to be taken off during the elections would add to production losses at shops and factories.

April 27 was an official holiday, but a number of businesses were planning to grant their staff extra days off for voting.

It has been estimated that the economy loses about R1bn for every non-working day.

Weekend reports said some businesses would be operational on only 10 days of the month, with loss of production costing the economy about R7bn - nearly 2% of of GDP. *(30)*

"Businesses must economise on holidays because they adversely affect the economy," Van Rensburg said. *514/94*

Sacob said the losses could not be easily recouped because of recurring mass action.

# Lease plan launched for small businesses

CTB/4/94 (30)  
By MAGGIE ROWLEY  
Property Editor

ANGLO American Property Services in Cape Town have launched an innovative leasing procedure aimed at small businesses requiring short term leases.

Ampros leasing manager Sean Kimble said the new scheme, Expand-a-Lease, was specifically designed for those with small businesses who had just started out and were hesitant to commit to a long-term lease or for tenants requiring more space to accommodate additional staff for a short term project.

"It is also suited to those who are not sure of the amount of space required and who may need to expand or contract suddenly."

He said the concept had received an enthusiastic response from small businesses in Johannesburg since its introduction in October last year.

The primary feature of the offer is a minimum of a six month lease period with one month's notice of vacation with the facility of immediate occupation.

The first building for which it is on

offer in Cape Town is Monex House at the corner of Long and Strand Streets. This building, over which Ampros has a head-lease expiring in February 1996, forms part of the Seeff Trust Strand Street syndication.

"Consequently the new concept benefits us as well, as it allows us a means of filling the space for the duration of our head-lease.

"While longer leases until beyond February 1996 are not ruled out these would have to be negotiated with the new owners as rentals and so forth could differ," he said.

## Tenant base

Kimble said the ultimate objective of Expand-a-Lease was to grow short-term tenants into larger areas elsewhere.

"We are in effect building up a new tenant base most of whom we hope will commit themselves to longer leases in time."

Other features of the leasing concept include a fixed monthly rental, including electricity, 24-hour security and rubbish collection, of R20 a square metre.

# Natal business hit by fears of violence

Star 6/14/14

**DURBAN** — While shops in the Transvaal have been enjoying an unexpected boost in sales, prompted by warnings of shortages in the run-up to the general election, the more serious fear of civil war breaking out in Natal is hitting businessmen in the province and the Kwa-Zulu black homeland within it. Only just recovered from a two-year drought

which devastated the mainstay sugar industry, Natal's tourism and construction industries are limping from international jitters about factional fighting which killed 300 people last month alone. Businessmen in Durban, Natal's commercial centre and one of the country's largest cities and prime holiday spots, are praying order will be restored after the

April 26 to 28 vote. "It is obvious that when a country is plagued by violence, people will not visit," says Basil Smith of the Durban Chamber of Business. "Certain sectors are suffering, namely those directly involved in tourism. Building and construction are lagging behind, languishing in the doldrums because they rely on local and foreign invest-

ment decisions," he says. Kees Pronk, chairman of the Durban Hotel Association, says fears of violence have hit bookings for the Easter weekend and the remaining weeks until the vote, which will lead South Africa to black majority rule. "International tourist bookings from neighbouring territories and overseas have dropped right off," he says.

"The forthcoming elections will have a dramatic effect on local business travel. This will start to drop off from mid-April until the beginning of May." Alf Sudheim of the Federated Hospitality Association of South Africa, says April is traditionally a good month for tourism. So far this year busi-

ness has looked very bad. Hoteliers who normally expect 80 percent bookings around Easter were happy to get 60 percent, he says. He notes that one major hotel group, Southern Sun, downgraded two hotels last year. "That indicates a decline in up-market tourism." "If the trend con-

tinues, you're going to see more hotels being downgraded and more and more rooms mothballed." Overseas booking have dropped off, he says. South African tourists who traditionally come from the Transvaal region to holiday in Durban are nervous, too. "It's not a very pretty picture. The little bit of overseas bookings we

had have gone and we've had a lot of local cancellations as well. (30)

"The violence makes the national psychosis worse than it is.

"People don't want to go out. The violence is not conducive to going out and having a good time.

"People would rather stay at home and feel safe," he says. — Sapa- Reuter.

# Judge hits at inaction of business

CT 7/4/94 (30)

## Own Correspondent

JOHANNESBURG. — Independent Electoral Commission chairman Judge Johann Kriegler has sharply criticised the business community for not helping with the elections.

"I have not heard of a single local chamber of commerce having worked out a specific programme and going to the local electoral office and saying: 'This is what we're offering you'," Judge Kriegler said in an interview here yesterday.

"This is not the IEC's election," he said, but everybody's, and South Africa's future depended upon it being a success.

Judge Kriegler "suggested" that the business community made staff available to act as electoral officers and counting officers, as well as to transport support staff and provide logistical aid.

Business could, for instance, pro-

vide tents, mobile toilets, field kitchens, coolboxes, and soft drinks for the people on duty.

"We will be putting up voting stations where there have never been voting stations before," the judge explained.

"We must all knuckle down and do what we can in our local community. But, once again, people are looking to the IEC to say what they must do."

● Sacob manager of labour affairs and social policy Ms Janet Dickman said yesterday the Chamber had been waiting for a call from the IEC for assistance during the elections.

"We are willing to help, but there hasn't been a specific call yet from the IEC."

And Cape Town Chamber of Commerce spokesman Mr Charl Adams said last night that for the past six weeks they had been encouraging the business community to be as "accommodating" as possible, because of the "watershed nature" of the elections.

# focus on business

**B**LACKS will soon replace whites in the president's office and Parliament.

But in banks and boardrooms throughout South Africa, white hands will still count the money.

The euphoria greeting the first all-race election on April 26-28 cannot mask the sobering economic legacy of apartheid:

- About one-third of blacks are unemployed, compared to 3 percent of whites. Most black households earn less than R810 a month, and many lack electricity and plumbing, while white families earn from R3600 to R9000 a month.

- Although blacks make up 75 percent of the country's 40 million people, they own just 15 percent of the land, control 2 percent of the capital and hold only 2.4 percent of managerial jobs in business.

When their leaders assume power after the election, South Africa's black citizens expect the new government to make significant changes in their lives.

They may react violently if they do not see improvement soon.

"We'll be in charge politically and that must be reflected economically," said Mr Aziz Pahad, deputy director of international affairs for the African National Congress. "Unless we change the structure of ownership and control, we cannot have stability," he said.

The ANC, likely to lead the next government, says blacks must work together toward their economic goals. Its proposed strategies include redistributing land — owned by the government or bought from whites — to give blacks collateral and a personal stake in a stable future.

Officials also talk of creating a loan fund to bolster existing black businesses and help others get started; encouraging whites to hire and promote blacks; directing government contracts toward black-owned businesses and white-owned firms with records of hiring blacks.

But the ANC avoids the term "affirmative action" and its leaders will not discuss quotas for fear of alienating white South Africans who, with unemployment rising, already grumble about black claims to jobs.

Without quotas, however, it may be difficult to quickly undo the employment disparities that put the civil service in the hands of whites.

The ruling National Party, which instituted apartheid after coming to power in 1948, raised the living standards of a white minority — Afrikaners, the descendants of Dutch settlers — by reserving most jobs for them.

"We've learned how effective affirmative action — based on colour, language, ethnicity — can be, and now we're going to practise it," said Dr Nthato Motlana, a prominent businessman.

Motlana heads a group of black doctors, lawyers and teachers who pooled funds in January to buy 73 percent of *Sowetan*, one of the largest newspapers.

*Sowetan* 7/4/94

Blacks will soon be in charge of South Africa politically but that must be reflected in the economy if there is to be stability. **Donna Bryson** of *Sapa-AP* writes that after the April elections many black citizens may react violently if their leaders do not immediately make significant changes to their lives. (30)



**Dr Nthato Motlana — part of a new breed of businessman.**

Whites had owned the paper, although most of its readers are black and it is named for Soweto, the huge black township outside Johannesburg.

"There has to be redistribution of land, of resources, of wealth in this country if we're going to have a stable future," Motlana said. "Real power is economic power."

One man who learned that is Mr Sam Rapetswa, who owns an auto parts business in Temba, a black township north of Pretoria.

Rapetswa, frustrated by working for whites for low pay, decided in 1982 to start his own business.

Because banks told him they would consider a loan only if he found a white partner, he used his savings — equal to about R 1350 — to get started.

That wasn't enough to buy much stock, so in the early days, Rapetswa would take an order and drive to Pretoria for the part.

An accounting entry from his first day shows sales of R 7,80.

Temba Auto Spares and Accessories now also sells petrol and diesel fuel, repairs tyres and collects rent from tenants of the small shopping centre it anchors.

The business did about R3 million in sales last year and Rapetswa dreams of adding an auto dealership to his holdings.

"Every man should be given a chance to

Officials also talk of creating a loan fund to bolster existing black businesses and help others get started; encouraging whites to hire and promote blacks; directing government contracts toward black-owned businesses and white-owned firms with records of hiring blacks

develop his potential," Rapetswa said. "By doing that, the country will develop economically."

In his view, the government could help black entrepreneurs by buying from them and attracting foreign investors who would deal with black-owned firms.

The cluttered, dim room from which Rapetswa runs his small empire is worlds away from the antique-filled office of Mr Harry Oppenheimer in the heart of the Johannesburg financial district.

But the black businessman and white diamond and gold magnate are of similar mind on increasing the role of blacks in the economy.

Rather than fear black gains would mean white losses, Oppenheimer said, whites should embrace change as a matter of self-interest.

Oppenheimer has retired as chairman of Anglo American Corporation and De Beers Consolidated Mines, but continues to keep a close eye on the business — and on South Africa's transition — from an office at Anglo American headquarters.

Anglo American supported the decision by an insurance company in which it owned an interest to put the division that insured blacks under black control.

"I think blacks will gain more, but I think if there's a general increase in wealth ... it's to everyone's benefit," Oppenheimer said. — *Sapa-AP*.

## Pick 'n Pay staff in industrial action

ROGER FRIEDMAN, Staff Reporter

STAFF at several Pick 'n Pay stores across the Western Cape have embarked on "low-level" industrial action and called on chain boss Raymond Ackerman to look after his staff rather than Cape Town's 2004 Olympic bid. **ARCT 7/4/94**

The workers, members of the South African Catering and Commercial Allied Workers Union (SACCAWU), have walked off the shop floors.

The stores involved are Claremont, Tyger Valley, Camps Bay, Constantia Village and Strand. It is unclear how many other stores are affected.

Union spokesman Michael Morgan said Pick 'n Pay, "including Raymond Ackerman", had consistently undermined the union over the past several months.

The union's demands included that Pick 'n Pay stopped "bashing" the union, stopped discriminatory employment and retrenchments — in the guise of early retirements — and that the company complied with an interim recognition agreement and disciplinary procedures.

Union members were demanding equal pay for equal work, social security benefits for all and "living wages instead of sponsoring the Olympic Games".

Pick 'n Pay Western Cape general manager John Barry said the union's action was "unprocedural" and "we are dealing with the matter at the moment".



# Business rejects IEC accusation

MARCIA KLEIN

BUSINESS has called on the Independent Electoral Commission to come forward with concrete demands for its requirements before accusing business of lack of support.

This follows IEC chairman Justice Johann Kriegler's accusation yesterday that the business community was not helping with the election.

Business spokesmen, including the Business Election Fund (BEF) and Sacob, said yesterday that apart from in-house efforts like voter education programmes, most businesses and business organisations had invested significant amounts of money and other resources in the coming election.

They said that while they were eager to help the IEC, it was the IEC's responsibility to administer, organise and supervise the election.

The BEF said at its launch in February that it would spend about R40m in the run-up to the election on a media campaign.

It would also support the electoral process through various activities of the IEC in the form of "supplementary human, infrastructural and/or material resources".

At the time, BEF chairman Mike Rosholt said the fund had received endorsements from the IEC, the Democracy Education Broadcast Initiative and the Independent Forum for Electoral Education.

A Sacob spokesman said yesterday that Kriegler's criticism was unfounded. "Business is in fact making its contribution through the BEF and Sacob itself stands ready to assist the IEC where it can." (30)

Sacob had already appealed to its members for volunteers.

The spokesman added that while Sacob was committed to co-operating with the IEC, it remained the responsibility of the IEC to say what it needed and where.

BEF CE Andre Fourie said his organisation had been conducting an electoral support programme for some time, as well as aiding the IEC where requested.

The BEF had also called on its member companies "to supply skilled manpower, as well as technical and logistical support, to the overworked IEC".

Rosholt said the BEF had appealed to all employers and employees, through major organisations like Sacob, AHI, Nafcoc and others, to make themselves available to help the IEC. It had also sent letters to about 25 000 small businesses, asking for their help.

It had asked people to come forward to act as electoral presiding officers, election monitors and observers. Rosholt said it was not just business that should support the IEC, but all South Africans.

**Reg Rumney**

BUSINESS has shown its willingness to help this month's elections in a practical way — with everything from computers to toilet paper.

Specifically, businesses are helping the Wits Vaal Regional Peace Secretariat carry out its election strategy and with reconstruction and development initiatives in the Wits/Vaal area.

Business liaison manager Steve Miller says that at the heart of the elections strategy are 40 joint operations communication centres (JOCCs).

**Business lends a hand for elections**

WM 8-14/4/94

Consol Glass has donated R20 000 for the secretariat's elections strategy.

JCI has lent two photocopying machines; Q-Net, part of the Q-Data group, has agreed to help set up a temporary network on a cost-recovery basis.

PG Bison has offered staff, offices and equipment for a JOCC in Alrode to cover the Katorus area. PG Bison has also agreed to find and recruit recently retrenched people from PG to

act as peace monitors, JOCC operators or drivers. It will also try to supply cars and drivers and second an administrative assistant.

Miller says Engen has offered offices, equipment and staff for a JOCC on the West Rand.

Ergo has offered the same in the Tsakane/Gautema area; Fedsure will supply offices for a JOCC in central Johannesburg. Fedgas has promised to lend 24 Panasonic fax machines for the election period.

Res International has donated R1 000 for the election strategy.

And last, but not least, Nampak has already given the secretariat 400 rolls of toilet paper for the JOCCs.

As well as the election strategy, business has offered to involve itself in reconstruction and development projects initiated by the peace secretariat.

One such is the clearing of a school field at Buhlebuzile High School in Thokhoza next week. Stocks & Stocks will provide a grader, loader and truck free.

# Business rejects Kriegler claim

## ■ BUSINESS STAFF

The business community has reacted sharply to criticism of its lack of assistance in the upcoming election by Independent Electoral Commission (IEC) chairman Judge Johann Kriegler.

It points out that it has geared itself for a major role in the election process by setting up the Business Election Fund (BEF), which identified the resources it could provide the IEC.

It said yesterday that many businesses and organisations were already assisting the IEC, but it recognised that more resources were needed to tackle the task.

"This is everybody's election and everyone has to pitch in to ensure a free and fair election," said the chief executive of the BEF, Andre Fourie, in response to the IEC's original

appeal for help from the business community.

The IEC was given just four months to arrange for more than 16 million people to go to the polls at more than 9 000 polling stations countrywide.

To do that, it was estimated that more than 200 000 people would be needed.

"The BEF has been conducting an electoral support programme for some time, concentrating on a multimedia communications operation to project its message of participation, tolerance and support, conducting voter education in rural areas, as well as aiding the IEC where requested," Fourie said.

The BEF had called on its member companies to supply skilled manpower, as well as technical and logistical support, to the overworked IEC.

Mike Rosholt, chairman of the BEF, said the body had

814194  
sent an appeal to all businesses to help the IEC.

"We have appealed to all employers and employees — through the major business organisations such as Sacob, AHL, Nafcoc and so on — to make themselves available to serve the IEC in various capacities.

(30)  
"We have also sent a mail shot to 25 000 small businesses, especially to 4 000 black-owned businesses, carrying the same message," he added.

A pamphlet, calling on both employers and employees to make themselves available, was part of the BEF appeal. It gave details of where to contact IEC officials and how to volunteer.

It asked for people to come forward who were willing to act as electoral presiding officers, election monitors and election observers.

## Micro-enterprises boosted by SBDC

CT 14/4/94 Business Editor

(30)

THE Small Business Development Corporation (SBDC) has increased its support for micro-enterprises in the past year, and is opening branch offices in Mitchells Plain, Philippi, Blackheath, Paarl and Malmesbury as part of a move towards decentralisation.

Tony Kedzierski, senior GM of the SBDC in the Western Cape, said it had provided financing of R5,36m to 798 emerging entrepreneurs since March last year and had provided training to 1 862 micro enterprises.

Special projects involving R3,5m had been initiated towards arts and crafts promotion, the development of market stalls and the support of non-government organisations.

It was planned to open offices in Retreat and Athlone soon. "In George and Vredendal offices are already fully operational.

"This move has been prompted by the need to improve our customer service by moving closer to our clients. It is also in line with recommendations that an effective small and medium enterprise promotion initiative should take place on a decentralised basis, with comprehensive business services to existing and prospective entrepreneurs at grassroots level."

# Challenge for business

*Sowetan* 14/4/94  
■ MANY BENEFITS ANC'S

By Mzimkulu Malunga

**B**LACK business has to get its act together if it hopes to benefit adequately from the ANC's Reconstruction and Development Programme.

This was the view expressed by the ANC's head of economic affairs, Mr Trevor Manuel, at the briefing on the final draft of the RDP this week.

He said a window of opportunity could pass black business by if that sector was not properly organised.

The artificial divisions within the black business community had to be addressed as a matter of urgency in

## programme offers opportunities:

order to benefit from favourable conditions to be created by an ANC government.

While the government could do all in its power to help black business, the final responsibility rested with that sector itself to grab the opportunities.

During the briefing, ANC candidate for the national assembly Mr Jay Naidoo promised technical, financial, marketing and infrastructural assistance to black entrepreneurs.

"The tender policies of a future government will be directed at promoting black business and small business in general," he said.

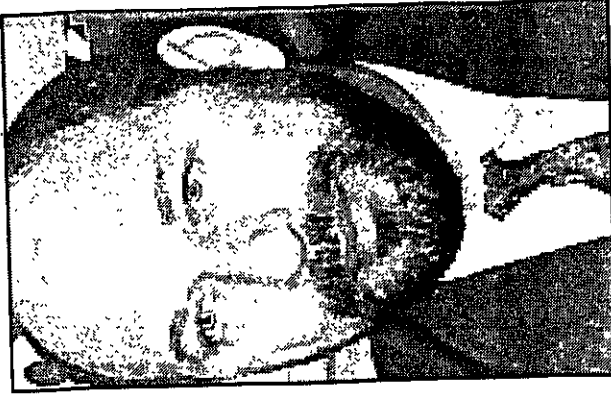
The nurturing of the small to medium-sized enterprises was one the central areas of focus for the ANC's economic policy.

Naidoo said one of the motives behind plans to place mineral rights in the hands of the state was to assist black business break into the cream of the

South African economy such as mining. Consultations with the Chamber of Mines and the National Union of Mineworkers on the issue of mineral rights were on the verge of producing an agreement.

He said his organisation believed a major public works programme would be ideal not only to kickstart the economy, but to address the disparities which exist within the country's economy.

"We are convinced that the state alone cannot deliver the socio-economic needs of the country," said Naidoo adding that consultations were going on to win support for the RDP among the business community as a whole.



Trevor Manuel

D

# Retail prospects brightest in W Cape

By AUDREY D'ANGELO  
Business Editor

SALES volumes and job prospects in the retail sector are better in the Western Cape than in any other part of SA, a Stellenbosch Bureau for Economic Research (BER) survey shows.

This ties in with the results of the SA Chamber of Business (Sacob) manufacturing confidence survey in March, which shows that the Western Cape is the only area where a majority of respondents expect to employ more skilled and unskilled workers in the coming 12 months.

But — ominously for inflation prospects — most retailers expect prices to rise at a higher rate in the second quarter, particularly in the Western Cape.

"The upward trend in price increases for the second quarter is most pronounced in the Western Province and Northern Transvaal, while dealers in Natal and the rural areas expect a lower rate of price increases."

BER economist Nils de Jager says that although a net majority of retailers in SA reported higher sales volumes in the first quarter "sales were nevertheless lower than their expectations."

He says 29% of retailers expect the improvement in sales to continue into the second quarter.

"As a result of higher sales fewer retailers reported that their stocks were too high in relation to expected demand. Relatively fewer retailers reported high stock levels — they seem to be hesitant to stock up at this time.

"This is symptomatic of relatively weak demand and also of uncertainty just be-

fore the election."

De Jager said 40% of wholesalers reported an increase in their sales volumes. This compares with 1% who expected higher sales when the previous survey was carried out.

"Wholesalers in general expect the improvement in the first quarter to continue into the second quarter — particularly sales of building materials and hardware."

But, he continues, "sales of consumer goods in general are expected to be slightly lower than a year ago with the exception of textiles, clothing and footwear."

"As a result of the higher sales, orders placed with manufacturers increased considerably. This is confirmed by our survey among manufacturers of whom 26% reported that they had received more domestic orders."

"More orders for machinery and agricultural equipment, in particular, are expected in the second quarter."

## Unemployment

De Jager says unemployment in the retail sector seems to have bottomed out, except among firms selling durable goods who expect more retrenchments.

Sales volumes were reported to be better in the Western Province, Natal and Southern Transvaal in the first quarter. "Dealers in these areas also expect higher sales in the second quarter."

"In the Eastern Province, Northern Transvaal and the rural areas disappointing sales volumes were realised, with equally poor expectations for the second quarter. Sales in the Free State are also not encouraging for the second quarter."

30 CT 19/4/94  
"The employment situation continued to improve in the Southern Transvaal, Western Province and Natal. But in the other regions the deterioration deepened, particularly in the Eastern Province."

Sacob economist Keith Lockwood says in his report on his manufacturing confidence survey that although a majority of respondents remain positive about the outlook for the next 12 months, "pre-election jitters have had an impact."

"The Western Cape remains the most optimistic region."

Confidence is falling in the Durban and Maritzburg areas. But manufacturers in the East London area "appear to have responded positively to the handing over of control of the Ciskei to the TEC".

A majority of manufacturers, countrywide, expect sales to rise this year. But this majority has declined from 80% in February to 72% in March.

"The Western Cape is the only area where a majority of respondents expect to increase their employment of both skilled and unskilled workers."

And, Lockwood says, "prospects for an increase in real capital expenditure are best in the Western Cape, where 78% of respondents expect to invest more in maintaining existing plant and 68% anticipate an increase in their investment in new capacity."

● Meanwhile, final CSS figures<sup>1</sup> show that real retail sales fell by a month-on-month 1,6% in January. Largest real decreases occurred in sales of diamonds, jewellery and silverware, which fell 15,8%. Crockery, cutlery and kitchenware sales fell 7,2%, and sport and entertainment goods were down by 6%.

Biday 20/4/94

# Diverse groups finally unite in Business SA

THE launch last week of Business South Africa (BSA), due to come into existence from May 1, was the culmination of a lengthy and difficult process aimed at giving the business community a united voice in its efforts to sway policy in its favour.

The confederation's newly elected president, David Brink of Seifsa, put on a brave face saying its one component — the Business Forum — had discussed some "very sensitive issues" during its 18-month lifespan, and managed to reach a consensus position on them all. But preliminary discussions leading up to the signing of BSA's constitution were often heated, with some officials of founder members apparently most concerned about their own future positions within organised business.

Brink admits that one of the stumbling blocks in the formation of BSA was a demand from members for their constituents to have representatives on BSA's governing body. "Some bodies want broader representivity, but we have dealt with this sensitively during the developmental process with a view to capacity building to ensure we have the maximum membership possible."

Brink agrees the BSA came "very late in the day", but intimates it is better late than never, and that affiliates remain reluctant to give away their independence in return for presenting a unified front to organised labour and government.

BSA represents some very diverse groups, ranging from the conservative SA Agricultural Union to the National African Federated Chambers of Commerce which has been known to support trade union boycott calls and whom many see as ANC-aligned.

Naturally some member organisations may lose their identity within a confederation with 16 founder members — those from the Business Forum together with the SA Consultative Committee on Labour Affairs (Saccola).

Again, Brink seeks to dispel concerns over the future of BSA's constituents: all members have very specialised constituencies whose particular interests they best represent. The new initiative has been designed to act as an umbrella body in representing business interests in the tripartite forums such as the National Economic Forum in which

## ERICA JANKOWITZ and ALAN FINE

broad policy issues are discussed. Brink acknowledges that the formation of BSA has been a difficult and lengthy process. He puts this down to some within its ranks which believed the value of speaking with a united voice did not outweigh maintaining independence.

For years, in relation to socio-economic and political issues, business has been criticised by management and unions for playing a reactive role and often failing to wrest a mandate from members. Whether this will change in a new government environment which is less likely than in the past to nurture business interests remains to be seen. But it has become evident to most factions of the business community that a lot of hard work will have to go into lobbying government and participating in the forums.

The ANC, which will probably dominate the government of



□ BRINK

national unity, has gone out of its way in recent months and years to avoid damaging business confidence. As one senior businessman put it, admittedly rather hyperbolically:

"Those people raised in the tradition of Albanian socialism sound more and more like Margaret Thatcher."

Nevertheless, the ANC is not only an ally of the more militant Cosatu, its constituency includes large numbers of some of the poorest citizens of SA. Expectations are high, and the organisation will have its work cut out balancing the pressures it comes under from business on the one hand, and its own constituency on the other. And a weak and incohesive business voice will operate to the distinct disadvantage of business.

At their inception, National Manpower Commission and National Economic Forum meetings were often viewed as a waste of time by management, which tended to delegate attendance to second-string representatives. However, as time went by and the implications of negotiation and consultation in policymaking — pre- and post-election — became clearer, this changed. Today, meetings often showcase the top business leaders and their trade union and government counterparts.

Brink urges BSA affiliates to "get out of defensive mode" and be more innovative in formulating proposals.

Row over bill for reconstruction

# ANC govt will seek pact with business

BIDAY 2174194

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EDWARD WEST  
and GRETA STEYN

CAPE TOWN — A presidential statement on SA's economic future and a meeting between business and the next government would follow soon after the elections, ANC economics head Trevor Manuel said yesterday.

The summit meeting was needed to promote a notion of partnership and a symbiosis between the next government and business, he said in an interview.

Many businessmen had been ignored in policy formulation in the past, while others had felt compelled to lobby on issues, leading to ad hoc policy-making. As an example, he cited the start of negotiations with business on GATT participation. Lobbying had resulted in "protection on demand" out of context with policies at the time.

Reuter reports that Manuel told a University of Cape Town economics forum that an ANC-led government was not likely to borrow from the World Bank for at least the first two years. Instead, it would "use the scalpel" to restructure government spending and cut out waste and inefficiency while funding its reconstruction and development programme.

But in Johannesburg, ANC officials failed to provide details on the programme's projected costs after a challenge from the NP and repeated calls from the business sector for more information. It responded to the NP's charge that the programme would cost more than R600bn over five years by refusing "to be trapped into a sterile argument about figures and estimates". The only new details were on possible savings from defence cuts.

ANC parliamentary candidate Jay Naidoo said a commission would be appointed after the elections to conduct a military review to change the SADF's status from an "offensive" force to a peacetime army. "If we can swing defence expenditure closer to the internationally comparable norm of 2% (of GDP), we could save R1,6bn by the end of next year."

Promising clean government, Naidoo said a code of conduct would be drawn up for MPs, forcing them to disclose their assets and providing guidelines on gifts.

ANC information secretary Pallo Jordan reacted to the NP's claims of massive tax increases by saying: "Rich corporations and the super rich should pay their fair share of taxes."

The ANC stuck to its original estimate of R39bn of government spending over five years. The figure represented the amount available from rising revenues as the economy grew, savings from eliminating unnecessary spending and greater efficiency. Not included was the self-financing part of the programme — electrification, water supply and telecommunications.

The DP said it agreed with the RDP's visions and goals, but was concerned that priorities, sources of finance and costs had not been thoroughly identified. "The RDP carries a high risk of overtaxation and overspending, plunging the country into a balance of payments crisis. Under these circumstances it would be difficult for the country to avoid an IMF programme."



## ANC calls on business to fund youth ministry

ET 21/4/94 (30) (277)  
Staff Reporter

THE government of national unity and big business should jointly fund a youth ministry to address the needs of the "marginalised youth", ANC Youth League president Mr Lulu Johnson said yesterday.

Mr Johnson was debating the future of the so-called "lost generation" with DP youth chairman Mr Colin Douglas at UCT.

Mr Johnson said all South African youth, irrespective of race or religion, needed a "mechanism for reconstruction and development" in a new state.

Mr Douglas disagreed saying "it is a fundamental waste of extremely scarce resources which should be spent on benefiting the youth instead of fast cars and big houses."

FM 29/4/94

about 45% (6m people) but Small Business Development Corp executive director Jo Schwenke says this figure should not include people who work in the informal sector. "We estimate that there are about 2,5m informal businesses, including all the hawkers and the roadside exhaust repairers." ~~(1,5m)~~

Riley found that most micro-enterprise owners went into business to survive and had net monthly incomes of below R650. About 62% are run by women, usually from home, and street vendors account for about half.

The owners tend to be young (35% are below 30) and undereducated (up to 40% lack basic literacy skills). And few have worked in the formal sector, so they have neither skills nor managerial experience. Riley found a strong correlation between an owner's education level and turnover. "Micro-entrepreneurs who have achieved a Standard 10 have an average turnover nearly twice that of those who have completed only Standard 8 — the status of 80% of micro-entrepreneurs." (30)

The owners of more established black businesses, such as those in the taxi and construction industries, are in general older and have more education, prior business experience and higher incomes than micro-enterprise operators. Most went into business for entrepreneurial reasons, not survival.

The constraints facing both are the same though. These include lack of access to financing, insufficient knowledge of support agencies such as the Small Business Development Corp, highly competitive markets and inadequate business premises.

Riley found that regulations which had been a serious obstacle to black entrepreneurs in the past now were mostly ignored, though some, such as municipal bylaws governing street trading, health, safety and taxation, still "pose actual or potential constraints."

The real problem, however, is money. "Access to financing is a tricky issue in that bank financing is not readily available to micro-enterprises in most of the world's financial systems," Riley says.

SA's banking institutions are no exception. Only 20% of the businesses surveyed for the report have received credit and then mostly from stokvels. The remainder relied on loans from friends or families. Riley says the solution lies in developing new financial instruments and intermediaries such as group lending schemes to reduce risk.

The report makes various policy recommendations, including the promotion of:

- Incentives to encourage big business to buy from suitably qualified small enterprises;
- Government procurement from small business. Housing schemes, for instance, could provide long-term work for township contractors;
- Police protection to foster a stable business environment and;
- The loosening of regulations that maintain public transport monopolies. ■

BLACK BUSINESS  
FM 29/4/94  
**Realising the potential**

The black informal business sector deserves attention from policymakers because it has the potential to help distribute employment, income and wealth more equitably between blacks and whites, says a recent World Bank report.

Written by the bank's private sector development specialist, Thyra Riley, the survey scrutinises the characteristics and constraints facing black businesses and finds some problems that have to be addressed if this sector is to realise its potential.

The numbers indicate how important the informal sector has become. Only 8% of job seekers found employment in the formal sector between 1985-1990 — before the recession began to bite — so it's no surprise that there has been explosive growth in what the report calls the black micro-enterprise and small business sector. Half of all micro-enterprises — mostly one-person businesses that rely on unpaid family labour — are less than three years old and employment among surviving firms is estimated to be growing at 24% a year. ~~(15%)~~ (30)

SA's unemployment figure now stands at

# Your guess is as good as mine ...

(30) WSM 29/4-5/5/94  
Now the election is over businesses face a host of new uncertainties.

**Jacques Magliolo reports**

**N**OW that the democratic process has run its course, what does the future hold for the South African economy?

The "experts" don't know: a week of violence, deaths, bombs, growing fears of anarchy and civil war has divided opinion on the inherent strength of South Africa's markets.

The economy has been under strain since the mid-1980s. Top entrepreneurs, economists and analysts are hesitant to make any sort of prediction on its stability.

Ordinary businessmen are concerned. "Business has virtually come to a standstill," says Mark Kirson, a businessman, who owns a toothpick manufacturing company based in Kew, near Johannesburg.

He adds: "If those who assess markets continue to be vague, then what is the man in the street to do?"

Says another: "The problem is that we face an unknown factor in an ANC government and fear seems centred on the possibility of IRA-style tactics becoming the norm in South Africa." He says another fear is that social upliftment programmes will disrupt business.

A Syfrets Managed Assets research report states: "Given the high percentage (30 percent) of South African Communist Party/populist members within the ANC/SACP alliance, the risk of a new government doing something irresponsible, which will antagonise business or the international community, must at least be recognised."

Latest institutional economic reports highlight a list of possible factors which could disrupt the market.

These include the reintroduction of prescribed assets, an increase in company tax, higher minimum wages, a reduction of import tariffs in compliance with the General Agreement on Tariffs and Trade and the implementation of legislation to break up conglomerates.

Though a new government is by no means certain to bring about all of the abovementioned changes, analysts agree such moves would hurt the Johannesburg Stock Exchange and the economy.

Combined with violence, they could lead to a complete reversal in local and international business, consumer and investor confidence and a further outflow of money rather than the promised inflow.

Says a dealer: "The combination of

higher company tax and minimum wages would not only kill some businesses, but could eradicate entire sectors."

He believes companies which have low profit margins, high labour-to-capital ratios, have been hit by strikes and been protected by import tariffs will face closure.

"The most likely to bear the brunt of such policies would be textile companies," says an industrial analyst. He believes mining could also be affected.

Another focus of trepidation is the likelihood of companies being forced to become more competitive by being split into smaller entities.

Many analysts say unbundling will release much needed liquidity on to the market, which should result in greater competition.

Others vehemently disagree. They contend that, by breaking up some companies, economies of scale will be lost and prices will ultimately rise.

"This would be in addition to prices being increased if minimum wages and taxes are raised," a dealer says.

If fears of higher prices and other barriers to economic growth become reality, the true strength of our markets will be put to the test. Economists say prospects of achieving economic growth of three percent will be difficult in the next three years anyway.

"Structural constraints just do not make it realistic," says Cape-based Sanlam economist Pieter Calitz. He indicates that, if net capital outflows continue at R1-billion a month, the economy could see a "complete breakdown slide into depression".

Southern Life economist Sandra Gordon places our present state in perspective: "Real per capita gross domestic product has fallen by 18,5 percent since 1981, so even if the ambitious reconstruction plan for a targeted annual growth rate of five percent is achieved, it would take almost a decade before 1981 living standards were again achieved."

However, not all economists are pessimistic.

Syfrets says South Africa will benefit from a recovery in demand for local metals and minerals and that multinationals will compete here again. South Africa, Syfrets adds, will regain access to offshore funding.

In its latest *Monitor* publication, Absa believes economic growth could be 3,5 percent this year, its pace set again by a rebound in agriculture, and four percent next year.

"In the current year, the growth rate should not only accelerate but it should occur in more sectors," say Absa's economists.

# Business chambers unite to meet radical change

**WILLEM STEENKAMP**  
Weekend Argus Reporter

TO meet the demands of a new dispensation in the Western Cape region, the Cape Town Chamber of Commerce and the Cape Chamber of Industries are to amalgamate into a powerful new body geared to represent business interests.

In a joint statement, the chambers' two presidents — Michael Stekhoven of the Chamber of Industries, and Roland Hudson-Bennett of the Chamber of Commerce — said

the new Cape Chamber of Commerce and Industry was being formed to stand and speak together at a time when the political and socio-economic environment was undergoing radical change.

The new chamber will start operations on July 1 and will be housed in its own building in Louis Gradner Street, Cape Town.

Mr Hudson-Bennett said the changes taking place and those still to occur would have a critical effect on how business would be able to perform.

"The new chamber's role will be to meet these challenges and to promote and protect business interests by upholding the free enterprise system and re-building business confidence in order to underpin economic growth and job creation in the region."

Mr Hudson-Bennett said that under the new dispensation provincial and metropolitan structures would have greater powers than in the past and this would cast a heavy onus on organised business to represent

business interests effectively. The new chamber would employ 40 permanent staff and represent about 3 800 businesses.

Mr Hudson-Bennett said discussions were also held with Nafcoc and the Kaapstadse Sakemmer in an effort to persuade them to join the new body. **ARG 30/4/94**

They had shown interest but had indicated they were not willing at this stage to become part of the new chamber.

"But this does not exclude

the possibility of them joining in future," said Mr Hudson-Bennett.

Mr Stekhoven said the new chamber would also offer an extensive business information service recognising that members will need reliable information on which to base their business decisions — particularly when they are required to cope with changing government structures, policies and legislation.

"Labour-relation pressures are also on the increase and a

new government could well implement changes. By combining the specialist skills of the two chambers the new chamber will be in a position to provide members with the most comprehensive labour-relations service.

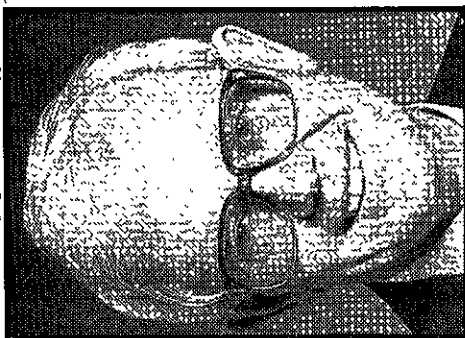
"There will be a special focus on the needs of small and medium enterprises with a view to helping them grow.

"All in all, the new chamber will offer members more than 40 individual business services," said Mr Stekhoven.

30/May 1 1994



Roland Hudson-Bennett



Michael Stekhoven

# Spate of holidays could cost Western Cape R1 billion

ST. JAMES EC/MEBO

THE SPATE of public holidays this month and next could be a severe setback to the Western Cape economy struggling in a prolonged recession, and could cost industry and commerce as much as R1-billion in lost trading.

The Cape Town Chamber of Commerce (CTCC), Cape Chamber of Industries (CCI) and leading business people have called on the newly-elected government to review all holidays and ensure a better spread over the year to avoid disrupting business.

The CTCC in particular has called for the scrapping of next month's Republic Day holiday.

## Stayaway

The South African Chamber of Business (Sacob) estimates that R1-billion a day is lost nationally for each public holiday.

In April there have already been five public holidays — Good Friday, Family Day and Founder's Day plus two election days.

A big worry for business is that May could see two "unofficial" public holidays — a stayaway tomorrow because Worker's Day falls on a Sunday and another on May 11 because it is sandwiched between the presidential inauguration on May 10 and Ascension Day on May 12. Republic Day is on May 31.

This would give a total

By FRED ROFFEY

the Western Cape lost R30 to R40 million a day on public holidays.

of 10 public holidays, which means as much as R10-billion could be lost to the national economy.

The Western Cape share of this is about 10 percent — or R1-billion.

CTCC deputy director Colin Boyes said public holidays in April had cost Western Cape businesses "hundreds of millions".

He pointed out that clothing companies had closed every day for the past week, although employees had "worked in time" beforehand.

The trade unions had negotiated with the clothing industry for Worker's Day to be carried over until tomorrow, which would mean more production losses.

However, Worker's Day would not be carried over in the food, furniture and engineering industries.

Mr Boyes added that the Steel & Engineering Industries Federation of South Africa (Seifsa) estimated it cost the metal industry R420-million a day nationally in lost goods and services for each holiday.

This meant the sizeable engineering industry in

## SBDC 'should be left alone'

BIDAY 31/5/94  
THEO RAWANA

THE Small Business Development Corporation (SBDC) should be kept independent and free of any political interference, senior GM Dawie Crous said yesterday.

The "complete small business scenario" was being investigated by the task group for the restructuring of the small and medium enterprises institutional environment, under the chairmanship of former Nafcoc president Sam Motsuenyane.

"The task group represents the National Economic Forum, Nafcoc, SBDC, Kagiso Trust, Fabcos, the Development Bank of Southern Africa and other relevant players."

Crous said the SBDC, in its present structure, operated as an independent public company controlled by the private sector.

"Because of its sustainable approach to business development, the SBDC was able to grant loans in excess of R1,9bn to more than 48 000 entrepreneurs. It is also the largest developer of business property in neglected areas with more than 900 000m<sup>2</sup> under one roof."

He added: "We believe that loans must continue to be granted on the basis of viability and not to please any political party or interest group."

# Business gears up for new deal in W Cape

**MARC HASENFUSS**

**Business Staff** ARG 4/5/94  
ORGANISED industry in the Western Cape is looking forward to co-operating actively with provincial premier elect Hernus Kriel, says Cape Chamber of Industries (CCI) chairman Michael Schuurmans Stekhoven.

He said the CCI was ready to discuss its vision and motivation of future priorities in regional governmental interests with Mr Kriel at the earliest date possible.

The CCI was also ready to talk to Mr Kriel about organised business' desire to play its part in effective and developmental governance in the Western Cape in the years ahead.

Mr Schuurmans Stekhoven said local businesses hoped Mr Kriel would acknowledge that the key priority of the local government was the development of the region's economic and social infrastructure.

These priorities included the encouragement of industry to create new jobs, develop the regional export potential and accelerate the whole Western Cape economy into a growth path which offered a better future for all its residents.

Mr Schuurmans Stekhoven noted that the National Party's overall majority in the Western Cape and the ANC's overall majority throughout the country underscored the perception that the elections were adequately free and fair.

"However, it puts a special burden on Mr Kriel to ensure that his government of provincial unity, with its different loading, co-operates fully with a government of national unity in ensuring that the Western Cape remains a fully appreciated and vibrant part of the economic and social whole of

South Africa in the years ahead."

He hoped the new National Party would embrace the new concept of participative government, not only with their partners in the transitional government of national and provincial unity but also with non government organisations representing economic and social interests of all sectors.

■ The South African Chamber of Business (Sacob) welcomed the peaceful and tolerant atmosphere in which the elections were conducted.

Sacob president Cedric Savage noted that this had already contributed towards creating positive business perceptions here and abroad about the prospects for stability in the period ahead.

■ Meanwhile, Pick 'n Pay joint managing director Gareth Ackerman cautioned today that a government of national unity would have many critical economic decisions to make in the coming months.

"To ensure South Africa's economic success — and our ability to compete internationally — we must quickly adopt a more free and fair economic system. We must have a minimum of government intervention and protectionism in industry, but yet an effective control against monopolies."

He said this would have the effect of kickstarting the economy and allowing the free market to determine levels of pricing, quality and sourcing.

"If we are to promote fairness in the economy, we must ensure that bodies like the Competition Board is strengthened in its role of 'economic ombudsman'.

The Competition Board should function above party politics and act in the interests of all South Africans, he emphasised.

# 'Time for a New Vision'

(30) ANC 7/5/74

## BRUCE CAMERON

Business Editor

BUSINESS and government had to co-operate in creating conditions that would meet the demands of investors while simultaneously dealing with the aspirations of the majority of South Africans.

At a University of Stellenbosch Bureau of Economic Research post-election conference at Bellville yesterday the country's top economic managers and senior business representatives spelt out that South Africa had been given breathing space but both business and government would have to play responsible roles if advantage was to be gained.

Speakers generally put their support behind the African National Congress reconstruction and development plan (RDP) but warned that it would have to be fine tuned and its financial costs assessed as soon as possible.

Both Reserve Bank governor Chris Stals and Director General of Finance Estian Calitz spelt out the new government would have to maintain both fiscal and monetary discipline if long term objectives of a growing economy were to be achieved.

But both agreed the RDP could form the basis to ensure living conditions of all South Africans were improved.

Dr Stals said many of the ob-

jectives of the RDP would not be achieved unless South Africa maintained a relatively stable financial environment with low inflation and low interest rates.

He warned there were many examples where high inflation had destroyed democracies because of revolutionary reaction to ever rising prices.

Dr Stals said although the RDP and the out-going government's normative economic model (NEM) had been played off against each other in political debate "they are indeed supplementary with the only major difference being the angle from which the same problem is approached".

"The RDP in its total context does not ignore the economic reality of limited resources and the NEM cannot, and does not, deny the legitimacy of the massive needs of the poverty stricken people of South Africa."

Dr Stals said economists should now get together and in a final effort marry the RDP and the NEM.

Standard Bank chairman Conrad Strauss bluntly warned business that it had to play a role in supporting the government in its attempts to improve the lot of all South Africans.

"We now have in place a government that enjoys national and international legitimacy.

"It has not yet, however, acquired credibility."

Business had to play a role in achieving this credibility.

Dr Strauss said whether the expectations of black South Africans were legitimate and realistic "is beside the point — they exist, they are a political reality and attempts must be made to meet them".

Unless the country moved quickly to set in motion the core elements of a national reconstruction programme "we face enduring political and social turmoil".

The danger was that the government, faced with five years to devise a constitution, reformulate society and start delivering the goods, may react with populist policies.

Populist policies may appear attractive in the short term but "will work to the nation's detriment over time".

Dr Strauss said one of business's central concerns must be to promote the establishment of a modern market economy in which it could best carry out its task of optimising wealth creation.

Fostering an enterprise economy, in which macro-econ-

omic objectives were achieved by inducement rather than by directive, had far reaching implications.

The old-fashioned trade re-venue would have to be dismantled; more taxes would have to be raised by increasing the tax base through growth in the economy than by increasing taxes; labour practices would have to be made more flexible; and exchange control and the dual currency would have to go.

Business and government would have to work closely together on this.

Apart from being involved in the broad policy aspects of development business would also have to become more closely involved in the implementation of policy.

"The sheer scale of the deficits in jobs, housing, education, health services and the like presents formidable difficulties.

"It is clear business is in a good position to help with administrative and management skills that government lacks."

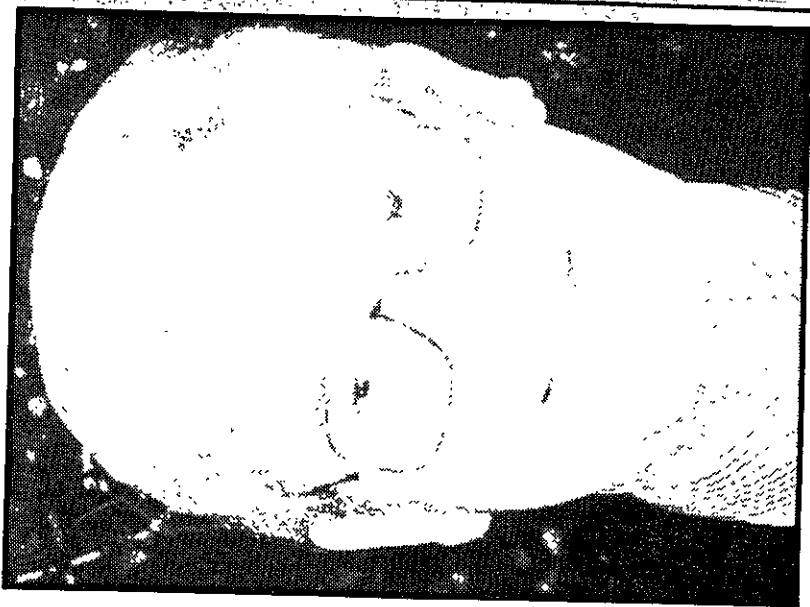


# JOBS

# The big advantages *51 Times (Buss)* of small businesses

*8/5/194*  
**Our greatest challenge**

**BEN VOSLOO**, managing director of the Small Business Development Corporation, today starts a Business Times series in which unionists, academics, politicians and businessmen will be invited to give their ideas on the nation's number one issue — employment.



**BEN VOSLOO** ... entrepreneurs play a key role in black empowerment initiatives. The creation and promotion of the black enterprise sectors. For many job seekers, the entrepreneurial option is the only choice. The economic health and stability of SA depend crucially on the speed and efficiency with which black economic empowerment can be effected through business development.

THE South African economy has in recent years given a weak performance in terms of growth and employment creation.

The economy is faced with a widening development gap in that the rate of population growth outstrips economic growth by an increasing margin. The outcome is increased unemployment, which has led to growing poverty and unrest. These trends manifest themselves particularly among those who have no qualifications, no employable skills and who are flocking to the cities in search of employment, housing and welfare services.

The capacity of a country to create jobs depends on its ability to generate economic growth. We get economic growth when the gross output of goods and services increases. Economic growth ultimately depends on the efficient use of labour, capital, natural resources, technology and entrepreneurship as production inputs.

We at the SBDC have always maintained that entrepreneurial activity is the essential source of economic growth and social development. We have emphasised this because the key role of this factor of production is underestimated.

Entrepreneurship is the spark that brings the other factors of production into motion. But it is also important to realise that entrepreneurship itself is in turn mobilised by the confidence, creativity, skills and expectations of individuals.

If entrepreneurial spirit is absent, the production machine does not get into motion. Persons with entrepreneurial talents, skills and orientations can achieve more than others in mobilising productive resources by starting enterprises that will survive and grow. But persons with entrepreneurial qualities are rare and valuable. They constitute a resource that greatly contributes to, if not causes, the

production of goods and services. They cause the creation of employment opportunities. They make possible the effective use of land, labour, capital and technology that would otherwise lie dormant.

Salaries, wages, goods and services, rates and taxes, social and medical benefits, infrastructure and rising living standards all flow from entrepreneurial activities. Hence, entrepreneurial potential ought to be encouraged and nurtured.

The state is not equipped to successfully play the role of entrepreneur. What the state can do well is to play the role of facilitator. The entrepreneurial function should be left in the hands of

business enterprises, whether they are large, medium or small in size.

But there can be no doubt that the natural home of the entrepreneur is the small and medium enterprise (SME). More than 95% of business enterprises in SA can be considered SMEs (formal and informal).

About 46% of overall economic activity can be attributed to the SME sector (formal and informal). SMEs in the formal sector (firms with labour forces below 200) contribute a larger proportion of GDP than all the corporate giants together. SMEs (formal and informal) provide 84% of all

private employment. Of the more than 800 000 formal businesses, about 650 000, or 80%, can be considered medium or small. An additional 2,5-million informal businesses provide employment for more than 3,5 million people.

The strategic importance of SMEs takes on an added importance in the light of the need for the economic empowerment of blacks. Black economic empowerment is a vital to economic growth. The question is: how is it to be achieved on a sustainable basis?

Answers are sought in redistribution through taxation, affirmative action, equal opportunities and more. But none of these

# Business full of confidence for a 'Mandela boom' in SA

Business Staff

THE 'Mandela boom' is on — and that's official.

South Africa's business chiefs and leading economists are oozing confidence over the country's economic prospects under an African National Congress led government of national unity.

South African Chamber of Business (Sacob) director-general Raymond Parsons said businesses faced boom conditions with the implementation of the ANC's Reconstruction and Development Programme (RDP).

Addressing delegates at a Sacob seminar yesterday on the implications of the election outcome for business in Johannesburg, Mr Parsons said the RDP's proposed public works programme — which covered housing, electrification, sanitation, water and education — would give rise to new markets in some sectors.

Regions and business should remain alert to the new opportunities.

"In other words prepare to meet thy boom," he quipped.

First National Bank chief economist Cees Bruggemans predicted that fixed investment would probably see the greatest

turnaround in the new South Africa — with growth of at least 5 percent, and nearer 10 percent next year.

"The convergence of private investment and public sector investment in social infrastructure and a low-cost housing building programme should provide the kind of growth dynamic not seen in 30 years."

Mr Bruggemans said the economic and financial reality of the moment remained a huge net capital outflow and pressurised foreign reserves on the one hand and a clearly bullish sentiment in the financial markets on the other.

"Judging by events, particularly the belated Inkatha decision to join the election and the composition of the government of national unity, there is going to be a clear winner, and it won't be capital outflow. The Mandela Boom is on, and that's official."

Derek Tommey reports from Johannesburg that JSE executive president Roy Andersen told members of the exchange at their annual meeting last night that the value of shares traded had more than doubled to R52,1 billion from R23,1 billion in 1992-93.

30 AR4 12/5/94

#### Business Editor

SA business must co-operate closely with the new government to promote a modern market economy, Raymond Parsons, director general of the SA Chamber of Business (Sacob) said yesterday.

He told a seminar organised by Sacob in Johannesburg that foreign investment would depend on perceptions of what was happening here — but the new government was under pressure to deliver quickly to the poor.

The government would have to translate the reconstruction and development programme (RDP) into a practical plan of action as soon as possible.

"Priorities will have to be set, time frames devised and financing requirements evaluated. In the real world of practical economics which there will now be faced by policymakers there will have to be a delicate matching of resources to priorities.

"Balancing short-term social exigencies against appropriate longer term economic strategies will need skilful management.

"The RDP must become a success

# 'SA business must help govt

(30)

CP12/5/94

ment here is political stability. Properly managed the phasing out of exchange control — once the right conditions are in place — could only be good for investor confidence.

"There is also the challenge of using foreign aid wisely and productively. The willingness of the international community to help the new SA on its way is most heartening.

"Aid should be seen as 'seed money' to help create a positive climate of development pending the return of direct foreign investment.

"For it is upon the revival of foreign direct investment that sustained economic growth depends.

"The longterm economic future of SA hinges upon levels of investment — domestic and foreign — in order to create jobs, address social spending and develop the economy.

"At the end of the day, when the political rhetoric has faded, SA will be judged by its economic policies and the return on capital that it offers to investors. We need to be competitive in a tough global economy."

Parsons pointed out that the world was now "an economic global village which will be sensitive and responsive to domestic economic policies. International and domestic financial markets will be quick to tell us what they like — and what they don't like — about the course of events in SA.

"Financial markets will be interested in the extent to which the new government is able to reconcile the understandable demands for equality in social spending with fiscal and monetary discipline.

"Here I believe the retention of Derek Keys as Minister of Finance and Chris Stals as Governor of the Reserve Bank will have a positive impact on banker and business perceptions."

However, Parsons warned, "it will not be enough to have the right people in key posts — they must also enjoy enough political support to be effective."

# 'Import and export boom looming'

THERE are strong indications that SA is set for a boom in exports and imports, says Grindrod Seafreight's Mike Millard.

These pointers included signs of positive economic growth among SA's major trading partners, he said at the weekend.

Given the fact that the recessionary cycle in international economies is beginning to turn, we can look forward to continued growth in both imports and exports.

Other sources of the recent extension of trade incentives to SA by its trading partners, including the US and Canada, has significant in improving local companies' access to new markets.

The European Union is also considering extending trade concessions to SA.

Millard said another encouraging sign

JOHN DLUDLU

was that SA trade had surged ahead in the first quarter of 1994 despite pre-election jitters. Exports in January-March grew 24% compared with the same period last year, and imports grew 20%, he said.

The nominal value of exports for the three-month period was R20,8bn while imports were recorded at R15,8bn.

While cost-inflation and the continuing depreciation in the commercial rate have to be taken into account in this quarter, a quarter comparison we are still seeing real upturn in two-way trade.

Although the export of diamonds had jumped 67% to dominate the figures, general trade categories had also shown healthy improvement.

# Nafcoc set to be influential force

NAFCOG would be well placed to be an influential force in the SA economy with the restructuring programme being run by US consultant Robert MacGregor, the business organisation's executive director, Max Mafu, said on Friday.

MacGregor had strongly urged the SA corporate sector to support the programme financially because he said, Nafcoc was going to be the organisation that new government would work closely with.

MacGregor, president of the Minnesota Centre for Corporate Responsibility, worked with Nafcoc for three months earlier this year as a volunteer with the International Executive Corps.

The programme seeks, among other things, to strengthen Nafcoc headquarters to serve regional and sectoral chambers, giving most attention to the clear definition of the financial directorate.

The plan also includes strengthening representation at regional and national government level, monitoring legislation affecting small and medium enterprises, and advocating government aid for new and growing businesses.

Under the plan, regional and sectoral chambers of Nafcoc would have the responsibility of encouraging large companies to buy from smaller black businesses and assisting foreign and domestic corporations in identifying business opportunities in black communities.

THEO RAWANA  
MacGregor appealed to SA companies to assist the restructuring programme financially. The new government will work very closely with Nafcoc. It can become a most important player in business circles to keep this country supporting a market-driven economy and assisting SA on the many issues related to black empowerment and the need to jump-start black business.

He said a strong Nafcoc supporting a company's values was in everyone's self-interest.

MacGregor said an experienced German executive would be with Nafcoc for one year to work on operations and finances as recommended in the report, and an American with a Masters degree in marketing would assist with membership needs for a year.

In addition, a retired executive would be working with the organisation.

"I am also working with USAID and some of its funded agencies to provide capacity-building assistance," he said.

"In my public speaking in the US, I will give a very positive report on SA which will be substantially different from the negative reports featured on CNN and in other US media."

MacGregor added: "We all benefit from a restructured, moderate and responsible black voice, which Nafcoc represents."



## SASFIN ASSET SECURITISATION LIMITED

(Registration number 91/02708/06)

Notice to holders of unsecured compulsorily redeemable asset-backed floating rate debentures due 2011

Interest rates

# Experts thrash <sup>(30)</sup> out needs of small business

By ARI JACOBSON

AN international gathering of experts in the field of small business development yesterday kicked off the seventh annual conference for small businesses in Southern Africa.

The city conference was opened by Northern Ireland's president of the Council for Small Businesses, Professor Ken O'Neill.

Keynote speakers yesterday were Law Research Project executive director Professor Louise Täger and executive director of the Africa Institute for Policy Analysis, Professor Bax Nomvete.

Täger pointed out that local government needed to be more "in tune" with the needs of small businesses.

However she did add that the Western Cape had the most "liberated" laws in this regard for activities like street hawking and other such vendors.

Täger also stressed the importance of "innovative" finance to support small businesses.

Nomvete pointed out that in a developing community like SA "the skills potential can be more readily harnessed in small and medium enterprises than in larger corporations".

He said that small businesses could serve as a "training ground and stepping stone for blacks, to the formal sector".

However, Nomvete said that the informal sector was of limited value as its job-creating and skills development capacities were "exaggerated".

"As the formal sector revives and expands, the informal sector will narrow and shrink," he said.

Nomvete said that more emphasis should be placed on training for blacks and supporting small black businesses to enter the modern formal sector.

# Mandela bolsters business mood

Business Editor (36) ARLT 25/5/94

THE South African Chamber of Business (Sacob) has welcomed the state-of-the-nation speech of President Nelson Mandela as an assurance that social objectives would be met within a sound economic policy.

In a statement Sacob president Cedric Savage gave the assurance that the private sector would work closely with the government and other agencies to ensure the Reconstruction and Development Programme (RDP) could be fulfilled and sustained.

The business community fully recognised the urgent need for socio-economic upliftment.

Mr Savage said Sacob supported and shared Mr Mandela's vision for the implementation of the RDP — and its fulfilment in a climate of sustained economic growth.

He said President Mandela's message of reconciliation, hope and realism was "encouraging and confidence building".

"It provided local business and the international investment community with an assurance that the social objectives outlined in the RDP would be sought within the parameters of sound economic policy.

"The translation of vision into hard economic reality will no doubt be reflected in the forthcoming Budget, which will be closely studied by the busi-

ness community."

Meanwhile the Cape Town Chamber of Commerce has offered to work together with politicians and the wider community to make the Western Cape the business showcase of South Africa.

In its latest bulletin the chamber endorsed the ambitious plans of Western Cape Economics Minister Allan Boesak to create 50 000 jobs in the region.

It complimented Dr Boesak for announcing that he intended to consult with business before launching his programme.

The chamber said it and other business organisations could assist in realising the full potential of the Western Cape through communal efforts.

It was important not to ignore the role of small and medium enterprises in job creation.

"The Chamber has long been aware of the vital importance of small and medium enterprises (SMEs) in job creation and has fought to ease burdens in the SMEs through deregulation, making finance more easily available, and through influencing big business to subcontract to smaller concerns.

"Dr Boesak's enthusiasm for his task of job creation is patently evident and the Chamber welcomes the opportunity for regional government and the private sector to work together to make the Western Cape the business showcase of South Africa."

## Move to help small business

JOHN DLUDLU

THE National Economic Initiative, a voluntary organisation representing Durban businesses, has introduced a programme to support development of small businesses in the province through a business linkage code.

Richards Bay Minerals, one of the signatories, said signatories to the agreement undertook to establish business links with black business.

The move had received the approval of National African Chamber of Commerce (Nafcoc) president Archie Nkonyeni. Two signatories to the agreement at present were Richards Bay Minerals and Umgeni Water.

Richards Bay Minerals was instrumental in the formation of the initiative's Business Opportunities Centre in Durban last year. The centre is aimed at facilitating black-white partnerships.

The initiative, whose membership includes Eskom, FNB, KwaZulu Finance Corporation, NSB, NBS, SAB, Hullet Refineries, Caltex, Engen and Toyota, was formed four years ago.

NEWS

# Unions in row over small business jobs

~~153A~~  
**EMPLOYER** and worker representatives have bumped heads in Cape Town on labour standards in small businesses.

Themba Pasiwe, chairman of the Western Cape branch of the National African Federated Chambers of Commerce (NAFCOC), called for the exemption of small business from wage agreements.

But Cosatu representative Tony Ruiters warned that small businesses could not rely on labour repression for growth.

Addressing the annual conference of the Southern African branch of the International Council for Small Business, Mr Ruiters said Cosatu was hostile to the lowering of labour standards in small and medium enterprises (SMEs).

But exemptions from industrial council agreements or other wage instruments were possible for limited periods.

"We can't have two parallel bargaining structures. Indus-

AKG28/6/14  
**ALIDE DASNOIS**  
 Business Staff

trial councils have problems but they must be used to apply for exemptions.

"Cosatu has been flexible about this in the past."

Mr Ruiters said the country needed an SME, sector which could survive, nationally and internationally, without relying on poor working conditions and low wages for a competitive edge.

Innovation, the training of the workforce and networking between SMEs was a better route.

SMEs could benefit from economies and achieve greater efficiency through sharing technology, machinery and equipment networks.

"Small business development could also be encouraged by a tougher competition policy and anti-trust legislation.

Central and local government public works contracts should increasingly be directed to SMEs.

Mr Pasiwe said worker productivity in SMEs tended to be lower than in bigger companies.

This was because the capital-labour ratio was lower in smaller businesses, which tended to use more labour-intensive production methods.

"There are more jobs for a given level of output.

"And in an economy without full employment, it's better to encourage SMEs even if the jobs they offer are less productive and less well paid."

Mr Pasiwe said the unemployed should not be "prevented from selling their labour at the best price they can get".

SMEs should not be held to industrial council agreements.

Working conditions and wages should be negotiated between employers and workers.

A better and more transparent exemption system and compulsory representation for small business in the bargaining process were needed, Mr Pasiwe said.

## Time 'to reconsider small man'

Business Staff

THE Small Business Development Corporation, the IDC, the Development Bank and other institutions dealing with small business development needed to be restructured, ANC MP Salie Manie told the conference.

He said restructuring should go further than just "a change in the colour scheme".

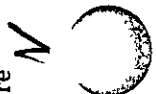
The work of these institutions should be brought into line with the objectives of the reconstruction and development programme.

The municipalities should also play a more important role in the development of small business.

He said matters such as labour standards should be negotiated between workers and employers. The government's role should be limited to, that of support.

A percentage of government contracts could be reserved for small businesses.

As the biggest buyer of goods and services, central, provincial and local government should re-examine specifications in tenders to make sure smaller businesses were not excluded.





# SA's small businesses grew during recession

Sunday 20/5/94  
GERALD REILLY

SMALL businesses in SA — including those in the informal sector — had flourished in the past 10 years despite the severest recession in the country's history, the Small Business Development Corporation's Dawie Crous said last week.

Crous told a conference organised by Pretoria University's Institute for Strategic Studies, that, of the more than 800 000 business enterprises in SA, 91% or 720 000 could be classified as small or medium enterprises.

Their estimated share of the GDP stood at 45% and they employed more than 2,4-million people — 17% of the total 14,3-million economically active population.

The figures, he said, did not include the informal sector, which involved another 4,4-million people and accounted for a further 15% of GDP.

This brought the small to medium enterprise contribution to the GDP to at least 45% and the number of jobs provided to 6,8-million.

According to figures presented at the conference by SBDC chief executive Ben Vosloo, half the SA population and nearly 50% of the able bodied population was without work.

In the past five years, 500 000 people had lost their jobs in mining, agriculture and industry.

What was needed, according to the ANC, was equal access to finance and credit, serviced sites for trader and informal markets, and the award of contracts to small to medium enterprises.

Crous said in the larger economies of the world — the US, Japan and Germany — small to medium businesses accounted for more than 60% of their economies.

In Taiwan, for instance, which had the largest foreign reserves per capita, 70% of the workforce was employed in enterprises with fewer than 10 workers.

In the past 13 years in SA, more than 300 000 jobs at an average cost of R5 500 a job had been created at a time of heavy retrenchments. About 80% of the 300 000 were blacks, he added.

# Funds earmarked for black business

MARC HASENFUSS

Business Staff

30

AGG 4/6/94

AFTER strong criticism of its lending policies, the Small Business Development Corporation (SBDC) spent R4,2 million in April and May to fund fledgling black businesses in the Western Cape.

The funds earmarked for black entrepreneurs in the first two months of the new financial year already far exceed the R3,6 million spent in supporting this sector in the 12 months to the end of March.

SBDC assistant general manager Johan Naudée said increasing numbers of black entrepreneurs were emerging in the Cape metropolitan areas.

In the past financial year, the SBDC spent R60 million to promote 1 500 small businesses in the Western Cape. This included R6 million loaned to 918 "micro-enterprises". The average loan granted to micro-businesses during the period under review was R6 500.

■ See Sunday Money tomorrow.

ARC 8/16/94

### Union buries hatchet

JOHANNESBURG (30) The South African Commercial, Catering and Allied Workers Union and Shoprite/Checkers have buried the hatchet over disciplinary action against a Saccawu member, pending a meeting next Monday. (12)

**BUSINESS** Government will stop business invasions ● Pointers to JSE performance

# Business must not sit on expectations

**By Mzimkulu Malunga**

BLACK business should not fold its arms and wait for the government to help it out, says the PWV region MP Mr Paul Mashatile.

Addressing the 24th annual conference of the Southern Transvaal African Chamber of Commerce and Industry this week, he said the Government could only play a facilitatory role to assist black business. Access to credit, markets and skills were central to the PWV regional government's plan to assist black business, he said.

Mashatile said there was a need to restructure the financial sector in order to

make it more accessible to black business people in need of finance.

Also, agencies such as the Small Business Development Corporation needed to be reorganised to put them in line with the aspirations of emerging black business.

## Burning issue

On the burning issue of big companies "invading" the townships, he said it was difficult for any Government to restrict people or companies from starting businesses in areas of their own choice.

However, the Government could come up with support systems aimed at enabling black business to be able to compete with

whichever company wants to move into the townships.

"But at the end of the day the Government will not be able to prevent competition because by its nature, business thrives on competition," he said.

Mashatile also warned big business not to exploit the opportunities presented by the free political atmosphere to marginalise black business.

The PWV government was ready to give a sympathetic hearing to submission from black business about the issue of big business "invading" the townships.

# 'We can be breadbasket'

30 AFG 10/6/94

FOREIGN investors should invest in joint ventures with black South African businesses, President Mandela told the summit.

The government was considering setting up a bank to finance black businesses.

Mr Mandela said he had invited overseas business people to inspect South Africa, which offered a range of advantages from cheap electricity to a developed banking system.

"We can be the breadbasket of this region," he said.

Asked what efforts were being made to promote small business, Mr Mandela said big business was dominated by whites.

A proper free market economy was not possible until black economic power had been raised to the level of that of whites.

He called on financiers to adapt credit terms to suit black businesses, because getting credit was frequently an obstacle.

The rate the government would succeed in closing the gap between black and white economic power remained to be seen, he said.

Mr Mandela said numerous discussions, from the days exiles had returned, had enabled the government to build up a "hard core" of business people committed to democratisation.

Asked about policy on privatisation, Mr Mandela said he and colleagues had been "hammered" at a 1992 forum meeting

in Switzerland when they spoke in favour of nationalisation.

He maintained a policy of nationalisation was correct to redress past economic imbalances, but it had had to be abandoned for the sake of attracting investment.

South Africa's interim constitution, like that of the former West Germany, provided for nationalisation. But Germany had not used the option for decades, and it was unlikely South Africa would resort to it for many years.

He assured investors their investments were safe against nationalisation.

Investors were free to take their profits and dividends out of the country, and if they sold their businesses they could export the profits.

Mr Mandela said he was deeply opposed to privatisation of sectors such as health and public transport.

The existence of a government of national unity for the next five years was a guarantee nothing would be done to antagonise foreign or domestic investors.

There was applause after Mr Mandela said he agreed with a statement attributed to a former Russian finance minister that the only way to create wealth was through a free market system.

But until now there had been no free market in South Africa, he said.

# Sanlam urges business to support govt's RDP

By ARI JACOBSON

LIFE insurer Sanlam's chairman Marinus Daling came out strongly in favour of the Reconstruction and Development Programme (RDP) yesterday, and urged big business to do the same in an address to the Afrikaanse Sakekamer.

Daling said it would be big business' responsibility to invest in social development projects as well as "taking the lead in new investment projects".  
"... While the private sector must work closely with the government to make a success of the RDP programme, the business sector also has an obligation and must feel free to point out the possible dangers which certain actions may hold."

(30) (297)  
CT 10/6/94  
Daling said that the RDP would make an "important contribution to ensuring political and social stability" which in turn would help to invert the capital outflows.

However he warned that "a stronger growing economy is prerequisite for it's (the RDP's) execution.

And for this to occur, Daling said that SA must invest in its people "for total development" rather than aiming for a "sterile quota system".

"In this way the economic cake can be enlarged," he said.

He also suggested that big business could subcontract to smaller businesses to encourage "the small business culture".

# Info banks to help small businesses

(30)

CLIVE SAWYER  
Political Correspondent  
GOVERNMENT

Technology is to set up countrywide to serve small businesses, and the Western Cape is earmarked to be home to one of the first. Minister of Trade and Industry Trevor Manuel said technology incubators enabled fledgling businesses to be research and development. Such incubators had worked well in mainland China, where about 50 were in operation by the end of last year. Unlike Small Business Development Corporation incubators, the technology incubators would be set up directly by the government, and would be linked to educational institutions. The Western Cape facility would be supported by Peninsula Technikon and the University of the Western Cape. Mr Manuel said its establishment was likely to be "very, very soon". As a pilot project, it was likely to be quite small, compared with similar institutions. Sponsored by the Department of Trade and Industry, the incubators would enable small businesses to get going. "Small business will be one of my main policy thrusts while in this chair," he said. "It is incorrect to do what the previous government did, to Creative programmes would be designed such as the technology incubator system. The government had to help people over the first hurdles in setting up businesses by assisting with access to finance, human resources and to markets. Mr Manuel said small to medium enterprises could offer large opportunities, while not to create jobs. He described the Western Cape, his home region, as having a good chance of prospering, providing it could "get its politics together". As Minister of Trade and Industry, he had a national responsibility to promote development in poorer regions such as the Eastern Cape and Northern Transvaal. He would meet all nine provincial ministers of economic affairs in the next two weeks to discuss development in each province.

● See page 17

## Small business urged to fight restrictions

**MARC HASENFUSS** (30)  
Business Staff

SMALL businesses should bolster their lobbying strength to fight restrictive business laws, Business Practices Commission chairman Professor Louise Tager told delegates at the Cape Council of Hawkers and Informal Business conference in Kuils River this week.

She said lobbying, particularly sectoral business lobbying, would become more important in future petitions to government to alter the legal frameworks of business.

Professor Tager emphasised that businesses should lobby local government officials because it was at this level that regional business laws were constituted.

"Unless we get our local governments to understand the need for responsible business laws we

will not see any changes."

She stressed that government should decriminalise the business laws.

"We cannot afford to create laws that brand entrepreneurs criminals because they are trading without licences or exceeding their trading area by a few centimetres."

ARG 25/6/94  
"We want laws that stimulate economic activity... a legal framework to set an enabling rather than a restrictive environment for small business."

Professor Tager said small business could take heart that the Bill of Rights entrenched the "right to engage freely in economic activity anywhere".

This meant any laws interfering with or restricting businesses would be in conflict with the Bill of Rights.

"The current business laws and the Bill of Rights will have to be reconciled," she stressed.

■ An increasingly competitive trade pattern was developing between formal and small businesses, threatening to disrupt growth in informal industries, Cape Council of Hawkers and Informal Businesses chairman Robert Ruka noted.

Mr Ruka called on government to establish a national commission to investigate matters hindering small businesses development.

Other proposals were for a portion of government funds to be earmarked for companies with fewer than 150 employees, and an incentive system for big business to create joint ventures or subcontracting with smaller companies.



**BUSINESS — Making it work for you**

# IBTT shifts focus to Cape Town

*Southeaster (suppl to South)*

The Informal Business Training Trust (IBTT), which has trained about 10 000 people since its formation four years ago, will concentrate more of its activities in Cape Town this year.

The IBTT estimates it will train 5 000 people in the country this year.

In addition to business training, the IBTT will provide mini-loans and mentoring for businesspeople starting out on their own.

The cornerstone of the organisation's training is the One-Up Business Training Programme, known as the Township MBA.

Against expectations, the majority of entrepreneurs attracted to the courses are women — at least 52 percent.

The IBTT will train people from all types of businesses including spaza shop owners, hawkers, dress-makers and hairdressers.

Some of the more unusual businesses which it has supported, include a gym, a car-hire firm and a dog parlour.

The Township MBA is a basic business skills course, involving using a calculator, investigating the

market, buying, costing and pricing, selling, working out a business plan and money management.

The average trainee completes the course in about 40 hours. However, the programme is flexible and can be completed in longer or shorter periods.

It is available in Zulu and English and is now being translated into other languages. (30)

The IBTT is also trying to get youth involved in business. A pilot study conducted at the IBTT training centre in Johannesburg has given the organisation a new direction. 2416 - 2816194

The goal of the Be-Your-Own-Boss Programme was to launch young people into viable businesses. It is expected the programme will be developed as an essential part of the IBTT's activities.

However, there are costs involved in the programmes on offer. Many businesspeople cannot afford the R640 to attend the Township MBA course and the IBTT are appealing to interested people to sponsor their trainees. The cost includes follow-up with the trainee for up to three years.

For details, contact the IBTT in Cape Town at (021) 6831846.



**SHARPENING HER SKILLS: Thandiwe Qeqe, who combines nursing and curtain making, completed the One-Up programme.**

## Sacob sets up RDP task force

JOHANNESBURG. — The SA Chamber of Business said yesterday it was setting up a task force to put forward business' contribution to the government's RDP. (30)(297)

Sacob president Cedric Savage said the task force would also formulate proposals to input into the planned White Paper on the RDP.

"The business sector ... can and will involve itself in the RDP in those areas where it has the capacity to do so. CI 30/6/94

"These areas include the provision of employment opportunities, the training and upgrading of the work force, and the creation of opportunities for small business to develop and flourish."

However, Savage stressed the RDP's success was dependent on a growing economy. — Sapa

# New Cape chamber opens its doors

30

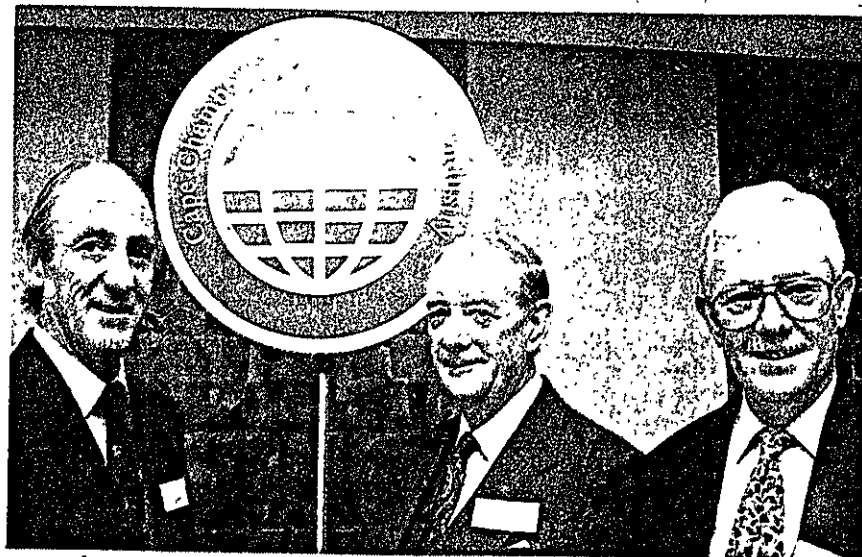
CT 1/7/94

By **AUDREY D'ANGELO**  
Business Editor

A NEW organisation has been formed to represent the interests of commerce and industry in the Western Cape. The Cape Chamber of Commerce and Industry, with more than 3 800 members, is open for business today at offices in Louis Gradner Street on the Foreshore offering a wider range of services and facilities than either of the two older organisations, Cape Town Chamber of Commerce and the Cape Chamber of Industries.

Its first president, Ernest Wilson, said yesterday that it would lobby and work closely with the new Western Cape regional cabinet, which would clearly have far greater powers than the old Provincial authority, and with the metropolitan authority.

In his inaugural speech at the Walburg Conference Centre Wilson said: "The new chamber is not a melange of the two founder chambers. It is a de novo concept of an organisa-



**NEW BEGINNINGS . . .** The new Cape Chamber of Commerce and Industry, formed from amalgamating Cape Town Chamber of Commerce and the Cape Chamber of Industries, came into being last night. Its first president, Ernest Wilson, (centre), stands in front of its logo with Roland Hudson-Bennett (left), outgoing president of the Chamber of Commerce, and Michael Stekhoven (right) outgoing president of the Chamber of Industries. The chamber has already moved into its new premises in Louis Gradner Street on the Foreshore.

Picture: ALAN TAYLOR

tion ready and well-equipped to represent every facet of every business in the Western Cape.

"The door is open to all other business organisations in our region to join us, affiliate to us or simply come and ob-

serve us in action.

"The challenges for us in the business sector regionally, nationally and internationally are significant, with seemingly more potential threats than opportunities.

"It is time for business to really get its act to-

gether. It must promote organised business in unison rather than a confusing spectrum of special interest groups."

Michael Stekhoven, outgoing President of the Cape Chamber of Industries and vice-president of the new cham-

ber, said it was "remarkable how painless the (amalgamation) process has been, how comfortable both parties are with the new structure and how little overlapping of services there was.

"This bodes well for the new chamber — so important for business in this region in the future."

Stekhoven said the chamber of commerce and chamber of industries had been "two of the strongest chambers in SA terms of membership and finance.

"However the changing political and economic climate in SA caused the executive committees of both chambers to recognise that, at the regional level too, the single strong voice and 'unity is strength' concept might apply to organised business in the Cape too."

John Malone, first vice-president of the chamber of commerce, will be the other vice-president of the new chamber.

Alan Lighton, former director of Cape Town Chamber of Commerce, is its executive director. Colin McCarthy, director of the Cape Chamber of Industries, is retiring.

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Cape Chamber of Commerce and Industry

# Chamber's top-flight backing for employer associations

THE chamber provides an extensive secretarial and administrative support service to members who organise themselves into employer associations or trade organisations, says deputy director Colin Boyes.

Members of these organisations are usually found in the manufacturing industries where there is strong union activity.

For example, the chamber lends administrative and secretarial support to the Cape division of the Steel and Engineering Industries Federation of South Africa (Seifsa). Representation is also organised on the Regional Industrial Council through the Seifsa Cape office.

The Cape Jewellery Manufacturers' Association, as well as the Jewellery and Precious Metal Industrial Council, are administered by the chamber.

In the food industry the chamber administers the baking, flour-milling, maize-milling, brewing, ice-cream, mineral-water, coffee-roasting and tea-packaging employer and trade organisations.

Although the clothing industry is no longer administered by the chamber, a close relationship continues between the Cape Clothing Manufacturers' Association and the Cape Knitting Industry Association, which keeps offices within Cape Chamber House.

The Cape Furniture Manufacturers' Association represents the employer interests on the industry's industrial council and overseeing the training to ensure the industry remains competitive.

The chamber provides a meeting place for other employer organisations, including plastics, aggregate and sand producers, timber and allied products, concrete products, masonry manufacturers, canvas and rope and laundry and dyeing.

"The chamber, through its professional staff who have developed considerable expertise through their exposure in many seemingly diverse industries, continues to offer a home to its members interested in addressing common needs and problems," says Mr Boyes.



□ PROMOTIONS: Jean Edge, front, Cape Chamber of Commerce and Industry promotions officer

## Combined chamber to improve service to business

THE new combined chamber will be broader in scope and have more resources to improve its service to the entire business community, says executive director Alan Lighton.

The chamber has been geared to provide the support structure necessary to assist firms to adjust to new demands and to exploit new opportunities.

The 3 800-plus members range from one-man concerns to the biggest companies in the Western Cape.

"The new chamber will direct a particular effort toward assisting small and medium enterprises and bridging the gap between informal and formal business operations," said Mr Lighton.

The chamber offers:

- A one-stop shop for business information with a highly skilled and experienced research team, as well as a fully stocked library.
- An effective lobby support to help solve business problems with municipal, provincial and national authorities.
- Updates on a weekly basis.
- An extensive foreign trade support service, including import and export opportunities, contacts with visiting business people, outgoing export trade missions and contacts with chambers overseas, etc.
- A comprehensive labour relations consulting service.
- Extensive business networking opportunities.
- A wide-ranging business training programme, with special emphasis on developing small and medium enterprises.
- Practical business guidelines on housing assistance.
- Support services to a wide range of industrial sectors.
- Group medical aid and pension schemes.

# Cape Chamber of Commerce and Industry

# Business gets a new voice

## Chamber will ensure Cape is heard

ARG 2/7/94 (30)

THE launch of the Cape Chamber of Business and Industry has added a new dimension to the ability of Cape business to ensure its views are taken into account in regional and national government decision making and in the formulation of policy.

Ernest Wilson, the first president of the new Chamber, said the organisation will not only be able to meet the needs of the existing 3 000 commercial and industrial members effectively, but will attract new members by offering innovative services.

A "proactive government" had to be instructed to ensure business community that "the business of business" is creating a strong lobby to influence regional and national legislation in conjunction with other private sector organisations. The Chamber aims to make the Western Cape the economic miracle of southern Africa by 2000.

Wilson said the Chamber believes it can be a significant catalyst in guiding business through the crucial stage of reconstruction and development in tandem with constructive economic growth policies for the Western Cape.

"The active promotion of investment in the Cape and bridge building with the communities in our region are but two of the major tasks ahead which will have high priority," he says.

The Chamber's shorter term aims are: the consolidation and effective structuring of the Chamber's activities and services to render them market and customer driven; creating a strong lobby to influence regional and national legislation in conjunction with other private sector organisations.

The Chamber aims to make the Western Cape the economic miracle of southern Africa by 2000.

THE Cape Chamber of Commerce and Industry, combining the strengths and facilities of the Cape Chamber of Industries and the Cape Town Chamber of Commerce, was officially launched on July 1.

Business organisations such as the Kaapstadse Sakekamer, NAFCOOC (Western Cape branch) and FABCOS were consulted on the formation of the new chamber.

The Cape Town Chamber of Commerce has its origins in the Kamer van Commerce, established by the Batavian government, while the Chamber of Industries was formed in 1904.

Both members supported the merger of the Association of Chambers of Commerce in South Africa (ASSOCOM) and the Federated Chamber of Industries (FCI) to form the SA Chamber of Business (SACOB) on January 1999.

The new Chamber will offer a broader range of services than either of the existing Chambers.

The Chamber will strengthen links with the international network of Chambers of Commerce and Industry and specialise in providing business information and trade development.

## Support service a boon for employers

ARG 2/7/94 (30)

EMPLOYERS grappling with negotiation agreements and issues such as retrenchment where required, guiding employment procedures or updates on labour legislation have an inclusive resource in the Chamber's industrial support service.

An industrial relations support and advisory function is an integral part of the services offered by the chamber to individual member firms and collective employer groups.

Industrial support services manager Kathryna Martin says the Chamber will provide advice and support to members on:

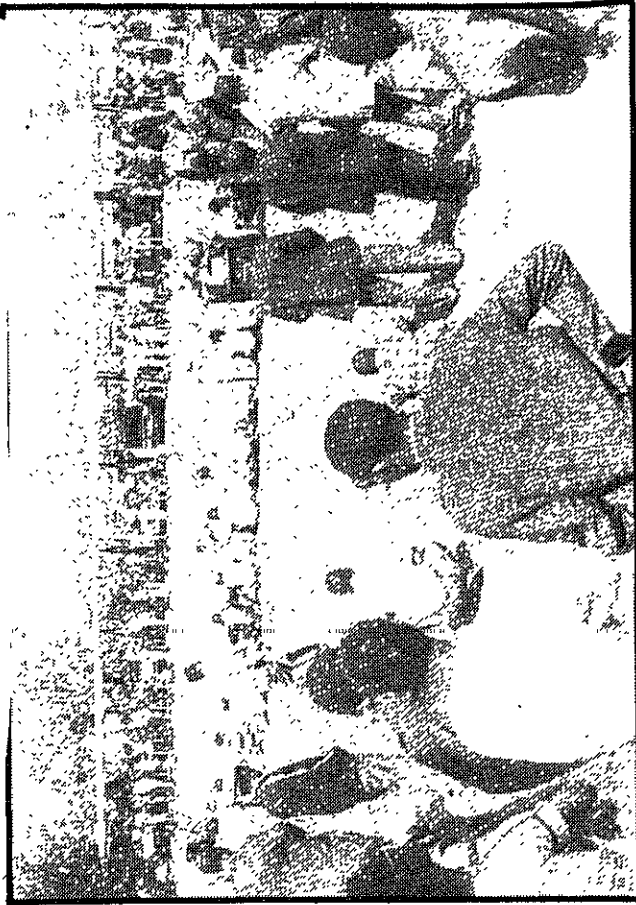
- All existing labour legislation extending from the Basic Conditions of Employment Act through the Unemployment Insurance Act to the Labour Relations Act as well as Industrial Councils;

- Problems with disciplining and dismissing employees and the implementation of procedures to effect such measures;

- Recognition agreements and the handling of approach by trade unions; such service extends to drafting rec-



□ CHEERS, CAPE TOWN! A toast to the new combined Cape Chamber of Commerce and Industry by (from left) Roland Hudson-Bennett, who was president of the now-defunct Cape Town Chamber of Commerce, Ernest Wilson, president of the new united chamber, and Michael Stekhoven, who was president of the disbanded Cape Chamber of Industries.



**AWAITING RELIEF . . .** Among those with high expectations of the RDP are destitute people like this pensioner (right), who feeds a family of 13 with overripe vegetables given away by a shopowner, and the crowd of unemployed people (top) waiting daily at New Canada to hear whether there is any work for them.

## Sacob tackles RDP

THE South African Chamber of Business (Sacob) has established a task force to study the Reconstruction and Development Programme in more detail — such as the costs and delivery mechanisms associated with its implementation. *CIPRESS*

The task force will also look at the many elements of the programme that require the private sector's active participation.

This was decided at a Sacob board management meeting this week, said Sacob president Cedric Savage — adding that the task group would also formulate Sacob's contribution to the proposed White Paper on the RDP.

He said they believed that a practical Reconstruction and Development Programme was absolutely essential to address the problems associated with unemployment and the poverty which

stems from it. In this regard the business sector — at national and regional level — could and would involve itself in the RDP in those areas where it had the capacity to do so, he said. *31/1/94*

These areas include the provision of employment opportunities, the training and upgrading of the work force, and the creation of opportunities for small business to develop and flourish.

Savage stressed that the success of any RDP would ultimately depend upon a growing economy. *(30)*

"It is important to reinvest the current economic upturn. In this respect the business community has welcomed the signals provided by the government in its recent Budget," he said.

"These signals are an appropriate start to the confidence-building exercise around which investors — both local and foreign — can act."

# SAB, Cosatu launch fund for black

Own Correspondent

JOHANNESBURG. — SA Breweries (SAB) and Cosatu launched a jointly-controlled trust fund last night with a pledge of R10 million from the company to promote black economic empowerment.

The Masimbambe Trust's six trustees — three each appointed by Cosatu-affiliated unions and by SAB management — will evaluate proposals to create jobs,

SAB group executive chairman Mr Meyer Kahn said.

"The broad aim of the trust is to promote the economic empowerment of black people within the context of reconstruction and development."

He said the group was delighted to have launched the joint initiative which was "proof that management and labour can elevate themselves above shop-floor

issues and work in partnership."

The trust aims to achieve its goals through infrastructural, financial and managerial support and to promote activities aimed at black economic empowerment.

Minister Without Portfolio Mr Jay Naidoo said the trust represented an important step in building partnerships which would be the foundations of reconstruct-

ing South Africa.

Trust facilitator and labour consultant Mr. Duncan Innes said SAB hoped this was a first step and that other companies would either join the Masimbambe Trust or initiate similar projects. "This initiative has not been launched in isolation and we are looking at co-operation and expansion."

Company trustees are Mr Kahn, SAB

chief operating executive Mr Graham Mackay and corporate affairs director Mr Soto Ndukwana.

Union trustees are Food and Allied Workers' Union general secretary Mr Mandla Gxanyana, SA Clothing and Textile Workers' Union's ex-general secretary and ANC MP Mr John Copelyn and the Paper, Printing, Wood and Allied Workers' Union's Mr Obed Nzimande.

business

**JOBS**

# Small businesses flourish with help from big brother

**CORPORATE** giant Anglo American is leading big business's drive to develop the small-business sector.

A book published this week, *Interacting Big and Small* by Clive Mantle and Business Times correspondent Claran Ryan, documents the role played by SA corporations in small business development.

Anglo's programme is the most developed, but many other companies, including Eskom, Sasol, ABCI, Engen, Transnet, Hoesch and SA Breweries, are major players. The major banks are also playing an important role. Standard Bank, with a book of R265-million, is the market leader.

Standard Bank has loans to 5 000 entrepreneurs (95% of whom are black) who employ 50 000 people. Bad debt accounts for less than 2.5% of the total.

Mantle and Ryan say: "If Anglo is able to create 122 small-business opportunities generating sales of R26-million a year and employing thousands of workers — while saving millions of rands for itself each year — imagine the impact on the broader economy if all SA corporations were to emulate the example."

Anglo launched the Labour-Intensive Industries Trust Limited, a venture fund known as LITET, in 1990. LITET has nine businesses with total sales last year of R46-million.

LITET takes small equity stakes and board representation in promising ventures and entrepreneurs are expected to provide a portion of the start-up capital.

In one example, a group of entrepreneurs put up their own capital of

A new book examining the interaction between big and small business has highlighted the potential of this relationship for creating employment and wider prosperity, writes **KEVIN DAVIE.**

R140 000 to open a supermarket. LITET put in R40 000 and helped raise R20 000, bringing start-up capital to R50 000. Another LITET company, Simunye Engineering, cleans drag lines on coal mines. It employs 186 people and has a turnover above R2-million a year. Reef Food Services, a joint venture between black entrepreneurs and Supervision Services, provides catering services to mine hostels and industrial companies. Four years after formation, turnover exceeds R18-million.

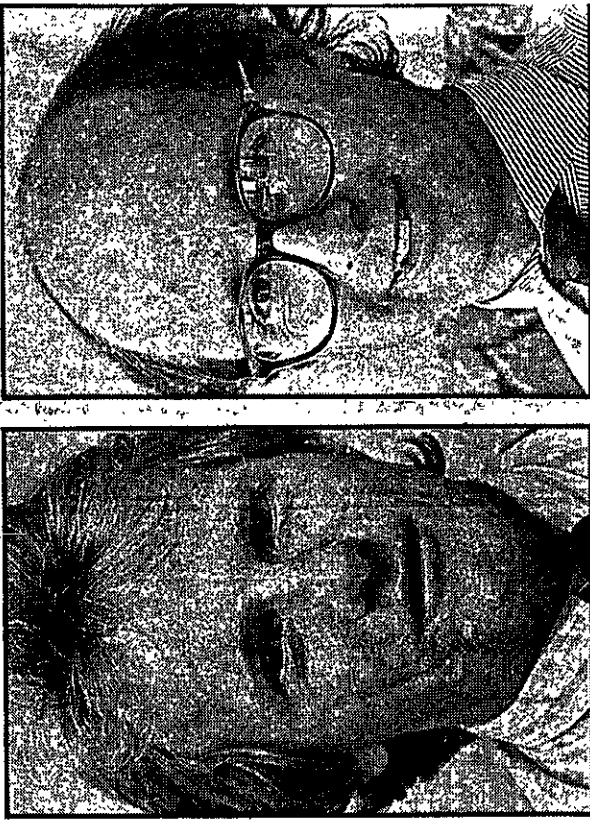
Anglo has contracts with 106 suppliers employing 1 550 workers for services worth R3.4-million a month. Most contracts are in excess of R100 000 a year. These include haversack supply (R250 000 a year), snatch block restoration (R1-million a year) and gold dust removal from timber supports.

Mantle and Ryan say that with five years' experience, Anglo's small-business initiative (SBI) has redefined its role to improve efficiencies. "The flow of dividends from LITET companies and inter-

est from small business-lending is such that the SBI became cash positive in 1993."

Power utility Eskom's programme kicked off in April 1992. Just nine months later Eskom had assisted in the creation of 250 small-businesses employing 1 000 workers.

Eskom's initiative follows a similar path, pointing electricity sales to growing income households. The sale of white goods picked up but there was no discernible increase in electricity sales.



LOOKING AT THE BIG PICTURE ... Claran Ryan and Clive Mantle, authors of *Interacting Big and Small*

"It became evident that more appliances were stored away in cupboards than connected to the mains switch," say Mantle and Ryan.

Eskom switched to job creation to alleviate poverty and increase electricity consumption. It has assisted entrepreneurs to start businesses which include vending agencies for the sale of meter tokens, appliance repairs, welding, shops and bakeries.

Funding is provided by agencies such as Get Ahead, the Small Business Development Corporation and the Independent Development Trust.

Eskom's Sheila Makhado says "already we have started to notice an increase in electricity consumption in townships where we are promoting small businesses".



# Pick 'n Pay strike looms

Own Correspondent

JOHANNESBURG. — About 15 000 SA Commercial, Catering and Allied Workers' Union (Saccawu) members would begin a legal wage strike at 350 Pick 'n Pay stores on Thursday, the union said yesterday.

This followed a Saccawu national executive committee meeting at which the nation-

wide ballot supporting rejection of management's final offer was discussed.

Wage negotiations broke down in May, with management offering R165 a month across-the-board in response to the union's R229 demand. Conciliation board meetings and mediation failed to resolve the issue.

This will be the first national strike at Pick 'n Pay since 1986.

It will also be the first major industrial action since the new government took power.

Saccawu represents about 15 000 of the group's 29 000-strong workforce. Many members work in crucial positions as cashiers and packers.

Pick 'n Pay spokesman Mr Frans van der Walt was not available for comment.

● Share 'out of favour' — Page 8



# R11,4m boost for small business

CT 13/7/94 (30)

JOHANNESBURG. — British Board of Trade President Michael Heseltine yesterday announced a R11,4m scheme for the promotion of small UK business investment in South Africa.

The scheme, to be known as the British Investment in South Africa Promotion Scheme (BIS), comes on top of agreements with Britain's Commonwealth Development Corporation to facilitate aid for development and business projects in SA.

Addressing the South African Britain Trade Association (Sabrita), Heseltine said the small to medium enterprise sector was a key ingredient in spreading national wealth.

That approach was vital to underpin the parliamentary democracy in SA.

Investment by Britain's SME sector would be through partnerships which could enable British and South African firms to "take on the best of the world together".

Heseltine's delegation to the country of close to 70 companies includes large corporations as well as a significant number of small firms.

"You must create a climate in

## Heseltine outlines joint ventures scheme

which a small entrepreneurial culture can explode," he told Sabrita members in Johannesburg.

"The wealth this country is capable of generating, (and) its natural resources are seen as the basis for an economic renaissance, spreading beyond South Africa," Heseltine believed SA's economic regeneration would help to build the economies of its neighbours and, consequently, improve social stability in the region.

He said the BIS would include a pre-investment feasibility study and local employee

training scheme to help firms with training costs.

The investing company would be eligible to claim up to 50% of the costs it incurs, with a maximum allocation of R285 000 a company.

Finance Minister Derek Keys and Heseltine signed an accord on Monday for the CDC, the foreign aid arm of the British government, to operate in South Africa.

The CDC said it would study investment opportunities in South Africa and provide financial and technical assistance for suitable projects.

"The first is to help British small- and medium-sized enterprises with costs of pre-investment feasibility studies. The second is to help ... enterprises who have recently invested here to develop the potential of their local staff."

● Britain is the largest overseas investor in South Africa. Trade between the Britain and South Africa totalled R5,6bn last year, while British investments in South Africa are estimated at R60bn.

Some 60 British firms have invested in South Africa since economic sanctions started easing with political reform in 1990. — Reuter

# Enthusiastic Soweto welcome to Heseltine

□ British group hears needs of black business

The Argus Correspondent

JOHANNESBURG. — Snobbery and stiff necks gave way to African hospitality when lively British Trade and Industry Secretary Michael Heseltine briefly visited Soweto's fringes yesterday.

Mr Heseltine, who was hosted by the Soweto Chamber of Commerce and Industries, described his visit as an "emotional" one which evoked memories of the underprivileged in Britain 13 years ago.

Mr Heseltine, leader of a 57-member visiting British trade delegation, addressed business people at Funda Centre, near Baragwanath Hospital, to hear the needs of black business and possible means of co-operation.

The entourage arrived to an enthusiastic welcome at the training centre amid tight security. Britain's High Commissioner, Sir Tony Reeve, was at the minister's side.

Some of the businessmen, who arrived in three luxury buses in their suits and with briefcases, were met by a group of singing boys and girls clad in leopard skins.

One of the visitors, Professor Michael Brown, deputy vice-chancellor of De Montfort University, was relieved of formalities as he was grabbed by the hand and made to do a semblance of the dance to the delight of the others.

There was plenty of laughter from the visitors and their hosts during and after the occasion as they mingled and shared a "cuppa char".

Soweto businessmen presented Mr Heseltine with a traditional shield, saying he should use it to fight their battles. Delighted, he said it was "a splendid memento".

Mr Heseltine told a packed hall that this visit reminded him of race riots in some of Britain's inner cities when he was secretary of state for the environment.

"I went there to restore a sense of calm and and co-operation . . . I walked the streets and spoke to the underprivileged in Liverpool. I became so pre-occupied with the glaring omissions.

"In the United Kingdom, that began a new approach to urban deprivation. We began to recognise the wider responsibilities of British capitalism," he said.

The basic message of then and what he was experiencing here was the same. The contrasts could not have been more absolute.

"We come from one of the world's wealthiest nations. You represent the other side of the horizon. If ever there was a tale of two cities, it is the tale of Soweto."

There was a lot of excitement throughout the world. Companies and business executives here knew that something had happened in the country, that what was wrong must be put right, he said.

ARL 13/1/94 (30)

# Shops 'will close' if strikers pose threat

30 13/7/94

WESTERN CAPE Pick 'n Pay stores will be closed if customers come under threat from strikers, according to joint managing director of the group, Mr Gareth Ackerman.

Mr Ackerman said in an interview last night that the Western Cape was "relatively unaffected by the strike so far".

"We will be opening and closing stores in all areas as circumstances dictate," he said.

According to Our Correspondent in Durban, shopping at many Pick 'n Pay stores was disrupted yesterday when workers staged sit-ins to back demands for a 15% pay increase.

A South African Commercial, Catering and Allied Workers' Union official said workers occupied sales floors at three Durban Pick 'n Pay stores.

Two union members were arrested at one store after a scuffle with police.

Union members have voted for industrial action, including a strike, to back demands for a R229 monthly in-

crease.

Pick 'n Pay has offered R175.

Pick 'n Pay said it was unfortunate that the strike threat coincided with the visit of British minister Mr Michael Heseltine.

However, Saccawu spokesman Mr Sthembele Tshwete said the union's demand was legitimate and "even investors know they have to provide a living wage".

Mr Ackerman said workers' demands were too high. He threatened court action "to stop unacceptable behaviour".

Saccawu denied that striking had started, claiming that workers were only picketing at Pick 'n Pay stores, and would hold marches countrywide tomorrow or Friday.

● The average wage settlement level for the first six months of this year was 9,75%, slightly up on the 9,5% recorded for the period up to March, Andrew Levy and Associates researcher Ms Renee Grawitzky said.

# Violence, court action as Pick'n Pay strike begins

**BRUCE CAMERON**  
Business Editor

SERIOUS industrial confrontation, including violence and court and police action, marked the beginning of the strike by 15 000 members of the South African Commercial, Catering and Allied Workers Union (Saccawu) employed by food retailer Pick'n Pay.

Pick'n Pay made a written offer today to reopen negotiations while the union was seeking to discuss with the retailer the terms of a restraining order granted by the Industrial Court in Pretoria last night.

Pick'n Pay was given temporary court protection after an urgent application asking that both the union and striking employees be restrained.

Saccawu is demanding a R229 a month across-the-board increase and Pick'n Pay is offering R175.

All was quiet at Western Cape outlets today but union members were threatening action later that could contravene the court order.

Joint managing director Gareth Ackerman said the company went to court after customers and employees were intimidated at several centres

yesterday. Some shops were damaged.

ARCT 13/7/94  
"Attempts were made to stop non-striking employees, including casual staff, from reporting for work. Customers were intimidated in the shops and car parks, with attempts being made to prevent people from shopping. Goods have been pulled off shelves, water has been poured on computers and other damage has been reported. We had to close 15 stores intermittently yesterday."

Mr Ackerman confirmed that a letter had been sent to the union in an attempt to reopen negotiations.

Saccawu spokesman Sithembele Tshwete said today that the union was trying to meet Pick'n Pay today to discuss the

court order.

30  
The union threatened to step up industrial action after Mr Ackerman said Pick'n Pay would reduce its offer, to cover costs, if the strike went ahead.

In terms of the court order, the union and its members are prevented from marching in or occupying trading areas, evicting or ejecting customers from stores, intimidating customers from entering stores and from shopping, intimidating employees who elected to work, stopping them entering stores or evicting employees, including casual staff, sleep-ins, damaging property, interfering with the ability to trade and entering an area within 500 metres of a store other than to picket or peacefully and lawfully to engage in a strike.

# 1 500 strikers gather at chain store's offices

ARG 14/7/94  
BRUCE CAMERON, Business Editor  
and The Argus Correspondent

ABOUT 1 500 striking workers gathered at Pick'n Pay's offices in Johannesburg today to hand a memorandum to management on wage demands.

They were also protesting against the arrest of strikers earlier this week.

Police in armoured vehicles monitored the demonstrators as they toyi-toyed and lined the road outside the company's administrative offices. The workers remained well clear of the building, in line with an interdict granted to the retail chain.

The order instructed members of the South African Commercial, Catering and Allied Workers' Union (Saccawu) to behave and stay 500 metres from all Pick'n Pay stores for a month.

Meanwhile, strikers and management were in tough negotiations today in an effort to end the strike, which has turned nasty with more than 1 000 people arrested and 20 injured.

Saccawu last night appealed to Pick'n Pay for an urgent meeting after a day of violence and arrests at several stores around the country.

Pick'n Pay has agreed to the meeting but joint managing director Gareth Ackerman said today the food retailer would not budge on its last offer.

About 20 000 staff members, including casuals, of the 29 000 total staff were out on strike.

A march on Pick'n Pay's Cape Town headquarters at Claremont was planned for tomorrow.

Saccawu publicity officer Sithembele Tshwete said strikers were unaware of the industrial court interdict against them. The union did not have time to inform the strikers of the ruling yesterday.

More than 100 employees brought traffic to a standstill near the corner of Durban and Voortrekker roads, Bellville, when they held a picket demonstration yesterday afternoon.

In Table View 29 workers were arrested last night.

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# Strikers cause 2 P 'n P closures

CT 14/7/94

TWO Pick 'n Pay stores had to be closed and police called in to disperse striking workers demonstrating in them yesterday afternoon.

Joint managing director Mr Gareth Ackerman said he feared more disruptions today despite a Supreme Court ruling prohibiting strikers from being within 500 metres of any Pick 'n Pay store.

Trading was halted at the Ottery hypermarket and the Milnerton supermarket yesterday as scores of SA Commercial, Catering and Allied Workers' Union members took to the shop floor demanding a 15,6%, or R229, pay rise.

Up to 70% of the supermarket giant's 15 000-strong weekly workforce has been on strike since Tuesday. More than 100 stores were affected, with stores in the Transvaal and Eastern Cape worst hit.

Fifteen stores had been closed intermittently on Tuesday and yesterday, Mr Ackerman said. More than 100 union members from the Constantia and Kenilworth stores converged on the Ottery hypermarket and tried to barricade the shop entrance.

The shop was shut for several hours while police tried to restore order.

In Milnerton, 30 strikers toyi-toyed in the store. On the Reef, police used rubber bullets and stun grenades to disperse about 300 strikers outside Pick 'n Pay's premises in Steeledale.

Seven strikers were bitten by police dogs. A policeman was slightly injured when a brick struck him on the head. A window was broken.

Two strikers were arrested at the Norwood hypermarket. — Staff Reporter, Sapa

# Peace group moves in at strike demo

Staff Reporters

30 ARG 15/7/94  
PEACE monitors today replaced police guarding the entrance to Pick 'n Pay's national head office in Claremont during a demonstration by hundreds of striking employees.

SA Commercial Catering and Allied Workers Union (Saccawu) vice-chairman in the Western Cape Martin Whitlow gave a memorandum to Pick 'n Pay Western Cape general manager Nick Badminton.

The memorandum listed, among others, demands for an across-the-board increase of R229 a month, an across-the-board bonus and the withdrawal of "the unreasonable court order", a reference to an industrial court interdict preventing strikers from coming within 500 metres of Pick 'n Pay branches.

Workers objected to the 20 to 30 policemen at the Claremont offices. Peace monitors replaced the police.

In another move today, Police Services Minister Sidney Mufamadi met Pick 'n Pay strikers as part of a wider initiative by government, union leaders and Pick 'n Pay senior management to ease conflict in the increasingly violent strike.

Mr Mufamadi — a former unionist — called the meeting with Saccawu to hear its complaints about police action.

Meanwhile, joint managing directors of Pick 'n Pay Gareth Ackerman and Rene de Wet flew to Johannesburg to join negotiations which reopened yesterday.

Labour Minister Tito Mboweni warned that he strongly opposed "the brutalisation of the strike and any use of violence, either by police or strikers". Care should be taken "not to criminalise industrial conflict".

Pick 'n Pay was sticking to its pay offer of 11,2 percent on its total wage bill and its expectation that police would protect the company's property, staff and customers from "misbehaving" strikers.

Mr Ackerman said today his company recognised the right of workers to strike and the police had been called in not to break the strike but to prevent incidents such as those at the Johannesburg Southgate centre yesterday where two managers were briefly held hostage and there were threats of arson.

Reuter reports that 24 Shoprite/Checkers stores have been affected by a strike by members of Saccawu, the company said today. The strike followed a company decision to establish an inquiry into allegations of "racially abusive language used by a national shop steward of Saccawu to a Jewish manager in the group", Shoprite/Checkers said in statement, reports Reuter.

● See page 5.





**WE WANT MORE:**  
Pick 'n Pay workers on the march to the supermarket chain's head office in Claremont today.

**NO ENTRY:** Police, below, guard the entrance to Pick 'n Pay's offices in Main Road, Claremont.

Pictures: LEON MÜLLER, The Argus.

## Pick 'n Pay strikers in court

TWENTY-SEVEN Pick'n Pay strikers who occupied an office at the Table View branch of the chain have appeared in the Cape Town Magistrate's Court for alleged trespassing and contempt of court.

Fifteen women and 12 men, members of the South African Commercial, Catering and Allied Workers Union, appeared yesterday in connection with contravening a court interdict preventing strikers from being within 500 m of Pick 'n Pay stores.

(30) (15/7/94)  
They were not asked to plead and no charges were put to them. ARG 15/7/94  
The strikers, from Atlantis, Milnerton, Mitchell's Plain, Elsies River, Guguletu and Nyanga East, were arrested on Wednesday night.

A warrant of arrest was issued for Kashief Petersen, 31, no address given, who did not appear.

Magistrate EH Ludick presided, B Oswald appeared for the State and the workers were represented by P Williams.



# Appeal on strike

30

## Govt call to halt violence

CT 15/7/94

**LABOUR MINISTER Mr Tito Mboweni stepped into the national wage dispute between Pick 'n Pay and disgruntled workers yesterday, warning he "strongly opposes the brutalisation of the strike and any use of violence, either by police or strikers"**

His warning came as two Pick 'n Pay managers were briefly held hostage at the company's store in the Southgate shopping mall in Johannesburg by about 150 strikers.

Pick 'n Pay executives fly to Johannesburg today to continue negotiations with the SA Commercial, Catering and Allied Workers' Union (Saccawu) at national level.

The two managers, who were not injured, were chased into an office and threatened by workers who had returned to the store after a demonstration at the company's regional headquarters in Bedfordview. Police were called in to disperse the crowd.

Addressing the marchers, Cosatu secretary-general Mr Sam Shilowa

said the police had no right to "stop workers from marching in the streets" and the agreement between Pick 'n Pay and the police only allowed them to secure work places and property.

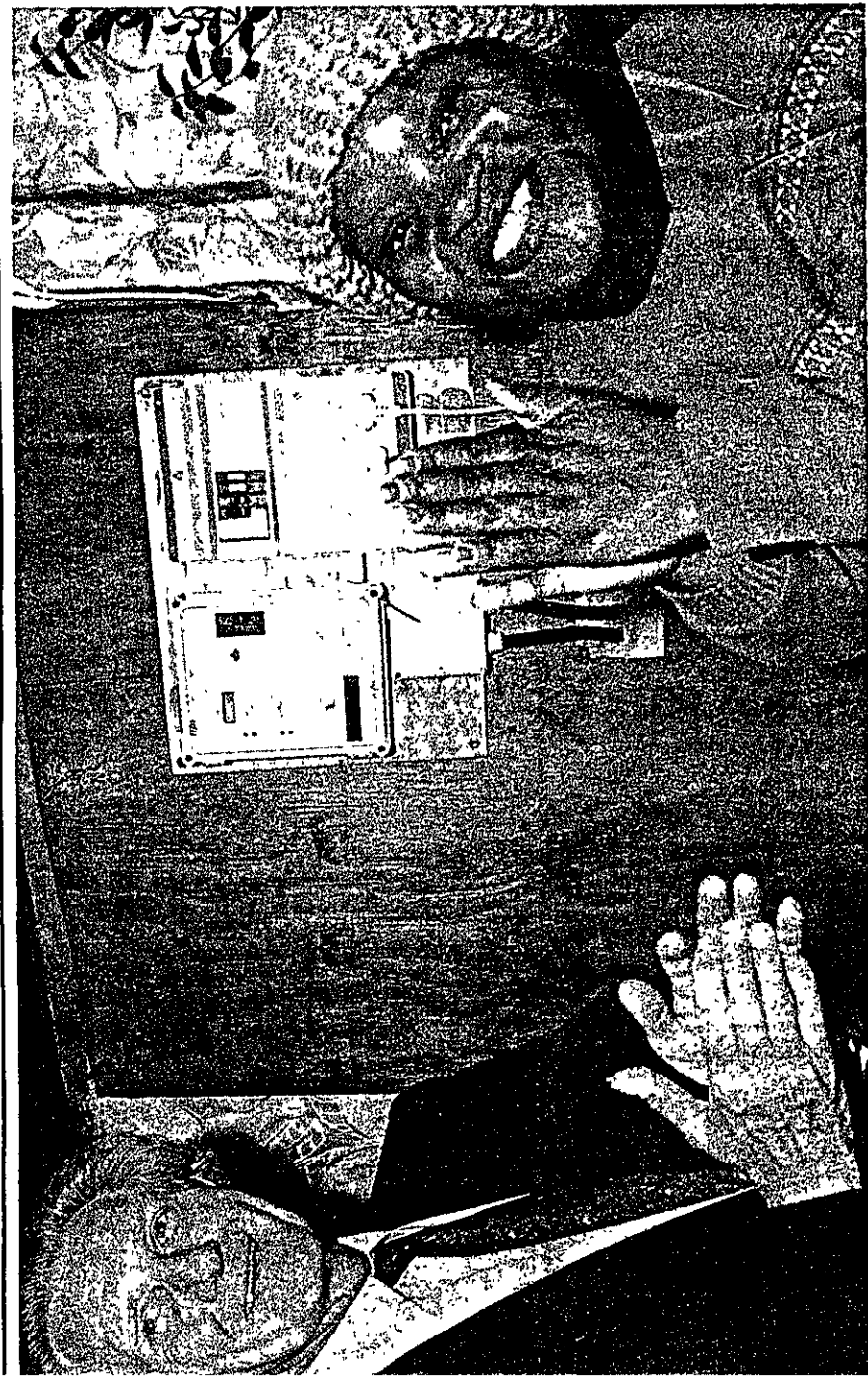
One unidentified striker told reporters she was still earning R200 a week after 10 years with the company. Mr Mboweni said: "We must be careful not to criminalise industrial conflict." He called on Pick 'n Pay management and the union to urgently solve the dispute.

His call came as Pick 'n Pay management and Saccawu were locked in talks yesterday to control "bad behaviour" by striking workers in contravention of a court order.

This was confirmed by Mr Gareth Ackerman, joint managing director of Pick 'n Pay, who said he was "saddened" at the union's blatant disregard of an Industrial Court interdict granted to the company.

Saccawu chairman Mr Mike Mpenpe said the union had not been given enough time to respond to the court order.

With the exception of attempts by strikers to blockade the Constantia store entrance and strikers toying inside the Milneron store, all Western Cape stores were trading normally, Mr Ackerman said. — Staff Reporter, Sapa



**POWER TO THE PEOPLE** ... It was a double surprise for unemployed Khayelitsha mother Ms Celine Nxele yesterday when British Trade and Industry Secretary Mr Michael Heseltine visited her shack after flipping the switch supplying electricity to 240 homes. Mr Heseltine then promised to give her a stove. **Report — Page 2.**

Picture: ALAN TAYLOR

Report from

# Many SA companies still going bankrupt

WM 15-217/94  
Company failures

continue at a high rate.

**Reg Rumney** reports

**T**IGHT monetary policy still seems to be taking its toll among companies, although individuals seem to be sorting out their finances.

In the first five months of this calendar year the total number of company failures is 15 percent higher than the first five months of last year, at 1 269.

The May liquidation figure of 308 is the third highest on record after the 314 in February this year and the 388 of December 1985. This is 30.5 percent up on May last year and 37.5 percent higher than in April 1994.

Generally, the upturn now under way should have translated into a better business environment. Economic growth of two to three percent has been forecast for this year.

Monetary policy, however, is still arguably too tight.

"We are still sitting with prime at 15 percent," says Credit Guarantee senior economist Luke Doig. He notes that in previous upturns prime was close to three percentage points lower.

Why close corporations have fared better than companies, Doig cannot explain.

Eight hundred and eleven or 57.8 percent more companies failed over the first five months of this year than in the comparable period of 1993. Close corporation failures are 22.2 percent lower, at 458.

The lower company tax rate of 35 percent may help some companies, but then again it will do nothing for firms near the brink, which are either just breaking even or losing money.

Balancing the company figures is the improving financial situation. Individual, private person and partnership insolvencies continued to drop sharply in the first four months of this year. They were 37.4 percent lower than a year ago, though April's figure of 185 (the March figure was 328) is likely to be revised upwards.

Doig says the improved financial position of individuals is reflected in the decrease in civil debt figures, which has not decreased for companies.

Up until the election, pessimism about the future seems to have nudged companies into voluntary liquidation.

Non-compulsory closures of 414 or 51 percent of total company failures in the first five months of this year are up from the level of 20.6 percent a year ago. CC non-compulsory failures rose from 6.1 percent to 31.2 percent.

An industry breakdown of total failures shows that the financial sector fared worst of all in the first five months of this year, with 552 firms, or 43.5 percent of the total, closing their doors. The figure for 1993 was 288 or 26.1 percent.

The retail and wholesale industry fared better this year, with failures in this area making up 29.3 percent of the total, compared to the 41.9 percent of the total recorded in the first five months of 1993.

Agricultural failures more than doubled to 55 in the first five months of 1994 compared to 23 recorded in the same period last year, while mining closures more than halved because of improved commodity prices.

## Small loans to lose Usury Act exemption

Small Business

17/7/94

TRADE and Industry minister Trevor Manuel intends to scrap the exemption of small loans from the Usury Act that the government passed 18 months ago, writes TERRY BETTY.

The exemption encouraged institutional lending to small businesses by allowing lenders to charge risk-related interest rates on loans below R6 000.

The change enabled many non-governmental organisations and banks to lend to the sector, previously considered unbankable, at a 30% to 50% effective annual interest rate.

The Usury Act limit for loans below R6 000 is a nominal rate of 26%. The effective rate the individual pays at the end of the day depends on the period of repayment.

Kees de Hahn, head of the Small Business Development Corporation's (SBDC) business financing section, says: "A 26% interest rate just covers SBDC's bad debts, before administrative expenses. It costs us R1,68 to lend R1 on a micro-loan. We only break even on loans over R50 000."

Mr de Haan says international studies show the crucial aspect is access to credit rather than the cost of it.

He says lending through the SBDC and NGOs to micro-enterprises totals about R110-million. Loan sharks, and pawn shops lend far more and charge up to 20 000% a year interest.

Manie Steyn, the Department of Trade and Industry's chief director for internal trade, says it was intended to repeal the exemption because "certain money lenders" were charging exploitative rates. He says an alternative concession may be considered depending on representations.



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# Cosatu on track for major NAI stake

30 CT 18/7/94  
From BEATRIX PAYNE

JOHANNESBURG. — Talks are under way between new black business conglomerate New Africa Investments (NAI) — previously Methold — and Cosatu that might see the union federation become a shareholder in the group, NAI executive chairman Nthato Motlana says.

He said at the weekend NAI intended listing on the JSE in mid-August and would position itself as a major player in financial services, media and communications.

The National Council of Trade Unions (Nactu), SA's second largest trade union federation, had secured a 14% shareholding of the R785m group, which would be involved mainly in life assurance.

Nactu general secretary Cunningham Ngcukana said the union hoped this would allow it to supervise members' pension fund investments.

If Cosatu took up shares it could substantially increase Methold's access to black pension fund holders, analysts said.

## Pension funds

Motlana said he had approached Cosatu general secretary Sam Shilowa about joining the venture before the deal was finalised. Discussions were continuing.

The R43m for Nactu's shareholding was raised from union pension and provident funds. Ngcukana said this was the first investment the union had entered into with business. Nactu was entitled to two board members, who were likely to be Ngcukana and president James Mdlalose.

Motlana said the NAI's core asset would be a 30% controlling stake in Metlife — which had mainly black policy holders — and 100% control of Prosper Africa which held 52,5% of the Sowetan newspaper and 7,1% of cellular technology group MTN.

It paid Sanlam/Sankorp R426m to extend its shareholding in Metlife to 30% through an issue of shares and the raising of cash from Corporate Africa. Motlana's investment consortium Corporate Africa would be the controlling stakeholder with 51% of the shares.

## Policy holders

Other stakeholders include Sanlam/Sankorp, which will hold 20% of the shares, pension fund Sefalana Employee Benefits Organisation (Sebo), which will hold 4,9%, and about 8 500 Metlife policy holders.

Motlana said the group had its eye on several future investments arising from the unbundling of JCI. It was also likely to extend its investment in media by buying local magazines.

Analysts said the company would have great appeal for US investors, particularly African-Americans who had been waiting for an opportunity to invest in SA.

Metropolitan's assets of R7bn were bigger than rival African Life's but relatively small compared to Southern Life, which had an asset base of R24bn, an analyst said.

## Black-owned NAI heads for JSE

### MARC HASENFUSS, Business Staff

NEW Africa Investments (previously Method) — South Africa's first multi-billion rand black-owned company — is set for a Johannesburg Stock Exchange listing in September, according to an announcement at the weekend.

NAI's core asset will be an effective controlling stake of 30 percent in Metlife, South Africa's fifth largest life insurer with assets of more than R7 billion. (Metlife's policy holders are virtually all black individuals.)

The group's other assets comprise a controlling stake (52,5 percent) in the mass circulation black newspaper The Sowetan and a 7,1 percent stake in cellular phone network MTN.

The majority shareholders of NAI are Corporate Africa, a company controlled by a consortium of black businessmen led by Dr Ntatho Motlana.

Other key shareholdings are Sanlam/Sankorp's 20,11 percent stake, the National Council of Trade Unions' (Nactu) 13,71 percent holding and the Sefa-

lana Employee Benefits Organisation's 4,9 percent.

Individual black shareholders hold 7,3 percent of the shares, while Metlife staff have a 1,15 percent interest.

A group spokesman said NAI's asset base would provide the critical mass necessary to attract foreign investment capital. "The company will position itself to take advantage of selected acquisition opportunities arising as black economic empowerment gathers momentum."

NAI's board will reflect its shareholder base. Dr Motlana will be executive chairman with Dr Sam Motsuenyane serving as deputy chairman.

Other directors include well known Cape educationist Franklin Sonn, consultant and company director Dr Nganani Enos Mabuza, Sankorp executive director Attie du Plessis, former Black Management Forum chairman Donald Mkhwanzani, Corporate Africa director Jonty Sandler, Standard Bank director Ernest Moseneke, Metlife managing director Marius Smith and past president of NAFSOC Archie Nkonyeni.

Political Correspondent  
PRESIDENT NELSON  
Mandela has stepped in  
to discuss the crisis over  
the wave of strikes hit-  
ting business countrywide  
in an effort to ease ten-  
sion over Cosatu's de-  
mand that the ANC gov-  
ernment back its fight  
with employers.  
Mr Mandela's announce-  
ment that he was to meet  
Cosatu general-secretary  
Sam Shilowa today to dis-  
cuss "the strikes that are  
happening all over the  
place" came as the ANC's  
main government partner,  
the National Party, issued a  
tough statement on the  
strikes.  
It warned that some unions  
were gambling with South Afri-  
ca's well-being for short-term  
gain.  
And it said the "looming  
showdown between the ANC  
and Cosatu would be a test of  
the ANC's commitment to eco-  
nomic growth and stability.  
The NP warned that ill-con-  
sidered union action could  
cause irreparable harm to the  
economy.

# Strikes:

## □ Bid to defuse labour tension as Cosatu demands support

# Mandela steps in

President Mandela's inter-  
vention in what the NP de-  
scribed as a "devastating cri-  
sis" comes as tension mounts  
in the government of national  
unity and in the business com-  
munity over Cosatu's challenge  
to its ANC alliance partner to  
back its fight with employers.  
Cosatu played a significant  
role in the ANC's election vic-  
tory.

Talks resumed today be-  
tween strike-hammered Pick'n  
Pay and the South African  
Commercial, Catering and Al-  
lied Workers Union and negoti-

ations are also under way be-  
tween unions and employers in  
the strike-hit building industry  
in an effort to resolve workers'  
grievances.

Fresh efforts to end the  
strikes follow an announce-  
ment at the weekend by La-  
bour Minister Tito Mboweni  
that new labour legislation is  
to be drafted to replace the ex-  
isting labour statute.  
But, while the new law is ex-  
pected to provide for equal op-  
portunity in the workplace and  
public service, and a frame-  
work for collective bargaining

which starts on August 1.

at all levels of industry, Mr  
Mboweni stopped short of  
guaranteeing any changes to  
laws inhibiting the right to  
strike, saying only that these  
would be investigated.

The package, announced by  
Mr Mboweni after a weekend  
summit with Cosatu at a game  
park outside Johannesburg,  
will be subject to broad consul-  
tation with trade unions, busi-  
ness and other stakeholders  
this week.

It is expected to be tabled in  
the next parliamentary session  
which starts on August 1.

However, Mr Shilowa said  
after the summit that further  
far-reaching changes to labour  
legislation were needed, partic-  
ularly the "decriminalising" of  
strike action.

He made it clear Cosatu ex-  
pected ANC ministers in the  
government — many of whom  
are former Cosatu leaders —  
actively to support workers  
against employers.

He said the week-long Pick'n  
Pay strike illustrated the "ur-  
gent need to revamp and over-  
haul the present labour law  
system".

30 ARG 18/17/94



NELSON  
MANDELA  
Cosatu  
called in.

# It's pay-back time, Cosatu warns the ANC

THE government faces one of its severest tests as the Pick 'n Pay strikers' parent union, Cosatu, says it is "pay-back time" for the election support it gave the ANC.

Speaking just hours before new labour legislation was mooted at a weekend "bos beraad" between trade unions, business, and Labour Minister Mr Tito Mboweni, Cosatu general-secretary Mr Sam Shilowa said it was time the government repaid its election debt. "We sacrificed our leaders to the ANC.

Workers are saying that no one declared a honeymoon with the government," he said.

The weekend "bos beraad" at a game park near Johannesburg included Minister without Portfolio Mr Jay Naidoo, Finance Minister Mr Derek Keys and Minister of Public Enterprises Ms Stella Sigcau.

Mr Shilowa's militant stance comes after a week of industrial action by Pick 'n Pay workers. **CT 18/7/94 (130)**  
The government's 'unase' follows bitter

union recriminations after police, under Safety and Security Minister and former top Cosatu official Mr Sydney Mufamadi, fired on workers with rubber bullets and teargas and set dogs on them.

Mr Mufamadi held an urgent meeting with the Commercial Catering and Allied Workers' Union on Friday, afterwards ordering police to act with "great restraint".

Tomorrow, the largest nationwide strike since the election, involving some 15 000 Pick

'n Pay workers is expected to begin in earnest. The retail sector faces more strike action this week, with the Pick 'n Pay strike far from resolved and the threatened escalation of a strike at Shoprite/Checkers.

The Spar Group may also be headed for protest action after SA Commercial, Catering and Allied Workers' Union members applied to the Industrial Court regarding alleged unfair dismissals. — Staff Reporter, Own Correspondent



# Strike

# warning

JOHANNESBURG. — President Nelson Mandela intervened in the acrimonious Pick 'n Pay strike yesterday, meeting Cosatu general-secretary Mr Sam Shilowa to discuss an escalation in strike action around the country.

Mr Mandela said he would also meet Pick 'n Pay management and the SA Commercial, Catering and Allied Workers' Union (Saccawu) if their week-long dispute was not resolved soon.

After meeting Mr Shilowa, Mr Mandela called for restraint from police dealing with strikes, adding that while workers had the right to strike they should do so in a non-violent manner.

Mr Mandela warned that employers should conduct honest and genuine negotiations and not be too swift in calling police to intervene.

"This should be a last resort and in this case (Pick 'n Pay) it seems there was not sufficient effort made to address workers' legitimate grievances," he said.

More than 700 Saccawu strikers have been arrested on charges of intimidation and trespassing since the strike began a week ago. Five hundred were released in Johannesburg yesterday.

Mr Mandela and Mr Shilowa indicated their unhappiness with alleged police brutality during the course of the nation-

CT 19/7/94 (30)

## Mandela may meet Pick 'n Pay

wide strike.

Mr Mandela said he would not release details of a plan to resolve the dispute until he had consulted Pick 'n Pay management and union leaders.

"These are sensitive matters and there may be resentment if we detail the plans we propose before discussing them with union leadership and the company," Mr Mandela said.

Pick 'n Pay joint managing director Ms Rene de Wet said about 10 000 workers were on strike nationwide, although other reports put the number at 20 000.

Ms De Wet said a "degree of unruly behaviour" forced the closure of 20 stores yesterday.

● The union and management were locked in negotiations until late yesterday evening. A Saccawu spokesman said the issue of wage negotiations had been "prioritised by both parties" and would take precedence over strikers' behaviour.

● The NP and DP called for government intervention in labour unrest.

"The ANC cannot afford to support the unions, as this will set a dangerous precedent for all future strikes," the DP said in a statement.

The NP suggested the ANC would be unable to play a placatory role much longer. "Unambiguous choices will have to be made in favour of stability and economic growth," it said in a statement.

● Saccawu regional co-ordinator Mr Tommy Bangani said yesterday that about 1 200 Pick 'n Pay workers were on strike in the Western Cape.

He said there had been no serious incidents in the region.

● Meanwhile, a week-long wildcat pay strike by city construction workers has ended, Building Workers' Union director Mr Rodney Damon said yesterday.

Mr Damon said workers were back on the job pending talks tomorrow between the unions, the Master Builders' Association and the Small Business Association.

— Own Correspondent, Staff Reporter, Sapa

# Strike: Plan to get talks on track

30 2 CT 21/7/94

COSATU general secretary Mr Sam Shilowa will meet Pick 'n Pay management today in an informal discussion aimed at the resumption of wage negotiations between the company and the SA Commercial, Catering and Allied Workers' Union (Saccawu).

Pick 'n Pay marketing director Mr Martin Rosen said no agenda had been set and the company had not set preconditions. This followed intervention by Labour Minister Mr Tito Mboweni last week and a meeting between Mr Shilowa and President Nelson Mandela on Monday to discuss the strike — now into its second week.

Mr Mboweni said yesterday he had advised management and Saccawu to appoint a mediator and both parties had agreed to this.

Mr Shilowa called on the government — especially "Cosatu MPs" — to

come out in support of workers' legitimate right to strike.

He said Cosatu was considering solidarity action — including a consumer boycott — but hoped the issue would be resolved before the month-end deadline set by its Wits region.

Cosatu set an August 8 date for a stayway.

● More than 200 striking Pick 'n Pay workers picketed the chain's Bellville branch yesterday, forcing the store to close for four hours.

The workers, all members of Saccawu, sang and danced outside the store, but did not enter the premises.

Mr Nick Badminton, Pick 'n Pay Western Cape supermarkets general manager, said there were 367 absentees from a total Western Cape workforce of 2 541 workers yesterday, down slightly from 369 on Tuesday. — Own Correspondent, Staff Reporter

# Meeting today on picketing rules

PRETORIA. — Pick 'n Pay and Saccawu will meet today in a bid to agree on rules for picketing during Saccawu's pay strike. Minister Mr Sydney Mufamadi said after meeting the two parties yesterday.

The emergency meeting was called to discuss the role of the police in labour disputes.

Ministry spokesman Captain Craig Kotze said before the meeting that "it is hoped that a path be found whereby the police will not become a football in labour disputes".

The meeting was being attended by PWV MEC for safety and security Mr Jesse Duarte, General André Krus from the police, Mr Botes Skulu from the Saccawu, Mr Parreth Acherman from Pick 'n Pay, legal adviser Mr W. President's office Mr Vink Hayson, and Mr Charles Nupen, mediator in negotiations between Pick 'n Pay and Saccawu. After the meeting Mr Mufamadi said the parties had mandated Mr Charles Nupen to draft an agreement on picketing, to be implemented by Saccawu and Pick 'n Pay today. — Sapa-Beuter

## 430 held in Jo'burg area

JOHANNESBURG. — About 430 Pick 'n Pay strikers were arrested in the Johannesburg area for trespassing and might be released on bail soon, it was reported yesterday.

They were arrested at Pick 'n Pay supermarkets in Krugersdorp, Germiston and Alberton. Saccawu legal co-ordinator Mr Molois Molefe said he would travel to Diepkloof Prison to pay bail for 400 strikers, set at R150 each. Thirty-two strikers arrested in Krugersdorp would be freed on bail of R500 each.

The arrested strikers will soon appear in court on charges of intimidation and trespassing. Earlier yesterday, police said 530 strikers had been arrested on the Witwatersrand on Thursday. — Sapa

# Picketers held for trespassing

CT23/194 (30)

police were assaulting them, and alleged that teargas had been used.

Shortly after the arrested strikers had been ferried away, ANC MP Mr Willie Hofmeyr arrived on the scene "to see if I can help".

After negotiations between himself, the remaining strikers and the police, the strikers left to march to the Wynberg Magistrate's Court.

Brigadier Steven Minnaar, acting deputy regional commissioner for the Southern Peninsula, denied that any of his personnel had teargas.

He said the strikers were arrested after a complaint from the centre's owners in connection with charges of trespass, alternatively, contravening the Labour Relations Act for defying the interdiction.

Fifty-one strikers later appeared in the Wynberg Magistrate's Court. They were released on a warning to appear in court again on August 22.

Pick 'n Pay Western Cape supermarket's general manager Mr Nick Buchanan yesterday confirmed that supermarket group had called in the police, saying that "in the end they can't close the doors".

He apologised for the strikers to picket peacefully and allow trading to continue.

## Police block off store entrance

ket downed tools and joined them. Store manager Mr Zahled Mathews later confirmed that between 60% and 70% of his staff had left, but that the store remained open for business.

When another store manager, Mr Shane Green, tried to read out an Industrial Court interdict against the strikers he was shouted down, and the interdict was grabbed from him and torn up.

More than an hour after the strikers — who eventually sat down — had been warned they had 20 minutes to disperse, the police began to arrest them. But the strikers, who had pledged to "go quietly", resisted and scuffles once again broke out. Strikers then claimed the

BY WILLEM STEENKAMP  
AMID growing customer dissatisfaction with the Pick 'n Pay strike, 51 picketers were arrested at the Constantia Village shopping centre yesterday afternoon.

The strikers were part of a 150-strong SA Commercial, Catering and Allied Workers' Union (Saccawu) group that gathered at the centre yesterday morning.

A heavy police contingent, summoned by Pick 'n Pay and the centre management, blocked off both entrances to the supermarket, preventing the strikers from entering the store or forcing it to close for the day.

Barring a few incidents in which access to the Pick 'n Pay was blocked, customers were allowed to enter and leave the supermarket.

Scuffles broke out continually between the strikers and police, with strikers claiming they were being "pushed around" by the police.

One irate striker claimed a police lieutenant had kicked her, but the officer denied the allegation and invited her to lay a charge against him.

The picketers cheered loudly at one point when a large number of workers inside the supermarket



GETTING TO GRIPS... A Saccawu striker jostles with a policeman at the entrance to the Pick 'n Pay store in the Constantia Village shopping centre yesterday. — Picture Benny Cool



IRONY... Strikers have written slogans on the back of ANC election posters, but this picketer got her placard the wrong way around and provided some unintentional humour. — Picture Benny Cool

# Irritated customers 'unsympathetic'

ing to wreck the South African economy".

"I don't think they are justified in continuing the strike," he said.

"I've got no sympathy with them," commented Mrs Mary Muller, of Constantia.

"I think they should all be happy they've got work," said one woman, who refused to be identified.

Shopowners, especially, those situated near Pick 'n Pay stores, complained yesterday of disrupted trading and loss of earnings, because shoppers were frightened off by the strike action.

The complaints echoed those of other storeholders in the centre, despite repeated statements by unionists that they were targeting "Pick 'n Pay and Pick 'n Pay alone".

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Staff Reporter

PICK 'N PAY customers are steadily becoming fed up with ongoing strike action by Saccawu, a snap survey showed yesterday.

In the survey, conducted at the Constantia Village shopping centre, where more than 50 strikers were arrested for trespass yesterday, customers said they were unsympathetic and workers should be glad they had jobs.

"I think they're absolutely stupid — if I got the raise they're getting, I'd be happy," said Mrs Jeanette Kempsler, of Bergvliet.

Mr Eric Axelson, of Constantia, said he felt strike action was "go-

## 'Too much'

"Sack the lot and employ other people," said Mrs Joyce Barrett, of Bergvliet. "I've got no sympathy with them."

Mr Fred Banham, of Muizenberg, said he thought the workers were demanding too much money.

# Mbeki: Govt set to aid black business

(30) CT 26/7/94

Own Correspondent

PORT EDWARD. — Deputy President Thabo Mbeki yesterday called on the National African Federated Chamber of Commerce (Nafcoc) to bring the concerns of black business to the government as a matter of urgency.

Addressing Nafcoc's 30th annual conference, Mr Mbeki said the issues of black economic empowerment in their entirety, including small and medium business developments, were among the cornerstones of the RDP.

"There was never a better time than now to inform the government of the structures that need to be set up to ensure that the institutional framework exists in implementing such policies as will result from your early intervention with the government."

Mr Mbeki said Nafcoc was more familiar with what had to be done than he was.

"We must, together, think of creating attractive ways by which we can

leverage capital from the private sector," he said.

It was important also that serious and appropriate measures be taken to prepare black business people so they could establish and manage successful businesses.

"We cannot afford to have a black business development programme whose distinguishing feature is a succession of failures and bankruptcies.

"Both morally and financially, in the process of remaking our country, we cannot, with regard to black business, afford the wasteful indulgence of the previous order, which spent billions to support bankrupt white farmers."

Mr Mbeki said blacks should expect opposition from the previously advantaged sector of the population.

"Without doubt, the most organised in our society remain those whom apartheid benefited because of the colour of their skin."

# Ackerman slates strike behaviour

PICK 'n Pay stores around the country — except in the Western Cape — were disrupted again yesterday by striking staff who displayed what chairman Mr Raymond Ackerman described as “disgusting” behaviour. (30) (2) CT 26/7/94

“We respect the right of workers to withdraw their labour, but not to swear at and intimidate customers or to close stores down. We can have strikes, but we cannot have total disorder,” he said.

“There have to be clear picketing guidelines. The behaviour of the strikers to blockade doors to stores is trespassing and unacceptable.”

Meanwhile, the SA Commercial Catering and Allied Workers' Union met Pick 'n Pay officials at the weekend to define a set of principles concerning its strike.

The parties agreed to mediation and resolved to “reduce levels of conflict that have characterised industrial action”.

The unions still had to discuss the guidelines with members before signing the agreement, Mr Ackerman said. — Staff Reporter, Sapa

# Call for commission to aid black business

Own Correspondent

(30)

DURBAN. — The National African Federated Chamber of Commerce and Industry has called on the government to establish a commission on privatisation to make recommendations on how privatisation could be used to broaden the ownership and management base of the economy by black business people.

The call was made yesterday by the newly elected Nafcoc president, Joe Hlongwane, at the organisation's 30th anniversary. Hlongwane said the government could use its influence in parastatals and where it has direct ownership and persuade institutions like the Industrial Development Corporation to be more responsive to the changing demands of the new environment.

He said this would require the government to establish as a matter of urgency a procurement policy that was favourable and friendly towards

CT 27/7/94  
the black business sector.

To achieve this, Hlongwane said, the government must establish a national credit guarantee scheme to provide access to credit and capital.

Hlongwane also promised that Nafcoc will draw up a black business manifesto as its plan for consideration by the government on how to help the disadvantaged black business sector.

He also urged the government to consider giving black business a development break in which genuine joint ventures and black majority owned ventures would receive favourable treatment.

He said the government should subcontract and in particular those services which it provides to black business or a genuine black/white joint venture.

He added that the government could provide incentives to private sector business initiatives that involve black business where retail chains would like to expand to black townships.

# Sacob sees dangers ahead in RDP

Own Correspondent

JOHANNESBURG. — The SA Chamber of Business has warned that government's reconstruction and development programme (RDP) has not adequately outlined the role of business.

Responding to calls from government to comment on a draft of an RDP White Paper, Sacob director-general Raymond Parsons said he hoped there would be enough time for further discussion on the draft and that it would be "business-friendly".

He said any RDP policy document had to view business as a partner and not a contender in the future of the SA

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27/7/94

economy. Sacob said it accepted that the RDP was vital for SA, but warned that a White Paper had to be "right first time". The pre-election RDP belonged to the ANC, but the private sector now also owned it and wanted it to succeed.

Sacob economic affairs commission chairman Ronnie Bethlehem said there was a danger that supporting the RDP could be seen as a patriotic duty and that it was unpatriotic to constructively criticise the programme. This was nonsense, he said.

Bethlehem warned that when government formulated policy it should set realistic objectives. Fail-

ure to achieve those objectives would result in a loss of credibility and could lead to government coercion to achieve them. This would ultimately destroy confidence in the SA economy locally and abroad.

Sacob supported privatisation to increase government revenue. While state intervention in modern industrial economies was unavoidable and on occasion necessary, intervention by the state had to be "market-friendly".

However, specific public utilities and parastatals had to be investigated individually before it was decided whether full privatisation was necessary. Sacob called on government to act as a facilitator — not a manager —

of the private sector.

Sacob said the private sector's most important role would be investment in human capital and the provision of employment activities.

"The survival of business and the jobs associated with its survival depend ultimately on the correctness of the business decisions taken by its management. The lack of black participation in management is perhaps the country's most serious present deficiency."

Sacob warned that the speed of the implementation of the programme depended on the time it took to establish provincial and local authority structures.

# RDP must spell out role of business, warns Sacob

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SAMANTHA SHARPE

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**NEWS SA-US diplomatic row deepens • Scheme to enter economic mainstream**

**Nafcoc chief outlines empowerment plan**

**By Mzimkulu Malunga**

THE privatisation of parastatals, coupled with the deliberate involvement of black business, could facilitate the speedy entry of blacks into the economic mainstream, according to National African Federated Chamber of Commerce president Mr Joe Hlongwane.

In his presidential address at the organisation's annual conference at the Wild Coast Sun yesterday, Hlongwane

called for a privatisation commission which would explore ways of broadening wealth ownership.

The conference ends today. Taking up the challenge made on Monday by Deputy President Thabo Mbeki, Hlongwane said black business would come up with a proposal within a month, detailing how black empowerment could be carried out in line with the Reconstruction and Development Programme.

As part of the package, each Nafcoc

region would form an RDP committee and participate in various RDP programmes.

30

**Applying for loans**

In addition to establishing a national credit guarantee scheme, which could be used by blacks as security when applying for loans, the Government should consider giving tax incentives for joint ventures aimed at bringing about economic empowerment, said Hlongwane.

The restructuring of tendering procedures, as well as formulation of a competition policy that would discourage the formation of monopolies, also needed urgent attention, he said.

On behalf of black business, Hlongwane asked for what he termed a development break — a period in which big chain stores should not be allowed into townships unless they went into genuine partnership with black business. He emphasised that any retail chain store wanting to do business in the

townships should commit itself to building the capacity of its partner in the joint venture as well as making the whole process transparent.

**Current status**

"Many people may see this as inimical to the situation in the country, but in view of the current status of black business — as well as the need to make townships economically viable — it is important that a consensus is reached on this issue," he said.



## NEWS SA-US diplomatic row deepens • Scheme to enter economic mainstream

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**NEWS** Strong lobby for ministry of small business • I

# Nafcoc resolves to grant right to strike

By Mzimkulu Malunga

**A**FTER a lengthy debate at its three-day conference at the Wild Coast Sun, the National African Federated Chamber of Commerce yesterday adopted a resolution to respect the right of workers to strike.

Delegates, however, resolved that trade unions should operate within acceptable international norms when their members embarked on a strike.

Nafcoc also called on employers to pay a fair wage, despite serious reservations expressed by some delegates.

The organisation urged the Government to ensure that South Africa becomes a member of the African Development Bank as soon as possible. The

*Sowetan 28/7/14*  
**FAIR PLAY** Delegates divided on resolution to pay a decent wage:

delegates expressed their hearty welcome to ADB president Dr Babacar Diaye's announcement that the bank wanted to establish an institution that would give loans to SA business people.

There was also intense debate regarding the Nafcoc scholarship fund, which many members said was not transparent.

The establishment of the ministry of small business was described as one of the most crucial issues facing Nafcoc, and that the organisation should make representations to the government about

its formation. **(30)**

Many of the delegates recommended that the minister of small business should come from the black community.

The debate about gender issues within Nafcoc came to an abrupt end when president Mr Joe Hlongwane intervened, arguing that a resolution on gender issues was taken in the past and there was no need to take a new one.

Some women delegates, however, felt there was a need for a fresh resolution on the issue.

# Nafcoc aims at involvement in economic reconstruction

THEO RAWANA

THE National African Federated Chambers of Commerce emerged from its recent conference as an organisation with greater focus, and consequently more assertive than it has ever been.

The organisation is bent on playing a meaningful role in the reconstruction of the economy. This was shown not only in speeches by outgoing president Archie Nkonyeni and his successor, Joe Hlongwane, but also in resolutions adopted.

Nkonyeni urged the black business community to "stop sheltering behind the position of historical disadvantage" and take a leading role in the reconstruction of the SA economy. And Hlongwane said that a blueprint of Nafcoc resolutions would be given to government within 30 days.

These resolutions included guidelines and demands. *BIDAY*

Among these were that the organisation supported, was willing to assist with, and wanted to be involved in the implementation of the RDP. *29/7/94*

The organisation resolved that the Nafcoc strategy committee should formulate a plan of action to advance the interests of black business which would lead to the meaningful participation of black business at all levels of the economy.

It called on government to speed up the process of SA membership of the African Development Bank, and supported the establishment of the African Finance Corporation in SA.

An RDP committee would be established to identify RDP projects of a business nature in which Nafcoc members should participate.

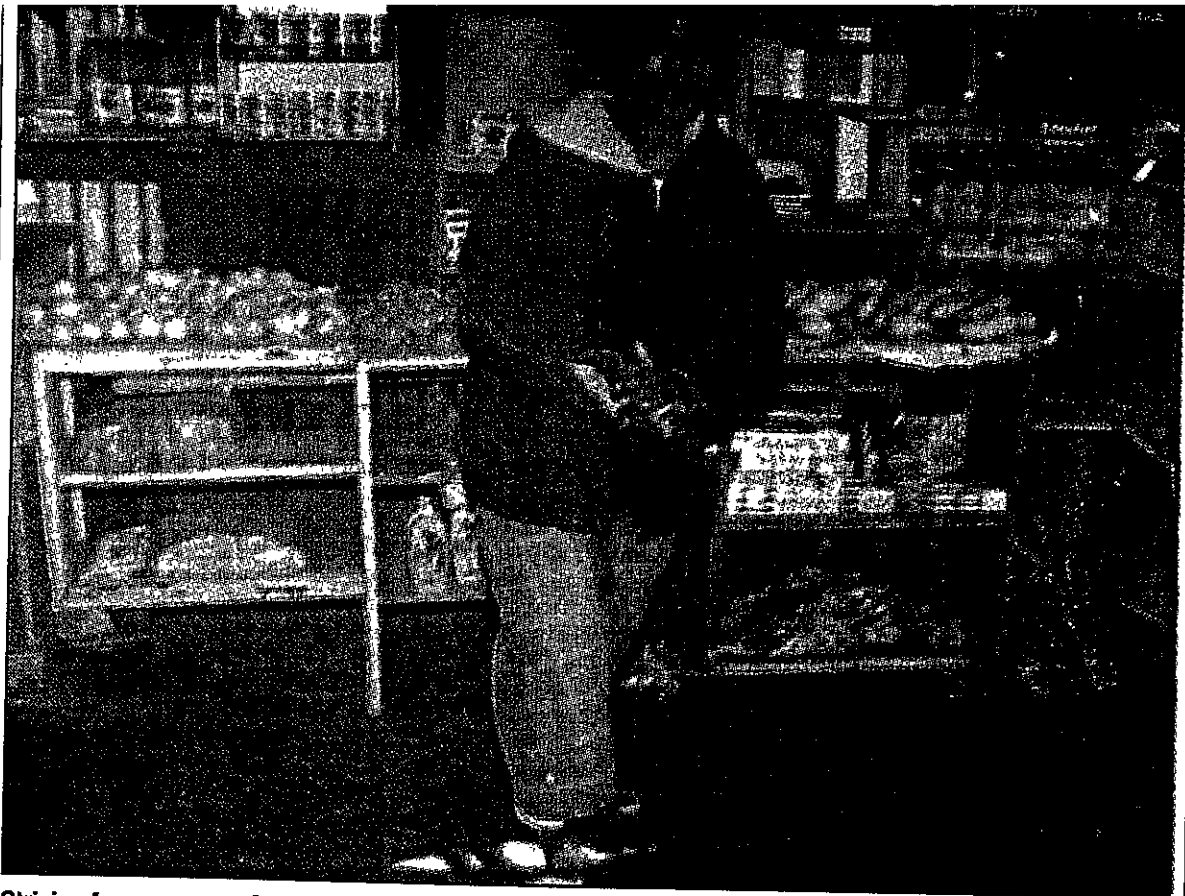
It was decided that Nafcoc should discuss with government and the provinces the establishment of a ministry of small and medium-sized business development, and that this ministry should be staffed by people who were drawn from the black business sector.

The organisation called on government and the provinces to consult it on and involve it in RDP projects of a business nature, and consult it before implementing policies of a business and commercial nature. It said black business should participate fully in tenders at national, provincial and local level.

It also sought to be consulted and involved in the restructuring of state and parastatal institutions which dealt with business. *(30)*

The organisation said liquor laws should be reviewed and reformulated in a manner that would advance the interests of Nafcoc members. Nafcoc also demanded the presence of a Nafcoc representative on the liquor board.

The organisation urged government to remove barriers and restrictions on the free flow of goods and services in southern Africa.



Striving for success ... Careful market research in townships was done to see which goods should be carried by micro-enterprises

PHOTO: RUTH MOTAU

## Help for mini-entrepreneurs

Reg Rumney reports  
on a small business  
initiative that works

**A**N innovative method of distributing products in the townships is paying off for the mini-entrepreneurs it is designed to help.

It is the brainchild of Sam Alexander, ex of Liberty Life, who set up the Strive Foundation some years ago to train such entrepreneurs and provide them with goods to sell.

It is now providing a channel for products as different as pharmaceuticals and textiles — though the focus remains on selling basic goods such as paraffin, soaps and meat.

The original idea was to establish community groups of 10 traders to distribute basic lines of goods into black areas, so that the people living in those communities benefited from the sale of those goods.

Sitting down with the members of the groups to find out what they should trade in was instructive. Alexander asked, given only R2, what a poor black township dweller would buy first. The answer was not as Alexander had expected, maize meal or bread, but paraffin for heating and lighting, the next matches, and the next soap. Only then came food. By determining needs, the 32 lines were defined for the basic goods that sell well in poor communities.

Alexander, seated in his mid-town



Sam Alexander ... Building up an entrepreneurial spirit

office amid piles of duvets, colourful African cloth and other bric a brac, has sunk his own money into the project, the golden handshake he received from Liberty Life when he left to set up the project. He worked at Liberty Life for 21 years and was divisional manager of manpower and development.

He conceived the Strive concept after a mission to the US in 1988 to advance black business met with only rhetoric. Liberty liked the idea

and encouraged him to register Strive as a separate company, after launching it in 1989. Alexander singles out Donny Gordon for his generosity in helping the company get off its feet.

The idea was to address several problems of black micro-business. One was the lack of market research and training in black business, another the lack of appropriate funding.

The intention was to create disposable income, to buy well to sell well, says Alexander.

Strive set up eight community groups of 10 consortiums. Each consortium consists of 10 traders living within a radius of one to 3km, and those traders promote their own goods and the other goods of the consortium. Each consortium gets a loan of R5 000, or R500 for each trader, from the Small Business Development Corporation. The loan is paid back in a year.

R500 is not much to buy stock with, so after three months the traders' performances are reviewed. A trader can qualify for another R500 within four to six months, and 10 particularly good performers in the group get R5 000 or more. After a year, Strive looks for people who can accept up to R20 000 in capital.

Each consortium has a chairman, who comes to weekly meetings. All

## Wage deal for Dions, union

JOHANNESBURG. — An agreement on wages and working conditions has been reached by Dion Stores and the South African Commercial, Catering and Allied Workers' Union (Saccawu), it was reported yesterday. ~~(30)~~ ~~(30)~~

Saccawu said in a statement the company had agreed to the union's demand for a R200-a-month pay rise on the last day of a conciliation board hearing on Tuesday. *CT 29/7/94*

The parties had also agreed to a R1 200 minimum wage. — Sapa

**SOUTH African companies** are moving aggressively to internationalise their structures to make them competitive in global markets. They are using creative schemes, from selling their own shares to borrowing money to establish assets overseas. This week saw:

- Gencor buy out Royal Dutch Shell resources group
- Retailer Christo Wiese Billion for R4,23 billion.
- Retailer Christo Wiese confirm that he was seeking to set up a regional and international banking empire on the back of his control of Boland Bank. This followed his recent take over of the UK-based retail chain, Poundstretcher by selling R400 million in Repkor shares to foreign institutions.
- Lenco Holdings take an injection of capital from Sanlam in Australia; and,
- Seeff Trust launch an Isle of Man-based investment fund, to help it expand its operations to establish a foothold in anti-change control.

Gencor chairman Brian Gilton said in announcing the Billion move that if any resource group wanted to compete it had to go where the resources were. This meant competing internationally.

Pepkor chairman Christo Wiese said that South Africa on its own "will not make it" its own "will not make it". Every business first had to look at regional and then international expansion.

"We cannot hide any more. We have got to go global." At a conference in Cape Town this week, Credit Guarantee managing director Chris Leisewitz said investment in other countries would swell trade flows to South Africa. He said 45 percent of global trade flows were between branches of multi-national companies in different countries.

Investment abroad by South Africans — as well as foreign investment in the country — should be boosted by South Africa's admission as a developing country to the Multilateral Investment Guarantee Agency (MIGA).

MIGA's facilities — insurance to investors against currency inconvertibility, expropriation, war and civil disturbance — are now available to South African companies wishing to invest in other countries, vice-president Leigh Hollywood told the conference.

The debate over the future of the financial rand continues to rage, with South Africa's business and financial community demanding a fully convertible single currency unit.

But Syrets economist El-

mien De Kock said the financial rand was unlikely to be abolished within the next six months, in spite of persistent market speculation.

"The three key conditions set for the financial rand to go are nowhere near being met. The conditions were: A reduction in the size of the R4,5 billion financial rand pool, a narrowing of the discount between it and the commercial rand and an improvement in the country's foreign reserves.

"The only way to contemplate the abolition of the financial rand is through a partnership between government, the Reserve Bank and major international agencies like the World Bank and IMF."

Board of Executors economist Rob Less was scathing about the Reserve Bank's handling of the issue.

He said: "a fundamental mismanagement and exchange rate control policy by the Reserve Bank had aggravated the balance of payments and foreign exchange reserves.

Two years ago the Reserve Bank, under pressure from evaporating foreign reserves, came close to putting the plug on overseas investments.

The bank's action followed a spending spree by some South African banks trying to become more competitive in anticipation of foreign banks moving back into South Africa.

# SA firms go global

# set to

ARG 30/1/94 (30)

# R2-m plan to develop business skills

Staff Reporter *ARL 2/8/94*

A R2 million teaching programme to help disadvantaged matriculants through the doors of the business world has been launched by a South African insurance giant.

(30) The pilot programme, which will be presented by the Witwatersrand Technikon, will accommodate 20 black and coloured matriculants from the Western Cape.

Sanlam managing director

Desmond Smith told the 20 candidates at the programme's launch in Belville yesterday the course would ultimately contribute to the development of the broader community.

The 16-week course will include tuition in subjects like business practice and language, typing and computer literacy, basic economics, and bookkeeping.

Mr Smith said: "We also regard the course as a contribution to developing the potential of the general community, and especial-

ly those who have not had all the opportunities to develop their potential fully.

"This approach is in keeping with our wholehearted support of the aims of the government's reconstruction and development programme."

The course had not been designed to provide prospective employees for Sanlam, Mr Smith said, but should rather be seen as a contribution towards a better skilled workforce for the finance industry in general.



## Shoprite calls for arbitration

ET 5/8/94  
JOHANNESBURG. —  
Shoprite/Checkers yes-  
terday appealed to Min-  
ister of Labour Mr Tito  
Mboweni to appoint an  
arbitrator after a break-  
down in mediation be-  
tween the supermarket  
chain and the South  
African Commercial Ca-  
tering and Allied Work-  
ers' Union (SAWU) (30)

The group said in a  
statement Saccawu end-  
ed talks after a day-and-  
a-half of mediation.

The dispute concerns  
a strike at 24 Shoprite/-  
Checkers stores. — Sapa

# Mediation for small business

ERICA JANKOWITZ

MEDIATION between labour and management in small and medium enterprises required special skills and a more interventionist approach, Mediation and Conciliation Centre founder Mahmood Fadal said yesterday.

The centre was established 16 months ago with its service tailored to the requirements of small and medium enterprises.

"This is the area where there is little, or in some cases, no regulation by law and employers and employees have to solve disputes on a voluntary basis."

Fadal said the service complemented that offered by the Independent Mediation Service of SA in focusing on conflict resolution for organised small and medium enterprises and organised labour and where industrial councils did not exist.

For example, the centre facilitated a recognition agreement between Roshnee traders and the SA Commercial, Catering and Allied Workers' Union and established a central bargaining forum.

The centre offered expeditory arbitration — a process which offered companies immediate and cost-effective arbitration on dismissal cases.

Though struggling for funding, the centre realised it needed to tailor its fee structure to accommodate small and medium enterprises and trade unions and so calculated charges according to a user's ability to pay, Fadal said.

The centre also offered training for shop stewards on basic labour law and worker rights and conducted balloting for trade unions. During the election it helped with voter education and in resolving disputes.

Fadal said he disagreed with an idea being floated by the Labour Ministry to make mediation compulsory before a strike ballot could be conducted.

"Mediation must be voluntary and it should be viewed as one of several bargaining tactics. If it is made compulsory, unions will have no option but to strike if the process fails."

His idea was to create a centre dedicated to creating a culture of conciliation through constructive dialogue and harmonious relations between conflicting interest groups.

(30)

# R240m

# support plan for RDP

SITING (Buss)

14-18194

By KEVIN DAVIE

THE Small Business Development Corporation has unveiled a R240-million project to support the reconstruction and development programme (RDP).

The project, to be 75%-funded from internal cash flows, intends creating 35 000 sustainable jobs this year by providing financial and technical support for entrepreneurs.

Strategies include micro enterprise, small-builder support, encouraging big companies to subcontract to small ones, providing business skills, developing new industrial hives (there are 45 at present) and setting up more community-based hives (there are 18 now).

A key aspect of the programme is that entrepreneurs from disadvantaged communities will receive financial and technical support.

SBDC managing director Ben

enterprises (SMEs) in disadvantaged communities through training, technical support and after-care. It has R12.5-million available for loans of up to R6 000 each.

A further R16.5-million has been set aside to assist businesses to move from informal to semi-formal and formal status.

Targeted job-creation projects total R141-million including a start-up fund (R84-million) which makes it easier to get finance to start a business, R48-million to help businesses alleviate short-term cash flow problems and R9-million for job creation in the fishing industry.

Business infrastructure support will cost R26.5-million and is aimed at providing facilities for disadvantaged communities. This includes developing new industrial hives as incubators at a cost of R12-million, R9-million for new community-

based hives and R5.5-million for community shopping facilities and market stalls.

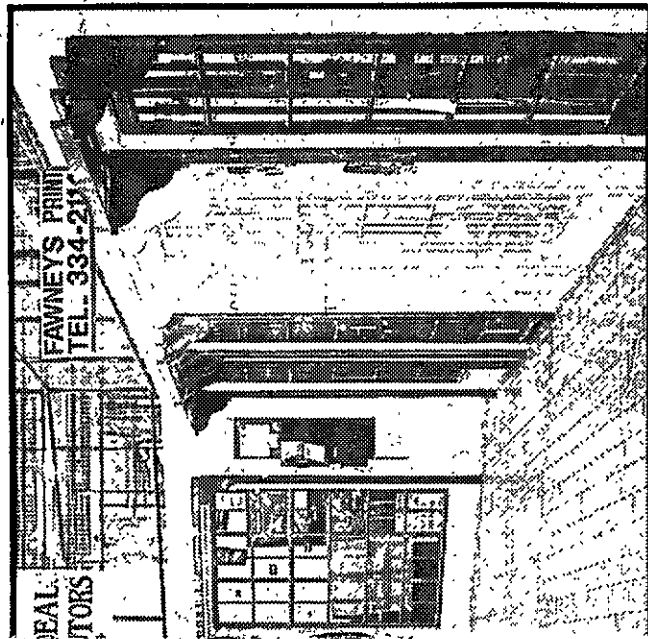
Equity support, whereby the SBDC takes a equity stake up to 30% when the entrepreneur cannot raise sufficient funds, will cost R6-million. With the equity stake comes a full range of management support services.

Retired businessmen provide their services free of charge for the mentor or after-care programme which has a budget of R2-million.

Information on tax, law and training provided to entrepreneurs will cost R4.4-million.

Business-skills training for 18 500 entrepreneurs will cost R3.6-million.

Other expenditure includes R300 000 for research and development and R550 000 to help promote SMEs as a force for job creation.



Johannesburg, one of the 45 offering to help the RDP

(30)  
ILO offer  
help in  
unifying  
small  
business  
CT 15/8/94

Own Correspondent

JOHANNESBURG: — THE International Labour Organisation (ILO) had offered to assist the National African Federated Chamber of Commerce (Nafcoc) in its task of unifying small business in SA, Nafcoc president Joe Hlongwane said yesterday.

A Nafcoc delegation met ILO officials in Johannesburg on Friday to apprise them on the business organisation's progress towards uniting the many business regions and varied business and industrial sectors in SA.

The Nafcoc delegation was headed by Hlongwane while the ILO team included Luesette Howell from ILO headquarters in Geneva and H Njuguma, who heads the ILO Southern Africa regional office in Harare.

After the ILO delegation had heard what infrastructural problems faced by the various sectors, the meeting agreed that the Nafcoc headquarters, which is in the process of being relocated from Soshanguve to Johannesburg, should submit a full report to Geneva on its needs, Hlongwane said in a statement.

"The Nafcoc executive was advised to urgently motivate for future support of its attempts to encourage business development in the underdeveloped sector of industry and commerce," Hlongwane said.

## Shoprite strike ends in PWV

JOHANNESBURG. — The nine-week-old strike at 24 Shoprite/Checkers stores in the PWV has ended, the company said in a statement yesterday.

The company said the strike ended with an agreement between Shoprite/Checkers and the South African Commercial Catering and Allied Workers' Union.

The walkout was sparked by a shopfloor incident at the company's Killarney store here where a senior shop steward was alleged to have racially abused a Jewish store manager. — Sapa

~~13/1~~

30

CT 19/8/94

# Black business investment agency for W Cape

By ARI JACOBSON

A BLACK Business Investment Corporation will be launched in the Cape and economic promotion unit Wesgro will become the springboard for regional development, Western Cape Minister of Economic Affairs Allan Boesak announced at a breakfast in the city yesterday.

In the keynote speech to a function hosted by Wesgro, Boesak said that these moves were in line with "a com-

bined strategy and development plan for SA" adding that "success in the Western Cape would lead to national success".

He said that the formation of a black business agency was "urgently necessary" otherwise there would be "no possibility of economic growth in the long term".

He said that black business was not able to compete at present, and the setting up of such an investment agency was a move "to normalise the situa-

tion".

Boesak also said that Wesgro, previously successful in promoting the Cape, would be restructured to take on the "development" needs of the region: "Wesgro will subsequently be restructured to represent business and sub-regional interests of the entire province."

More importantly Wesgro would be active in taking the Cape back into the global economic environment, he said.

He said that the government would be "an active funder" and participant in this newly restructured development agency.

He stressed that investor business confidence "both internally and externally" was needed to realise economic growth in the region and the country.

"The re-establishment of confidence will kick start a whole chain of reactions enabling the RDP to be effectively implemented."

# Call for township investment

SA's retail industry was urged yesterday to invest in black townships if it wished to grasp future sales opportunities.

Research group Markinor account director Aaron Tengani said: "I want to believe that the politics of burning and looting are behind us. This is the time to invest in our townships."

"Those companies not marketing effectively to black consumers are not only losing out by 5% or 10% of their market, but they are jeopardising their very survival," he told a retail industry conference.

Massive structures might not be necessary, and franchising might be the answer.

Tengani said SA Breweries, Pick 'n Pay stores, OK Bazaars and some furniture stores had moved to the fringes of Soweto.

However, he described this as only a half commitment:

"Why can't we build pockets of industrial and shopping centres in conjunction with businessmen and spaza owners within the townships?" he asked. *Biday*

He quoted estimates which, he said, indicated retail sales would total R95,88m in 1994, with whites accounting for 40,1% and blacks for 47,6%, coloureds for 8,3% and Indians for 4%. *2518194*

Blacks, however, had more than half of the market in several of 19 important merchandise sectors. These were beverages, alcoholic and non-alcoholic, cigarettes, other tobacco, footwear, male clothing, textiles including blankets and sheets, and furniture. — Reuter. *(30)*

THE arrival of a giant black-controlled company with assets of R7 billion sets the scene for changing the traditional South African business landscape, and, as to policy direction, the first chairman happily quotes Communist China's leader Deng: 'It is glorious to be rich'. Derek Tommey reports

# Black business nails flag to mast

Star 20/8/94

**M**oney will be an important occasion in the history of the black community. It will mark the arrival of the first major black-owned and black-controlled investment company on the Johannesburg Stock Exchange.

Black business sees the move as a significant development in black economic empowerment, especially as the company — New Africa Investments Limited or "NAI" — has the potential to become one of the biggest investment houses in southern Africa.

Plans for the company were first announced in 1988 when it offered to raise R31 million and was five times oversubscribed.

Other stakeholders in NAI include a million black union members who have entrusted the management of their pension and provident funds to MetLife.

But Motlana is clear at a presentation to investment analysts this week that this is just a beginning for NAI. "We want to achieve real growth in shareholder wealth," he said, quoting a remark by Chairman Deng of Communist China. "It is glorious to be rich."

NAI's immediate growth is expected to come from MetLife, which is expected to contribute its strong performance to our income statement. The Sovestan is to expand its operations into Natal and the Eastern Cape, and MTN is expected to show substantial growth in the rural areas.

However, Motlana has his sights set on more than this. "NAI is a focused black business which will attract investment from black and other investors. We have been keen to discuss these operations with NAI. An over-

Let's all get it together... there is no way this country will prosper unless we (whites) and I (blacks) band together to create those jobs and wealth needed to take this country forward," says NAI executive chairman Dr Ntsho Motlana.

PICTURE: RUVAN BOSHOFF



seas business wants to come on board. NAI might also acquire some of the companies which would become available following the unbundling of the big organisations, he said.

(He did not say whether he had in mind any of the JCI stakes, which include the Anglo American mining group, but NAI would certainly be in a strong position to acquire some of the JCI companies).

It would be surprising if the company has not acquired a banking institution by the end of the year, he continued. NAI is courting shareholders. "We are offering shares to the public," he said. "We have been keen to discuss these operations with NAI. An over-

The conversion option could increase Sankorp's stake in NAI to 37 percent. But Sankorp says it does not want this and is banding together to create these jobs and wealth needed to take this country forward.

Among NAI's international partners are Tony O'Reilly, a major shareholder in Ireland's major newspaper, which has bought a 20 percent stake in the Argus Group, a newspaper from Africa. He also owns Cable and Wireless and investment house Morgan Stanley.

Local companies in partnership with the company include Standard Bank and M-Net. The gross value of NAI's own assets (not those it controls) is R305 million, with a net value of R173 million of which R30 million belongs to its international investors.

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Indeed, he carried this view further, telling his many white listeners: "There is no way this country will prosper unless you and I band together to create these jobs and wealth needed to take this country forward."

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## Sacking of leader may split black civil rights group

**CONTRVERSIAL US leader tells members to join sides in NAACP dispute, reports Peter Fabricius**

dismissal as part of a struggle over the future of the civil rights movement. "Between now and the end of this year, blacks will have to decide which direction the struggle should take."

His allies at the summit also attacked the NAACP board as "generators" and urged followers to throw them out. Farrakhan said Chavis violated what these rights leaders believe the NAACP should be.

"Corporate America and the foundations put so much pressure on the NAACP, people didn't love their conscience, they voted their pocketbooks."

Meanwhile, the NAACP's new interim senior administrator, Earl Shubert, called on blacks to rally behind the organisation but announced a 30-day membership drive.

Chavis had been urged to discipline the organisation's stand in coming summer ways — by convening gang summits, bringing a public-housing project for a week, and highlighting "environmental racism". The localing of toxic waste dumps near poor areas.

He had also courted other controversial black figures such as rapper Sugar Slim Soufiah, who Chavis said: "If black people don't show up every day, why not have a week to kill white people?"

Chavis had been attacked for squandering the organisation's resources on extravaganzas, such as an 8 percent salary boost for 120 senior staff and a fact-finding trip by 12 officials to South Africa before the elections.

America's mainstream black civil rights movement, the NAACP, is in a state of flux for the first time since the late 1960s. The People (NAACP) — made famous by the late Martin Luther King — is in danger of splitting into conservative and radical factions after ousting its controversial executive director, Dr Benjamin Chavis.

Chavis was fired by the NAACP at the weekend after secretly paying \$240 000 (R1.2 million) to settle a second discrimination lawsuit against him by a woman staff member.

But Chavis had already stirred controversy for running up nearly \$3 million (R10.8 million) of debt and for steering the organisation in a more radical direction by courting controversial black leaders such as the radical, anti-Semitic and racist head of the Nation of Islam, Reverend Louis Farrakhan.

The change of direction by Chavis — who had been jailed in 1987 for inciting a crowd to riot — has alienated many moderate supporters and liberal and Jewish corporate donors.

Just before Chavis was ousted, the Ford Foundation delayed payment of a \$250 000 (R940 000) grant to the NAACP. This gave Chavis the opening to claim that he had been ousted for ideological rather than ethical reasons.

At a rally soon after being fired, he accused the NAACP's leaders of being puppets of the corporate establishment. "I am committed to the struggle of our people in a way that does not make one want to be blind," he said. "Too many of our leaders have bent over."

Chavis said he had been today, fired by the NAACP, "but today, we celebrate the resurrection". At a Sunday summit of black leaders, Chavis presented his



# Black-owned listing debut exceeds expectations

From PETER GALLI  
and YURI THUMBRAN

**JOHANNESBURG.** — In a historic day for black empowerment, New Africa Investments Limited (Nail) made its debut on the JSE yesterday — taking the market by surprise as it exceeded analysts' forecasts to trade as high as 200c.

The share listed at 140c before surging to 200c and easing to close at 185c. This is at a premium to the 130c to 160c price expected by most analysts. The shares are also trading at a premium to the net asset value — including

listed investments at market value — of 153c a share.

An analyst said: "The share performed well on the back of positive sentiment, as this listing is quite an event in SA and is being perceived by the market as a step in the right direction towards black empowerment and the opening of the exchange to black investors."

Another said the number of black investors on the exchange was "pitifully small" in relation to the number of whites, but the listing of such black-controlled groups was essential as they facilitated the development of large black

businesses. 50 CT 30/8/94

Nail executive chairman Nthato Moflana said the listing brought a new dimension to empowerment. Black companies should use the JSE as a vehicle to expand. "We have worked hard to achieve our goal. The fact that institutions like Sankorp and Standard Merchant Bank backed us, shows that black economic empowerment is attainable."

Fellow director Enos Mabuza said the listing would encourage blacks to use the JSE. "We have 11,000 shareholders. Previously, only a handful of blacks would venture towards the

JSE to trade in shares."

Shares worth more than R1.84m changed hands in 146 deals.

An analyst said the share was expected to trade at a slight premium to the 153c net asset value, but was "expensive" at 200c.

"I would not be surprised if it moves above 200c, but it will not offer real value at this level."

The company's prospects for growth were good, with sound performances expected from cellular phone network MTN — in which it has a 7.1% effective stake — and from its 52.5%

shareholding in NAP, the company which operates The Sowetan newspaper.

Black-based life insurer Metlife — in which it holds 30% — is also expected to report solid growth.

Nail has forecast attributable profit of R26.2m in the year to end-September, with a dividend of 3.3c an ordinary share expected on the back of earnings of 4.95c a share.

JSE president Roy Andersen said the listing was a significant move as it brought 8 500 new black investors onto the exchange. "This is in line with our goal of making the JSE as accessible as possible."

# 'No sweat shops' — Naidoo

MINISTER without Portfolio Mr Jay Naidoo said he would not tolerate sweat shops exploiting people and undermining their human rights.

He was speaking at the Small Business Week Exhibition opening in the city at the weekend, where he said the government would review legislation.

Mr Naidoo said the govern-

ment would create an enabling environment for the development of enterprises by providing bridging finances and technical expertise. CT 5/9/94

Small and medium enterprises should not only be retail businesses, but should also be involved in manufacturing quality goods, he added. (30)

The government would sup-

port small and medium enterprises through providing training, marketing and technical expertise.

"We have to get this country working by investing billions of rands not into building white elephants or nuclear bombs, but in infrastructure for housing, transport and the provision of water." — Sapa

# Events to help small businesses

Staff Reporter

30  
CT 5/9/94

**MORE** than 100 events have been arranged in the Western Cape alone as part of Small Business Week, which runs until Saturday.

This is the seventh annual Small Business Week, the major objectives of which are to encourage new entrepreneurship, and to assist small and medium-sized businesses that are already in operation.

This year, the week was launched in Cape Town, when a train full of exhibits left Cape Town Station.

Today at 9am there is a seminar on self-employment, costing R10 a head, at the Small Business Development Corporation building at 60 Sir Lowry's Road, near the Good Hope Centre.

There is another seminar from 10am to noon at the Elsie's River Library — this one specifically for women — on starting a home-based business.

One of the highlights of the week will be the entrepreneur of the year awards ceremony at a breakfast on Wednesday at Milnerton Racecourse.

More information can be obtained from the SBDC on events this week in Cape Town at 462-1910.

## Manuel leads bid to revamp SBDC

GRETA STEYN

TRADE and Industry Minister Trevor Manuel took the first step towards restructuring the Small Business Development Corporation with a meeting of the SBDC's private shareholders this week.

Manuel said yesterday the purpose of the meeting, dubbed a "palace revolution", had been to discuss the roles of government and the private sector in providing finance for small and medium enterprises.

One of the most important issues discussed had been the extent to which the SBDC was in competition with private providers of finance to small business. Many of the corporation's private shareholders were banks that had set up special units to cater to the same market.

The SBDC has been accused by black business organisations of lending to people who could get loans from banks anyway.

Manuel is known to be critical of the SBDC's modus operandi which has seen most of its lending portfolio going to whites. He has also said government should have a bigger say on the SBDC board and reportedly called the meeting to persuade private shareholders to relinquish some of their power to government.

Manuel said a small task force would be set up to prepare a discussion paper to look at the functions to be performed by the key agency supporting small business. The task force would also consider the role of development agencies in the former homelands and TBVC countries.

"There is philosophical agreement on the importance of the sector, but the question is how best to render support," Manuel said. It was urgent to resolve the matter because of the need to involve the provinces in an overall strategy.

# Cosatu urges business to cross the Rubicon

JOHANNESBURG. — Business must cross the Rubicon and promote democracy in the workplace, Cosatu president Mr John Gomomo said at the organisation's national conference here yesterday.

For example, investment decisions should be taken in consultation with workers and the government should be lobbied to force

business to invest in SA rather than create jobs overseas, he said.

Mr Gomomo said many of the federation's proposed resolutions reflected employer intransigence. High salaries paid to management "and other unproductive workers" had created a well-paid elite.

He criticised the blocking by employers of workers' legitimate demands by saying that conceding to

them would damage the RDP.

Mr Gomomo told delegates to become involved in the RDP by re-pairing townships and improving living standards there. He urged the establishment of RDP councils in workplaces, townships and rural areas to co-ordinate the campaign.

If it failed, the NP was likely to win the next election, he warned.

Commenting on the tripartite

alliance with the ANC and the SACP, Mr Gomomo said it was unnecessary for each organisation to prescribe to the other. Each group should rather express its view and reach agreement through open discussion.

He said Cosatu was committed to the alliance but it should re-examine how it was organised.

Mr Gomomo acknowledged

unions had been destabilised because their leaders had been appointed to top government positions.

Mr Gomomo accused the media and some political parties of trying to discredit the legitimate demands of workers by pressuring the ANC to side with employers while discrediting unions. — Own Correspondent, Sapa

(13) (30) CT 8/9/94

# SBDC rejects govt advances

ADRIAN HADLAND

CAPE TOWN — The Small Business Development Corporation would be ruined if government took control of the organisation, SBDC MD Ben Vosloo said yesterday.

He told Parliament's standing committee on trade and industry that the SBDC would lose staff, donors and suffer a credit control problem if government was to attain more than its current 25% representation on the SBDC board. **BIDAM**

Referring to talks this week between Trade and Industry Minister Trevor Manuel and SBDC private shareholders, Vosloo said that while a restructuring of the board or the signing of a new agreement could be beneficial, the "politicisation" of the corporation would be disastrous. **819194**

International donors would withdraw their support for the SBDC as a development agency if the state assumed control and experienced staff members would leave. "For heaven's sake, don't politicise the operation or you will destroy it."

Government had launched a bid to in-

crease its representation on the SBDC board two years ago, but this had been abandoned, Vosloo said.

The international trend was to move away from government interference as state interest in institutions had led to nepotism, corruption and bankruptcy.

He denied that the SBDC was competing with private providers of finance to small business. The bulk of the SBDC's loans were for less than R50 000. As income achieved on these loans was lower than the cost, while the risk was high, banks did not finance projects at this level.

He questioned government's ability to run such an organisation effectively: "Is it realistic to expect public servants to produce entrepreneurs? It is best left in the hands of those who know about it — the private sector." **(30)**

Chairman Ednah Sothema said Vosloo's views would be considered carefully.

## USAid sinks \$3,1m into black business

JOHANNESBURG. — The US Agency for International Development is to sign a \$3,1m sponsorship for black South African business people to obtain training and make exchange visits, the US embassy said.

(30) CT 14/9/94  
A statement said the signing would take place today. The scheme, run by the US/SA Leader Exchange Programme (Ussalep), "would support sustainable economic development for SA's historically disadvantaged business sector".

Usaid has provided \$9,5m to Ussalep over the past five years, said the embassy. — Reuter

CAPE

# Smaller entrepreneurs will be our top job creators

30  
AR 16/9/94

□ Manuel calls for foreign investment that is labour intensive

JOHN VILJOEN  
Business Staff

SMALL and medium size entrepreneurs would prove South Africa's primary job creators, said national Trade and Industry Minister Trevor Manuel.

Speaking in Atlantis yesterday, Mr Manuel said the government had realised that companies which employed up to 800 people would provide the bulk of growth in the labour market.

He also emphasised that foreign investors had to be encouraged to establish labour intensive rather than capital intensive projects. He said democracy would mean little to

millions of South Africans without "content" in the form of jobs and pay cheques.

Mr Manuel opened the Atlantis Business Information Centre, a large and permanent showcase of what businesses in the area can offer the rest of the country.

The companies exhibiting in the centre, an initiative of the Atlantis Industrialists Group, include manufacturers of breakfast cereal, frozen foods, wine, crockery, diesel engines and television sets.

The centre is also intended to attract industry to Atlantis.

Meanwhile, there are encouraging signs of growing investment in the town. It emerged yesterday that a new cellular

telephone plant would probably employ about 2 500 people by the end of next year.

The government was in the process of drafting a white paper designed at improving business opportunities, Mr Manuel said.

He spoke of a new approach to lawmaking involving wide consultation and the testing of policy before it was finalised in Parliament.

New policy on business would be tested around the country by bodies such as the Atlantis Business Forum so that it could be assessed "by those directly affected — not by bureaucrats".

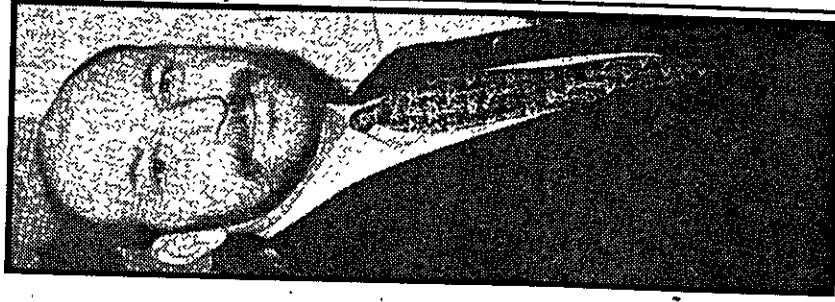
The problems affecting At-

lantais were a mirror image of those facing the national economy. Unemployment in Atlantis stood at virtually 50 percent while the national figure stood around six million.

Mr Manuel flew out of the country last night for the first meeting of the South Africa-United States Business Committee, where 20 South African businessmen will sit down with 20 of their American counterparts.

"The objective of these business people must be to attract investment so that we can give content to democracy."

Jobs had to be created. Without pay cheques, democracy would mean nothing to many South Africans.



Trevor Manuel.

am amawd



# 'Teach business skills'

X

(30) CT 22/9/94

**JOHANNESBURG.** — South Africa's education system continues to fail in providing basic business skills, Anglo American gold and uranium division chairman Mr Clem Sunter said yesterday.

Speaking at the opening of a stand at the Electra Mining exhibition he said 95% of job opportunities worldwide were created by small businesses and the education system had to be overhauled to provide relevant skills.

Nobody should expect hand-outs in the new South Africa, he said.

"There are still so many people in this country with the incredible mentality that they can get through life without taking risks and that life owes them careers, bank balances and so on.

"We can no longer afford to spoon-feed students and the traditional approach of opening a school and filling it with teachers will not be able to cope in future." — Sapa

# Independence vital for SBDC

Star 22/9/94

■ BY THABO LESHILO

The Small Business Development Corporation (SBDC) should retain its independence from government and private enterprise culture in order to remain profitable, shareholders have decided.

"Any deviation from these principles will destroy the organisation's culture of a successful institution, which has served South Africa's national interest well," chairman and founder Anton Rupert told the AGM this week.

Giving highlights of the 1994 annual report, MD Ton Vosloo said the value of the organisation's operational assets exceeded R1 billion for the first

time at March 31.

Of this, 70 percent was in loans and 30 percent in business premises.

A total of 8 002 loans amounting to R360,35 million were granted during the year, bringing the number to 48 424 and the amount to R1 9 billion since the SBDC was formed 13 years ago. (30)

An amount of R55,8 million was written off as bad debt, compared with R22,6 million last year

An amount of R60 million from the government and a further R28 million from the organisation was used to revitalize the pioneer programme aimed at black empowerment.

Authorised share capital was unchanged at R300 million and issued share capital rose from R272 million to R285 million.

Non-distributable reserves were R19,2 million (R19 million), and retained income stood at R105 million.

Vosloo said 24 680 people attended courses run by the SBDC's Small and Medium Enterprise Training Institute.

"Since inception, the SBDC has facilitated approximately 380 500 job opportunities," he said.

"During the past year, approximately 38 800 job opportunities have been facilitated at a cost per opportunity of approximately R10 600," said Dr Vosloo.

# Pick 'n Pay profits are hit severely by strike action

BIDAY 23/9/94

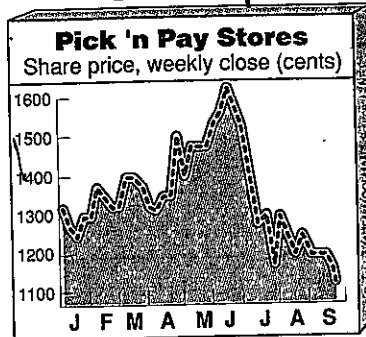
EDWARD WEST

CAPE TOWN — Pick 'n Pay's profits took a severe beating from strike action in the six months to August 1994 and earnings plunged 38,2% to 17,14c a share compared with 27,75c a share in the first half of the previous financial year.

Joint MD Gareth Ackerman said since the strike, management had revised strategy to concentrate on the group's core businesses, in particular Hypermarkets, most severely affected by the strike, and rebuild the company's lost market share and profits.

Turnover in the first half was 6% up at R3,4bn. Chairman Raymond Ackerman said were it not for the strike, turnover growth would have been about 9,5%, which indicated the economy was improving.

Trading income slipped 38% to R38,7m, attributed to loss of gross margins from the strike, extra bonuses paid to staff who worked



during the strike and mark downs.

Pre-tax income was 30,7% down at R50,2m, which Ackerman said would have amounted to about R80m if not for the strike. Tax fell to R23,4m from R29m.

The higher Secondary Tax on Companies pushed the tax rate to 46,5%, and a higher rate for the full year compared with the previous year was expected, said Ackerman. The interim dividend was lowered to 7c from 8,25c.

He said the half-year started with

two stores being burned down in Bophuthatswana — which affected turnover growth by about 1%. This, together with uncertainty over the pre-election period and strike, severely affected the results.

The strike came at the height of the winter selling of textiles. Some stock was sold before the strike, but many orders arrived late and the group was caught with too much stock which could not be sold during the strike.

Ackerman said the group was planning a campaign in supermarkets and hypermarkets to win back consumers frightened away by the strike.

The group wanted to ensure long-term growth by not attempting to regain profits in too short a time.

He forecast pre-tax profit of about R80m in the second half which would bring the total for the year to a forecast R130m (R166,9m).

The Score chain of supermarkets — in which Pick 'n Pay has a 50% interest — reported increases over budget both in turnover and profit.

## Pick 'n Pay strike lost R30m in profit

AMANDA VERMEULEN

THE strike which brought Pick 'n Pay to a standstill in July wiped R30m off profit in the six months to August. *Biday*

The strike — which saw assaults on customers and police action — required the involvement of Labour Minister Tito Mboweni and President Nelson Mandela.

Chairman Raymond Ackerman said yesterday the strike had cost the company a 30% fall in pre-tax income, despite a 6,1% increase in turnover to R3,3bn. Turnover growth would have been close on 9,5% had the strike not occurred. *2319194*

He called the period "the most difficult I have known in my 44 years of retailing".

The strike had also cost Pick 'n Pay's workforce R30m, and government the same in lost revenues, he said. "One of the most important things we have learned . . . is that the present system of wage dispute settlement is wrong. We are making representations to government to have mediation in wage disputes written into law."

The company also suffered when two stores were burned in Bophuthatswana. Neither store operated but all expenses, including staff, had to be carried.

Winter selling of textiles was affected by the strike and had to be marked down to clear unsold stocks. Hardware stocks were also marked down. *(30)*

Ackerman said that since the strike, Pick 'n Pay had struck "behaviour and courtesy agreements" with its workforce. "We have come out with a dented company which we plan to rebuild."

● See Page 9

# Strike costs Pick 'n Pay

Star 23/9/94

BY CHARLOTTE MATHEWS

Pick 'n Pay has reported a 38 percent decline in its bottom line in the six months to August after losing R30 million during its July wage strike.

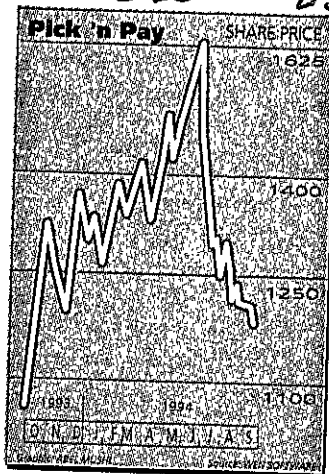
Chairman Raymond Ackerman said yesterday the period had been the most difficult he had known in 44 years of retailing.

As well as the strike, two stores were burnt down in Bophuthatswana and trading was affected by uncertainty ahead of the election.

Bottom-line income was R26,8 million, against R43,4 million in the same period in 1993, which translated into earnings of 17,14c (27,75c) a share. The dividend is 7c (8,25c).

Turnover went up 6 percent to R3,4 billion and, says Ackerman, would have been nearly 9,5 percent better if it were not for the strike.

The tax rate rose to 46,6 percent from 40 percent, reflecting the impact of higher secondary tax on companies



(STC). No STC was payable in the six months to August 1993.

The purchase of 50 percent of the Score supermarket group with effect from March brought in a R0,5 million dividend. (30) (22)

Expenses were held below budget and shrinkage was well controlled, even though slightly above budget, partly due to the strike, Ackerman said.

The strike occurred at the height of the winter selling of textiles, leaving the group with

a massive stock which it could not sell and subsequently had to mark down.

A similar situation prevailed in the hardware section.

Only one store was opened in the six months to August, but four new Pick 'n Pay stores, two Boardman's and four Price Club outlets will be opened in the second half-year and six stores refurbished.

Massive expansion in the franchising of Score and Pick 'n Pay stores is planned for 1995.

Ackerman said the group would be very aggressive in the second half-year and would strive to make pre-tax income of R130 million, against 1993/94's R166,9 million — "but there is a very strong chance of us coming back more strongly than that".

The shares closed 50c down at R11,25 yesterday. Before the strike they were R16,25.

In view of the company's eminent position in the consumer market and its experienced senior management, it could be a buy at this level.

# Business world impressed by SA

ARG 7/10/94

(30)

## The Argus Foreign Service

LONDON. — In spite of township violence, huge pay awards for the ruling elite and capital fleeing the country, South Africa nevertheless continues to impress the world financial community, according to London Evening Standard finance analyst Terry Macalister.

The government has succeeded in raising confidence abroad by underlining its commitment to strict fiscal discipline and by showing its independence and its determination to remain clear of particular interest groups.

Its hard line with striking miners and supermarket workers and well as with trade unions and industrialists when they announced plans to increase competition in local markets by dismantling tariffs in the motor industries has similarly earned international respect.

But there remains a lot to do, Macalister says in a full-page feature in the Standard.

South Africa still looks something of a gamble to investors and, according to Adrian Defay of Smith New Court Securities, it could take two years to establish a track record that will reassure major investors.

However, Graham Bell, analyst with Baring Securities, believes that the prospects are good for South Africa.

He says: "I think people have been pleasantly surprised."

"The macro-economic message is upbeat, but no one should expect a wall of (foreign investment) money."

# SA business urged to rack up a few tries 30

ARL 7/10/94

## JOHN SPIRA

MADRID. — South Africa had received a wonderful and warm welcome from the World Bank group, Finance Minister Chris Liebenberg told delegates to the IMF/World Bank conference here.

However, he added, South Africa was mindful of the challenges and responsibilities its reappearance in the international arena demanded.

"Firstly, responsibility to address the inherited social distortions in our own country. To do this requires vision and clarity of purpose: bold decisive action executed with both passion and compassion."

The second responsibility was to play a role as one of southern Africa's and Africa's leading economies.

"We call on the Bank and Fund to further extend a hand of co-operation to help us all rebuild the continent."

"Given the objective of steadily reducing our excessively high budget deficit, foreign loan financing will, however, be regarded as a substitute for domestic financing and certainly not used to shift the budget constraint outward."

In a Press briefing following his address, the minister said South Africa's capital market ratings had enjoyed a better international response than a do-

mestic response.

"South African business must start scoring tries. I feel like a scrumhalf unable to get the ball out of the scrum because my loose forwards aren't there to support me."

■ The way of doing business in South Africa had to change if government and business were to succeed in implementing the broad goals of the reconstruction and development programme.

This was the message from four economists addressing a seminar in Pretoria on the role of Business Education Institutions in realising the aims of the RDP, reports Sapa.

Speaking to about 50 business educationalists at the Unisa School of Business, president of the National African Federated Chamber of Commerce and Industry (Nafcoc), Joe Hlongwane, said business could not continue to operate "as if the majority of the South African population do not exist".

"No longer can the business sector ignore the importance of bringing in those previously marginalised into the mainstream of the economy as partners, directors and managers in the production process," Mr Hlongwane said.

"No longer can business continue to operate with a laager mentality ignoring a bigger

market within its borders and the opening world markets," he said.

To meet the challenge of transforming the business environment, a strong emphasis needed to be put on technical and career orientated education.

In his address, senior economist for the South African Chamber of Commerce (Sacob) Bill Lacey said the RDP imposed obligations on business "to democratise its organic structures so as to reflect the demographics of South African society."

He said it was in the interests of business to ensure the success of the RDP.

"In that regard, realistic objectives must be set and society's expectations must be suitably managed," Lacey said.

The changing role of business education was to sensitise students to the unequal nature of South African society.

Afrikaanse Handelsinstituut economist Johan Rossouw said future business managers would have to know the contents of the RDP "and be prepared and able to translate that knowledge into practical business operations".

A number of speakers agreed the future of the South African economy would be determined by the success or failure of the RDP.

# New plan to boost business

SA, EU to sign far-reaching accord soon

## TOS WENTZEL

FOREIGN investment confidence in South Africa soon will be given a major boost when an agreement between the European Union (EU) and South Africa sets out a legal framework for co-operation.

An EU delegation led by Foreign Trade Minister Leon Brittan is in South Africa.

The agreement then will be finalised and Sir Leon and Deputy President Thabo Mbeki will sign it next week.

The basic principles enshrined in the agreement include respect for human rights and the promotion of democracy.

It also provides for areas such as science and technology, the environment and medium- and small-sized business undertakings.

EU ambassador in South Africa Erwan Fouere said the agreement also recognised the importance of the regional dimension of South Africa's relationship with the EU.

This was a logical follow-up to the recent Berlin conference which called for a strengthening

of co-operation in the South African region.

The consequence of this agreement would involve the opening of a further budgeting door such as the extension of the European Investment Bank's lending activities in South Africa.

The bank had an extremely high credit-rating in international financial markets.

Involvement of the bank in South Africa would send the right message to potential investors.

Foreign people would have more confidence about investing in SA if a bank with the reputation of the EIB became involved, said Mr Fouere.

Reuter reports from Johannesburg that Sir Leon, the EU's top economic envoy, described the accord as a landmark partnership.

It would seek to strengthen aid, trade and investment ties and open access to significant loans.

"It will support balanced and sustainable social and economic development and boost co-operation in all fields, growing in tandem with the interests of

the South African region as a whole and intra-regional co-operation," he said.

It would seek to act as a catalyst in freeing trade by encouraging investment by European companies in South Africa and vice versa, he said.

"One important reason we need such an agreement now is that, once signed, our European Investment Bank can begin its lending activities.

"More than R1 billion of potential lending to your country is in the pipeline," he said.

Sir Leon was addressing the EU Chamber of Commerce in South Africa during a four-day visit to sign the deal.

The EU is South Africa's largest trade partner and biggest foreign investor, although ties were strained by anti-apartheid sanctions prior to the elections in April.

The EU buys 40 percent of South Africa's exports and supplies 33 percent of what it imports in annual trade worth R63 billion.

It unveiled a package of trade concessions in August which widened duty-free access for South African exports, af-

fecting nearly 2 000 products and adding to the 77 percent of the sales to the EU which were already duty-free.

It also proposed to include South Africa in an overhauled general system of preferences concessionary trade scheme to be implemented next year.

Sir Leon urged the South African government to inform the EU as to how it saw future relations shaping up.

"Should South Africa opt for a bilateral relationship with the European Union, or look for other options?" he asked.

In recent months, he said, there was speculation about a possible association with the Lome Convention aid and trade agreement between European states and 69 former colonies in Africa, the Caribbean and the Pacific.

Mr Brittan spoke of enormous goodwill towards South Africa in Europe.

But, in spite of strengthening aid and trade ties, SA's economic fate was largely in its own hands.

The sooner steps were taken to dismantle trade barriers, the sooner benefits would be felt.

(30) ~~31A~~

ARLT 8/10/94



# SBDC loans granted reach R30m a month

*BIDay*  
EDWARD WEST

CAPE TOWN — Loan applications to the Small Business Development Corporation increased 42% to 18 224 for the year to March, with the value of loans granted at a record average of R30m a month, the SBDC said in its annual report. 11110194

Loans approved jumped 29% to R360m, but the number of non-performing loans and bad debts rose sharply, with bad debts more than doubling to R55m (R22,6m).

Informal sector clients were adversely affected by violence, while rural clients were still suffering the consequences of the drought.

The number of loans approved under the Pioneer programme — aimed at empowering black entrepreneurs — was 128% up on 1993.

The programme was revitalised by the injection of an additional R88m, R60m from state funds and R28m from the SBDC's own inflows.

By the end of the financial year, R65,7m or 75% of this allocation had been committed to projects including micro-enterprise financing (R32m), joint venture and subcontracting facilitation (R18,05m), and training courses for 12 000 emergent entrepreneurs. (30)

The financing offered to micro, small and medium businesses remained the mainstay of SBDC activities, the report said.

The indemnity scheme had, from a small start three years ago, mobilised about R228m by issuing 681 indemnities for a total value of R117m to participating banks. The scheme is funded by a R36m contribution from the state.

The SBDC said the scheme had the potential to create more than 170 000 new job opportunities by the turn of the century if another R100m could be allocated to the project in the next six years.

The SBDC said it had facilitated the creation of about 380 500 job opportunities since its inception, and over the past year about 38 800 had been created at a cost of about R10 600 a job opportunity.

## Makro staff in strike ballot

JOHANNESBURG. —

The South African Commercial Carting and Allied Workers' Union (Saccawu) said yesterday about 5 000 workers at Makro stores nationwide would begin balloting for strike action this week.

Saccawu said it had reached a deadlock with Makro on restructuring.

The union said it was also pressing for a strike because Makro wanted to dismiss 150 workers at its Highveld store.

Makro said Saccawu's reason for a deadlock related to an unrelated issue of an "illegal" strike at the store. —

Sap

7/10/94  
CJ

(10) (172)

# Plains traders refute State attack on SBDC

Staff Reporter

(30) ARG 13/10/94

ENTREPRENEURS at the hive of the Small Business Development Corporation (SBDC) in Mitchell's Plain have branded a government attack on the body as "unfair" and "premature."

Tenants association chairman M A Thompson and vice-chairman Mr T Muller were reacting to criticism of the corporation by Alastair Ruiters, advisor to Trade and Industry Minister Trevor Manuel.

Dr Ruiters' statement was "not a fair reflection of the actual conditions," said Mr Thompson.

The hive tenants, however, agreed with Dr Ruiters that the SBDC's top structures, including MD Ben Vosloo, should be replaced.

"Mr Vosloo never comes down to ground level to hear what the small businesspeople think," said Mr Thompson. "unlike the regional and local SBDC officials, who are accommodating and understanding."

"We trust these guys. The SBDC has not let us down," he said.

A visit to the Mitchell's Plain hive showed prosperous businesses in well-preserved facilities.

While some tenants complained about the hive's rentals, all the entrepreneurs interviewed were satisfied with the conditions.

The hive's rental is R8,25m<sup>2</sup>, compared to the Mitchell's Plain market rate of about R12,50.

Hive manager Iegshaan Ariefdien said all major decisions were taken in consultation with the tenants, and added that no tenants had been evicted for more than a year.

The hive had an occupancy rate of 95 percent and tenants were offered the services of a full-time business consultant, he said.

# Business

(30)

## incentives CT 13/10/94 to benefit

## economy

THE government would only give business incentives where they benefited the economy and fiscus, and not interest groups, Deputy Finance Minister Mr Alec Erwin said yesterday.

Addressing Seifsa's Annual Presidential Address, he reiterated previous statements that the economy could not afford "open-ended subsidies" for the private and public sectors.

The government's economic policy was presently focused on "relocating the public sector" to make more efficient use of the country's resources.

"Our first priority is to ensure that the public sector is geared towards the objectives of the Reconstruction and Development Programme.

"There are a lot of public sector resources sitting around this economy and we must ensure that available resources are utilised to their best effect," Mr Erwin said.

Relocating the public sector would enable the government to restructure debt repayment, making more resources available for the RDP. —  
Sapa-Reuter

# SBDC must reflect the 'SA population'

ADELE BALETA  
Staff Reporter

ARG 13/10/94

30

THE Small Business Development Corporation must take more risks with all small businesses and the composition of its board should reflect the South African population.

Alistair Ruiters, assistant to Trade and Industry Minister Trevor Manuel, says the SBDC needs to change to keep up with developments in the country.

Elaborating on his allegations the SBDC was "racist" in its allocation of loans, he said he could back up claims with lists of complaints from people mainly in rural areas who had been denied access to loans and services.

He said he had brought this to the attention of the SBDC.

"There is an element of risk in any business.

"The outcome cannot be guaranteed no matter who is applying for the loan," he said.

The organisation also needed to re-educate staff in dealing with loan applicants.

Dr Ruiters said instead of allocating money to the SBDC, R80 million would be allocated to any organisation involved with SMEs (small and medium enterprises) on a competitive basis.

Reacting to the criticism, the SBDC's Western Cape manager, Toni Kedzierski, said re-training to improve competency and to sensitise personnel to change had begun.

According to its annual report, the SBDC has agreed to board representation by organised commerce, trade unions and other community interests after discussions with the National Economic Forum, NAF-COC and SACOB and others.

He said in the Western Cape the SBDC had become more involved with organisations like Nafcos and Fabcos which had links with township residents.

"These groups are helping us identify people with leadership roles who can assist us in targeting individuals for loans.

"We have needed to become more involved with the community to assess needs.

"The difference between us and other finance institutions is we cannot say no to loans and leave it at that; the least we offer is advise."

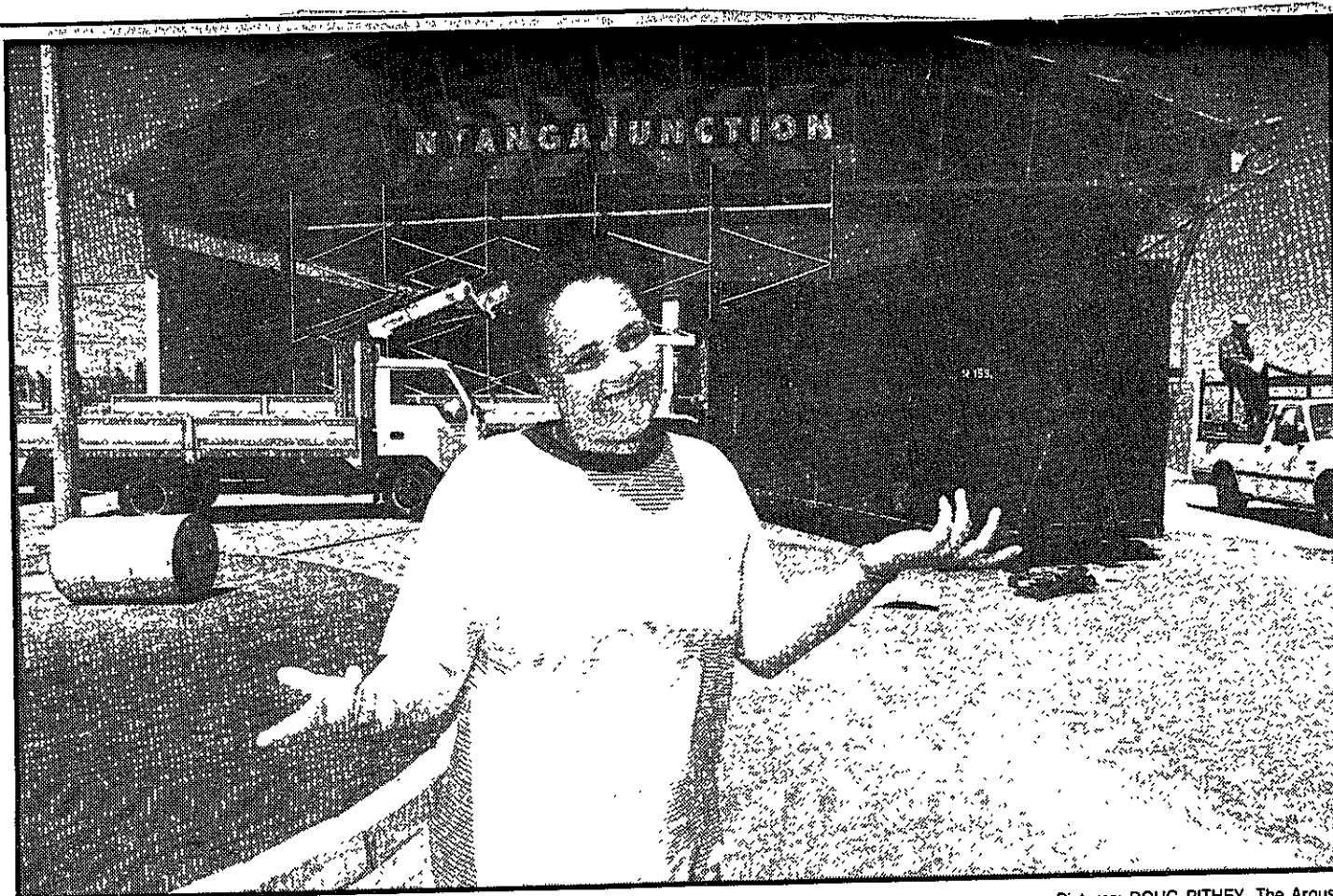
On government reallocation of funding originally intended for the corporation, Mr Kedzierski said:

"Government needs to decide on what criteria money would be allocated."

Many NGO's did not keep books through lack of administration skills and they had to pay recurrent costs from the capital budget rather than from income received.

He noted the SBDC had a record number of applicants for loans this year.

A trend was white school leavers who could not find work were being set up in business by parents.



Pictures: DOUG PITHEY, The Argus.

**SHOPS AHOY:** Yvonne Madaff is excited about the advantages the new Nyanga shopping centre will bring to a very poor sector of the Cape Flats community.

ARCT 17/10/94 (30)

## Cape Flats shopping will be on track

**MXOLISI MGXASHE**  
Staff Reporter

**FROM** Wednesday it will be business as unusual for thousands of Cape Flats consumers as they flock to the new R30 million Nyanga Junction Shopping Centre on the border of Nyanga and Manenberg.

The 52-shop centre, at Nyanga railway station in Duinefontein Road, will be opened tomorrow by Minister of Transport Mac Maharaj.

From Wednesday it will be open to surrounding communi-

ties — who have traditionally shopped in Athlone, Lansdowne and Bellville.

The Nyanga Junction anchor tenant is Pick 'n Pay. Apart from an Allied Bank branch, the centre houses Pep, Topics, Diskom, Maboy's Factory Shop, Nika Sports Shop (owned by former South African welterweight boxing champion Nika Khumalo), Gentle Waves Unisex Hair Salon and Gents' Barber, Mnandi Textile and Design and others.

Informal traders who have been selling vegetables, fruit, sweets, tobacco and other

items at the railway station have been incorporated in a new two-tier market space for 60 barrows which will be shared equally between Nyanga and Manenberg residents, as well as 24 kiosks also to be shared equally.

Residents have welcomed the new centre.

Describing it as a "godsend", pensioner Nokhaya Zitha said: "There's at least some evidence that the business community does think of our needs and the suffering we've been going through."

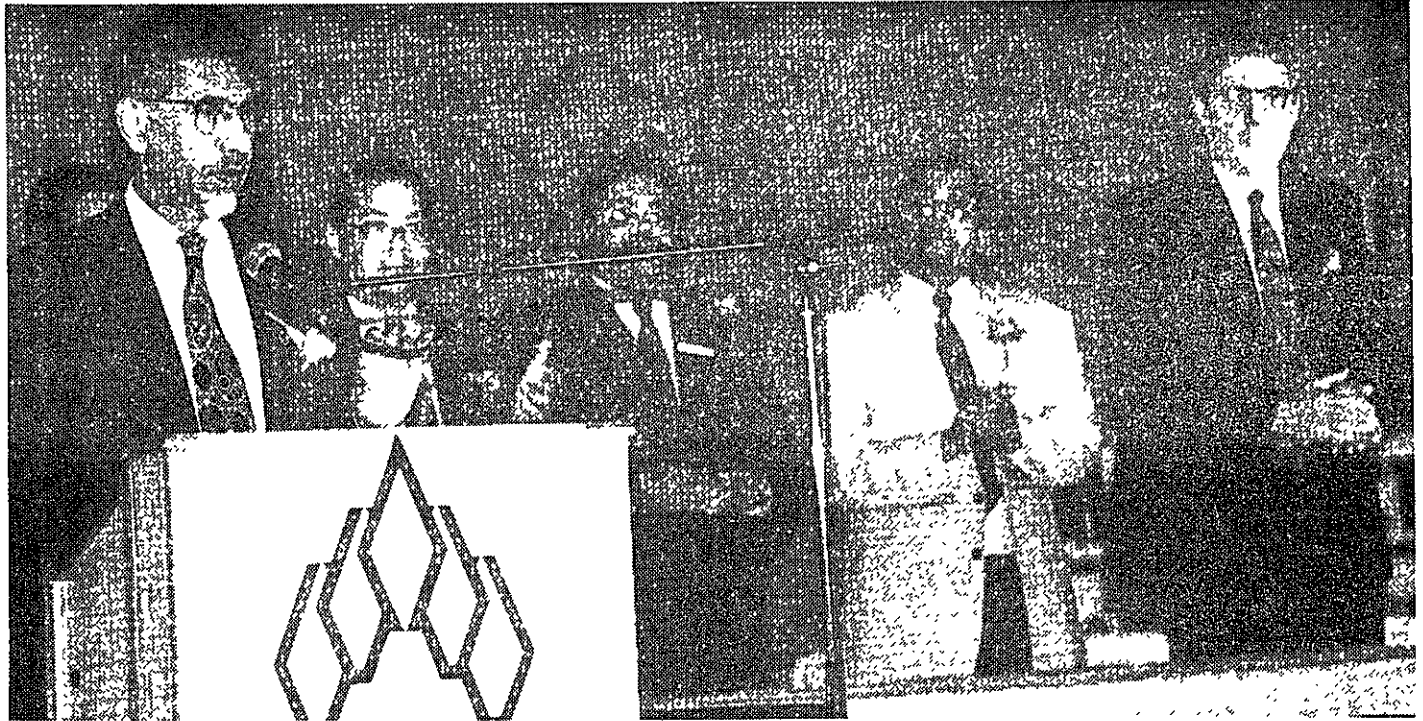
Yvonne Madaff is relieved at

not having to use overcrowded taxis to get to shopping centres.

But she believes the complex should have been named Manenberg Shopping Centre because it is on the Manenberg side of the railway line boundary.

Mrs Madaff is unemployed and lives on the maintenance fees she is paid for her three children.

"Poor people have a lot to gain. I normally spend about R300 a month on groceries I buy from Bellville, including money for transport," she said.



Picture: HANNES THIART, The Argus.

**NEW ERA:** Transport Minister Mac Maharaj, left, John Neels, Kevin Roman, Western Cape minister of transport Leonard Ramatlakane and Southern Life chief executive Jan Calitz at the opening of the Nyanga Shopping Centre. (30) ARG 20/10/94

## Nyanga complex 'may lead way'

**MXOLISI MGXASHE**  
Staff Reporter

**NYANGA** Junction Shopping Centre — the R30 million centre serving Nyanga, Manenberg, Heideveld and Guguletu — could pave the way for similar big business investment in underprivileged areas throughout the country.

This was expressed yesterday at the opening of the centre in Duinefontein Road — the border between Manenberg and Nyanga — by Transport

Minister Mac Maharaj and developer Sam Montsi.

The complex has been welcomed by residents as a "god-send" that will save them travelling costs and time.

Addressing more than 200 people at the official opening, Mr Maharaj said he hoped it would be the forerunner of a chain of community-based shopping centres across the country.

For too long the advantages of bulk buying through large

retail chains had eluded people in the disadvantaged areas because of transport costs and the difficulty they had in conveying goods to their homes from outlying stores.

"I am gratified to see that the developers of this complex have not forgotten the informal traders and hope that the incorporation of kiosks and barrows into this centre will encourage these traders to develop and expand their business in the manner of true en-

trepreneurs," Mr Maharaj said.

Mr Montsi said it was time for consumers in the disadvantaged areas to create a climate that would attract investors to erect similar joint ventures in their areas.

He said the support residents of Nyanga, Manenberg, Heideveld and Guguletu had expressed during the development of the centre had been a great inspiration that would attract other investors to the townships.

# New Nyanga centre 'may be expanded'

CT 20/10/94

## Staff Reporters

THE R30m Nyanga Junction shopping centre, which opened yesterday, is likely to be expanded due to oversubscription, according to Mr Jan Callitz managing director of Southern Life which financed the development.

It was wrong to see the development of projects, such as Nyanga Junction, which will bring convenient shopping facilities to more than 660 000 people, as charity.

"We saw the project as a good investment that seeks to address the aims and objectives of the RDP while also ensuring returns for our stakeholders. Nyanga Junction is offering ownership participation to members of the local communities.

"Given the prime location of the site and the fact that the project has been endorsed by the community, we are confident the centre will prove highly successful."

The centre consists of 109 tenants, including established national retailers, and was planned in conjunction with local community groups in the Manenberg-Guguletu area.

Meanwhile Cape Flats residents have hailed the centre as the "best thing" that could have happened to



**HAPPY CUSTOMERS . . .** Ms Mavis Gawulana (front) with Ms Patricia Xaba (left) and Ms Aletta Mabala, all of Crossroads, at the new Nyanga shopping centre yesterday. Picture: BENNY GOOL

the Cape Flats.

Shopper Mr T Oliphant, 82, of Guguletu, said: "It's about time we had a centre like this. I can't say if goods are cheaper but it is certainly convenient."

Mrs Pumla Kakaza, of Guguletu, said it was a "three-minute walk" which would save her the expense of travelling to do her shopping.





Picture: Andrew Ingram, The Argus

**MOMENTO:** Cape Chamber of Commerce President Ernest Wilson presents Western Cape Economic Minister Alan Boesak with a memento after he had opened the Chamber's new building on the foreshore.

## More than two wanted in one

**BRUCE CAMERON** (30)  
Business Editor

A SINGLE chamber of commerce and industry should be established to represent all the business in the Western Cape. *ARG 21/10/94*

This call was made by the region's economic minister, Alan Boesak, at the official opening of the new building of the recently combined Cape Chambers of Industry and Commerce into a single Cape Chamber of Commerce and Industry.

Dr Boesak said the process should not stop at the formation of the new chamber. He said there were many other business associations in the region and "the day should come soon when there is only one chamber."

He said many people argued that their particular organisations needed to deal with their own priorities.

He understood these arguments, but it should be understood "that there is only one priority and only one agenda."

This was the future of South Africa and the interests of all South Africans.

The Chamber's president, Ernest Wilson, announced at the function that the chamber had initiated an on-line computer information service with the CSIR's information system that would lead to international electronic trading.

"This is an exiting development that will offer Chamber members an inexpensive entry to international data bases.

"The system is also intended to facilitate trading and electronic interchange."

He said this would open up new opportunities for developing and extending international trade links.

# Business 'can't play Santa'

~~ET 21/10/94~~ (30)  
ET 21/10/94

Staff Reporter

BUSINESS cannot be the Father Christmas of the RDP, Anglo American Corporation executive director for public affairs Mr Bobby Godsell said yesterday.

"It makes a very bad Father Christmas," he said. There was a tendency, after finding the government's cupboards bare, to cast hopeful glances at business.

"The answer is no. The resources of business are also not adequate."

Mr Godsell said business may come to invest resources in new ways and may change its ratios of reward, narrowing the gap between highest and lowest remuneration.

But these actions would not meet many of the needs the RDP hoped to address, he warned.

The total wealth of our society

## 'Resources inadequate for RDP'

was a gross national product of R8 091 per capita annually, he said. This was about a third of that of Portugal, and a sixth of that of Australia, New Zealand or Canada.

"The task is to increase total wealth."

"Another reason why business cannot play the role of Father Christmas is that its normal, natural and even noble purpose

is to produce goods and services for a profit. That is the way it operates."

If too much energy was diverted away from producing a world-class wealth-creation machine, "you will undermine the national purpose", he said.

Mr Godsell said the RDP was a vision of transformation that had captured the imagination of the country.

He urged those at the RDP conference at the Lord Charles Hotel in Somerset West to view affirmative action positively — as drawing on talent from an extra 80% of the population.

But merely changing skin colours and genders was too easy, he warned.

Affirmative action appointees had to have resources placed at their disposal, and they had to use them in such a way as to add value. If not, they were not adding to the national effort.

# Big boost for small business

CT25/10/94  
30

## Political Staff

A WIDE-RANGING blueprint to expand and encourage South Africa's small business sector, including the injection next year of more than R1 billion in public sector funding, was revealed by the Department of Trade and Industry yesterday.

The blueprint will be drawn up into a White Paper early next year after further consultations.

It says a nationwide network of local service centres (LSCs) will be established to support and nurture small businesses.

Other tax, legal and regulatory initiatives would also be embarked upon to create a coherent national small business strategy.

"The business efficiency and competitiveness of the whole small enterprise sector has to be developed," the document states.

Among the proposed actions are the reform of legislation and regulations in the fields of taxation, labour, zoning and building controls, tendering procedures, training requirements and

## Support network envisaged

health and occupational conditions.

Undertaken by government departments, the reforms would seek to make the regulations more suitable for small enterprises.

New acts could include a new national law on small business, in which conditions are set out for the registration of small enterprises, a Small Business Transaction Act reserving certain types of products for manufacturing by small concerns, a Sub-contracting and Public Sector Procurement Act, a Small Business Finance and Banking Act and a Small Business Co-operative Act.

Steps would also be taken to improve the financial environment in which small businesses operate. This could include providing tax incentives to encourage financial institutions to become more active in small business financing.

A National Small Business Council would be established to co-ordinate the activities of support agencies, business associations and public sector bodies.

Small, medium and micro-enterprise desks would be set up in each province and the current head office of the Small Business Development Corporation would be "transformed into a small, tightly-structured Small Business Development Agency".

The final component of the new structure would be the establishment of local service centres to provide basic business information and advice as well as more specialised services to small enterprises.

These would include providing training programmes and facilitating sub-contracting and business linkages.

# Govt plans major reforms in Ribn strategy to boost small business

CAPE TOWN — A wide-ranging blueprint for expanding and encouraging the small business sector, including an injection of more than Ribn in public sector funding next year, was unveiled by the Trade and Industry Department yesterday.

The plan will be drafted as a White Paper early next year after interested parties have been consulted. It envisages a nationwide network of local service centres to support and nurture small businesses. A range of tax, legal and regulatory initiatives are also planned to create a national strategy for small business.

"The business efficiency and competitiveness of the whole small enterprise sector has to be developed, with due recognition of social, financial and other compliance standards relevant to an internationally competitive economy," the document states.

It proposes reforming legislation and regulations in the fields of taxation, labour, zoning and building controls, tendering procedures, training requirements, and health and occupational conditions.

Some of the proposals relating to small business taxation have already been pre-

ADRIAN HADLAND

sent to the Katz commission.

The document says that for small-, medium-sized and micro-enterprises to flourish, enabling legislation has to be enacted. New Acts could include a new national law on small business in which conditions are set out for the registration of small enterprises, a Small Business Transaction Act reserving certain types of products for manufacturing by small concerns, a Sub-contracting and Public Sector Procurement Act, a Small Business

Finance and Banking Act, and a Small Business Co-operative Act.

Steps would also be taken to improve the financial environment in which small businesses operate. This could include providing tax incentives to encourage financial institutions to become more active in small business financing.

Further measures, such as the reform of the Small Claims Court system, an expanded role for the Competition Board and the writing off of VAT or other tax arrears would also be considered.

To implement the new strategy, a chief

director for small business would be established within the Trade and Industry Ministry, while state funding would be increased. Current public sector support for small business, which amounted to about R800m a year or 0.5% of the Budget, was "far too low."

"It is therefore proposed that an aggregate of about 0.8% be used as a target for the 1995/96 Budget, increasing to above 1% over a five-year budget-planning period."

All financial transfers to the Small Business Development Corporation would be

To Page 2

## Small business

terminated and these funds made available on a competitive basis to all small enterprise support organisations.

While government would be sympathetic to compulsory small enterprise membership of business chambers and associations, a national small business council would be set up to co-ordinate the activities of support agencies, business associations and public sector bodies.

Small enterprise desks would be set up in each province and the SBDC head office would be "transformed into a small, tightly structured small business development agency". The SBDC's operational activities would be decentralised to regional branches, for which new shareholder rep-

From Page 1

resentation would be negotiated.

Local service centres would provide basic business information and advice, as well as more specialised services, including the supply of affordable industrial premises and training programmes, and would facilitate subcontracting and business links.

Although government would not be responsible for the centres' funding or management, financial support could be obtained for specific projects.

With more than 800 000 small enterprises absorbing nearly half the employed labour force, the sector was crucial to stimulating economic growth and enhancing productivity, the document said.

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# 'Small business' heads for scrapheap

Political Staff

~~1984~~ (30) ARG 25/10/94  
THE Small Business Development Corporation appears headed for the scrapheap in a reform of the country's support systems for small, medium and micro-enterprises.

A ministry of trade and industry discussion paper on strategies for development in this arena recommends all of the government's financial transfers to the SBDC be terminated as a means of levelling the playing fields "in

the transitional period".

The head office of the SBDC should be transformed into a "small, tightly structured small business development agency" (SBDA), which would also serve as the secretariat for a national small business council (NSBC).

The NSBC would "sanction national small business support framework and become an effective sounding board of small business interests and concerns."

The report also bluntly states

"a new chief executive officer of the SBDA should be appointed by a committee of government, shareholders of the old SBDC and the provincial and small business representatives."

The SBDC's operational activities — including loan finance, property development and informational services — would be decentralised.

SBDC assets in six of the provinces would be consolidated into share capital.

# De Klerk calls on Afrikaans business to assist in RDP

ALIDE DASNOIS  
Business Staff

DEPUTY President F W de Klerk has called on the Afrikaans business community to get involved in the reconstruction and development programme at local level.

Addressing the congress of the Afrikaanse Handelsinstituut in Cape Town today, he said the AHI was faced with new challenges.

Gone were the days when resolutions passed by the AHI had been sent on to cabinet ministers who were "part of the family".

"It's different now," Mr De Klerk said.

He invited the AHI to find new approaches and new strategies.

Mr De Klerk said government economic policy was on track

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and there was agreement "at all levels" of the government of national unity on policy.

Business people who had been used to dealing with the problems of sanctions, violence, poor business confidence, a stagnant tax base and capital outflows should now be preparing to deal with the problems which came from economic progress.

"Things are happening. We must tackle the economic growth of South Africa just as enthusiastically as the RDP. The opportunities are there. You must seize them."

The government was tackling the need to encourage small business, he said.

"The programme affects your town, your district, your employees," Mr De Klerk said.

## Big business has important role to play

AKG 27/10/94

Political Correspondent

(30)

BIG business must have an important role in assisting the government's strategy to develop small, medium and micro-enterprises.

Alaistair Ruiters, special adviser to trade and industry minister Trevor Manuel, said this at a briefing on draft strategy on small business yesterday.

Big business could help with "technology transfers" to small businesses,

while the businesses could teach their bigger counterparts innovative techniques which would boost their competitiveness.

He said there was no plan to abolish the Small Business Development Corporation.

But government funding was to be cut off and the corporation would have to compete with other agencies for funds.

# EU business assistance plan kicks off

By ADRIAN HADLAND

A EUROPEAN Union assistance programme for small and medium-sized SA enterprises kicks off at the weekend.

The programme, known as European Community Investment Partners (ECIP), forms part of growing co-operation between the EU and SA, including development loans and the General System of Preferences package.

The details of EU small business assistance were unveiled last week by members of a science and technology mission now visiting SA.

Delegation leader Louis Bellemin said the visit was the latest move to investigate areas of mutual co-operation following last month's signing of a general agreement.

The ECIP was a mechanism which operated through financial institutions and chambers of commerce and acted as a catalyst in promoting joint ventures between European and small and medium-sized SA enterprises, an EU spokesman said.

"ECIP also provides for the organisation of business meetings between potential partners."

The programme, for which R4m has so far been earmarked, begins next Sunday with the first in a series of seminars and meetings in Johannesburg and Pretoria with chambers of commerce, industry associations and the Department of Trade and Industry.

Further seminars had been scheduled for Johannesburg, Durban and Cape Town from February next year.

Bellemin said his seven-member delegation had come to SA to explore possible areas of co-operation in science and technology and the environment.

Results of the trip could include the linking of research institutes, universities and technikons in Europe with those in SA, the provision of post-graduate financing for research and the placing of European scientific and technological expertise at SA's disposal so that "industrial competence and the general standard of living could be improved".

An EU spokesman said its programme for reconstruction and development in SA was the largest of the sort it had ever launched. Since 1990, it had contributed R1,5bn to SA. R440m had been set aside for 1994 and R500m for 1995.



# 'Business should follow belt-tightening lead'

JOHN VILJOEN

Business Staff

(30)

ARL 2/11/94

THE government was translating its commitment to fiscal discipline into action and the first benefits were becoming visible, National Assembly speaker Frene Ginwala has said.

The government was displaying a consistent economic policy, Dr Ginwala told foreign and South African executives at an investment conference in Cape Town yesterday.

She hoped the private sector would emulate the move by political leaders, led by President Mandela, to accept substantial reductions in their salaries.

"My own belt has been tightened by 10 percent, and I can assure you the exercise is not merely symbolic," she said.

There was much to encourage investment in South Africa — aspects of an investment policy were in place and foreign and domestic enterprises would be treated as equals.

There was provision for repatriation of profits and the constitution provided guarantees against expropriation, Dr Ginwala said.

But she had some words of caution on the South African "miracle".

The South African economy was facing its greatest challenge. Industry would have to learn to survive with lower levels of protection.

Under apartheid, many infant industries sheltered behind high tariff barriers and "never grew up".

Post-apartheid South Africa had to compete in a world of growing trade links and decreasing tariffs which challenged outdated manufacturing processes.

A number of deficiencies which contribute to the uncompetitiveness of South African firms had been identified.

These included the enormous gaps between the wages of the highest and lowest paid employees in the same company; the low level of research and development expenditure and the low commitment to human resource development.

Management needed to address these issues, Dr Ginwala said.

# EU team arrives to start joint ventures

JOHANNESBURG. — A European Union delegation arrives in South Africa today to promote joint ventures between European and SA small and medium enterprises. An EU statement said yesterday the two-day visit was "a concrete sign of the EU's ongoing commitment to promoting foreign investment in SA."

The team will conduct seminars covering the European Community Investment Partners scheme and the Generalised System of Preferences. South African participants will include the South African banking community, the Department of Trade and Industry and the Department of Finance. — Sapa

7/11/94

(30)

# Spotlight on SA's retailing potential

By MAGGIE ROWLEY  
Property Editor

SOUTH Africa is poised to be one of the boom retailing areas of the world if development was tackled sensitively.

This is the view of leading international retail experts, Stan Eichelbaum and Irv Maizlish who have been in South Africa to address the second African Congress of Shopping Centres in Johannesburg last week and to tour retail centres in Cape Town and Durban.

In an interview, Eichelbaum, president of Cincinnati-based Marketing Development Incorporated, said 99% of the world retailing community would look with great envy at South Africa as a developing country with its huge emergent population.

"South Africa has a huge secondary economy operating in the informal retail sector and the challenge ahead will be to draw as many of these entrepreneurs into the formal sector as possible and yet retain the cultural integrity and ability of this sector to keep the excitement preva-

lent to service the masses."

A world wide area of concern, he said, was the neglect of inner city development. Around the world society in general had made incredible socio-economic investment in urban development but had allowed this to be devastated in recent years.

"But throughout the world our research has shown that without a strong downtown area, one cannot expect to have strong suburbs. The one feeds the other and the healthier the downtown area, the healthier the suburbs.

"This has been a very expensive lesson for us in the United States. We took our eye off the downtown areas for 12 years and allowed the deterioration of asset values of investment in these areas. To reverse this situation takes a lot more investment and energy than preventing the devastation in the first place."

Maizlish, a retired real estate developer and now consultant to various companies and governmental agencies on real estate, said it was extremely important for the South African government to realise how

important retailing and shopping centres were for not only the industry but the welfare of the entire country.

"Not least of all, in the ability of shopping centres to create jobs.

"In the United States, one out of 10 people works in a shopping centre."

The development of shopping centres in under serviced areas in South Africa, he said, would fit in with the South Africa's reconstruction and development programme.

"But if a developer has the option of building in various places, such as Hyde Park versus Soweto, the government will have to offer tax incentives to draw investment to areas where the risks are perceived as being higher. Through for example postponing VAT receipts and other tax incentives, developers could be assured and insure a return on their investment.

"This is not unique to South Africa, but is how development has taken place throughout the world

"Through job creation, this also helps broaden the tax base and government revenue is increased through retail sales."

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(30)

# 'Hasten empowerment'

DIFFERING views on the progress of affirmative action were given by Mr Archie Nkonyane, former president of the National African Federation of Chambers of Commerce (Nafcoc) and former W Cape Minister of Economic Affairs Dr Allan Boesak at the Pensions 2 000 conference yesterday.

Dr Boesak, complaining that black economic empowerment was too slow, said that it would be "criminal" to allow the opportunities arising from the demise of apartheid to pass into the hands of those who had been privileged over so many years.

Blacks, including Asians and coloured people, must become part of the decision-making process. Political empowerment was meaningless without economic empowerment.

Mr Nkonyane said black empowerment was an open-ended process which was already in progress and would continue indefinitely.

Disputing suggestions that too little was happening, he said Nafcoc now enjoyed considerable influence.

● Lyman calls for ethical investors —  
Page 13 (30) CT 15/11/94

# US funds set to aid black entrepreneurs

**ALIDE DASNOIS and JOHN VILJOEN**

Business Staff

AMERICAN fund managers are set to pour billions of dollars onto the Johannesburg Stock Exchange.

But this time round they want to see the money go into the hands of black entrepreneurs.

Black empowerment was a dominating theme at the Pensions 2000 conference, which brought together South African investment advisers and finance houses and top US fund managers with billions of dollars at their disposal.

"Black empowerment doesn't mean creating a few rich blacks," Nick Vingirai, MD of Zimbabwean finance house Intermarket, told delegates.

He warned South Africa not to follow the same route as Zimbabwe in encouraging the development of black businesses.

"We created groceries, not industrialists. The reason why Africa hasn't developed is that we always think small."

Donald Ncube of Real Africa Investments warned that black empowerment would not be an event but a long process — and that much of it would take place off the JSE.

"The dealers in the townships are the real entrepreneurs," said Mr Ncube. "But investors don't know how to access them."

Dixie Strong of Simpson McKie said the JSE might have a role to play in taking an Unlisted Securities Market under its wing.

Many black-controlled companies could not meet the criteria for listing on the main board of the JSE and others might not wish to list.

An Unlisted Securities Market, with less onerous entry requirements than the JSE, could make use of the JSE systems for dealing in shares and settlement and could ensure investor protection.

The fund managers were upbeat about the prospects of investment in South Africa.

"Our mood is that we're bullish on South Africa. There is no question of that," said William Hayden, senior managing director of New York brokers and underwriters Bear Stearns.

Maceo Sloan, chairman of the Sloan Financial Group, said some of the biggest pension plans in the United States had sent representatives to the conference.

Mr Hayden, who is on his fifth visit to South Africa, said the New South Africa fund

which is being marketed by his firm now stood at \$85 million (about R302 million) and was being marketed in the United States, Europe and the Far East.

The JSE's inclusion on international emerging markets indices would have a major impact on investments from the United States, he said.

"A lot of large pension funds in the United States have index managers who manage around the indices. With South Africa being 20 percent of the emerging markets index, all those managers will put 20 percent of their portfolios in South Africa."

Neither Mr Sloan nor Mr Hayden was concerned at the decline in interest in emerging markets.

"Our business is cyclical, no matter which market you're in. I think there are signs of revival already," said Mr Hayden.

Over the long term, exchange controls were not a factor either.

Of more concern to Mr Sloan was the lack of liquidity on the JSE. But he expected the market to loosen up as the conglomerates unbundled non-core interests to finance attempts to become more competitive.

# Big business 'supports RDP'

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DURBAN. — The important sectors of big business in South Africa were "coming on board" to participate in the Reconstruction and Development Programme, Minister Without Portfolio Jay Naidoo said yesterday.

CT 19/11/94

Addressing the Black Management Forum here Mr Naidoo said while this was fortunately the case, there were others who unpatriotically referred to the RDP as "Rape, Destruct and Pillage".

He said companies which were unbundling and restructuring without the involvement of unions did not benefit the RDP.

Mr Naidoo said while government could not punish business which refused to embrace the programme, those which did could be rewarded.

He said a key feature of the RDP was monitoring to establish whether the programme was achieving the goals it set out to do within a set timetable.

He called on organisations at the micro-level to come forward with proposals for RDP implementation because the government could not be expected to do everything.

Mr Naidoo told the conference the government was not against privatisation and would privatise some of the state's assets if the move benefited disadvantaged communities. — Sapa

Wesgro <sup>(30)</sup>  
CT 25/11/94  
broadens  
survey

WESGRO has widened the scope of its annual survey of business in the Western Cape to include 5 000 companies of all sizes and types.

In the past it has concentrated on small to medium-sized businesses. But this year the survey, carried out in cooperation with the Cape Chamber of Commerce and Industry, the UCT Graduate School of Business and consultants Arthur Andersen, will cover a wider range and will include expectations for the next 12 months and for the next three years.

Respondents will be asked to look at their entire niche or sector.

Wolfgang Thomas of Wesgro said he hoped the responses would help give a firmer understanding of trends.

## BY WAGHIED MISBACH

THE government has proposed that all funding to the Small Business Development Corporation (SBDC) be diverted to small business support organisations and the SBDC be restructured. A discussion document released by the trade and industry ministry revealed this last week.

The plan, which is likely to be finalised in March, looks at starting a nationwide network of local service centres in the various regions to develop small and medium enterprises.

It is proposed that the government stake in the SBDC is diverted to the small business support

# NEW role for SBDC

*Southwest Cape to South*

organisations.

The SBDC head office would be "transformed" into a small development agency, with small business support desks around the country which will provide business information and help with subcontracting and developing links between businesspeople.

The document said that nearly half of the labour force was employed by the 800 000 small businesses in South Africa and the development of this sector is crucial to job creation.

The national office of the SBDC had not responded to the discussion document yet, but it is expected to

reject the proposals. Already the shareholders of the corporation rejected government's suggestions earlier this year to restructure the SBDC.

The fall out between the government and the SBDC shareholders, who both own a 50 percent stake started when minister of trade and industry, Mr Trevor Manuel, proposed that an investigation be launched into restructuring the organisation. 4-11-81/194

Shareholders refused, arguing that the government had not made a formal proposal and the matter could therefore not be discussed. At the root of the government's

proposals, is the perception that the SBDC has made little progress in assisting the development of black, informal and small businesspeople.

This perception was given further credence recently with the suggestion at a regional directors meeting in Cape Town last month that the SBDC moves out of the mini-loan market. 30

Critics of the organisation argue that this could exclude thousands of informal and small businesspeople, mostly black, from acquiring loans.

Already the SBDC has been accused of giving 70 percent of all its loans to white businesspeople.

In the Western Cape, the possible SBDC restructuring could see Wesgro, a research and service organisation, moving into the territory of the small and medium enterprise development.

Professor Wolfgang Thomas, a former SBDC employee and now with Wesgro, said that the SBDC's future role would be in the sphere of planning and facilitating new programmes, and less in the direct channeling of funds.

"The SBDC may have to rely more on non-state funding sources for their general loan finance, and could possibly get funding for specialised projects.



# Blacks to take to the road

**DURBAN.** — Plans to give black entrepreneurs a greater role in the building of national and provincial roads in KwaZulu-Natal have been outlined by KZN transport minister Sibusiso Ndebele.

The minister has also invited businessmen and transport industry leaders to participate in a major transportation summit here in January aimed at drawing up a new transport "vision" and policy framework for the province.

Speaking at a press briefing here, Ndebele indicated that at

least 12% of the budget for any particular road project could be devoted in future to emergent black road-builders.

"It cannot just be a question of the Stocks and Stocks or the Murray and Roberts benefitting from road contracts... At the end of a project we would like to leave behind a few 'half-millionaires' among the local black entrepreneurs."

Ndebele said his department would also like to ensure that large established road companies applied affirmative-action em-

ployment policies.

"We don't just want to see blacks performing unskilled labour under a white foreman."

● Ndebele has invited representatives of the business sector, the transport industry and leaders of civil society to a two-day regional transport indaba at the Durban Exhibition Centre from January 30-31.

The summit would explore a host of issues — from commuter transport subsidies to economic upliftment through better transport strategies.

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# 'Mini' loans dry up at SBDC

Deputy Business Editor

FUNDS of the Small Business Development Corporations' mini loan programme have been depleted due to an overwhelming demand from informal micro businesses for loan finance, according to senior GM, Toni Kedzierski.

The programme, initiated in 1983 by the SBDC to address the needs of emerging micro enterprises, provides for financing up

30 CT 19/11/94  
to a maximum of R6 000. Over the past 18 months the SBDC in the Western Cape made available R5,2m to 1 456 enterprises.

Kedzierski said budgetary constraints for loans to this sector could not be overcome as government had indicated further financial transfers to SBDC would be terminated.

But this did not mean that the SBDC had terminated financing activities for viable small and

medium sized businesses that could not obtain finance elsewhere.

"Here the emphasis is on businesses (that contribute) to job creation, stimulation of economic activity, entrepreneurial development and technological advancement. In the context of RDP support, progress with black business development has been made in this area with 58% of loans going to black entrepreneurs."

# Funding jolt faces small enterprises

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ARG 3/12/94

**COLIN DOUGLAS**  
Business Staff

URGENT discussions, which could decisively affect the future of the Small Business Development Corporation, are under way as part of an assessment of how to best stimulate entrepreneurship in deprived communities.

A meeting has already been held between SBDC chairman Anton Rupert and Minister of Trade and Industries, Trevor Manuel.

This follows a dramatic warning from the SBDC that it has cut back its provision of "mini-loans" of R6 000 and less in the face of government threats to end the corporation's state funding.

SBDC assistant general manager Johan Naude said this week: "In October the SBDC granted only 18 mini-loans in the Western Cape, totalling a mere R60 000".

Previously an average of well over R300 000 was granted each month.

Many prospective borrowers have been turned away, mostly in black townships. The SBDC's November mini-loans figure was equally meagre, Mr Naude said.

SBDC Cape general manager Toni Kedzierski said budgetary constraints for the micro enterprise market, which is characterised by high risk and low return, could not be overcome.

A recent Department of Trade and Industry discussion document proposed that the state grant to the SBDC be terminated and that the funds instead be made available to all small enterprise support organisations on a competitive basis.

However sources in the small business sector claimed the SBDC's mini-loan cutback was a tactical move by SBDC managing director Ben Vosloo

aimed at embarrassing the government, following the Department of Trade and Industry's moves to restructure the corporation.

"The SBDC wants to make a point," one source said.

Mr Vosloo is expected to retire soon and this was expected to smooth the way to greater co-operation between the corporation and the government.

Mr Naude denied that the cutback was tactical.

"If funds won't be forthcoming in the future, it is sensible to plan ahead."

Trade and Industry ministry spokesman Charl Nel said in terms of the discussion document, the government grant to the SBDC was unlikely to be wiped out completely.

"The SBDC will be one of the role players. They will have to compete for scarce resources and will have to convince the ministry (to provide funding)."

Mr Nel said the uncertainty about the future structure of small business funding would cause "short-term pain" to borrowers while the ministry formulated a "more favourable long-term strategy".

SBDC board members are to meet a government delegation next week.

The Trade and Industry discussion document proposes that the SBDC be restructured into a small business development agency with a smaller direct-lending role.

■ The state and educational institutions had given minimal support to the SME sector, Wesgro development co-ordinator, Wolfgang Thomas said this week.

"In line with trends all over the world our small and medium enterprise (SME) sector has to become a vital factor in the process of economic transformation, export orientation and job creation," Professor Thom-

as told University of Cape Town student business group AIESEC.

"We need a quantum leap in attention, action and commitment to SME support," he said. "It is critical to our success in the whole development challenge.

"Direct central government funding has barely surpassed R100-R120 million a year, which is about 0,1% of the budget," he said.

Likewise there was very little of substance that the total of more than 30 universities and technikons could show in terms of assisting fundamental growth in the SME sector, Professor Thomas said.

In criticising the role of educational institutions, Professor Thomas pointed out that:

■ Much of the academic research on SMEs was "highly superficial" and of little practical help to enterprises.

■ Little attention had been given to developing effective training techniques needed to equip millions of poorly trained enterprises for the demands facing them in an increasingly competitive and open society.

"We speak so much about the RDP that there is a real danger that we forget just how monumental South Africa's developmental and reconstruction task really is," he said. "If we are to succeed, we are looking for a parallel to Germany, France and Japan's post-World War 2 recovery, to the dramatic turn-arounds of Singapore, Taiwan, Malaysia and Thailand during the past decades and the equally fascinating, more recent turnarounds of Mexico, Chile and Argentina.

"In short, we are looking for a developmental revolution that has to reach every region, town, sector, industry, household and community group," Professor Thomas said.

# Black group listed today

CT 7/12/94

## Own Correspondent

JOHANNESBURG. — Black economic empowerment takes a further step today when Kilimanjaro Investments is listed on the JSE in the beverages, hotels and leisure sector.

Kilimanjaro Investments, owned by Soweto businessman Richard Maponya, holds 89% of the issued shares of Kilimanjaro Manufacturing, which has soft drink manufacturing and distribution rights in the East London/Border region.

A further 7% and 4% is held by Suncrush and Coca Cola respectively.

Kilimanjaro Holdings has placed 2,5-million preferential shares on offer to staff and business associates at 25c each, and a private placing of 3-million new ordinary shares of 25c each at 250c per new ordinary share.

Suncrush has fully underwritten the offer of 5,5-million ordinary shares.

Following the preferential offer and private placing, the directors' holding in Kilimanjaro has been reduced to 79% from 100%, with staff, business associates and small investors holding the balance.

Kilimanjaro Manufacturing would also be managed by Sun-

crush in terms of a management contract.

A spokesman for sponsoring broker Martin & Co said the offer had been fully subscribed, and there had been strong demand for equity.

He said Kilimanjaro was well positioned to benefit from the economic upturn in the East London/Border region.

He noted that the region, which was one of SA's most depressed, was set for an upturn.

He said Kilimanjaro did not have to contend with Pepsi-Cola, which recently returned to SA and was concentrated mainly in the PWV area. (30) (P)

# Ring the changes at Fabcos

JOAS Mogale had been ousted as secretary-general of the Foundation for African Business and Consumer Services and his position as a vice-president of Business SA was in the balance, Fabcos announced yesterday.

Following the resignation of James Ngcoya as president of Fabcos for health reasons, the organisation's electoral college held elections this week for an interim national executive council, and Mogale was voted out in favour of SA Taverners' Association (Sata) general-secretary Da-

vid Moshapalo

The new executive, headed by Sata president Sam Tuntubele, told a media conference in Johannesburg yesterday that Mogale's position in BSA would have to be reviewed now that he was no longer a member of the Fabcos executive.

Ngcoya resigned earlier this year as president of the SA Black Taxi Association, which is one of the 13 affiliate organisations of Fabcos.

608/12/94  
THEO RAWANA

# Rising optimism in SA business — HSRC

(30)

CT 8/12/94

PRETORIA. — Business leaders are "firmly optimistic" about the prospects for economic growth in South Africa, the Human Sciences Research Council said yesterday.

In a statement in Pretoria it said that 68% of 618 business leaders polled in October this year foresaw "good to extremely good" economic prospects in the longer term.

The majority of those questioned also expected stable or increased levels of employment.

"The Overall Index reflects an essentially confident measure of 77 points out of a maximum attainable value of 100," the statement said.

Business leaders, however, had expressed concern about a shortage of highly skilled personnel, saying that this might undermine the sustainability of economic growth.

The statement said another reservation was uncertainty about the government's economic policy which 77% of respondents said was "not clear enough".

The authors of the HSRC's confidence index, Ian Hirschfield, Andrew Whiteford and Gary Cawker, contended that the momentum generated by the overall optimism provided a strong basis for future economic gains.

Business confidence could remain at high levels provided certain political conditions were maintained.

"These include stability, particularly with regard to levels of crime and violence, control over popular expectations and the continued avoidance of populist policies by the Government of National Unity," the statement said. — Sapa

## Focus to fall on building black economic power

30 BD 9/12/94 THEO RAWANA

REBUILD SA, the first exhibition in SA to focus on the building of black economic power, received a boost this week when Eskom announced it would exhibit at the show, to be held in Johannesburg next May, organisers said yesterday.

Rebuild SA, launched last September and endorsed by trade unions, business and government leaders, aims to attract local and international exhibitors seeking to do business with small, medium and micro enterprises, or who have technology or services to offer them.

Eskom would be joining the Small Business Development Corporation and the PG Group as corporate sponsors of the exhibition.

Organiser Derrick Tshivhase described the exhibition as "a major attempt to encourage the transfer of foreign technology and the investment of foreign resources in joint local ventures" which would enable skilled SA entrepreneurs from disadvantaged environments to develop and progress into sophisticated businesses that could compete at international level.

Tshivhase said the exhibition, to be held at the World Trade Centre from May 24 to 27, had had a good response since its launch, with Egypt, Israel, Russia, Britain, Germany and the US among countries expressing interest in taking part.

The packaging, forestry and metal fabrication sectors were some of the areas with great potential for the establishment of such joint ventures, he said. He also listed abattoirs, food processing, cosmetic production, carpet and jewellery manufacturing and the baking industries as areas to be explored.

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## CSIR 'can nurture small businesses'

(30) PD 14/12/94  
SELLO MOTLHABAKWE

THE Council for Scientific and Industrial Research (CSIR) was well placed technically to nurture small, medium and microenterprises which were essential for SA's economic upliftment, it said yesterday.

Reacting to a Trade and Industry Department discussion paper on developing such businesses, the CSIR said it supported the attempt to develop an integrated strategy.

The paper's emphasis on the provision of appropriate, nationally based support systems was important.

The emphasis on the integration of services would play a role in refining

policy, and co-ordinating and implementing strategies.

The CSIR suggested the White Paper should focus more on shifting the balance from retailing to manufacturing among the businesses.

Economic growth and long-term job creation would be possible only if a strong, widespread and diversified manufacturing base was encouraged.

The use and improvement of local product capacity to reduce dependence on foreign donors needed to be emphasised in the White Paper.



# Black business fund 'is not a hand-out'

ET 14/12/94 Staff Reporter (30)

A R140 MILLION fund for disadvantaged black businessmen was not a hand-out but a chance for them to compete with big business and contribute to the Western Cape economy, local Economic Affairs Minister Mr Chris Nissen said yesterday.

"We do not want to create a welfare attitude among our people," he said at a meeting in Athlone to discuss the Independent Management Fund, a US-based private initiative to uplift small black business.

Economic Affairs acting department head Mr Tony Ruiters told the meeting that the fund's goal was to change "the pattern of ownership and control" of business, and contribute to the development of small business.

A "key factor" for disadvantaged businessmen was a lack of finance, he said, and it was hoped the fund would obviate this problem.

However, it would be run according to "strict business principles". It was hoped the fund would be launched by June next year.

RDP details ready by year-end

# R1bn plan to boost small business

BD 15/12/94

THE reconstruction and development programme is set for takeoff as business plans will be on the table by the year-end and R6bn is ready to be disbursed in the next fiscal year.

This was the message in an interview yesterday with Minister without Portfolio Jay Naidoo, who spelled out next year's RDP priorities and sought to allay fears that red tape was holding up delivery.

"We now have the machinery up and running," he said. All the business plans for the presidential projects were likely to be approved when the steering committee met next week. Of the R6bn available for next year, government was budgeting for about R1bn in foreign grant aid.

In the first clear sign that small business was a government priority, Naidoo said allocations from the RDP fund next year would see R1bn go to small and medium-sized enterprises. The money would not be disbursed by the Small Business Development Corporation. Other government structures would be used.

Naidoo said next year's allocations would see R1bn go towards housing and bulk infrastructure and a further R1bn towards rural development, especially water and land reform. Other allocations included finance for programmes for women, children and the disabled, as well as R400m in carry-over costs from this year's presidential projects.

GRETA STEYN

"We are treating housing as an absolute priority because of the enormous kickstart effect on the rest of the economy." The RDP office was talking to the construction industry to determine its capacity to deliver, and was keeping an eye on potential logjams such as securing a mechanism to guarantee the quality of homes built.

Naidoo acknowledged there was some impatience to see tangible benefits from the RDP, but said the delays created by the need to draw up business plans would be worth it in the end. "A business plan empowers the community. It is about making government accountable."

The priorities for the 1995/96 fiscal year would be housing and bulk infrastructure, rural development and job creation through small and medium-sized enterprises. Another priority was speeding up the transformation of government departments. Bridging finance would be allocated to accelerate change in departments such as health and education.

Naidoo also promised to launch a mass communication campaign by mid-January to build the partnership between government and civil society. The campaign would be led by the ministries responsible for housing, provincial and local government and the RDP.

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The aim of the campaign was to deliver services, create an environment for public and private investment, restore payment of services and ensure smooth transition to local government.

Of the presidential programmes launched with R2,5bn this year, about R1bn had been allocated by the beginning of December and most of the rest would be paid out by end-January. Achievements included feeding about 4-million children daily at a cost of R472m this fiscal year.

The criteria that needed to be met before funds were paid out were: job creation and training, the ability to meet the carry-over costs in future fiscal years and business planning, including an audit trail and the setting of key performance indicators.

Naidoo said the resources available for the RDP would be used up more rapidly from the next fiscal year, and the programme would start running into financial constraints in 1996/97.

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# Foreign aid boost for SA businesses

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By AUDREY D'ANGELO  
Business Editor

SA FIRMS are already doing profitable business with neighbouring countries who have billions of rands in foreign aid to spend — and more opportunities are opening up, Paul Runge, head of the SA Foreign Trade Organisation (Safto) Africa desk, said yesterday.

Tanzanian and Ugandan government ministers made it clear, at the launch of the African Joint Air Services (AJAS) in Dar-es-Salaam this week that they hoped for the economic integration of southern Africa.

Stella Sigeau, SA Minister of Public Enterprises, told them the AJAS joint venture between SAA, Air Tanzania and Uganda Airlines was "a further indication of SA's commitment to help develop the continent as an important tourist and business region."

She pointed out that Eskom, too, had co-operation agreements with the Zambian and Tanzanian electricity utilities.

Tanzanian Prime Minister Cleopa Msuya said he hoped for other joint ventures in the Southern African region.

"As governments devote time and resources to their real responsibility of law and order business enterprises should be more dynamic in develop-

ing suitable joint ventures involving both public and private sectors."

Paul Runge said that Tanzania offered SA companies very big opportunities for work on upgrading its infrastructure.

Some SA companies were already involved in a World Bank national integrated roads project with a total value of \$1,3bn, and there would be more opportunities arising from this.

"The Tanzanian market was closed to SA in the boycott period. Now there is a lot of alternate sourcing, as Tanzania switches from European to SA suppliers.

"There are opportunities for suppliers of chemicals for paint manufacture and hotel and tourism development and equipment. This includes a market for goods such as baths and washbasins and hotel furniture.

"Dar-es-Salaam is a major centre and the port has been upgraded.

"Uganda is a little shining star for us, with many opportunities related to improvement of the infrastructure. We intend taking a specialised trade delegation there in February or March.

"There are also opportunities there for the packaging industry.

Runge said Angola was also expected to provide big opportunities for companies involved with roads and bridges, or in health care. Safto intended to organise a trade visit in February.

**T**HE discussion paper relating to the development of a policy for the advancement of small, medium and micro-enterprises (SMME) raises more questions than answers. The method and rate of consultation used cast doubts on whether consultation is being sought, or whether the policymakers are going to work from a predetermined agenda, based on the inputs of vested interests.

The development of the SMME sector is important. According to recent research, restructuring within 100 top SA companies over the past five years has resulted in a loss of 169 000 jobs. With most industries operating at substantially below capacity, it will be some time before growth in demand due to economic recovery leads to employment growth in the corporate sector. No wonder so much hope is being placed in SMMEs as being the job creators of the future.

The Trade and Industry Ministry's 49-page discussion paper confuses rather than clarifies. It is filled with homilies and platitudes and provides no clear direction as to intent or process. Like all discussion papers, it is thin on implementation.

**R**egrettably, the most important stakeholders — small business owners, present and future — remain unrepresented and will therefore have no voice in the development of a policy that could significantly advance, or hinder, their development. The fact that there are no coherent present or past SMME policies makes this document a welcome start. However, it is the detail of the implementation of policies that should be of greatest interest to stakeholders. Acceptance of the very broad outlines in this document without exposure to how ideas will be put into practice could be likened to buying a nice-looking car while only being able to look at it through the showroom window, not knowing whether it has a petrol, diesel or

# Govt paper on small enterprise strategy lacks substance

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electric engine or, for that matter, whether it has an engine at all. The consultation that took place in drafting the discussion paper needs to be questioned, despite certain groupings and organisations apparently having been invited to attend workshops. Receiving a document of this complexity and importance on the day that discussions are scheduled to take place is hardly productive. The paper does not call for submissions, and neither has there been a public call for enjoyment in the consulting process. The document states that it "is the intention to make the discussion process as inclusive and interactive as possible, yet to complete the framework before the end of 1994". The document is dated October 1994 and has therefore allowed very little time for such a process to take place.

Nevertheless, some specific comment on the paper's content may assist stakeholders to enter the debate in the little time left. The positive features of the discussion paper include the fact that it is the first non-political attempt at SMME policy development. There are, however, possible ideological overtones, the notion of "orderly"

development and "orderly" competition — which is not defined — raises concern. It is important to be wary of re-regulation. Compulsory membership of business associations is contrary to the principle of free association. Business people will join associations that deliver benefits. The establishment of advisory bodies is a major positive feature, as this will mean that bureaucrats could get continuous input from members of the private sector. The establishment of local service centres to provide advice and facilitate access to resources will be more productive than the previous focus on soft loans.

**A** major step forward is the concept that SMME development agencies will have to compete for funding on the basis of the impact they make, rather than the quantity of services they provide. Another important feature is the recognition as critical that an enterprising nation needs to be built through adjusting school curricula and extracurricular activities to

give more scope for the inculcation of entrepreneurial attitudes and a general awareness about self-employment opportunities. In this regard, significant progress has been made in the design and implementation of such programmes by Junior Achievement SA, a non-profit, private sector initiative.

The paper's negative features include a possible element of statist or interventionist thinking. Distortions to the market will not be conducive to efficiency or growth. Compulsory membership of chambers of commerce could well harm these enterprises and their development. The document presents no vision of the future, lacks coherence and it reads as a string of unrelated ideas. It also ignores current government spending on SMME development and in so doing, by implication, dismisses it as ineffective or irrelevant.

The inherent national/regional tension has not been resolved in the document and the absolute preoccupation with the past adds no value. The harm caused by apartheid policies is well known to the SMME stakeholders. The need for affirmative action is recognised as necessary by the public service and the

private corporate sector, surely it goes without saying that there is a need for affirmative action in SMME policy implementation.

The challenge will be to do this without distorting markets which could harm the very SMMEs which are the intended beneficiaries of the proposed policies. The proposal for "orderly competition" is anathema to market principles.

Other issues of concern include the support expressed for co-operatives. Manufacturing co-ops in SA have been based on the concept of struggling people struggling together. They have no history of success. The possibility of strategic alliances of viable businesses engaged in co-operative buying, specialisation and some sharing of communal infra-structural costs may well be useful, but government's role in this regard is not clear.

If reports of the launching of nine local service centres are accurate, the sincerity of the consultation process is questionable as it presumes acceptance of these structures.

**D**iscussions regarding the restructuring of the Small Business Development Corporation are dealt with at length. The SBDC is, however, fully operational and possibly more ready than other development organisations to deliver in terms of the proposed policy. Would it not be more productive to put in place a co-operative management, rather than dismantle the organisation?

Too little attention is paid to the creation of an enabling environment. A multitude of laws, including the Tax Act, are not enterprise-friendly. Neither is the security situation conducive to the efficient functioning of businesses.

The development of small, medium and micro-enterprises is a vital component of the reconstruction and development programme, a component which we cannot afford to let fail the first time, because there may not be another opportunity to get it right.

□ Brooks is RDP Monitor editor.