ECONOMY (D) NATAL/KWAZULU

1994 - 1995

Study identifies top growth areas

BDay 18/5/94

STEPHANE BOTHMA

THE KwaZulu/Natal North Coast area showed the highest employment growth in the country, mainly because of extensions to the aluminium smelting works at Richards Bay, Unisa's Bureau of Market Research said in its latest report. (49D)

More than 100 magisterial districts in SA with better than average growth potential had been identified by the bureau, which based its measures of regional economic importance and growth on employment numbers, population numbers, total income and employees' remuneration. These districts together account for 80% of SA's economic activity.

The bureau's combined economic importance and growth index accorded the PWV a share of 32,9% in the national total and the Witwatersrand alone 21,6%. Johannesburg was still the most important district in SA, with a score of 8,8%, followed by Pretoria with 5,7%.

In terms of growth, however, the PWV performed slightly below the average with an index of 99,8 (national index = 100) compared with Durban and surrounding areas (101,6) and the Cape Peninsula and surrounding areas (100,4).

The bureau estimated that in the next year, SA would have a workforce of about 10,9-million. Of these, about 7,1-million would be black, 2,3-million white, 1,2-million coloured and 352 000 Asian.

The figures included employees, employers, workers for own account, workers in the informal sector and part-time workers. Roughly 30% of all these workers would be employed in the PWV.

Total employment growth between 1991 and 1995 was highest on the Natal North Coast at 3% per year, where the total number of employees would reach about 130 000 in 1995.

The North Coast would also have the highest white population growth — an estimated 3,4% a year — compared with 0,68% countrywide.

The bureau found that the southern Cape had the largest increase in white purchasing power in the country in terms of disposable income between 1985 and 1995, "thanks to the Mossgas project".

Sapa reports that the bureau said the grouping of high-growth districts into economic units in the report — irrespective of political and administrative boundaries — made sense.

"The fact that the new boundaries are political, not economic, has given rise to certain anomalies, especially in the case of the PWV province.

"Sasolburg, for example, is economically an integral part of Vereeniging and Vanderbijlpark, yet it is excluded from the PWV province.

"The same applies to the Odi and Moretele districts and KwaNdebele to the north of Pretoria. In the report information is furnished separately for districts which may then be included in or excluded from particular regions," the bureau said.

GET '94

R7bn for kwaZulu government

CT 23/6/94 (2004) (49D)

Political Staff

APARTHEID may be gone, but taxpayers will still be paying for two separate regional administrations in kwaZulu Natal this year — at a combined cost of R10,8 billion.

The kwaZulu government may have left office at the end of April, but its administration got a 16,2% increase in its budget allocation for the financial year.

The "kwaZulu self-governing territory" budget amounts to R7,1 billion, more than double the R3,7 billion budget for "Natal".

The Natal budget, which previously financed the Natal Provincial Administration, increased by 13,6%.

Both allocations are well above the inflation rate of 7%.

Finance department officials said yesterday there the separate budgets would continue to operate until administrations were fully merged — and this may not be completed even by next year's budget.

The old "apartheid" allocations will continue with the two budgets falling under the control of the central government.

5% import

THE WEEKLY MAIL & GUARDIAN August 19 to 25 1994

Durban ANC at odds with civics, unions

WM 19-25/8/94 (49D)

A Durban business project has aligned the ANC and Inkatha against the ANC's traditional allies — union and civic organisations, writes **Farouk Chothia**

THE ANC has found itself on the side of the Inkatha Freedom Party with its traditional allies ranged against it over its support for Durban City Council's ostentatious building projects worth hundreds of millions of rands.

The ANC and the IFP are shareholders in a private company formed to redevelop Durban's run-down Point Road area in just one of several multi-million rand projects aimed to boost tourism and kickstart the economy.

But representatives of the ANC's traditional allies — Cosatu, the South African Communist Party, South African National Civic Organisation (Sanco) and the Independent Civic and Development Association (Icada) — reiterated opposition to the projects on grounds that plans to make Durban the "oyster of the world" will be done at the expense of black upliftment.

The city council's showcase project is the building of an International Convention Centre at a cost of R200-million, scheduled to open in 1997.

A disclosure this week by the Greater Durban Marketing Authority that it has already booked 26 international conferences worth R184-million has not persuaded critics of the need for the convention centre.

Sanco regional organiser Sydney Madida said: "We don't think the economy will get a boost as a result of the convention centre. If it does, only certain individuals will benefit. The money will not go to the people — and that is where we have the most pressing need."

To gain credibility for the convention centre project, the Durban Infrastructural Development Trust was formed in January with trustees including, amongst others, ANC southern Natal chairman Jeff Radebe — now national Minister of Public Works — Cosatu regional secretary Thami Mohlomi — now an ANC kwaZulu/Natal parliamentarian — IFP kwaZulu/Natal leader John Bhengu, and city councillors Richard Moore and Alec Gilbert.

The trust set up a company, ICC Construction (Pty) Ltd, which it formed to "focus on the development, design and construction" of the ICC.

The ANC's Radebe believes the convention centre project is in line with the government's reconstruction and development programme.

In a recent public speech, he described the project as one that will put Durban on the "world map" by attracting tourists and boosting the economy of the entire region.

Another controversial project aims to upgrade the run-down Point Road area on the beachfront with shopping complexes and recreation facilities.

While the chief executive officer of the Point Waterfront Development Project (PWDP), Ian Wilson, refused to put a figure on the project, he said it would be a "significant multi-million rand undertaking".

A clue to the extent of the cost emerged this week with news that Malaysian investors are willing to pump R850-million into the project.

Wilson said a company has been formed which has as its shareholders Transnet, the city council and "civics" — a reference to the ANC and IFP.

Former ANC southern Natal treasurer Mzi Khumalo is the co-chairman of the company. The IFP's Bhengu is also a key figure in the company.

Wilson added that profits generated will go to the shareholders who will "decide how best to utilise it. Without a fear of doubt, the money will go into deprived communities".

To develop the Point Road area, the company will purchase about 55 hectares of land owned by the city council, Portnet and central government, Wilson added.

The two projects clearly indicate that the city council, the business sector, along with the ANC and IFP, see tourism as the engine of economic upliftment.

Durban's director of Urban Development, Alec Gilbert, said the convention centre alone will "attract a new breed of big-spending super-tourists to the city" and will create "at least 1 100 new jobs within the tourism industry alone".

"It will give the thrust needed to revive and expand Durban's depressed and lacklustre hotel industry.

"It will also bump up off-season trade by creating year-round visitors volume," said Gilbert.

"It will create countless opportunities for self-employment and self-entrepreneurship, from low-skill to specialist," added Gilbert.

But SACP spokesman Jean Middleton is not convinced. "There is a limit to the number of tourists Durban can attract. It's not the only city in the world," said Middleton.

She also doubts that it will alleviate unemployment. "It will be architects and construction bosses who will benefit. If more people are employed, it will be on a temporary basis," she said.

Cosatu southern Natal secretary Paulos Ngcobo warned that the much-hailed projects could backfire as there is no serious attempt to spearhead development in black townships while an overemphasis on urban development for tourism could lead to an even greater influx of poor blacks from under-resourced rural areas into the city. "People would come to the city for greener pastures but they would be disappointed. There won't be enough jobs for them and that will create problems. It is already happening," added Ngcobo.

The Urban Foundation estimates that 26 percent of the region's 4,7 million population lives in informal settlements, mostly in the greater Durban and Pietermaritzburg area.

Icada secretary Praveen Amar Singh said stability would be created if money earmarked for the city projects was used instead for building homes in the townships.

Looking for a partner ... Robert Mugabe seems a bit lost as ANC stalwarts Walter Sisulu and Alfred Nzo toyi-toyi around him at a party for the Zimbabwe president hosted by PWV premier Tokyo Sexwale at the Inanda Country club in Johannesburg

PHOTOGRAPH: STEVE HILTON-BARBER

Fishing for compliments

Andrew Trench

LATIN is creeping into the East Cape legislature, and if you're a politician that could mean being called "calamari" or a "baboon".

It all started with NP MP Billy Nel. Rising to speak in a debate on the fishing industry, he referred to his NP colleague Sakkie Louw as a "Loligo Vulgaris Politicus" — or "calamari politician".

Louw had become a "calamari politician" after he gave the house a fishing tip. Louw had explained that pesky jackals on farms could be nabbed with calamari in a trap. Not to be outdone, Louw asked Deputy Speaker Anne Nash if he could call Nel a "Papio Ursinus Politicus" — the scientific name for a baboon.

It was a brave try before a bemused house by Louw, but Deputy Speaker Nash was firm. "Members must refer to other members as honourable members," she decreed. — Ecna

kwaZulu announce R301m RDP projects

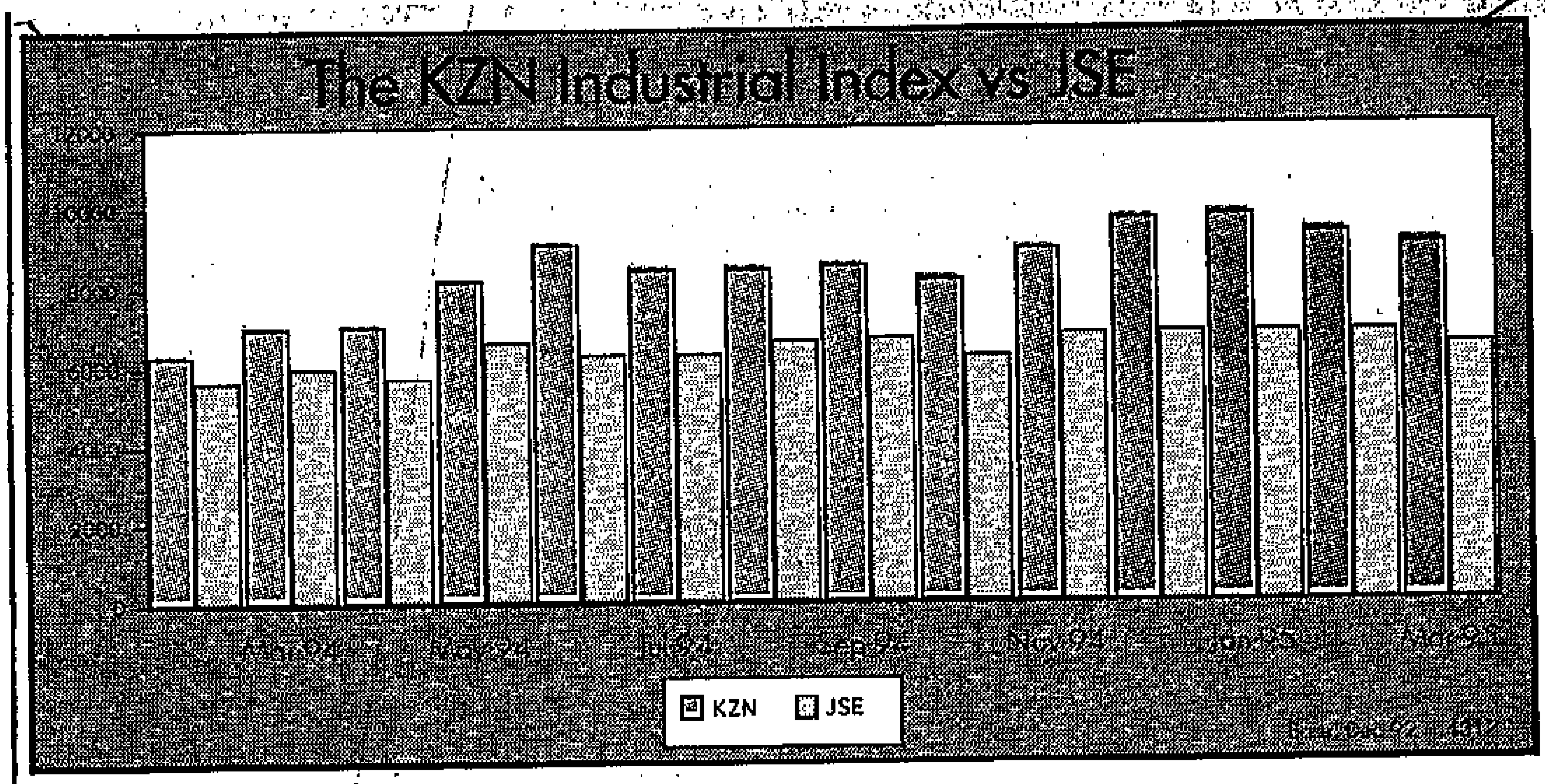
CT 8/11/94 Own Correspondent

DURBAN. — The kwaZulu/Natal government announced reconstruction and development programmes amounting to R301,5 million yesterday.

Provincial Economic Affairs and Tourism Minister Mr Jacob Zuma told the top-level economic workshop here that his government had already received R130m which would be spent this financial year on urban renewal projects at Cato Manor, Maritzburg and Empangeni. (49D)

"The key aim of this programme is to kickstart development in our major urban areas, focusing on violence-torn communities and communities in crisis," he said.

The development of Cato Manor was going to affect the future of the Durban Functional Region for better or for worse.



R2bn wiped off share prices of KwaZulu/Natal firms

CT (BR) 13/3/95

(49D)

DAVID CANNING

ASSISTANT EDITOR

About R70 billion was wiped off the value of JSE share prices — with KwaZulu/Natal companies down by R2 billion — between January 11 and the beginning of March.

This emerges from the KZN Business Index and latest figures supplied by the JSE.

The KZN Business Index shows the market value of all the province's quoted operating companies, which now stands around R20 billion, compared with R22,03 billion on January 11.

According to the JSE listings department, the market capitalisation of all South African shares fell some 7,7 percent to R819 billion.

Industrials were down 5,7 percent to R413 billion and golds were down 13 percent to R55,8 billion. Financials fell 6,9 percent.

The KZN regional index, launched in December 1992, includes all quoted operating companies in Kwazulu/Natal but excludes pyramid companies, in order to avoid double counting. It includes industrial, financial and overall components which were set to the same base as the JSE's own indices as at December 1992

It is compiled with the help of Ernst and Young in Durban and was inspired by a similar regional index published in San Francisco.

Latest calculations show the value of industrial companies with headquarters in the province was R14,88 billion on March 1, down by about R1,1 billion on the January figure. Financial sector companies were worth R5,2 billion.

The index has shown that KwaZulu/Natal industrial companies tend to be more price volatile than JSE's averages, understandable in view of the smaller and more concentrated nature of regional business and the relatively smaller base.

They have outstripped the JSE's industrial index by more than 50 percent since the index started in December 1992. However they also tend to fall more sharply in bear markets.

The largest company located in the province is Tongaat with a market capitalisation on March 1 of R3,7 billion, accounting for about a quarter of the regional industrial index.

Suncrush is valued at R1,8 billion but to that has to be added the value of its associates like Ettington on R98,6 million and Tempora on R778 million. The McCarthy Retail group's operating components were worth about R3 billion, accounting for 20 percent of the regional industrial index.

NBS is the heavyweight among financials. Its market capitalisation of R2,9 billion accounts for 55 percent of KZN's financial sector.

There are 25 industrial companies and 11 financial companies in the index. Some of the major companies, with their market capitalisations (in billions), are:

Tongaat	3,7
McRetail	3,0
NBS	2,9
Suncrush	1,8
Rainbow	1,2
Illovo	0,95
Tempora	0,8
BTR-Dunlop	0,72

KwaZulu/Natal should focus on trade and industry

~~214~~

(49 D)

NICOLA JENVEY

DURBAN — Trade and industry should occupy a central position in KwaZulu/Natal's economic and social transformation, provincial economic affairs and tourism minister Jacob Zuma said yesterday.

He told the initial planning meeting, held between government, business and labour to establish a regional policy, it was essential for the province to adapt to new international technological and organisational production forms.

"The critical question facing this province is how we can achieve high rates of economic growth while ensuring an improvement in the living standards of our people," he said.

Policies and strategies which would provide KwaZulu/Natal with a competitive edge had to be developed and "the unique selling features" of the province be recognised.

Provincial policies could not be developed outside national policy and had to take account of the RDP.

The need for a regional trade and industry committee arose during the KwaZulu/Natal regional economic forum's second plenary meeting held during February last year.

It was decided that the development of such a policy was a priority and the view was strengthened during KwaZulu/Natal premier Frank Mdlalose's economic workshop held last November.

BD 3/5/95

Cosatu pulls out of Natal talks

BD 24/5/95 (249D)

Farouk Chothia

DURBAN — Cosatu has suspended negotiations with the KwaZulu/Natal government on the issue of restructuring the regional economic forum.

This follows the provincial cabinet's recent rejection of a proposal to restructure the forum — which was established in 1990 to discuss economic policy in the province — into a provincial economic, development and labour council.

In a hard-hitting letter to premier Frank Mdlalose earlier this month — also sent to economic affairs and tourism minister Jacob Zuma and finance and public works minister Senzele Mhlungu — Cosatu's southern and northern Natal regions said nine months of negotiations over restructuring the forum had yielded no results. This was despite the fact that economic affairs and tourism minister Jacob Zuma and finance and public works minister Senzele Mhlungu served on a committee where consensus was reached on the restructuring process, Cosatu said.

Zuma's spokesman Lakela Kaunda said that another cabinet committee, consisting of five ministers, had been formed to "revisit" the restructuring process.

An informed source said that at the heart of the differences lay the question of whether the new council would have affective power. Labour and business also wanted consultation on key decisions.

China puts up factories in KwaZulu

(490)

BY JOHN SHERROCKS

KWAZULU NATAL BUSINESS EDITOR

CT (BR) 12/6/95

China has committed itself to establishing an average of one factory a month in KwaZulu Natal over the next 12 months, creating hundreds of jobs and pouring millions of rands into the province.

The Chinese investment deal follows the signing of a memorandum of agreement between the China Council for the Promotion of International Trade and the KwaZulu Natal Marketing Initiative.

The first of the 12 projects, Chisa Welding, which will manufacture welding rods, has already set up operations in a 2 000m² factory at Ezakheni near Ladysmith. The R8 million investment will create up to 100 jobs.

The initiative, which was instrumental in clinching the Chisa deal, reports that another two companies will set up shortly.

The first of this second wave of projects, Smart Garments, will also be based in Ladysmith, while the location of the other 2 400m² operation, Hero Pens, is still being finalised. Together, the two businesses will invest about R15 million and create 230 new jobs.

Arnold Griesel, vice-chairman of the KwaZulu Natal Marketing Initiative, said the remaining 10 companies are awaiting approval from the Board for Regional Industrial Development for investment incentives. These companies will manufacture a diverse range of products, including textiles, clothing, hardware, electronic appliances and enamelware.

Reacting to criticism that the province was falling behind in securing investment, Griesel said there was clearly more going on in KwaZulu Natal that what was evident on the surface.

CT (BR) 27/6/95

KwaZulu Natal exporters lose millions to inefficiency

(49D)

By Shirley Jones

Staff Writer

Mark Lowe

Exporters in KwaZulu Natal are losing millions in European Union General System of Preference (GSP) tariff rebates thanks to administrative bungling by the department of trade and industry.

Mark Lowe, recently appointed head of the KwaZulu Natal Exporters Association and regional general manager of Safto, said the grossly understaffed office of the trade department in Durban could not shoulder the additional workload of issuing European Union GSP certificates.

Offers of assistance from the Durban Chamber of Business had been ignored, he said.

Because the resulting delays exceeded the actual benefits to exporters, many were forced to refrain from applying for their rightful rebates in the first place. "The handling of the European Union GSP administration has resulted in additional bottlenecks and frustrations for already hard-pressed exporters," Lowe said.

Another issue over which Lowe intends taking the department to task is the lack of a definitive statement on Reconstruction and Development Programme links to General Export Incentive Scheme (GEIS) repayments.

Lowe said GEIS payments could be reduced by 25 percent should the department question the programme initiatives employed by companies.

KwaZulu-Natal 'can export more'

BD 24/7/95

(49D)

Nicola Jenvey

DURBAN — KwaZulu-Natal exporters' contribution of between 15-17% to national exporting figures could be improved, even taking anti-exporting bias into consideration, SA Foreign Trade Organisation regional manager Mark Lowe said at the weekend.

Lowe said local companies should take the opportunities available in foreign markets and expand their businesses overseas.

"Abundant labour and the accessibility of Durban's port pose vast advantages for local companies to expand their business throughout the world," he said.

However, export marketing director Nora Hill said the 15-17% figure — estimated by the Independent Development Corporation as up-to-date statistics are not available before the end of the year — did not discount the contribution gold and raw materials made to national statistics.

When only manufactured goods were considered this figure rose to 29% of national contribution.

DURBAN CHAMBER (49D)

Strictly business

FM 25/8/95

Organised commerce and industry around Durban has come out strongly in favour of federalism for KwaZulu-Natal.

Durban Chamber of Commerce & Industry spokesman Bruce Forsman, who was part of a five-man delegation quizzed by KwaZulu-Natal legislature's constitution drafting committee, says the chamber stressed that its submission was motivated strictly by business, not politics. "The devolution of power, as well as enhancing democracy, can strengthen fiscal discipline since provinces will be responsible for their own expenditure."

The division of powers should not increase expenditure or the number of public servants provided that the duplications are

avoided. While federalism may appear to duplicate functions in different provinces, those functions are much more likely to be in line with the specific regional needs.

On finance and tax, Forsman says that though provinces should have a reasonable degree of financial independence and security, central government should retain monetary and fiscal control because centralised tax collection is more cost-effective and coherent and allows government to manage the economy, ensure the rational allocation of resources and end tax avoidance.

But the provinces must be able to operate their own financial structures so that their income-generating activities contribute to their budgets. This enables provinces to influence economic development and set their own priorities.

In the context of broadening democracy, Forsman says organised business favours the concept of a corporate vote in local government elections. "Property owners who contribute to the local economy should have a say in how their taxes are spent. Individuals have that right and it should be extended to limited companies and other juristic entities through a vote."

Business would also not be averse to representation on advisory boards with no legislative powers provided they are statutory.

Asked about the conflict between private property ownership and traditional (tribal) land allocation systems, he stresses that traditional structures are a reality. In KwaZulu, for example, ownership is communal and allocated by the chiefs. Nevertheless, there must be some blending with modern concepts of ownership, though they will have to run together for some time.

Land reform, he adds, should be a national function as it would create chaos if each of the nine provinces emerged with different property ownership laws. ■

Private sector investment in KwaZulu Natal moving fast.

CT(BR) 30/8/95 (49D)

JON BEVERLEY

SPECIAL WRITER

Private sector investment in KwaZulu Natal is moving rapidly ahead with at least R15 billion under way or contemplated in the province, according to a survey by stockbrokers Frankel Pollak Vinderine.

They estimate that current projects in the country stand at R111 billion — this includes those which will materialise after the end of this year.

The brokers say that since March 1993 real gross domestic fixed investment has increased by 15,5 percent, whereas Gross Domestic Product has only expanded by 6,7 percent.

So far the investment revival has been driven largely by the private sector — for the three years to March this year private sector fixed investment rose by 44 percent, public corporations by 15 percent and the central government by only 4,5 percent.

The manufacturing and commercial sectors of the economy have dominated the present investment cycle — increasing by some 50 percent since the end of 1992 — whereas capital spending on infrastructure has risen by 14 percent and mining by only 4 percent during the same period.

The brokers point out that fixed investment spending is normally a lagging sector in a typical economic recovery "but this time round new capital projects have provided a jump-start to the present economic revival".

In roads, the second phase of the toll road from Umdloti to Empangeni will be completed next year at a cost of R410 million and the Cato Ridge rehabilitation will cost R105 million and be completed next year.

Potential spending on water supply is in the offing because the giant Highlands water scheme will only keep Gauteng going until 2005. A Tugela-Drakensberg transfer scheme costing R2,6 billion is a possible option planners are examining.

Current water projects in the province encompass the R258 million Tugela-Mhlathuze scheme to be completed by 1998; the R230 million plan to transfer water between the Umgeni and Midmar set to finish by 2005; the R600 million capital expenditure by the Umgeni Water Board complete by 1997 and the R180 million Umvoti River irrigation scheme scheduled to be completed by 1998.

Electrical projects include the Durban City Council's new power connections costing R500 million.

Debate

In transport, the Airports Company is thinking about spending R150 million on Durban's airport, which is on hold until the debate over the King Shaka airport at La Mercy is settled. Unicorn, Engen and Griffin Shipping between them are spending R536 million on new vessels between now and 1997.

In Durban harbour, besides the R250 million project for Pier No 2 announced this week, expansion is under way on a R107 million scheme at Pier No 1.

At Richards Bay two new general cargo quays are under way at a cost of R213 million and the provision of a dry dock, by private enterprise, at a cost of R350 million is far down the planning track.

The Richards Bay Coal Terminal is having its capacity expanded to 72 million tons of coal a year at a cost of R107 million. The completion date is 2000.

This development will be backed by expansion at the coal mines where Frankels expect that up to R1 billion will be spent at the Coal Reserve Utilisation project — a venture to harness the reserves of the Middleburg, Duiker and Optimum coal mines.

Spoornet is spending R111 million on increasing the rail capacity of the coal line by 1997.

Potential projects in the property field are the R450 million plan from Transnet to build shops and hotels at Durban's Point.

In Durban, Old Mutual is spending R150 million on its CBD office block which should be complete by 1997. The Alpine Heath development in the Drakensberg is costing a consortium of Murray & Roberts, Konsort and Condev R50 million to complete.

The Durban International Conference Centre is well under way in the hands of Murray and Roberts, Grinaker and the Durban City Council at a cost of R220 million.

Sasol and Petronet are in the throes of a R133 million adaptation to the fuel pipeline to bring gas from Gauteng to Richards Bay and Durban.

Secondary and tertiary industry has a number of potential projects: they include Alusaf's upgrade of the Bayside smelter costing R600 million and Saiccor's Umkomaas mill expansion at a cost of R1 billion.

Current projects include the Illovo sugar mill at R196 million; Rainbow Chickens expansion at a cost of R80 million and Mondi's paper and pulp expansion costing R280 million.

FOCUS ON RICHARDS BAY

CT (BR) 30/8/95 49D

RICHARDS BAY FACT FILE

Bay's link down under

Richards Bay has linked up with Australia! Port manager Glen Martin recently signed a joint declaration with Port of Portland, (Victoria Australia) chairman, John Strang. The sister port's affiliation agreement acknowledges the mutual benefits of the port and agrees to develop and promote their friendship and encourage increased trade between the respective countries.

Region outperforms SA

The Richards Bay-Empangeni subregion of Zululand has consistently out-performed the South African economy over the past 10 years. This growth was achieved not only through hard work but from a good a return from investments. The area is still in a growth and development period which started more than 20 years ago. Investor confidence has never waned, and there hasn't been a period when the area has slumped or gone backwards.

Tonnage is massive

Total tonnages handled through South African ports for the period 1994/95 shows that Richards Bay's capacity far exceeds that of all the ports combined.

Voice mail introduced

The port authority can access messages from anywhere in the world, owing to the introduction of voicemail which allows access to the port 24 hours a day seven days a week. The voicemail number is: (0351) 905-3777.

Port turns 20

The port celebrates its 20th birthday next year. Celebrations are scheduled for April 1, 1996, and many companies are already planning to mark this occasion. If your company would like to be part of the planned festivities then contact the port's Nicky Loynes (0351) 905 3440.

Reach Out Radio

Portnet helped to set up Zululand's own radio station Reach Out Radio, through a contribution of R50 000. Based in Empangeni, the station will beam out from the existing Eshowe transmitter to about 1,5 million listeners. Primary target areas include Richards Bay, Esikhawini, Empangeni, Nseleni and Eshowe.

Visit from Rotterdam

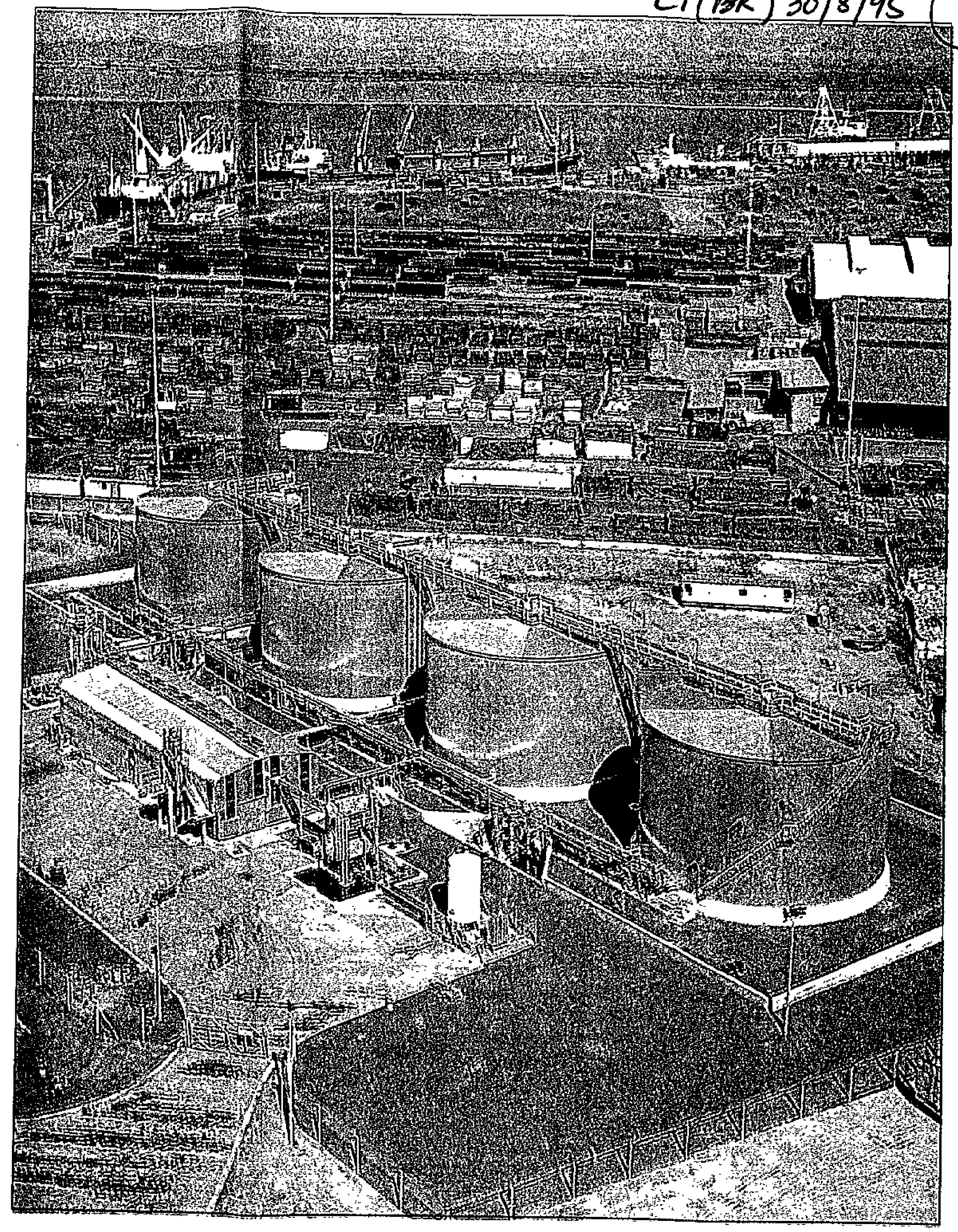
A delegation from Rotterdam, the world's largest port, recently visited Richards Bay to examine the facilities available with the view of extending mutual business opportunities between the two ports. The mayor of Rotterdam, Dr A Peper, headed the group of 16 leading industrialists.

R38m factory complex

The KwaZulu Finance and Investment Corporation and the Gauteng-based Mine Pension Funds Properties have launched a joint venture to establish a R38 million factory complex in Richards Bay – a move which could generate up to 1 500 new jobs in the area. Eagle Industrial Park will comprise 28 factory units, ranging in size from 180 square metres to 900 square metres.

Survived sanctions

Sanctions between 1987 and 1993 may have hobbled fertiliser manufacturing giant, Indian Ocean Fertiliser, but it didn't incapacitate them! Demand from existing and new customers outstrip production capacity, with the plant now operating at full capacity. Although operating facilities are being upgraded to the latest technology to ensure optimum production and adherence to high environment standards, there are no immediate plans to expand.



LIQUID PITCH AT THE COMBI TERMINAL WITH THE CONTAINER TERMINAL BEHIND

ALUSAF ON THE ROAD

WORLD'S FOREMOST PRODUCER OF TITANIUM MINERALS

Richards Bay Minerals is the world's foremost producer of titanium minerals, high purity iron and zircon. The company, jointly owned by RTZ (PLC) of London and General Mining Corporation (GENCOR) was formed in 1976 to mine and process the vast mineral-rich sands in coastal dunes north and south of Richards Bay in northern KwaZulu-Natal.

Even in the days of Shaka Zulu, the "black sands" of Zululand were known to contain useful minerals and it is believed that Zulu warriors fashioned their weapons with iron obtained from smelting minerals found in these sands.

Today these minerals are the ingredients that go into pigments for the manufacture of paints, plastics and paper.

They also help make the metals for aeroplanes that circle the globe, for suntan creams that protect us from the sun's harmful rays and ingredients that go into kitchen and bathroom tiles and corningware.

Used as a component in TV screens it protects us from harmful X-rays.

Ductile iron goes to make crankshafts, brake callipers and steering knuckles that make millions of motor vehicles throughout the world safer.

Product sales from titania slag, high purity iron, and the minerals rutile and zircon entirely satisfy the domestic market. The remaining 96% of total products produced are exported, generating some R1,7 billion annually in foreign exchange.

RBM's penetration of the world market is extraordinary. It supplies the raw material for a quarter of the world's pigment market, one quarter of the engineered ductile iron, a third of zircon, and a quarter of welding rutile.

Even in the days of Shaka Zulu, the "black sands" of Zululand were known to contain useful minerals and it is believed that Zulu warriors fashioned their weapons with iron obtained from smelting minerals found in these sands.

This made possible by utilising ... mining ...

Alusaf has got its show on the road much earlier than forecasts, and is set to move up the ranks of world producers of aluminum. But one thing it is not completely sure – whether domestic consumption will justify the R5,5 billion expenditure.

As it is, government is not proving very helpful. There is a customs duty on imports of aluminum metal. Under GATT it would be in order to hold it at about 5%, but the government says it wants to scrap the protection totally.

No date has been set for this to happen, but another financial measure – the export incentive scheme – has already gone.

Managing director Rob Barbour sees this as the ideal time to make the elderly Bayside unit more competitive. The metal price is high, and the company can afford the costs of down-sizing if workers must go.

Plan B for Alusaf, faced with this uncertainty, is to see what it can do about smartening up its 26-year-old Bayside smelter. Several schemes are already under way. An upgrade costing R249 million to improve emission levels will be completed by October.

The design of Bayside is in marked contrast to Hillside. The Bayside smelter is costly with 30 smelters elsewhere in the world operating at lower costs. Aspects of Bayside are more people-intensive and there is a possibility of retrenchments.

Unions are talking about over 1 300 people being laid off, but Barbour labels this as "pure speculation".

Meanwhile, chairman Dr Fred Roux says world demand for aluminium is likely to reach 18 million tons this year. The metal price could stay around the "high" level of $2 000 a ton.

As Alusaf steps up output from the new smelters and, provided world demand grows at about 3% a year, "there will be a reasonable supply and demand equilibrium for the next two to three years".

This is made possible by utilising high-tech mining, separation and beneficiation technologies. An artificial pond is created in which floats a dredger that undermines the dune face. As the dune collapses a slurry is formed which is pumped to the concentrator to separate the heavy minerals, which are then transported to the smelter site for further separation, refinement and beneficiation.

Rehabilitation of mined areas goes hand in hand with the actual mining operation.

The rehabilitation programme ensures that the natural processes are reinstated that will eventually lead to the emergence of mature indigenous coastal forests. At the request of the landowner, previously the KwaZulu government, commercial forests are also established which provide for a secondary industry.

Although RBM has been involved in rehabilitation for 16 years, restoration ecology is still a young discipline within the broad spectrum of biological science. This is pioneering work and is ideal for the many scientific studies which, besides testing ecological theory, also provides valuable information to monitor the success of existing programmes and to recommend future actions.

The mining operation has also made a big difference to the lives of tens of thousands of local people who benefit directly from RBM's social investment programme.

With ever-increasing pressure on the environment, the company recognised at a very early stage that satisfying the conditions of a mining lease agreement was in itself not sufficient, and that wider socio-economic issues needed to be addressed.

A central component of RBM's environmental and social ethic is the realisation that over-population, lack of education and poverty are the major contributors to environmental degradation.

In 1978 RBM embarked on a programme designed to meet these needs, and has since contributed to wider conservation issues by finding ways to link rural development and the needs of conservation.

A comparison of the area surrounding RBM's mining activities today to that which existed before the inception of the company, shows the transformation of an impoverished area in a relatively short space of time.

Sixteen years ago the area was little different from other poor rural areas in South Africa, with the usual associated environmental and social problems: crops were scarce; streams were the only source of water for drinking, washing and irrigation; sanitary toilets were rare and there were no medical facilities. Schools were dilapidated and overcrowded.

Quality education

Today, the Mbonambi district north of Richards Bay, reveals that the residents have hope and this is reflected in their surroundings and the sustainability of their living conditions.

Through schools built and sponsored by RBM over 20 000 children receive quality education. RBM encourages these schools to have active committees to determine their needs and, in consultation with the community, the company continues to provide financial and counselling support.

RBM's philosophy of concentrating on upliftment and education advancement locally was taken a step further with the construction and equipping of Tisand Technical High School in nearby Esikhawini. Administered by the former KwaZulu Department of Education and Culture the 600 students receive academic tuition in addition to career-centred commercial, scientific or technical subjects to a standard whereby matriculants can enter tertiary institutions without the need for any bridging education.

But community commitment in rural areas needs a broader base. RBM has provided health care and built clinics where there were none. Community support programmes have been introduced to help create jobs and self-sustaining farming skills have also been developed to improve the quality of life.

RBM's Business Advice Centre (BAC) has created nearly 2000 entrepreneurial jobs and annually deals with thousands of enquiries, providing free consultations geared towards increasing efficiency and self-reliance. The success of the programme was shown when the director of the BAC, Peter Morrison, was awarded the international World Vision award for development initiatives.

FOCUS ON RICHARDS BAY

CT (BR) 30/8/95

(49D)

GROWTH SPEEDS UP AFTER STEADY TWO DECADES

AFTER 20 years of steady growth, development has speeded up to turn Richards Bay into what is claimed to be South Africa's fastest-growing port town.

Already the Zululand region's major industrial employment growth centre, it experienced a tremendous growth spurt in 1994. The number of businesses, national chain stores and facilities and services increased dramatically.

The sub-region's population has increased by 26% in four years, according to Zululand Chamber of Business president Mike Patterson. In the town itself, the population, which increased from 24 000 in 1991 to 34 000 in 1995, is projected to reach 45 000 by the year 2000.

This is mainly as a result of the migration towards real or perceived job opportunities – the Alusaf Hillside smelter project being the major attraction.

Named after Frederick William Richard, RN, of County Wexford, Ireland, who in 1879 established a beachhead at Mhlatuze mouth, Richards Bay was a fishing village of less than 200 residents in 1968.

Development to its present "boom town" status was initiated by a decision to develop a deep water harbour and, shortly thereafter, the building of the first (Bayside) Alusaf aluminium smelter.

Government incentives, an abundant labour force, water supply, availability of land for all uses and good transportation links encouraged development and investment. Planners say continued growth is assured by the town's strategic locality, good supporting infrastructure, tourism potential, moderate winter climate and the sea effluent pipeline.

Many companies followed Alusaf's example. Mondi Kraft, Richards Bay Coal Terminal Company, Indian Ocean Fertilisers, Richards Bay Minerals and Bell Equipment Company where among some of the large companies to put down roots.

At present, capital intensive and related service industries predominate. However, secondary industries are also beginning to increase with the maturing of the town. Recent projects completed or nearing completion include Richards Bay Bulk Storage additional tanks (R23,5 million); Boardwalk Shopping Centre (R54 million); and the Service Industrial Area South (R4,5 million).

Richards Bay area has the potential to become a "gateway" to South Africa

The announcement by Alusaf that it was to expand and build a new, state-of-the-art aluminium smelter sparked rapid growth. Changes could be noticed daily as 5 000 workers laboured 24 hours a day towards completing one of the biggest construction sites in the world. The "Site," as the smelter is referred to by locals, has had a vast impact on the town.

The spin-off effects of this investment had far-reaching benefits for businesses, big and small. Smaller businesses, which in the past relied on the limited population, have grown to meet the requirements imposed inadvertently by Alusaf's expansion, while new businesses such as personnel agencies and printing houses have sprung up.

Branch offices have been established to cope with the in-flow of work from head offices. Recently, PG Bison, the country's largest manufacturer of board products, opened a branch there.

The rapid influx of people caused a boom in the property market, but the market is now levelling off.

This doesn't mean that the boom is over. To the contrary, a multitude of projects are in the pipeline. To meet the demands for air travel, the modern airport is embarking on an estimated R5 million upgrade, while Sasol is considering the feasibility of building a pipeline to Richards Bay, extending the gas transmission network to industries in the area.

A R17 million Mzingazi Waterfront Development is set to change the face of Richards Bay. The upmarket residential and recreational development on the western bank of the Mzingazi canal is in full swing.

The first of the 102 units are expected to be ready for occupation in October. Large sections of land are still available for development, including Naval Island with its indigenous forest, small beaches and picnic spots.

To meet the demand for additional shopping facilities, an upmarket shopping and entertainment centre was developed. The Boardwalk, which opened in October 1994, is built around a man-made lake and offers a variety of shops and restaurants, five spacious cinemas, a large Pick 'n Pay and 37 national chain stores.

Sited on the eastern side of Richards Bay's fast-growing central business district, the centre has 72 tenants and already there is a demand for additional shop space in the next phase. A mere five months after the shopping centre was completed, work started on an R18 million extension.

John Davis, general manager of RMS Syfrets, the managing agents for the centre, said: "Shoppers' needs were assessed and after just five months of successful trading of phase one, market demand created exciting extension opportunities."

Tourism is developing alongside this rapid economic development. There's a growing need for hotel accommodation for visitors to the town. Currently, the 100-room Karos Bayshore Inn and Richards hotels, along with the Quay West Hotel and the Marina Lodge, service both the tourist and business markets. A selection of holiday flats, a caravan park and about 25 bed & breakfast establishments also cater for the holiday crowds.

Situated on the banks of the fresh water Mzingazi Lake, the Richards Bay Country Club boasts a range of sporting activities which include an 18-hole golf course.

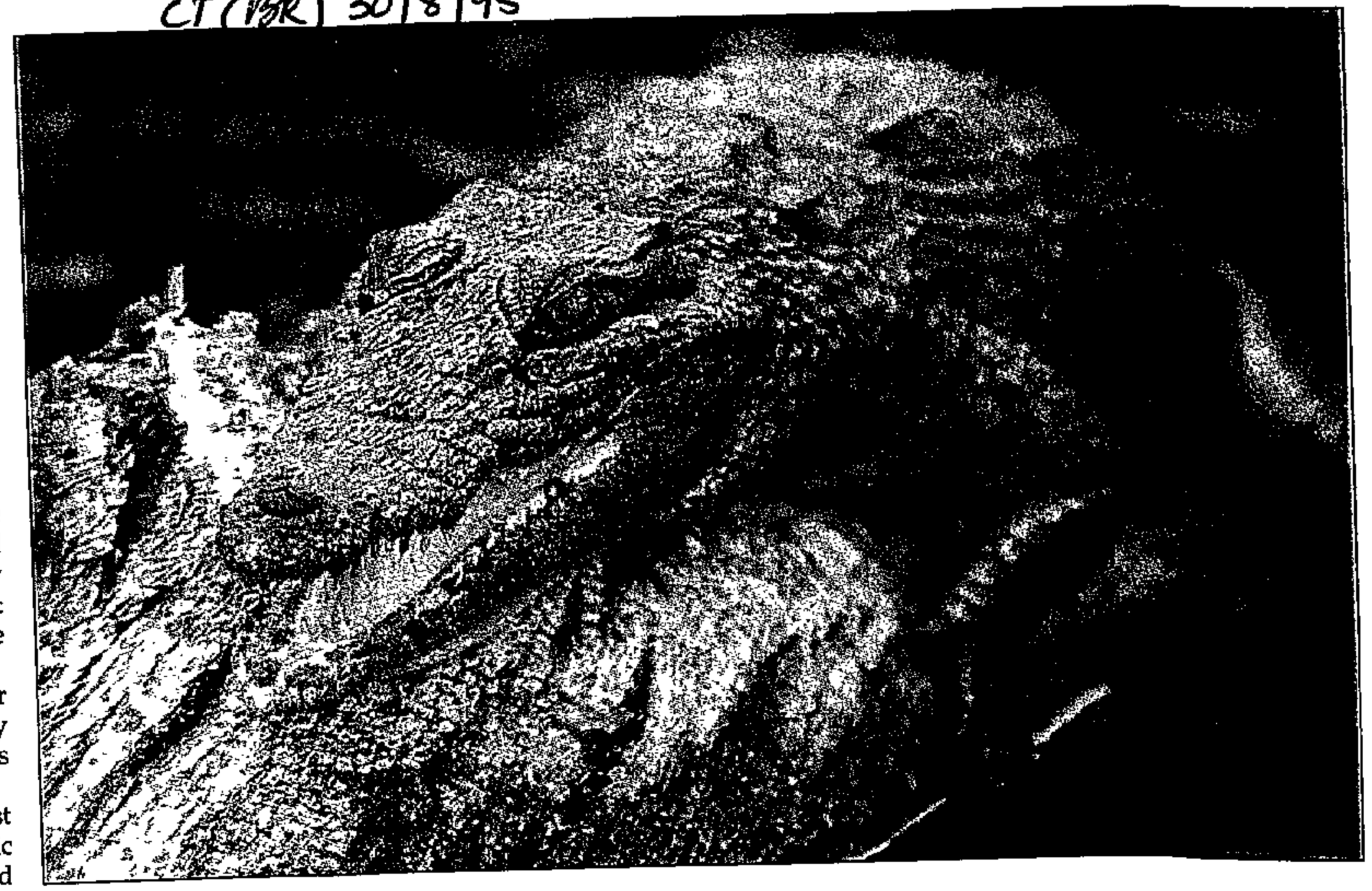
Lake Mzingazi, one of the town's greatest natural assets, hosts a variety of aquatic wildlife, including crocodile, hippo, fish and water birds. For the water sportsman the yacht club and boating clubs cater for a variety of watersports.

The transport system has been planned to promote full development of the area. The airport has landing-light facilities, together with the car hire firms, airfreight handling and a cafeteria. The railway and port infrastructure are excellent.

Development has not adversely affected the layout of the town. Its framework plan reflects the concept of a pre-planned, carefully structured city of metropolitan dimensions. It acts as a blueprint for optimum development, with large industrial, wildlife, and residential areas co-existing.

The town has a well-rounded development vision. This is to expand its present role, to extend its function as a tourism centre and gateway to the Zululand and Maputaland tourist region and as an international investment centre, and to ensure that the balanced needs of all its residents can be met within the town.

With space for industrial and residential expansion, the largest deep water harbour on the continent, a large pool of labour, recreational and tourism potential, Patterson believes Richards Bay area has the potential to become a "gateway" to South Africa.



A NILE CROCODILE BASKING IN THE SUN IN A WETLAND POND IN THE AREA.

PROPERTY MARKET PLAYS IT COOL

The property market in the Richards Bay area, affected by periodic bouts of rapid industrial expansion, has settled to a more realistic reflection of normal market demand.

Sellers of residential properties have been advised to price their properties realistically, says Les Maddock of Pam Golding Properties Richards Bay office.

"Buyers are looking for homes in the R160 00 to R250 000 range, and because of past trends in the area they are expecting to see a collapse in property prices following the completion of major projects such as Alusaf's."

Maddock adds that while the reduced activity on the Alusaf site has resulted in a decrease in house prices, demand is also down. A factor of concern is that most sellers cannot, and will not, sell at a loss. Most of them purchased on the peak and intend to recover their initial investment.

Historically, demand for residential property in Richards Bay has constantly outstripped supply. However, extensive construction of large blocks of flats has created an oversupply for these units for sale and for rent. The upshot of this situation has been a forced reduction in rentals by 20%. Five months ago a two-bedroom unit was being let for R2 300, now the same unit is available at R1 500.

Although still high, current rentals are now more realistic when measured against most other KwaZulu Natal areas. One-bedroom units rent at about R1 400 with two-bedroom and three-bedroom going at R1 600 and about R1 900 to R2 400 respectively. Maddock says that present office, retail and industrial developments are assisting in stabilising rentals.

Commercial office space rentals have substantially reduced to more realistic levels. While office space three to four months ago was R50 to R55 a square metre, new space is now going at R30 to R35.

Activity in the industrial and commercial development markets is still buoyant with the sale of 52 industrial sites by the Richards Bay town council in July fetching R11,2 million in under a week.

The second phase of The Boardwalk shopping and entertainment complex is well advanced, while Propnet, the property arm of Transnet, has entered into a joint venture agreement with Boldprops to develop a prime waterfront site on the western bank of the Mzinganzi Canal.

CONTINUES TO GROW

Recently listed Bell Equipment, the Richards Bay-based manufacturer of earth moving and materials handling equipment, has recorded rapid growth since its inception in the '60s.

The group, which employs 1 500 people in South Africa and has 180 off-shore staff, saw turnover in the 1994/5 financial year grow by nearly R121 million, to R515,2 million.

From modest beginnings it has grown to the point where it exports through an extensive international dealer network to more than 50 countries.

Its major export concentration is focused on six main regions – North and South America, Africa, the Caribbean, Australia, and South East Asia. Its machines also are sold through 18 outlets in this country.

Originally based in Empangeni, by 1983 the company had outgrown its premises, relocating to a R10 million complex in the Alton industrial areas of Richards Bay. This facility, which has been considerably enlarged and modernised and today comprises a 20 000 square metre factory, is the Bell headquarters.

The factory contains a sophisticated materials handling and high-rise storage system, with the latter including 6m-high racking and shelving covering 725 square metre area.

Its commitment to increased exports has motivated the penetration of its overseas markets and been a significant factor in its progression.

This increase of export sales has resulted in many awards, such as nomination, at the end of 1990, as overall winner of the prestigious State President's Award For Export Achievement.

Others include the Technology Top 100 Award in the production and manufacturing sector in 1993, as well as being winner of the Natal Exporter of the Year Award for 1994.

Bell also was recently awarded the SABS ISO 9001 1994 Quality Management System Certification. The certification represents quality assurance standards in design/development, production, installation and servicing.

Derek Smythe, managing director of Bell Equipment's manufacturing division, said the certification was a milestone for the company as it would have a positive impact on its long-term plans to actively participate in European markets. Exports were budgeted to increase in sales volume by 90% over the figures for the past two years.

Although the history of Bell Equipment Company is recent, it's far from brief. Founded by Irvine Bell in 1963 following the introduction of its sugar cane loader, the company, which is still family owned, started its first serious production in 1976 with the involvement of only eight people. At that time R300 000 worth of equipment was produced at the small factory outside Empangeni.

One of its many achievements was its establishment as manufacturer of the largest range of articulated dump trucks in the world.

Following the success of the cane loader, the company identified the forestry industry as its next market sector and in 1977 the Bell logger was produced.

The following year the company made its entry into the mining industry when the first of its two-wheel-drive hauliers was employed on a test basis in the Heritage mining operation in Vryheid.

The development of the four-wheel-drive haulier and front-end loader in 1982 marked the company's entry into the construction industry.

Bell says it follows a philosophy of overdesign and interchangeability of componentry. These machines were specifically designed to meet the rugged South African conditions.

In the same year that Bell secured a market share of the construction industry, the company achieved a major breakthrough in its range of forestry equipment, becoming the inventor and manufacturer of the first three-wheel feller buncher in the world – a tree harvesting machine capable of felling a 60cm stem in less than 10 seconds. up to 90% of Bell feller bunchers are today exported to the USA.

A BELL 225A TELELOGGER, OWNED AND OPERATED BY VAN ROOYEN FORESTRY ,LOADS PIN LOGS ON TO A RAIL TRUCK AT A SIDING AT CAROLINA.

To cater for the increased throughput resulting from major extensions to the factory completed in 1989, the company made a substantial investment in the purchase of new and sophisticated machines.

A total of more than R30 million in capital expenditure was implemented in the financial years ending February 1990 and 1991, with money being allocated to improving manufacturing methods, the purchase of state-of-the-art machines, and the recycling of waster metal for use in component manufacture. The result of installing modern machinery was that the company acquired the capability to manufacture certain components previously imported – resulting in substantial foreign exchange savings.

Managing director Gary Bell said: "We have a government which understands the importance of exporting"

It was possible for a South African company to develop and produce world class machines through access to the latest technology. Local firms also were served by very capable research institutes, such as the CSIR, BMI, and LGI.

"Our own export experience has been good to us in terms of the fact that, by exporting, we have established our credibility in the South African market."

With the demise of sanctions, Bell points out that the South African industry has "a lot going for it."

"We are now well positioned to do business with the rest of Africa. We have the right infrastructures in place with good road and rail systems and power supplies."

In the latest chairman's report, Howard Buttery states that, "Provided we are able to further improve our productivity and there's no further major political upheaval in KwaZulu Natal, we expect to be able to increase our earnings in the current year."

However, he added, it's essential for shareholders to realise that the nature of the business is such that profits are largely dependant upon world commodity prices.

X

KwaZulu stands to lose R30-m funding

Star 14/9/95 (49D)

■ BY JOVIAL RANTAO
POLITICAL REPORTER

A head-on clash between the Department of Public Works and KwaZulu-Natal MEC for Public Works Sengele Mhlungu over non-delivery of community projects which can produce thousands of jobs, seems imminent.

Confidential documents in The Star's possession reveal that DPW Director-General Sipho Shezi wrote to Mhlungu on August 28 expressing unhappiness about KwaZulu-Natal's tardiness in implementing the Community-based Public Works Programme (CBPWP).

In a tough-worded letter, Shezi informed Mhlungu that his lack of progress in appointing a task team to co-ordinate the implementation of the programme, would force him to review the decision to implement the CBPWP via the Public Works department in KwaZulu-Natal.

Once implemented the programme, with its labour-intensive requirements, is expected to create thousands of jobs for KwaZulu-Natal communities.

Shezi has given Mhlungu until tomorrow before he takes action.

The Star understands that one of the actions being considered is the withdrawal of R30-million in public works funding which was earmarked for KwaZulu-Natal.

In his letter to Mhlungu, Shezi said he had communicated to the KwaZulu-Natal MEC the importance of getting the programme off the ground.

He also mentions his frustrations about trying to meet Mhlungu to discuss the visible lack of progress in the province.

He said that, as an accountable officer for the CBPWP, he needed to ensure that responsible and appropriate decisions were taken to implement the programme.

"The CBPWP is premised on short-term, fast-track delivery, and therefore it will be totally irresponsible of me to allow the process of putting into place the necessary institutional mechanisms to be protracted beyond this point.

"Equally, I also think that it will be unethical for me not to begin to consider other alternative methods of delivery, if the provincial DPW is presently struggling to p[illegible] itself together to impleme[illegible] this national initiative," Shezi said.

The Star attempted to get Mhlungu's comm[illegible]ts, but without success.

KwaZulu-Natal 'dragging its heels'

(493) (49D)

Farouk Chothia

BD 15/9/95

DURBAN — Public works director-general Sipho Shezi said yesterday he had recommended to Public Works Minister Jeff Radebe that implementation of a R36,3m national public works programme be taken out of the hands of the KwaZulu-Natal government because of its failure to appoint a task team to implement the labour-intensive project.

Shezi said he had written to KwaZulu-Natal public works MEC Senzele Mhlungu in August, setting a deadline of today for the task team to be in place. The deadline had not been met by yesterday. Radebe is expected to make a decision today.

Shezi said he had suggested that an "alternative delivery mechanism", reporting directly to him, be established in KwaZulu-Natal. Non-governmental organisations, community-based bodies and tertiary institutions had shown an interest in implementing the programme. Mhlungu's department was

Continued on Page 2

Task team (49D)(493)

Continued from Page 1

BD 15/9/95

"welcome" to have representatives on the "alternative delivery mechanism".

Mhlungu's spokesman, Shaun Emslie, said candidates to serve on the task team had been interviewed and their names would be submitted next week to the provincial public service commission for approval.

But Shezi said he had "heard that story" since last October. There could be no further delays as delivery needed to take place. The R36,3m was a roll-over from the 1994/95 financial year.

Emslie said Mhlungu's private secretary Eric Ngubane would meet Shezi today to argue for the release of funds to the KwaZulu-Natal government as the "last obstacle (putting the task team in place) is being overcome".

Shezi said he had no meeting scheduled with Ngubane.

Egypt shows interest in KwaZulu-Natal industries

BD 19/9/95 (49D)

Nicola Jenvey

DURBAN — KwaZulu-Natal business may receive a R50m investment boost which will promote two-way trade and investment between the province and Egypt if a trade deal for the exchange of goods and services is signed this week.

Egyptian Businessmen's Association chairman Ali Gamal El-Nazer said yesterday his delegation was hoping to sign the trade understanding later this week with the Durban Chamber of Commerce and Industry to facilitate trade between their members. This could result in a R50m investment in the KwaZulu industry.

The agreement would make provision for products and services to be exchanged freely between the two countries, and allow for easier business travel between SA and Egypt.

Nazer said SA provided a gateway for Egypt into the southern African markets, and in return SA could utilise the Egyptian experience and knowledge to enter the Gulf states.

KwaZulu-Natal also had links with the Islamic business world.

Chamber of commerce and industry director corporate services John Bryce welcomed the business interest in KwaZulu-Natal, saying it was "encouraging" that foreigners were looking to this province.

"Egypt is a well developed African nation and a link of this magnitude between the north and south of the continent could have spillover effects into the countries lying between us."

When Egyptian Foreign Minister Amre Moussa was in Durban two weeks ago, he had made references to developing "the four corners of Africa — SA, Egypt, Kenya and Nigeria". This may have motivated other Egyptian delegations to invest in KwaZulu-Natal.

Arab Contractors chairman Ismail Osman said "vast opportunities" lay in joint venture construction projects in SA and neighbouring southern African countries.

Joint ventures would be considered with large SA partners, which would pool the resources and jointly undertake the risks involved in the construction industry.

Financing of projects could be done through "reputable" financial bodies either locally or in Egypt. Projects under consideration included power stations, roads, bridges, harbours, airports and other infrastructural developments.

Nazer said SA had chemical and petrochemical goods which were needed in Egypt for which the Egyptians could exchange leather goods and oil products. Investment in two-way tourism was also a possibility, as SA offered an alternative to Kenya.

Since restrictions were lifted, trade figures had grown and goods valued at more than R130m had been traded over the past three months. This compared to a total of R20m a year several years ago.

New treatment for osteoporosis

Kathryn Strachan

THE first non-hormonal drug for the treatment of osteoporosis in postmenopausal women is to be launched in SA today.

Alendronate sodium (the generic classification) is the first in a class of medicines called aminobisphosphonates, being developed as a non-hormonal treatment. Aminobisphosphonates decrease the rate of bone resorption — the process by which bone is broken down. After menopause, the rate of bone resorption accelerates, thinning bones by reducing bone mineral density and leaving them more susceptible to fracture.

In clinical trials conducted for three years, involving 994 postmenopausal women with osteoporosis in 16 countries, alendronate was shown to increase bone mass and reduced by nearly half the risk of spinal fractures.

In these trials the drug has generally been well tolerated.

Bone-thinning osteoporosis affects about 300 000 South Africans and 140-million women world-wide. One out of every two women over the age of 55 and one in eight men are likely to have an osteoporosis related fracture — most commonly of the vertebrae, wrist and hip — in their lifetime.

The health cost is huge: about $10bn a year in the US alone.

Tuberculosis kills 7 000 a year in SA

BD 27/9/95

Kathryn Strachan

SA HAD one of the highest incidence rates of tuberculosis worldwide, with up to 7 000 people dying from it each year, a symposium held last week heard.

In SA 100 000 new cases were reported each year. The high incidence rate was highlighted in a comparison with the US, where the SA rate was 23 times higher.

UN World Health Organisation consultant on tuberculosis, John Sbarbaro, who is in SA to promote new ways of controlling the disease, told the symposium the disease accounted for 26% of avoidable deaths in adults in the developing world. During the 1990s about 30-million people would die from it.

The organisation had forecast a 58% increase in the incidence of tuberculosis during the period between 1990 and 2005, and almost all these deaths would occur in developing countries.

On a geographical basis, the incidence increased from Gauteng towards the Western Cape. And with AIDS bringing out latent tuberculosis infection, the statistics would only worsen. The Medical Research Council predicted that it would be the largest killer of HIV-positive patients by 2000.

Other factors leading to an increase in tuberculosis infection were the emerging strain of multi-drug-resistant tuberculosis and the fact that control programmes were poorly managed.

Rapid urbanisation and poverty had exacerbated the problem, with overcrowding, poorly ventilated dwellings and work environments, such as mines and factories, enhancing its spread.

Workers were often afraid of being dismissed from their jobs when they contracted the disease. However, health authorities had urged companies to treat infected workers, who remained fit enough to perform their duties. Negative spin-offs from treating patients at the workplace would be slight, while the benefits to the individual would be immense. The costs to the company of training new workers would also make dismissal counter-productive.

Government had made tuberculosis control a priority of its reconstruction and development programme, and was spending R600m a year on the disease.

Investment streaming into KwaZulu

BD 27/9/95 (49D)

Nicola Jenvey

DURBAN — The KwaZulu-Natal marketing initiative had already attracted new foreign investments worth R214m, compared with a targeted R640m before February 1998, chairman Peet Marais said yesterday.

The organisation promotes the comparative advantages of investing in this region to local and foreign businesses, working on a 50-50 partnership basis with the provincial government.

Addressing a dinner after the marketing initiative's annual meeting last night, Marais said a strategic inward investment marketing programme had been devised in February which demanded that R640m be invested within three years. It was estimated that 155 new projects would be created over that period.

"KwaZulu-Natal is getting its fair share of the (foreign investment) market and indications are that these targets will be met. However, government plays a pivotal role in designing and implementing investor-friendly policies," Marais said.

Government had to become "true partners" with the private sector to promote strategies which sustained economic growth, ensured SA achieved an improved international investor rating, provided a tax regime conducive to high returns on investment and increased competitiveness. Exchange controls had to be abolished, the rand exchange rate kept stable and law and order restored.

Marais said KwaZulu-Natal had attracted 36,4% of the new investment projects — local and foreign — approved by the Board for Regional Industrial Development since August 1991.

When only foreign investments were considered, the province had attracted 53,8% of the board's projects approved for SA.

From January last year to August this year, 119 new projects were approved for KwaZulu-Natal, with the marketing initiative facilitating 47%. These investments were expected to generate R774m for the province and to create 8 920 new job opportunities.

Marais said 60% of foreign projects attracted to the region had originated in Taiwan or the People's Republic of China. The remainder had been spread throughout the rest of the world.

Budget crisis looms in KwaZulu-Natal

Nicola Jenvey (49D)

DURBAN — Central government has indicated it might not grant KwaZulu-Natal an increase on its 1995/96 budget allocation of R14bn for the next financial year, despite warnings the province will be in serious financial difficulties next year.

IFP MP John Aulsebrook said at a finance committee report-back meeting yesterday that the province had requested R16,1bn for the 1996/97 financial year. However, even this figure had been under-budgeted by R50m.

Aulsebrook said this year's budget had "already been spent" and the department was in danger of running out of money before next week's sitting. It would not be able to survive on the same allocation..

A finance committee meeting, at which central government allocations for the provinces will be presented, is scheduled for tomorrow. BD 28/9/95

"KwaZulu-Natal would then have an indication of how much each province received for its parliamentary allowance to enable it to put forward a case for increased funding," he said.

He did not believe the money had been spent "irresponsibly", but had gone into salaries, travel allowances for members of parliament, buildings and maintenance.

Next year's account required "at least R40m" for capital expenditure alone. ANC MP Mike Sutcliffe said "the whole parliamentary budget machinery is incompetent", as resources such as motor vehicles and staff members were being accommodated without proper control.

"The parliamentary budget must be evaluated to establish how the province has spent the money. Only when the amounts have been legitimated does the province have a case to request more money," Sutcliffe said. He said yesterday's meeting clearly indicated how SA was "still paying off the debt of apartheid".

Aulsebrook said the newly created environmental conservation account was "also in a very serious position". A central government ruling that it would not provide budgets to additional departments meant environmental conservation's request for R52m had been turned down. Housing could receive a 20,6% increase on its R24m allocation, health 9,8% increase on R3,2bn and education an 8,3% increase on R5,2bn, but it was "dangerous to speculate".

KWAZULU NATAL

A SPECIAL BUSINESS REPORT FEATURE
EDITORIAL: NORMAN CHANDLER
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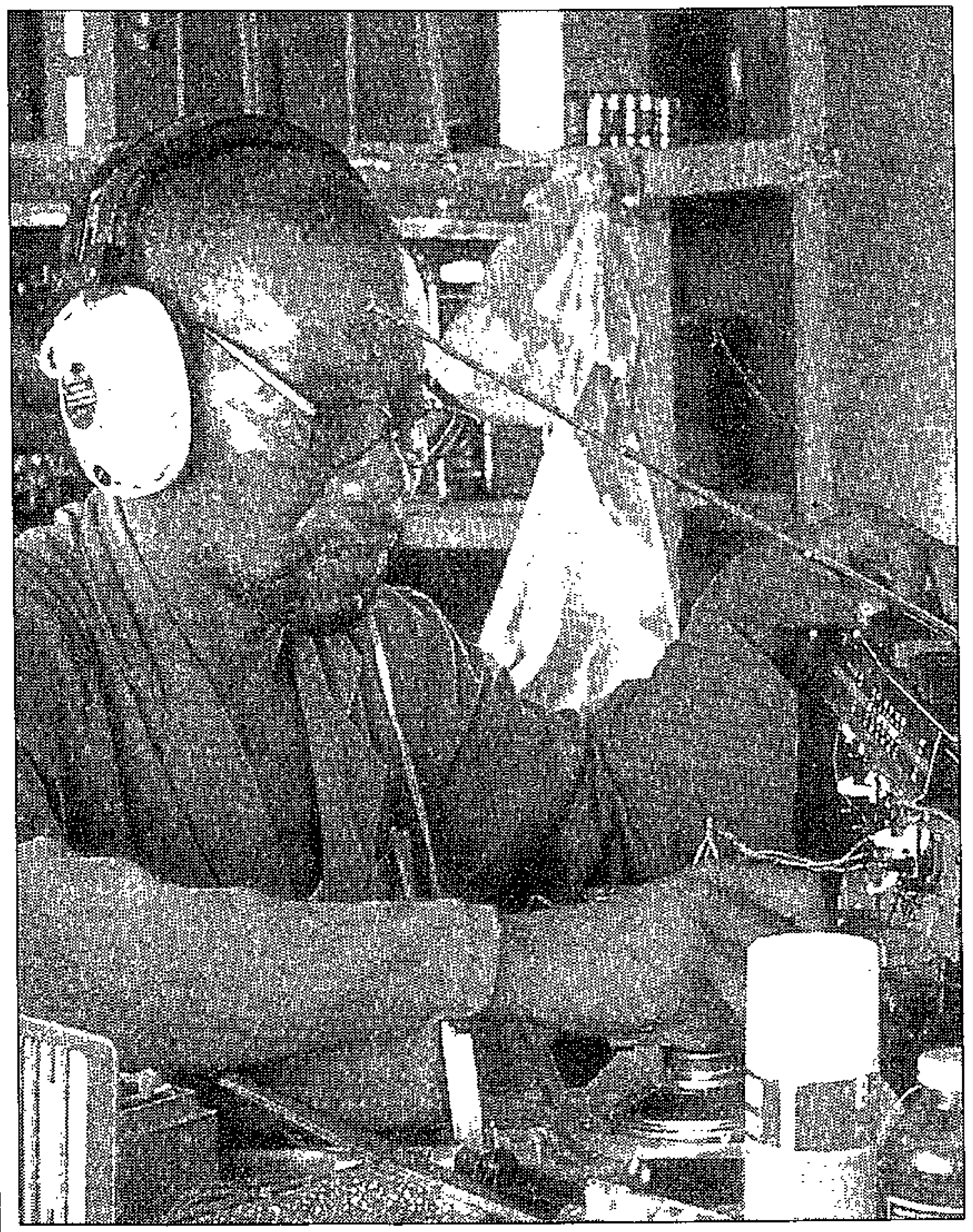


FRUITS OF LABOUR *Durban has an abundance of skilled workers*

Durban leads region's industry

Durban's industrial activity is second only to the Pretoria/Johannesburg/Vereeniging area.

It is a busy, well-developed and sophisticated business centre with abundant water, electricity and labour, both skilled and unskilled, says a special report on the city prepared by a British company which profiles the world's top harbour cities.

Their publication, "Port of Durban", says that "modern highways and rail links provide fast, easy access to the KwaZulu Natal region and beyond, especially to the vast consuming area of Gauteng.

"Main regional industries are sugar, food products, textiles, forest products, electrical/electronics, petro-chemicals and automotive."

The publication says that it is significant that companies geared to the export market are ideally located close to the port and save millions on the transport costs they would incur if operating inland.

"Every service a company will need is available in Durban — accounting and financial institutions, lawyers, import/export agents and distributors, and customs clearing, forwarding and shipping agents."

It pays a compliment to organised commerce and industry, established originally as the Durban Metropolitan Chamber of Commerce in 1856 and which later joined up with the Natal Chamber of Industries (founded in 1905) to form what is now the Durban Regional Chamber of Business.

"It is a major contributor to Durban's success," it says.

Although the Durban chamber — the largest in South Africa with 7 000 members — has close links with the Greater Durban Marketing Authority and the KwaZulu Natal Marketing Initiative, it is an independent non-profit making organisation, dedicated to the protection and promotion of its members.

Besides being a representational voice for regional commerce, it provides a wide range of business services and puts emphasis on international trade.

> *'The city provides all the services a company could need'*

In 1994 alone there were 54 foreign trade missions from 45 countries visiting Durban and KwaZulu Natal.

A Chamber spokesman said: "Some are strongly focused and effective whereas others are to demonstrate their countries' support and commitment to the new South Africa. Most are amazed at how sophisticated our basic infrastructure is, such as our communications and highways.

"Many see South Africa as a springboard to other parts of the world, particularly from a shipping point of view. They used South Africa to get closer to South America, Europe and North America.

"That is in addition to the opportunity to use Durban as a base for the whole of the southern African market and the Indian Ocean islands."

The chamber plays a great role in the social fabric of the province, and is in particular tackling the educational aspects.

Programmes are continually being revised and devised, such as an excellent new business management course at the Natal Technikon, which is aimed at helping black inhabitants with numeracy, literacy, computer skills and basic business management skills.

(With acknowledgements to "Port of Durban", published by Medialines, Liverpool, England)

Top investment opportunities

Investment opportunities abound in KwaZulu Natal.

The Amalgamated Management Intelligence organisation recently completed a report for the KwaZulu Natal Marketing Initiative on the region's potential for import replacement, its capacity extension and opportunities in the export field.

The following list represents some examples of investment opportunities:

- Leather products, wood and wood products (in particular decorative veneers), food and beverage products (canning of fruit and vegetables for export), metal products, machinery and equipment.
- Electro-mechanical drills and other tools, switches for motor vehicles (there is a potential sales value in South Africa alone of R2-billion), printed circuit boards, electro mechanical relays, clothing and textiles products, and electrical intensive industries.

In addition, the RDP creates considerable potential, specially in the construction sector.

The "Electricity for All by 2000" programme, for instance, has been estimated to generate a demand for 1 000 poles, 2,5 million prepayment boards, 2,5 million ready boards, 28,5 million metres of open conductor cable, 25 million metres of aerial bundle conductor, 75 million metres of air duct cable, and a total of 26 200 100KVA x 11KV transformers.

Education boost from Investec

The independent investment and merchant banking group, Investec Bank, has pledged R1 million to the University of Zululand.

The sponsorship, a component of Investec's comprehensive social upliftment programme — will be utilised to develop and implement from next year a 4-year B Comm banking degree at the university.

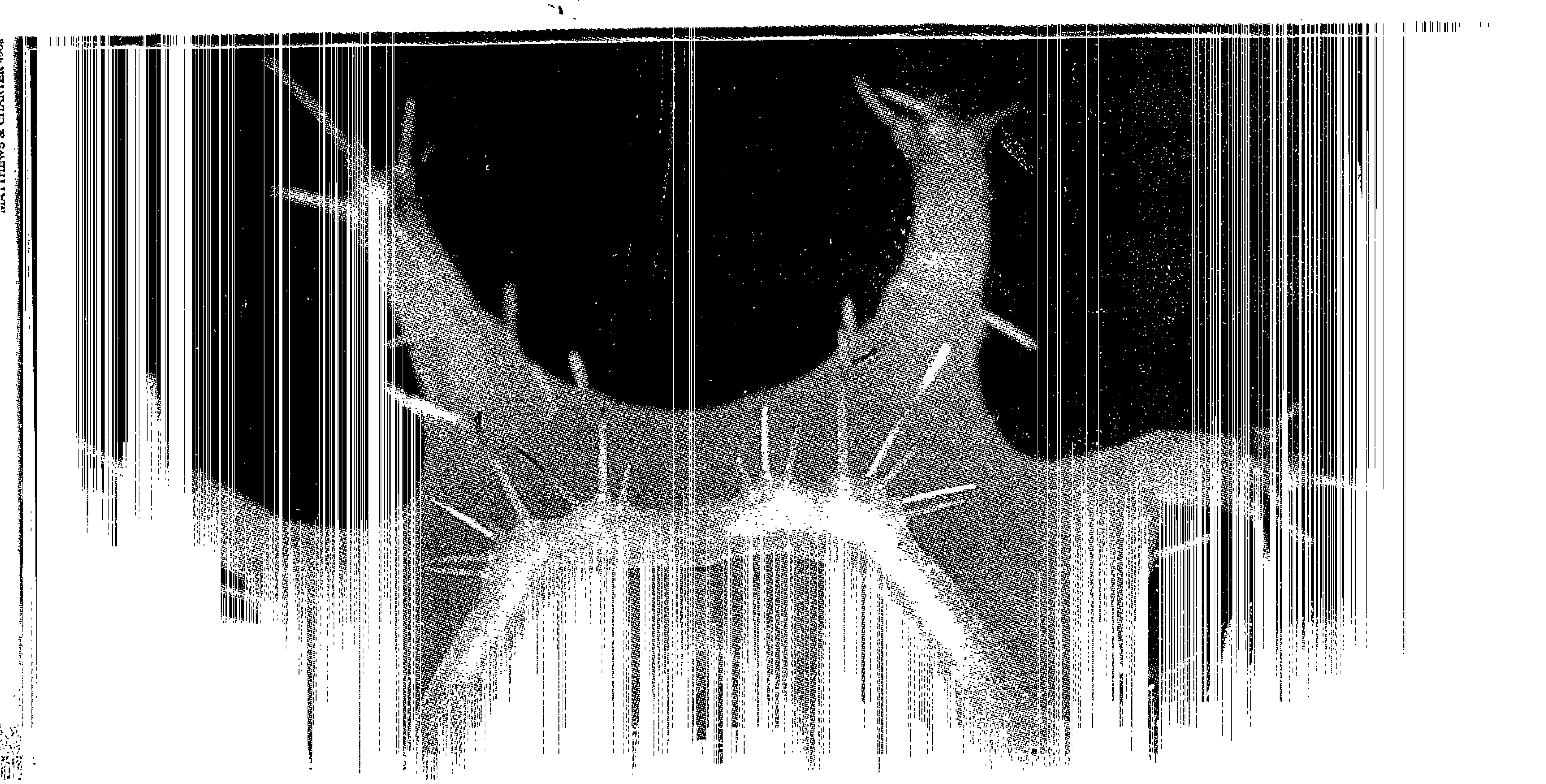
"We believe that such an education programme is vital to assist members of previously disadvantaged communities.

"It will enable them to participate in and contribute positively to the domestic and international business environment," said Vince Boulle, of the bank's regional office in Durban.

"We have identified the university to be a potential core of academic achievement in the area."

Investec is now involved in furthering educational opportunities at three universities — the University of the North, Western Cape and Zululand.

In 1994, the bank pledged R1,5 million to the University of the North for the establishment of a business school, and R1 million to Western Cape for the economics department.



KWAZULU NATAL

A SPECIAL BUSINESS REPORT FEATURE
EDITORIAL: NORMAN CHANDLER
ADVERTISING: WESSEL NIEMABER

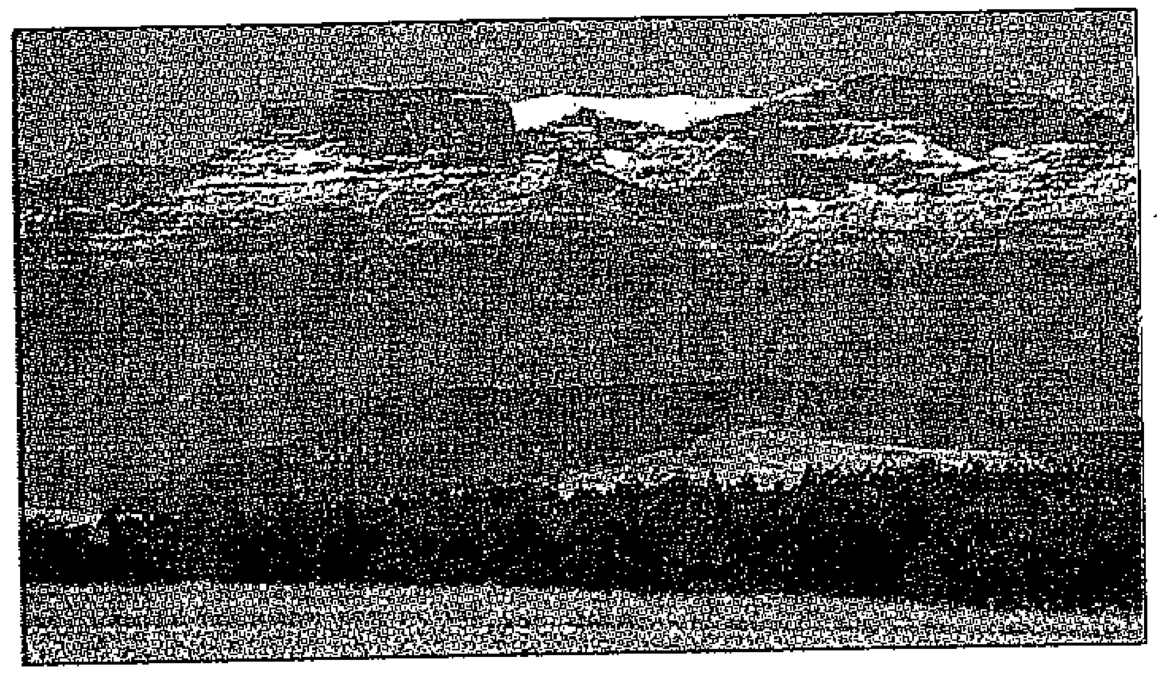
The playground of a nation

KwaZulu Natal — and in particular its coastline — has long been known as the holiday playground of southern and South Africa.

Millions regard it as the place to go to, whether it be to the beaches, the mountains, the fishing grounds or the game and nature reserves.

Aptly named the "garden province", Kwa Zulu Natal has striven hard to maintain its reputation, with a major rehabilitation of the Durban beachfront and its fabled "Golden Mile" of tall skyscrapers fronting on to the Indian Ocean, numerous waterfront developments, the superb freeway system which sweeps down from the Drakensberg to the coast, the development of new holiday destinations along the north and south coasts, and the friendliness of its people, notwithstanding the violence which has wreaked havoc in the rural areas.

A Cook's tour of the province starts in what most South Africans call the "Berg", the great Drakensberg range which separates Kwazulu Natal from the Free State,



SPLENDOUR *The Drakensberg is a favourite holiday destination*

Mpumalanga and, of course, the Gauteng industrial heartland.

First-class country hotels and inns, guest farms, quaint pubs, roadside markets and pretty little villages and hamlets have turned the province into a holiday area par excellence.

The green fields and the trees of the Midlands simply add to the overall impression.

The Berg area has been divided in three for holidaymakers — south, central and north. All three have one common denominator — beauty and grandeur.

The majestic Drakensberg forms a perfect backdrop to these areas and to the farmlands which lie in the foothills.

In the north-west corner lies Itala, the showpiece of the Natal Parks Board, which operates game reserves across the northern and coastal section of the province. The survival of the rhino as a species is probably due to the dedication and support of the NPB, recognised internationally as one of the great game conservation organisations in the world.

Not too many kilometres from Itala stand some of the great battlefields of the past century, when the proud Zulu race took on the might of the British Empire, and a bitter Boer fought both the Zulus and the British.

Battlefields such as those of Rorke's Drift, Isandhlwana — where the Zulus stunningly defeated the might of Queen Victoria's forces — and Ulundi are among those visited by thousands of tourists today, many of whom come from Britain on special tours simply to see where the most Victoria Crosses were awarded for bravery in the field. The British have a special place in their hearts for what they call the Boer War, with many centres in the UK having memorials to the fallen British soldiers.

The monument at Blood River, where the voortrekkers pledged the Covenant on December 16 1837 following the Battle of Blood River, is also very much on the tourist map.

Sites of great battles and sieges of the South African War of 1899-1902 are common place in the province, and draw many interested tourists. Towns such as Ladysmith, where the most famous siege occurred, Colenso and others are tourism areas as well.

The area's dual capital Pietermaritzburg — the other is Ulundi — is another stop on the route. Once described as "sleepy hollow" because of its situation and muggy weather, the city is today a thriving metropolis with many interesting historical buildings and is a vibrant industrial growth point.

Then the Cook's tour winds down to the coast, and Durban, the holiday mecca of the sub-continent with its beachfront and other amenities tailor-made for the visitor.

South of Durban is a long stretch of coastline running down to the Eastern Cape border, and including many small fishing harbours, comfortable hotels and recreational amenities. Northwards is the vast almost untapped coastline of northern KwaZulu Natal, where the sugar cane fields sweep down to the high-water mark.

Richards Bay, the country's newest and largest port, is one of the fastest expanding towns in South Africa due to its industrial base of coal terminals, aluminium smelters, and harbour facilities.

To the north, along the coast and inland, are superb fishing and camping areas which also draw many tourists and nature lovers from all over the world.

Inland from there is the original kingdom of the Zulus, with their capital of Ulundi and the royal palaces, featuring rolling green hills as far as the eye can see and a way of life long-forgotten in other corners of South Africa.

SUN SPOT *The KwaZulu Natal coastline stretches for hundreds of kilometres, with a wide choice of beaches*

Planning institute has overall vision for transport

Transport is essential to the economic development of the region and also has a role to play in the creation of wealth, says the director of the Strategic Planning Institute, Dr Meshack Khosa.

But he warns that without a co-ordinated policy framework for all modes and an overall vision, this may not be attained.

"The old institutional framework for organising and managing transport in South Africa, and in the province, has been epitomised by an untenable fragmentation and lack of co-ordination.

"Various transport sectors, like road, rail, freight, air and shipping operated in isolation from each other.

"Policy formulation and implementation was imposed from above by the government with no democratic consultation and participation [illegible]

dential areas and rural areas."

Khosa says that the previous regime had propagated a selective policy of privatisation, deregulation and devolution which, to a large extent, compromised efficiency of metropolitan, regional and rural levels by inhibiting transport co-ordination.

"Unequal weighting of finances for different sectors of transport in KwaZulu coupled with declining transport budgets over the past two decades are other causes of many of the problems we face today," he adds.

"If South Africa is to be both economically prosperous and meet the basic needs of millions, I believe a far-sighted strategy has to be developed."

Six major problems have been identified by the transport group of the KwaZulu Natal economic forum, which has been debating the province's needs [illegible]

provision of transport in rural and provincial areas, a critical lack of sustainable education and training programmes, a need for transparency, and a serious lack of transport for the disadvantaged and disabled.

The transport group also says that to encourage trade and tourism, it is necessary for a new international airport at La Mercy, north of Durban, to be constructed or for Durban International airport to be substantially upgraded.

The taxi industry is seen as being overtraded and in need of restructuring while the number of people using rail commuter services is declining. A number of new initiatives have been tabled, and these include ensuring that the competitiveness of Richards Bay and Durban harbours be vigorously pursued.

A second initiative is for airport [illegible]

Sustained rural development vital, says professor

There is a tremendous depth of need in KwaZulu Natal but if resources are to be deployed it is imperative that they be sustained and this is specially relevant in the dense rural areas of the province where deep-rooted problems exist.

This is the view of Professor Doug Hindson, of the University of Durban-Westville's Institute for Social and Economic Research, when he summarised the results of a two-day provincial economic workshop.

"We must understand the opportunities in rural areas and work out critèria to sustain development. We must not make the mistakes of the past and we must strengthen people's ability to make survival choices," he said. "There is a powerful dynamic which underpins the concentration of industrial development.

"This is where the dynamism of the economy occurs, but if allowed to grow unabated, it could worsen spatial problems. We should possibly concentrate on particular sub-regions, addressing the problem of need where it occurs.

Hindson highlighted various aspects of the province's development, and said there were problems in inherited socio-economic and spatial imbalances which were "very deep and difficult to overcome" while an apparent unstable local political environment and a non-functioning local authority also made things difficult.

Under-resourced small, medium and micro business, which had been largely excluded from opportunities to participate in the mainstream economy, was another important factor, while there was a confused undefined role for national, provincial and local governments and a lack of clarity as to who does what.

Legacies

Hindson said the RDP should, broadly speaking, be utilised to resolve the historic legacies of economic and spatial imbalances while the private sector should concentrate its efforts on ensuring growth of output and tackling the problems of productivity and unemployment. There was a need to stabilise the region and to check and significantly reduce rampant crime, particularly in urban areas.

"Priority should be given to the promotion of policy accords for the various sectors, or social compacts, which make up the province's diverse economy. Special attention should be afforded to the crisis-torn housing sector.

"In addition, it has become apparent that there is a need for a coherent economic and development policy framework while a further need was identified for the monitoring of projects against known criteria."

Hindson believes that it is possible "to initiate dynamic processes of change."

by the government with no democratic consultation and participation," says Khosa.

"The old era was further exacerbated by the fact that three tiers of government were responsible for the provision of services in the province. This resulted in duplication of services in some areas and omission of services in others, particularly in African resi-

which has been debating the province's needs.

These are the lack of a co-ordinated and integrated vision of transport and land use, a lack of funding in supporting development and maintenance of a road infrastructure that either directly supports or indirectly interfaces with all facets of industry, a shortage of structures to facilitate the

ously pursued.

A second initiative is for airport capacity at state and provincial levels to be upgraded. A third is that a sound rural road infrastructure is needed to underpin economic development. It has also urged that an investigation be conducted into the establishment of export processing zones at harbours, airports and border crossings.

Schools in line for major RDP revamp

Millions of rands are set to pour into the province from next year in order to upgrade schools, an operation which will take about two years to complete as part of a Reconstruction and Development Programme renovation campaign.

The first phase, in which R16,1 million is to be spent, will aid renovation work at about 100 schools in the Vryheid, Ladysmith, Maritzburg, Port Shepstone, Durban and Empangeni districts. Most of the schools were formerly administered by the former KwaZulu Education and Culture Department, and the national Department of Education and Training.

The second phase, aimed at upgrading resources and facilities, will cost R33 million.

Dorothy Motubatse, project co-ordinator in the national RDP office, said: "Once the renovation has started, the idea is to give back ownership to the communities so that they can feel they own and maintain the schools themselves."

Urban pop boosts Capital's audience

Communication is the name of the game in KwaZulu Natal and local radio station, Capital Radio, is contributing to this in many ways.

Established in 1979 as the country's first independent commercial music station, Capital is now broadcasting from Durban after having originally broadcast from Port St Johns, in the eastern Cape, and Johannesburg.

Capital's Tracey Firetto says that the station provides a much-needed boost to KwaZulu Natal's choice of listener programmes through its "urban pop" format, which appeals to the broad spectrum of the province's community.

"We believe the station represents an important facet of the future of broadcasting in the new South Africa and that it will go from strength to strength," she said.

The Independent Broadcasting Authority will decide soon whether Capital may upgrade two medium wave transmitters with FM so as to reach major target areas in KwaZulu Natal and in the eastern Cape.

LTA lays the foundations

One of the country's largest construction businesses is continuing to play a major role in the development of the province.

LTA KwaZulu Natal, an operating division of LTA Construction, has been closely involved in the well-being of the region for years, undertaking building and civil engineering projects throughout the entire province.

The association goes back many years to the time when the then-tallest building in South Africa, the 12-storey Colonial Mutual office block, was erected in West Street, Durban.

Today, this building is dwarfed by the skyscrapers on either side of it in the heart of the city.

The Colonial Mutual building was erected by Lewis Construction, which later merged with James Thompson Ltd and Amalgamated Construction and Contracting Co to form LTA.

LTA KwaZulu Natal believes that as the upturn in construction activities begins to become more important to the economy, meaningful affirmation action programmes can be implemented in order to allow the company to play a major role on the South African scene.

The employment of emergent contractors as subcontractors and the formation of joint venture partnerships with the informal building is being actively pursued, a company spokesman said.

KWAZULU NATAL

A SPECIAL BUSINESS REPORT FEATURE
EDITORIAL: NORMAN CHANDLER
ADVERTISING: WESSEL NIENABER

R380m dry dock project

Plans are afoot for a massive R380 million dry dock to be built at Richards Bay after years of inaction because of financial restrictions imposed on South Africa during the apartheid era.

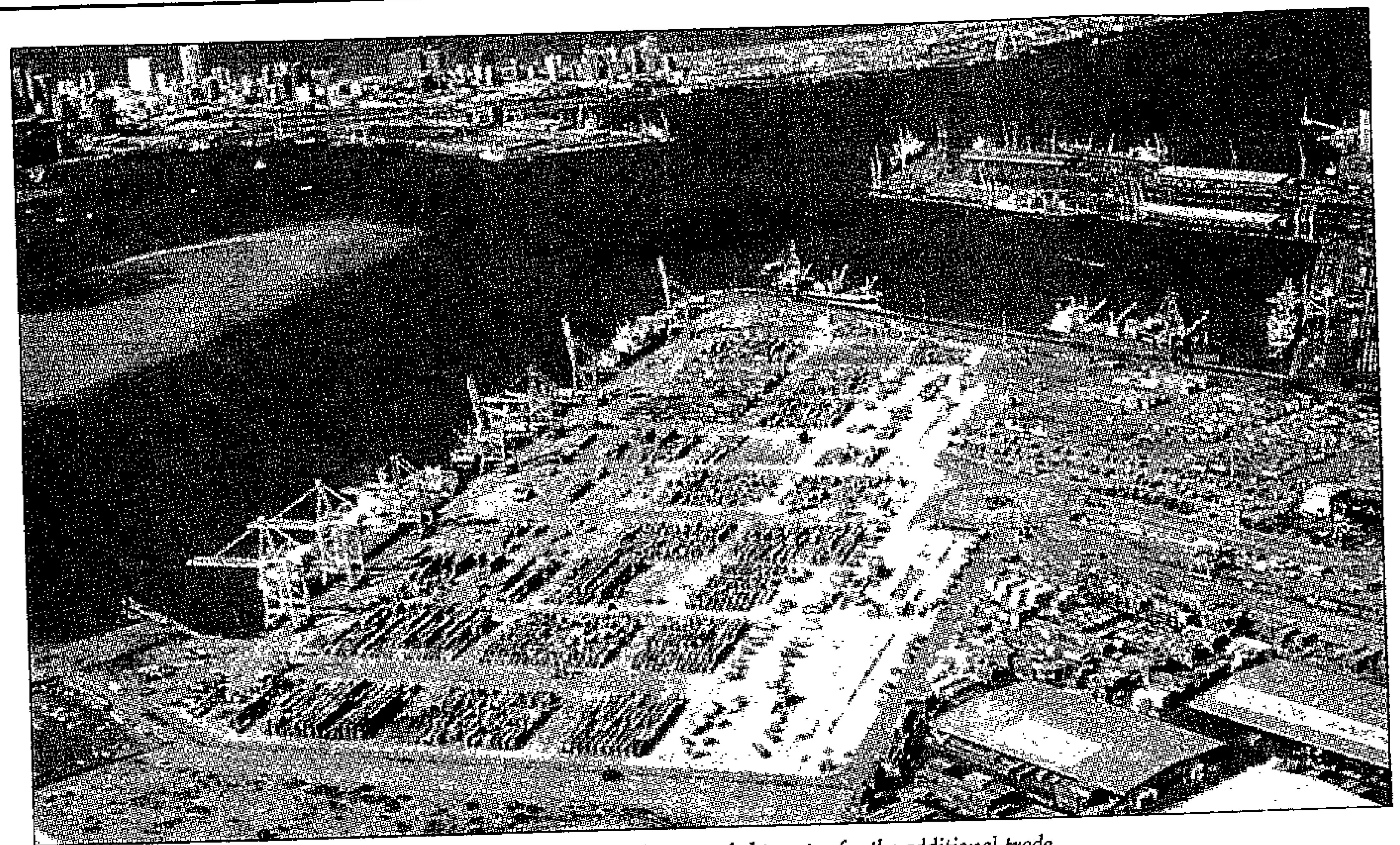
The 350 000-ton dry dock is being looked at closely by the Japanese government, which has offered South Africa aid totalling R4,3 billion to encourage economic empowerment.

The dry dock is the brainchild of Rowley Morgan, a Richards Bay ship repair company which has been working on the project for ten years but was unable to raise the money. But since the change in the political climate it has been able to discuss the feasibility with foreign investors.

Company chairman Jack Rowley says: "We are going to look worldwide. We are going to leave our options open to see who offers the best deal. There is a desperate need for a dock of this scale in the region."

The project will create short-term job creation in the actual construction work, but the greatest spin off is in the potential full-time employment for about 1 000 people and the ripple effect of the creation of a further 2 500 jobs in the Richards Bay/Empangeni area.

The dry dock will operate under an off-shore holding company, Rowdock Limited, registered in the British Virgin Islands. Rowdock Ltd, the local working company, has secured an option on 25 hectares of land on a 30-year lease from Portnet with renewal options. Feasibility studies have indicated an annual turnover of R160 million.



MAKING SPACE *Durban harbour's container terminal is to be expanded to cater for the additional trade*

Portnet offers broad regional service

Portnet is South Africa's port authority, controlling and managing all commercial ports on the South African coastline, including the two in KwaZulu Natal.

This puts Portnet in a unique position to offer efficient services to port users throughout the region.

It is the largest port authority in greater southern Africa, controlling seven of the 16 noteworthy ports in this area. The seven are Richards Bay (the largest in South Africa), Durban (the biggest in capacity in Africa and the 26th biggest container port in the world), East London, Port Elizabeth, Mossel Bay, Cape Town and Saldanha, which in water mass is the largest harbour facility on the South African coast.

Saldanha is so large that it can accommodate, in water mass, all other six South African ports.

In terms of KwaZulu Natal, Richards Bay is South Africa's main port for the handling of bulk cargo. It is a deep water port and handles about 50 percent of the country's total port traffic.

The port is well known for its facilities for the handling of bulk commodities as well as granite blocks, steel and liquids and is the site of the largest coal terminal in the world.

Durban port is a full services general cargo port handling about 20 percent of the country's total port traffic. It has unmatched shipping opportunities, both in terms of frequency and destinations serviced.

No other South African port can match the number of direct links to ports worldwide.

It is especially effective as a hub port for cargo to and from the Far East serving both South Africa and east African countries.

Portnet says that South Africa is strategically situated on the major world trade routes, and its seven ports therefore form an integral part of the national transport network as they are linked to the road and rail systems serving the interior of the country and over the border.

Internationally known for reliability and service, Portnet prides itself on the efficient performance of its port authority functions.

Portnet is responsible for the provision and maintenance of the basic infrastructure of the ports, including breakwaters, channels, turning basins and quay walls.

It also provides marine services while navigational safety is another of its responsibilities.

Trade winds blow hard from Far East

The port of Durban, Africa's biggest in terms of capacity and the busiest on the continent, is poised on the threshold of massive development because of an explosion in trade with the rest of Africa and the Far East.

The port is ranked the 26th largest container port in the world, handling some 40 million tons of cargo annually, including petroleum products. A total of 800 000 containers are handled by the port authorities every year.

"These are quite significant figures," says marketing manager Ronnie Holtshausen. "The port handles a significant amount of cargo for Africa, most of which is destined for Zimbabwe. There is a total of 233 000 tons a year coming through here, of which 74 percent goes to Zimbabwe, 10 percent to Mozambique and seven percent to Botswana.

"These countries, as well as Malawi and Swaziland, export about 514 000 tons a year through Durban."

Now the port is expanding its facilities with Portnet, which runs the port on behalf of the government, making massive investments to develop the harbour and its facilities.

In order to cope with increasing volumes of containers, new facilities, additional equipment and infrastructure is being provided to allow the port to handle 1,2 million containers by 1999.

The existing terminal stack area is being expanded and a giant shed erected as part of a multi-purpose combi terminal on Pier 1. In the shed will be specially built gantrys and other cranes to load or off-load containers.

It is expected that a further new facility will be provided early in the next century to cope with future demands. Impact assessment studies are under way.

Durban harbour also has a number of other bulk terminals, such as those for granite, citrus fruit, sugar, forest products and molasses.

The port of Durban is also not forgetting its social responsibilities, and is playing the leading role in the redevelopment of some run down areas of its property by establishing waterfront developments — one off the Victoria Embankment near the Yacht Basin and the other at the end of once-notorious Point Road, and incorporating the old King's Battery which guarded the entrance to the harbour during World War 2.

"The idea is to make this 55ha waterfront a unique African experience and to incorporate as many historic buildings as possible such as an old railway station, warehouses and the old prison. Other stages are to include a marina, hotels and entertainment facilities as well as shopping facilities.

"It will give the waterfront back to the people of Durban, create an entertainment area for the city and tourists while at the same time restoring an historic site," says public relations general manager Yvonne de Kock.

Employing some 5 600 people in Durban harbour, Portnet estimates that at least a further 30 000 are directly associated with the port and this does not include ships chandlers, banks, agencies and factories in the greater Durban area.

"This port plays a pivotal role in the life of the city because everything basically revolves around it," says Holtshausen. "If Durban comes to a standstill, the national economy will collapse because of the huge reliance there is on this port. It is a known fact that 62 percent of South Africa's foreign exchange earnings at FOB values is generated here."

Holtshausen says that one of the main reasons for Durban's standing as an internationally-recognised container port is the "just in time" principle which has been actively pursued by many major manufacturing concerns, particularly the motor industry.

During the years of trade sanctions, many South African manufacturers carried carried spare parts and other equipment in case supplies were stopped from entering this country, but now that sanctions have been lifted, many hundreds of companies have adopted the "just in time" principle by importing on a need-to basis or when supplies have become depleted.

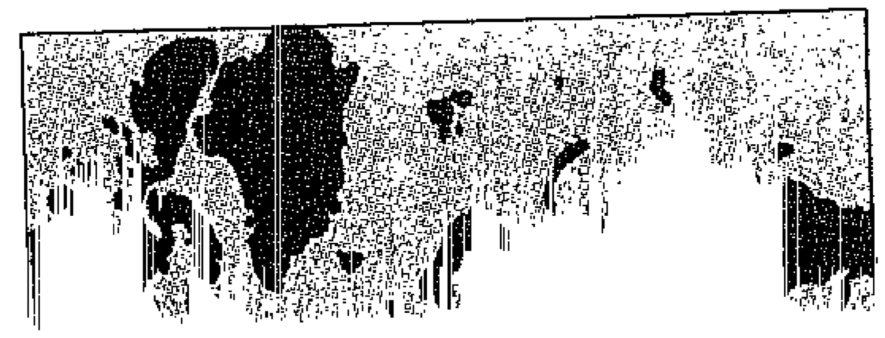
"Containerisation has been a pivoting aspect in this," he said. "There is a ship to and from the Far East every day, and that's a vast difference from what the situation used to be like. There are now 5 000 trading vessels entering Durban every year, and some of the shipping lines now calling here have never before come to us."

Holtshausen pointed out that the Peoples' Republic of China's Cosco Line – the world's largest — now includes Durban on its schedules, as does the Uniglory Line, owned by the Republic of China's Evergreen organisation. Other shipping lines now using Durban and other South African ports include many from India, the Middle East and Southeast Asia.

Durban set to be Africa's first hub port

The port of Durban could become Africa's first hub port and play an important role in shipping traffic.

The hub port concept was initiated in 1988 to move containers from Europe and the United States to Australia and has subse-



routes — Australia, the Far East, and South Africa and northern Europe.

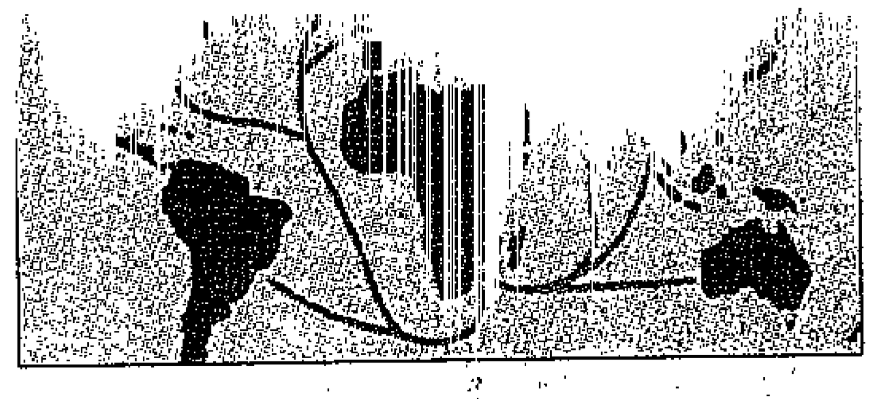
Hub activity will be concentrated on Durban as it is the port where most shipping lines meet. The future quen:y growth ... 20 percent of total container volumes coming through the port.

Based on the same concept, and using Durban as a hub, east African trade has developed hugely.

Trade initially started off between Durban and east African ports by linking smaller feeder vessels with larger container vessels, thereby opening up trade between African countries and most of the world, as the large container vessels do not call at small ports.

This trade through Durban has now expanded and is growing at the rate of 30 percent a year.

With traditional trade markets swinging away from Europe to the Far East, Durban is strategically located on the routes linking the major shipping



... of the hub are linked to railways from some African ports beyond South Africa's borders.

Delays of up to 30 days are not uncommon for cargo sent by rail, but with Durban as the hub, delays could be cut to a minimum.

Trans-shipments and feeder services have in recent years been stimulated by the introduction of containerisation and pressure for a reduction in voyage costs and port delays on established routes.

Richards Bay may get new container terminal

Richards Bay may be the site of the country's newest container terminal, port officials have disclosed.

It is planned to locate the new terminal opposite two new general cargo quays which are under construction at the harbour, the largest deep-water port on the South African coast.

Investigations into the container port are being carried out by experts from the port of Rotterdam, and they are expected to complete their report by the end of the month.

The north coast port already boasts a duly bulk terminal, the largest multi-product facility in the country and this terminal has handled 2,3 million tons of import cargo over the past financial year. It is expected to increase to about 3 million tons next year, rising to 5 million by the end of the decade.

KWAZULU NATAL

A SPECIAL BUSINESS REPORT FEATURE
EDITORIAL: NORMAN CHANDLER
ADVERTISING: WESSEL NIENABER

Partnerships pave the pathway to prosperity

A shared economic vision for the province is regarded by provincial officials as one of the most significant developments this year in KwaZulu Natal.

Major stakeholders attended a provincial government-supported economic workshop with the sole aim of achieving consensus regarding the "economic pathway" that should be followed, said a spokesman.

It had taken place at a crucial time for the economy "in order to attract the investments needed for social and economic reconstruction, economic growth and development" to raise the real economic growth rate in the province above the 5 percent level.

The forging of a partnership between government, business, organised labour and civil society is seen to be crucial to a wide range of issues such as productivity, democratisation, small, medium and micro-enterprise development, educational training and skills development.

"The argument for a partnership approach is premised on the understanding that no one economic sector can progress in isolation and that a coherent and cohesive approach to formulating economic strategy is crucial to economic growth," the spokesman added.

From a Reconstruction and Development Programme (RDP) perspective, this partnership is seen as being about rights and responsibilities, and that funds from the RDP are only likely to benefit those communities that are prepared to make a contribution to economic upliftment.

Identified as key sectors are trade and industry, land and agriculture, housing, basic infrastructure, transport and tourism.

Various work groups have already reported back on their priorities.

The trade and industry group says that high on the list should be have been devastated by violence and which, in many instances, have been left financially incapacitated and unable to service their debt obligations.

It also suggested that the problem of crime and violence receive immediate attention as "violence is obviously threatening business confidence and has a negative impact on visitors, tourists and potential investors as well as soaring costs in security measures for companies and individuals".

The group also identified ways and means of enabling small medium and micro enterprises (SMME) to gain access to formal sector markets for goods, services and subcontracts, the need for SMMEs to integrate into major business clusters and pipelines and enter into co-operation arrangements and ventures in areas such as production, marketing and finance.

Labour

Some pointers towards industry policy included building on existing strengths and competitive advantages, and using labour intensive methods where economically viable.

It has been suggested that the provincial government should also give consideration to funding the process of developing an industrial policy, which will involve substantial research and consultation.

The land and agriculture group identified strategic issues to be information and training, and the reconstruction of state and civil organisations as part of a long-term agricultural development plan.

It suggested a number of small-scale projects and training programmes to be implemented on a wide scale, and that practical goals be set for agriculture.

A plan for end-user finance for housing is listed as a priority by the housing group.

It said arrangements needed to [illegible] less than R1 000 a month.

A regional accord on housing also needed to be reached, and a campaign "urging observance of law and order with respect to housing should be launched".

"Efforts should be made to foster community co-responsibility and community initiative in regard to housing delivery and bridging finance should be considered," the work group added.

The upgrading of airport capacity in both runway, passenger and cargo handling is regarded as a priority by the transport group, which also says that the competitive position and standing of the province's Durban and Richards Bay harbours should be strengthened.

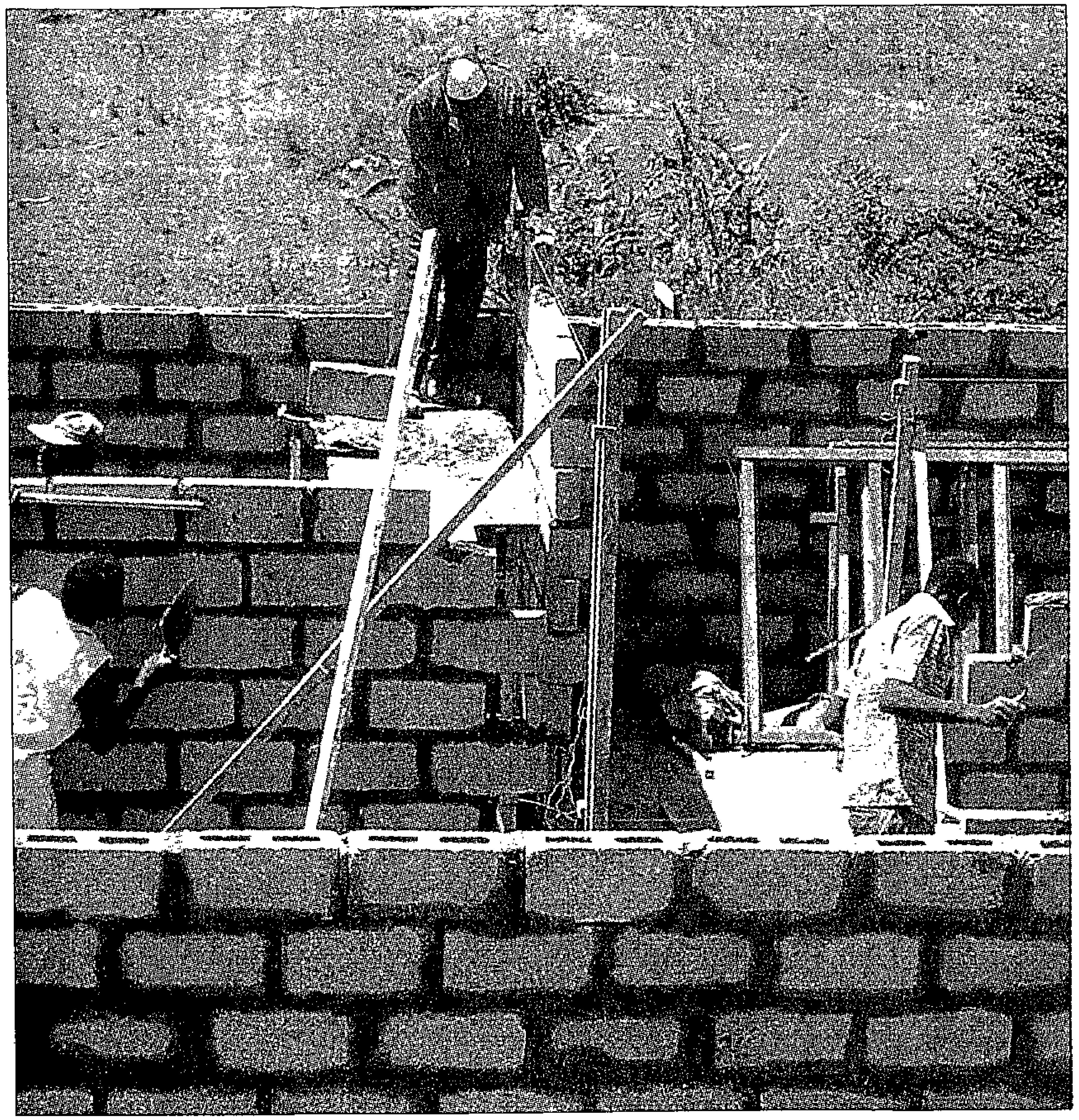
It has called for an early decision on whether or not Durban requires a new international airport.

The group also urged the provision of "a solid rural road network to underpin economic development" that will allow the opening up of new corridors of development, the provision of access and mobility to remote rural areas, community involvement in road building, the administration of public transport to facilitate economic development, and a re-appraisal of the transport chain.

It suggested the formation of metropolitan transport authorities with devolved functions and powers, community-driven rural transport forums, and more money for building and maintaining rural roads.

Short-term measures recommended by the tourism work group are the formation of a central body in the province, the establishment of a secretariat, the identification of opportunities and development of a set of principles to guide a tourism vision for KwaZulu Natal.

The basic needs group found that principles and policy priorities needed to be processed further to ensure that specific strategies are formulated and implemented to [illegible]



PRESSURE BUILDING *There are enormous disparities between the need for houses and their delivery through the RDP*

Urban housing backlog 'as high as 440 000'

The housing sector in KwaZulu Natal is characterised by enormous disparities between need and current delivery, with the urban backlog said to be as high as 440 000 houses.

This is the picture painted by Dr Marius Spies, chairman of the newly formed Provincial Housing board of KwaZulu Natal and executive director of the KwaZulu Finance and Investment Corporation.

Spies said delivery in the province in 1993 was of 12 000 serviced sites and 10 000 structures, and this was in stark contrast to what was required.

[illegible] mous need for housing, this did not always translate into demand.

People with the most need are considered very poor, with 50 percent of the population earning less than R1 000 a month and 30 percent less than R500 a month.

On the other hand, most commercial banks and building societies will not lend to people who earn less than R2 500 a month.

Professor Dan Smit, who co-ordinated a housing working group workshop recently, said that quantifying housing's contribution to the regional economy proved difficult, although estimates indicated that the [illegible] regional gross geographic product in 1990. The international norm is 5 percent.

The importance of the housing sector in the future economic direction is considered extremely important, and this is mirrored in its association with meeting basic needs, job creation, growth and the multiplier effect in other sectors.

Smit said the housing sector was beset by a number of constraints, not least of which was the well-known fiscal constraint.

The regional slice of the housing budget amounted to R328 million, which at the R12 500 subsidy a person, translated into [illegible]

Peace is a precursor to stability

An official KwaZulu Natal assessment of the province's economic future in the light of what it calls politically-motivated violence is to "stamp it out, (as) a peaceful environment is a precursor to stability, prosperity and economic growth."

The assessment makes it plain that the province is under no illusions that violence has severely affected its development.

It has been hurt badly because although "during and immediately after last year's elections, violence decreased dramatically in the province, the scourge has recently reared its ugly head again".

This is doing harm to the picture of the province as a peaceful area as "the province holds exciting prospects for the future of its inhabitants in this new era of democracy. The province has tremendous potential for rapid economic growth and development if we are able to use our comparative advantage in the new world order."

It is claimed that the implementation of the Reconstruction and Development Programme (RDP) through 22 presidential lead projects has given the province a significant boost to development, amounting to more than R700 million in the next year.

"The increasing provincial funding allocation from central government to our province of R14 billion in the 1995-96 financial year certainly signals positive signs that we will be able to more rapidly address the needs of our people," says the assessment.

KwaZulu Natal's potential is dominated by the manufacturing sector.

It is characterised by a diversified industrial base — which includes motor vehicle manufacturing, textiles, clothing, chemicals, food products and fabricated meals — while at the same time it has enormous potential for expansion and further beneficiation.

"The paper and printing, and the fabricated metals sectors, are good examples of this. Tourism and other service related industries offer significant growth potential but our manufacturing sector will continue to be an important engine for growth in our economy."

KwaZulu Natal is also looking at determining its economic growth path in co-operation with organised business and labour.

"We realise that our economic reconstruction can only be successful if we are to develop a strong partnership with business and labour in order that we confront the key challenges collectively and make the compromises necessary for sustained economic growth," it says.

Efforts to enhance the competitiveness in local manufacturing would have to be taken in the context of the objectives of the RDP. "This provides the broad framework for the trade and industrial policy, while its

Economic Affairs; Education and Culture; [illegible] Services; Housing and Local Government; Nature Conservation and Tourism; Auxiliary Services and Traditional Affairs; Health; Roads, Transportation and Traffic Control; Social Welfare; Agriculture

Area of province: 91 740 sq km

Land percentage of South Africa: 8,1

Capitals: Pietermaritzburg (administrative); Ulundi (legislative)

Biggest city: Durban (population of greater metropolitan area: 4-million est)

Other main cities and towns: Pietermaritzburg, Richards Bay, Newcastle, Port Shepstone, Amanzimtoti, Ladysmith, Eshowe, Ulundi, Kokstad

Ports: Durban, Richards Bay

Airports: Durban International, Oribi (Pietermaritzburg), Richards Bay. Most other towns have airfields.

Transportation: Rail, air and road to all provinces

Per capita income: R5 727 p.a.

Major rivers: Tugela, Umzimvubu, Greater Usutu, Umzinkulu, Pongola.

Industries: Motor assembly, textiles, coal mining, tourism, plastics, sugar byproducts, fishing.

Chief crops: Sugar, dairy products, grain.

Province of great potential

The KwaZulu Natal Marketing Initiative, the province's development arm, along with the research institute Amalgamated Management Intelligence, has identified various areas in which the province could benefit. According to the two groups, the region has great potential in the following areas:

☐ Food, beverages and tobacco: canning of vegetables in the Midlands, particularly in the Estcourt area.

☐ Textiles, clothing and leather: Pinetown and Pietermaritzburg together provide 70 percent of the shoes manufactured in South Africa, and the province holds approximately 40 percent of the country's market share in clothing and textiles.

☐ Tools and the tool-related sector: The engine manufacturing industry, particularly two-stroke internal combustion engines, electro-mechanical drills and other tools.

☐ Manufacturing, as concerns with a high electricity demand will benefit from large coal deposits and the price of electricity supplied by Eskom.

Trade with Egypt shifts into gear

The province could be in line for a major investment boost from Egypt.

A sum of R50 million has been mentioned by a delegation from Egypt's Businessmen's Association, which has been holding talks in KwaZulu Natal with the province's investment organisations and the private sector.

Egypt recognised Durban in particular as a gateway for exports into southern African markets, as well as the Islamic world.

The delegation's chairman, Ali Gamal El-Nazer, says a trade understanding with the Durban Chamber of Commerce and Industry will help facilitate trade between the association members and provincial companies.

The delegation is the second from Egypt in less than a month.

Earlier this year Egypt's foreign minister, Amre Moussa, was in Durban to investigate links between South Africa and Egypt.

Trade between the two countries this year totals R130 million, compared with a meagre R20 million per annum in the past.

KWAZULU NATAL

A SPECIAL BUSINESS REPORT FEATURE
EDITORIAL: NORMAN CHANDLER
ADVERTISING: WESSEL NIEMABER

Leading region on the sports field

Ask a Natalian for the name of the greatest rugby team in the world and he will not say "South Africa" but rather "Natal".

And the same goes for the province's soccer and cricket teams, its athletes, road-runners, swimmers, polo players, basketball stars and surf-lifesavers.

KwaZulu Natal is sport mad. And municipal and sports administrators have made sure that some of the country's finest stadia have been erected in its cities and towns.

Kingsmead cricket ground and the Kings Park rugby and soccer stadium have contributed to a sports culture which appears to be setting the pace for the rest of South Africa.

Probably the greatest sporting event on the South African calendar is the Comrades Marathon, an historic race which is beginning to draw the world's top road runners to the hilly stretch between Durban and Pietermaritzburg.

Given blanket coverage on local television and radio, the Comrades has evolved into a test of endurance for thousands of South Africans who, every year, work diligently towards completing the course.

Rugby has in recent years become a major sport for many people in the province. This is in no small measure linked with Natal winning the Currie Cup championship for the first time in its history in the championship's 100th year. The province has continued to show its strength in the national competition. On October 14 the local team is due to play in the final again — their opponents will not be known until next weekend.

Cricket has traditionally been played by Natalians of all cultures, creeds and colours. Some of the finest players in the world have emerged from the province's "nursery" leagues and have strode the Kingsmead stage as world beaters down the years.

International cricket test matches are played in Durban — the scene of the longest test in history, when England met South Africa in what is known as the "timeless test" just before the outbreak of World War 2.

Soccer is highly popular among the province's African and Indian communities. The province's fortunes in the sport have dropped off lately, but standards remain high.

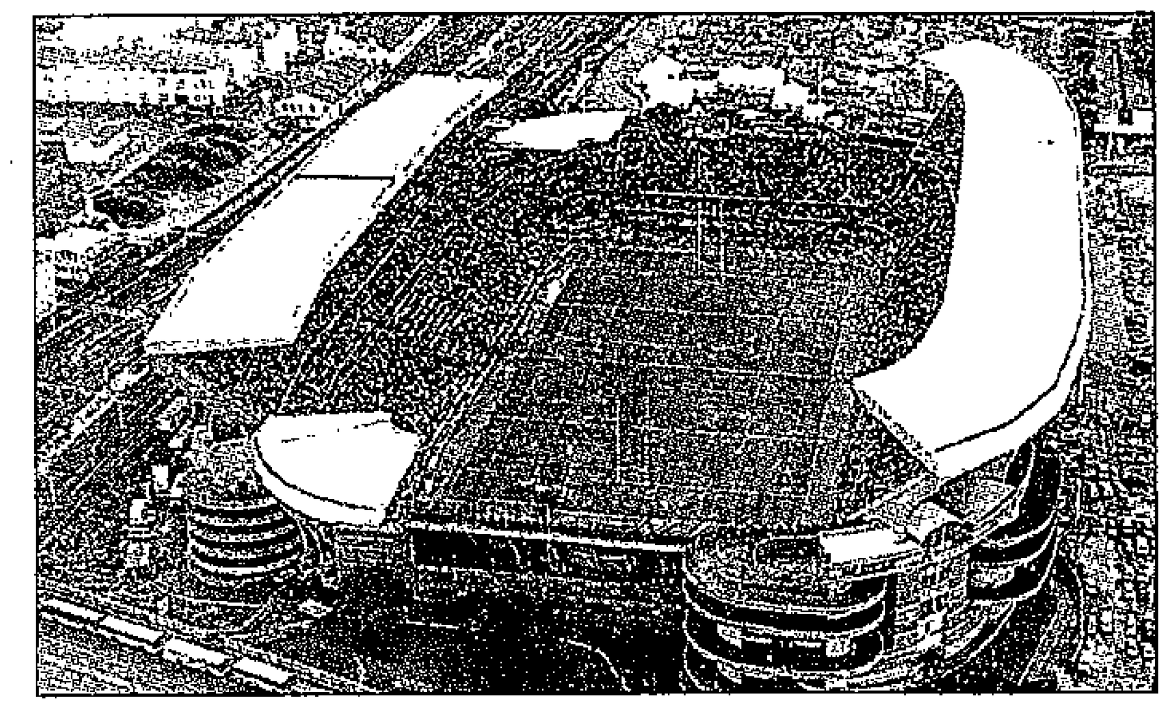
It is in surf lifesaving that the youth of the province have shown their mettle. Surf lifesavers from all over the world flock to KwaZulu Natal beaches to do battle with the often large waves. The national lifesaving championships have often been held on the province's beaches and are ranked among the best-organised in the country.

Professional surfing competitions, such as the Gunston 500, attract the world's best to Durban every year, and thousands of people flock to the beachfront to see the action.

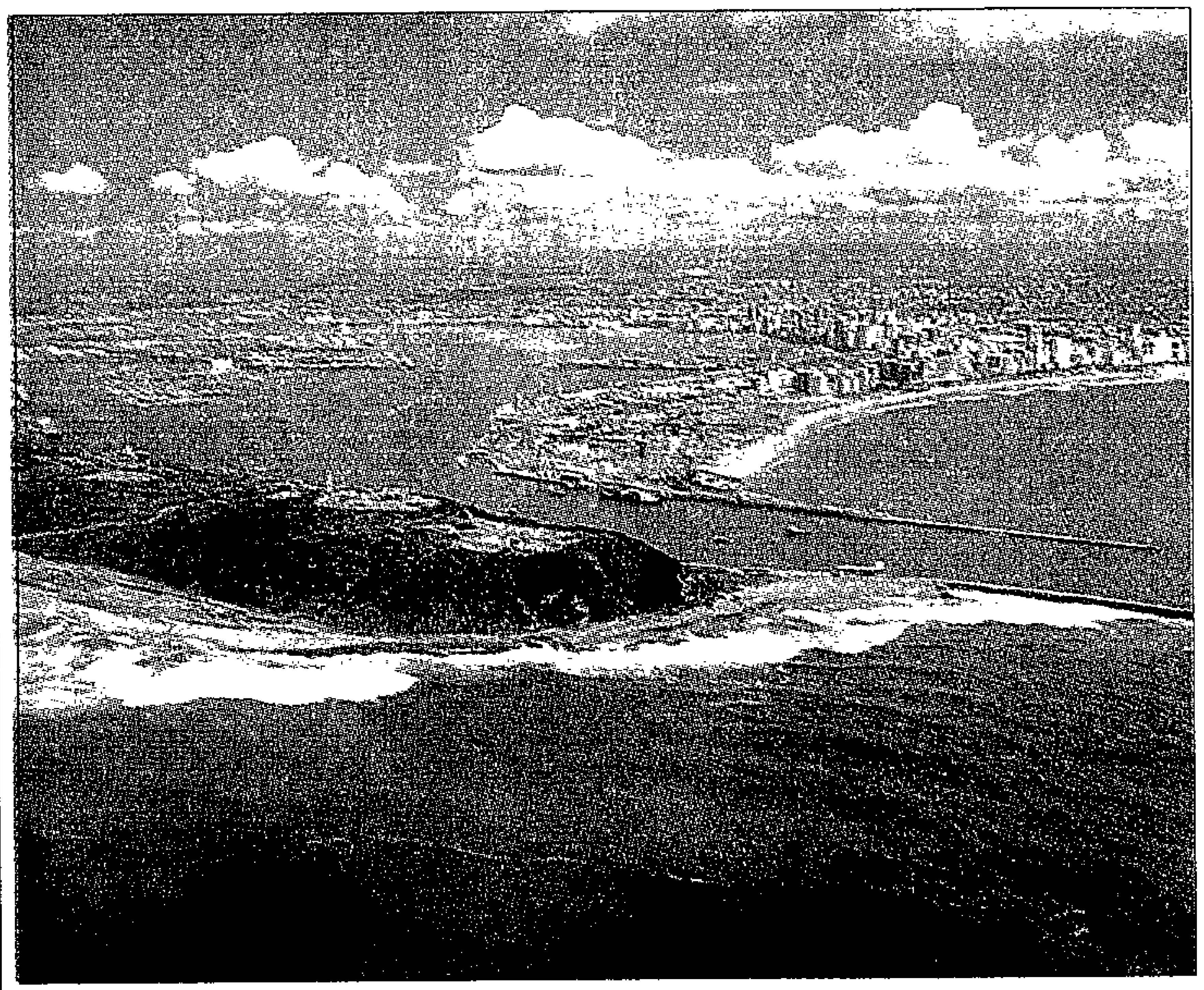
KwaZulu Natal is also horse racing country. The Durban July handicap, the country's most prestigious race, is run annually at the Greyville course in Durban. Clairwood Park is Durban's other major race course, while other meetings are held at Pietermaritzburg's Scottsville.

The other equestrian sport which takes up a great deal of interest is polo, with KwaZulu Natal players among the most skilled in the country. Many international polo matches against teams from Argentina and America have been played in the province.

KwaZulu Natal's golf courses are ranked among the finest in the country and several have hosted the national championships over the past 50 years.



TESTING GROUND *Duban's Kings Park hosts many top matches*



RISING TIDE *Facilities at the port of Durban are being upgraded to cope with a large increase in traffic*

Cargo terminal's R100m transformation

Portnet is currently in the process of converting the Durban Pier 1 general cargo terminal into a modern combi terminal at a cost of more than R100 million.

The existing facilities were originally positioned primarily for the import of general cargoes, and this meant that cargo sheds had to be built close to the quay apron and a vast railway yard laid out to facilitate cargo being transported directly to a cargo shed or railway wagon.

Now, however, it has been found that there is insufficient quay space and too much valuable storage space being taken up by railway tracks.

The new facilities include a 12 000m² storage shed for weather-sensitive cargoes and which will be equipped with four overhead travelling cranes.

The number of railway tracks at the terminal will be reduced to the four required for railway wagon off-loading and loading.

This so-called "rail loading station" will also be equipped with four cranes, while all 12 cranes at the new terminal will be similar in design as far as possible to afford interchangeability.

They are being designed for a 20-year lifespan and will handle total loads of up to 31 tons each.

The contract for the cranes has been awarded to Mannesmann Demag (South Africa) and the contract is due to be completed within 16 months, Portnet said this week.

Meanwhile, a major refurbishment of six Demag cranes built between 1976 and 1979 is on the go.

They are being mechanically overhauled and upgraded, with their electrical control equipment being replaced with the latest state-of-the-art technology.

The refurbishment programme includes the relocation of three of the cranes to other berths, as well as the replacement of nuts and bolts and the repair of corrosion. Gaps in the machinery rooms will be closed to prevent pigeons nesting there, a great problem in the past.

'Heritage City' a showcase of Victorian architecture

British colonial in character, Pietermaritzburg is a city of contrasts. New blends with old in graceful harmony, nestling within a ring of green trees.

Known as the "Heritage City", it has an environment of great quality and distinction, described by the Historical Monuments Council as "one of the most important high - character cities in Africa".

Hermoine Hobhouse, the secretary of London's Victorian Society, wrote after a visit in 1981: "I found the architecture all I had been promised and it is indeed one of the finest Victorian cities I have ever visited."

Here is a city proud of its heritage and determined to conserve buildings of character.

In the main street, one of the finest Victorian shopfronts in South Africa stands a few doors from the Philip Dudgeon-designed Standard Bank building with its beautiful stained glass windows depicting the four seasons.

Outstanding among the many Victorian and Edwardian buildings is the red-bricked City Hall, built on the site of the old voortrekkker Raadsaal in 1900 and declared a national monument in 1969.

Notable for its domes and fine stained glass windows, it is the largest all-brick building in the southern hemisphere and an ideal departure point for tourists starting out on walking tours of the city.

A few hitching rails in the central area are reminders of the city's romantic and leisurely past. One is in front of the Imperial Hotel from where Louis Napoleon, the Prince Imperial of France, road to his death in a Zulu battle in 1879.

The soaring columns and copper domes of the old Natal parliament buildings and the old Supreme Court building, are linked to a central network of quaint pedestrian lanes.

On the hill overlooking the city there is evidence of the settlement's transformation into a garrison town. Fort Napier was founded in 1843 when the 45th Regiment (Sherwood Foresters) camped there and remained for 15 years — a record for the British Army for the length of overseas service.

Because of its voortrekker founders, Pietermaritzburg played an important role in Afrikaner history, and the few tangible reminders attract thousands of visitors. Probably the most important of these is the Church of the Vow, completed in 1841 and now a museum.

Also evident is the contribution made to the city by the Indian population. They added a distinct Eastern blend — Hindu temples, Moslem mosques, colourful saris, spice shops and the annual fire walking ceremony on Good Friday.

☐ *With acknowledgements to the Developer, published by the KFC*

KWAZULU NATAL

A SPECIAL BUSINESS REPORT FEATURE
EDITORIAL: ANDREW GILLINGHAM
ADVERTISING: WESSEL NIENABER

Rich resources provide a solid base

Abundant natural and human resources have helped the province to build an extensive modern infrastructure and a strong business and industrial base.

Other natural resources include substantial coal fields, a variety of minerals, among the cheapest electrical power in the world, and a series of important tourist drawcards.

Business benefits from an excellent communications infrastructure, an abundance of labour, high standards of local management and a good institutional capacity, which includes excellent banking, insurance and other services.

Public services include a network of private and public health facilities and hospitals – including a medical university and a large training hospital planned for nearby – while schools are located throughout the province.

Four universities have campuses in the region.

Public libraries, technikons, teaching training colleges and other tertiary institutions can be found in several centres.

The highly-developed financial services sector has shown rapid growth in recent years, even though the region does miss the spin-offs which would flow from the location of head offices of many companies.

Four banks, however, have their headquarters in KwaZulu Natal and have shown remarkably fast growth.

About 30 local companies are listed on the Johannesburg Stock Exchange.

A substantial number of companies with headquarters elsewhere have very large operations in the province.

Agriculture, however, remains the largest employer in 27 of the province's 37 magisterial districts.

Sugar is the largest crop, even though its dominance, from a national point of view has diminished largely owing to growth in the Mpumalanga province. However, sugar from Kwazulu Natal still contributes 75 percent of the national production and is one of the world's most efficient production regions.

Rapid growth ahead after markets open

Owing to political policies followed in the 1980s, South Africa was subjected to international economic sanctions which played a major role in severely restricting KwaZulu Natal's appeal for economic investment, particularly from overseas.

However, the election last year of a fully representative government, and the installation of President Nelson Mandela, has seen full international recognition being given to the country as a whole, and the result now is that the region is able to trade freely internationally and also receive foreign investment.

Everything appears to be in place for a rapid and sustained growth in gross domestic product nationally, gross geographic product, and in per capita income.

Manufacturing, mining and major service industries in KwaZulu Natal, and elsewhere in South Africa, are dominated by public corporations.

There are a number of family enterprises and other companies which are controlled by closely held shareblocks.

Agriculture, for instance, lies almost entirely in the hands of a few individuals.

Utilities, such as railways and communications, are largely provided for by semi-autonomous state monopolies, even though there is a trend towards privatisation.

The cellular telephone network is to an extent privatised as well.

Most public corporations are committed to a programme of widening share ownership among workers while there is a large informal sector involved in retail distribution, small-scale manufacturing and transport.

One of the big factors for the region is the abundant supply of unskilled and semi-skilled workers, but skilled and managerial personnel remain in short supply in all areas and in industry generally.

The unskilled and semi-skilled force has in recent years become highly politicised and worker action – in terms of strikes and other stoppages – is frequently a response to political rather than industrial or economic grievances.

Phinda project a model of self-help

Combining the demands of environmental conservation and the need to create employment has resulted in jobs for dozens of people in northern KwaZulu Natal who would otherwise not have had the chance to earn themselves a living.

The Phinda Community Charcoal Project has changed the lives of 65 people who now have sustainable jobs, a steady source of income and the opportunity to expand their business while at the same time benefiting conservation.

The charcoal project was initiated in response to a need to create employment while at the same time clearing the encroaching bush which results from overgrazing by cattle.

The project uses community labour in the belief that contractors who develop this way will be able to sell their skills elsewhere.

It entails chopping down unwanted trees and processing them into charcoal by burning the logs in traditional sand kilns. The charcoal is then sold and the profits ploughed back into the Phinda community.

To date, close to 600 tons has been produced and it is estimated that from the remaining 7 000ha of wood, R350 to R500 a hectare can be earned to transport the raw wood and finished charcoal.

It also subsidised the production process, enabling a greater staff complement.

The project now operates at maximum capacity with no need for further subsidy and is in line with Engen's stance on the environment, which advocates the creation of jobs through the development of eco-tourism, such as at Phinda, where there is no other significant source of income.

Engen's social investment group regards the Phinda project as an ideal mix of job creation and environmental awareness.

"Bush clearing and charcoal production is a natural way to combine both entrepreneurial development and sustainable natural development," says Tanja Hichert, the corporate affairs co-ordinator for the company.

Workers are employed by local bush-clearing contractors, themselves previously unemployed.

The Phinda Community Charcoal Committee oversees the project and a community quality committee ensures that minimum standards are met and maintained. Additional

For Engen, there is satisfaction in seeing the project develop and become self-sustaining.

"This project can serve as a benchmark for other community-based initiatives," says Hichert. "It combines all the elements that this country needs so badly if we are to fulfil our potential.

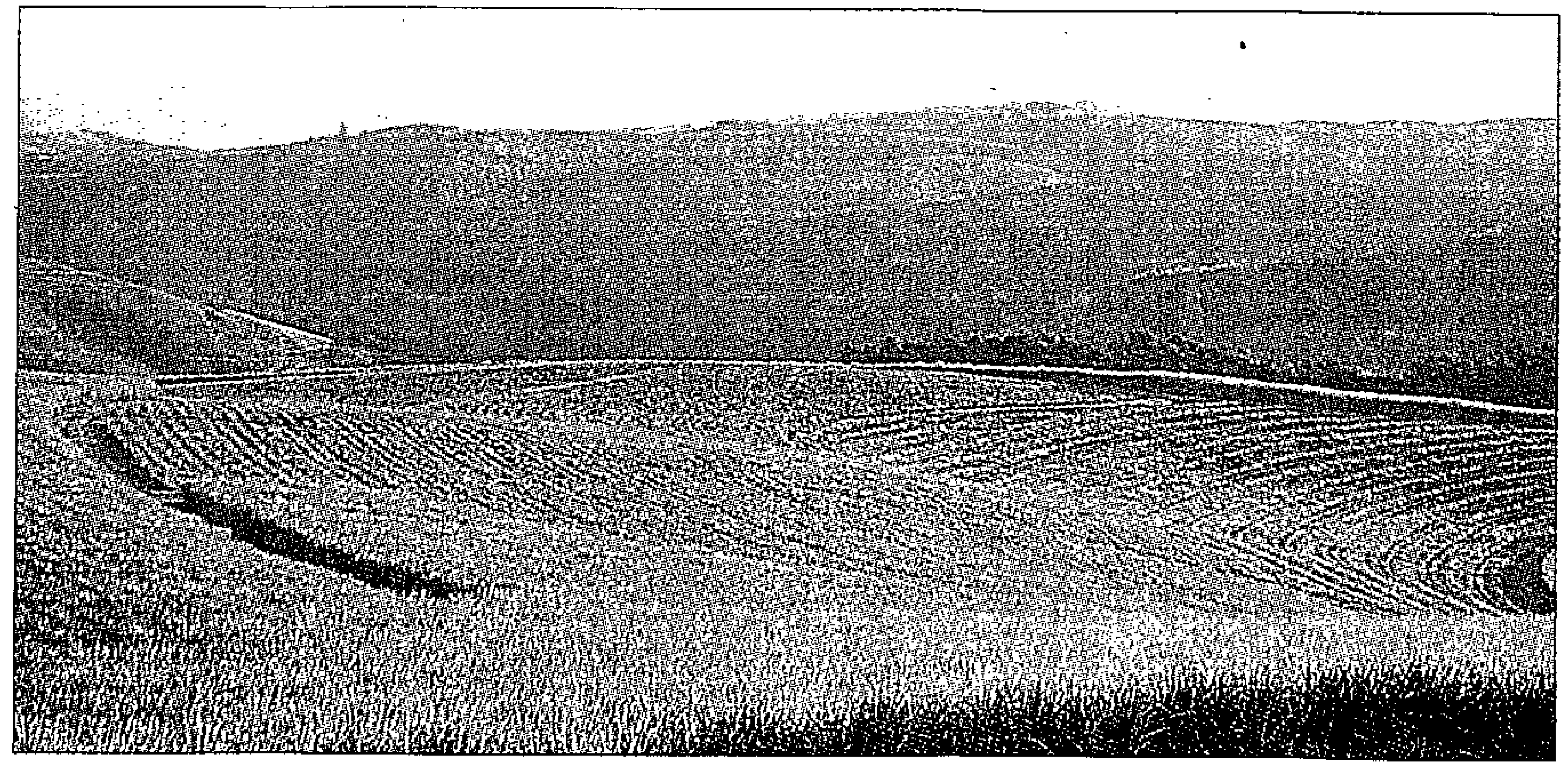
"The project has developed skills and created jobs. It helps eradicate unwanted vegetation and rehabilitate the natural environment and its end product is proving popular with the buying public.

"Phinda is a prime example of the company's commitment to improve the quality of life in disadvantaged communities.

"It is the partnerships that we develop with communities that are the real building blocks of hope in our country."

Supporting its belief that skills training is an integral part of resource development, the company has committed R1 million for the provision of a multi-purpose training centre in Durban to train unemployed people in RDP programmes.

The company believes that training must be seen as part of the ongoing social and economic development



SWEET FIELDS *Sugar produced in KwaZulu Natal contributes 75 percent of the nation's total production*

Sugar terminal now 30 years old

This year marks the 30th anniversary of operations at the Durban sugar terminal.

It is the largest terminal of its kind in the world and also ranks among the most efficient.

The terminal's three silos can store a total of 520 000 tons of bulk raw sugar.

The first silo, with a capacity of 180 000 tons, was opened in 1965 followed by the two other silos in 1968 and 1973. Additional facilities include an 18 000 m^2 warehouse which opened in 1991.

Sugar is delivered in bulk by road and rail from the 14 mills in the province. It is offloaded into a batch massmeter below the railway line and then measured by computer. Samples are analysed to measure quality and to meet exacting export standards.

Initially managed by the Conservation Corporation, which owns the Phinda Resource Reserve, the project now runs as an independent business unit thanks to the financial support provided by the Engen oil company.

The sponsorship helped the Phinda community purchase a truck employment is created through the production of palm handles for the charcoal bags.

"At peak production, Phinda will produce 10 000 bags of high-quality charcoal a month. There are plans to extend distribution throughout the province.

in KwaZulu Natal, which in the past has often lagged behind the rest of the country in terms of human resource development."

By placing the emphasis on skills training, Engen believes that by helping others, "we are ultimately helping ourselves."

New convention centre aims at the 'super tourist'

Durban, the very core of KwaZulu Natal, has the opportunity to create one of the great buildings of the world in its R200 million international convention centre.

ICC Durban, as the centre will be known, will give the city and region more than just a conference centre — it will focus international attention on the province, the city and the country, and attract the "super tourist".

The project, scheduled for completion in September next year, has produced a blueprint for affirmative action principles, and political bridges have been built on development and administration.

It is seen as project for the people of Durban, the focus being on job creation for all, both during construction and after the building is complete.

It is estimated that ICC Durban will create at least 1 100 jobs within the tourist industry alone, as well as countless opportunities for self-employment and would-be entrepreneurs.

These opportunities cover a myriad potential areas of employment, ranging from transport services, conference organisation, stand building, translations, manufacturing, advertising, printing, catering, accommodation, refurbishment and decorating to entertainment, shopping, crafts and the arts.

ICC Durban is to run as a partnership to the existing Exhibition Centre, and the intention is to secure a hefty slice of south Africa's largely untapped international conference marketing.

Estimates are that ICC Durban will generate 200 jobs within the centre and at least 2 500 jobs within the region and when fully operational will earn the city at least R200 million annually.

Durban is hoping to attract 38 conferences a year, similar to the number which is currently attracted to Nairobi. At present, the city plays host to six international conferences a year.

It is one two projects of the Durban Infrastructural Development Trust — the other is the Point Waterfront.

Flexibility is the key word to the multifaceted structure, which offers a host of variable venue options.

The three main halls, separately known as the plenary, exhibition and banqueting halls, are to be interlinked with walls which open to create a single hall with a capacity to seat 8 500 people.

Hospitality suites, offices and meeting rooms are situated on a mezzanine level overlooking the main halls. There are also breakaway rooms for meetings, luncheons or cocktail parties.

A unique aspect to the design are the courtyards which can be used for outside functions.

An outdoor amphitheatre, with video wall and stage, is to be positioned at the southern end of the building and is designed to seat 3 000 people on a grass embankment.

There will be parking for 700 cars in a single level basement with further parking available in an open area.

Thukela basin 'the Ruhr of southern Africa'

The Thukela basin, which lies in central Natal, is regarded as an exciting economic area which has yet to realise its true potential.

The big guns of industry and tourism are massing for major developments in this area, which has emerged as a focal point for manufacturing and for tourism, perfectly positioned midway between Durban and Johannesburg.

An international economic analyst has described the Basin "as the untapped Ruhr of southern Africa" and the Thukela Joint Services Board regards it being "unmatched anywhere in the world in terms of its admix of tourism potential and industrial future".

The basin, it says, has long been recognised as a tourism magnet and in recent years has emerged "as a fully developed, first world region, offering investors major industrial benefits and manufacturing advantages".

The area boasts an abundance of quality water, one of the lowest electricity tariffs in the world, a well-developed transport infrastructure, first-world communications, a massive reserve of unskilled, semi-skilled and skilled labour, internationally recognised tourism destinations, and an enviable country lifestyle.

The key economic aim is to convert resources into investments, investments into goods and services, goods and services into income and income back into resources or benefits in a way which will bring about a process of integrated and sustainable economic development for both rural and urban areas.

The Thukela JSB is striving to promote the potential in order to create new employment opportunities and an environment for both investment and economic growth. It is being marketed internationally.

The Basin's two major towns, Newcastle and Ladysmith, are on the fast track to realising the potential this area offers. Newcastle, often cited as the capital of northern KwaZulu Natal, is geographically well situated for industrial development and offers easy access to the markets of the north and overseas, through the regions two ports.

With a population of about 42 000 the 131-year-old town owes its formation to the discovery of coal in the region, followed by the development of industry, including a steel plant. The town has been promoting itself internationally and has the second-largest Chinese community in the country as a result of the many Far Eastern businesses established there. It is estimated that the Chinese contribution to industrial development in Newcastle is about R120 million with a further commercial and residential investment of R30 million. The community has also been responsible for the creation of more than 10 000 jobs.

Ladysmith, about 100km from Newcastle, is another town which has gone on the offensive to industrialists. Well placed, it has everything a would-be investor or industrialist requires, say town officials.

It is regarded as a good area for national distribution organisations as it is on the main road and rail routes.

KWAZULU NATAL

A SPECIAL BUSINESS REPORT FEATURE
EDITORIAL: NORMAN CHANDLER
ADVERTISING: WESSEL NIENABER

Strong base built on region's human, natural resources

Abundant natural and human resources have helped the province to build an extensive modern infrastructure and a strong business and industrial base.

Other natural resources include substantial coal fields, a variety of minerals, among the cheapest electrical power in the world and a series of important tourist drawcards.

Business benefits from an excellent communications infrastructure and an abundance of labour, high standards of local management and good institutional capacity which includes excellent banking, insurance and other services.

There is a substantial network of private and public health facilities and hospitals while schools are located throughout the province.

Five universities have campuses within the region — these are the University of Natal (Durban and Pietermaritzburg), the University of Zululand, the University of Durban-Westville and the University of South Africa (Unisa). There are also public libraries, technikons, teacher training colleges and other tertiary institutions in various centres.

The highly developed financial services sector has shown rapid growth in recent years, even though the region does miss the spin-offs which would probably flow from the location of many head offices.

Four banks with there headquarters in the region have all shown remarkably fast growth while more than 30 companies located in the province are listed on the JSE.

A substantial number of companies with headquarters elsewhere have very large operations in KwaZulu Natal.

Agriculture is the largest employer in 27 of the province's 37 magisterial districts and the region has medium to high potential in the agricultural sector, where sugar is the largest crop.

While dominance in sugar has decreased, the province still contributes 75 percent of the national production and is one of the world's most efficient production regions.

Other major sectors include timber, beef, dairy, maize and poultry.

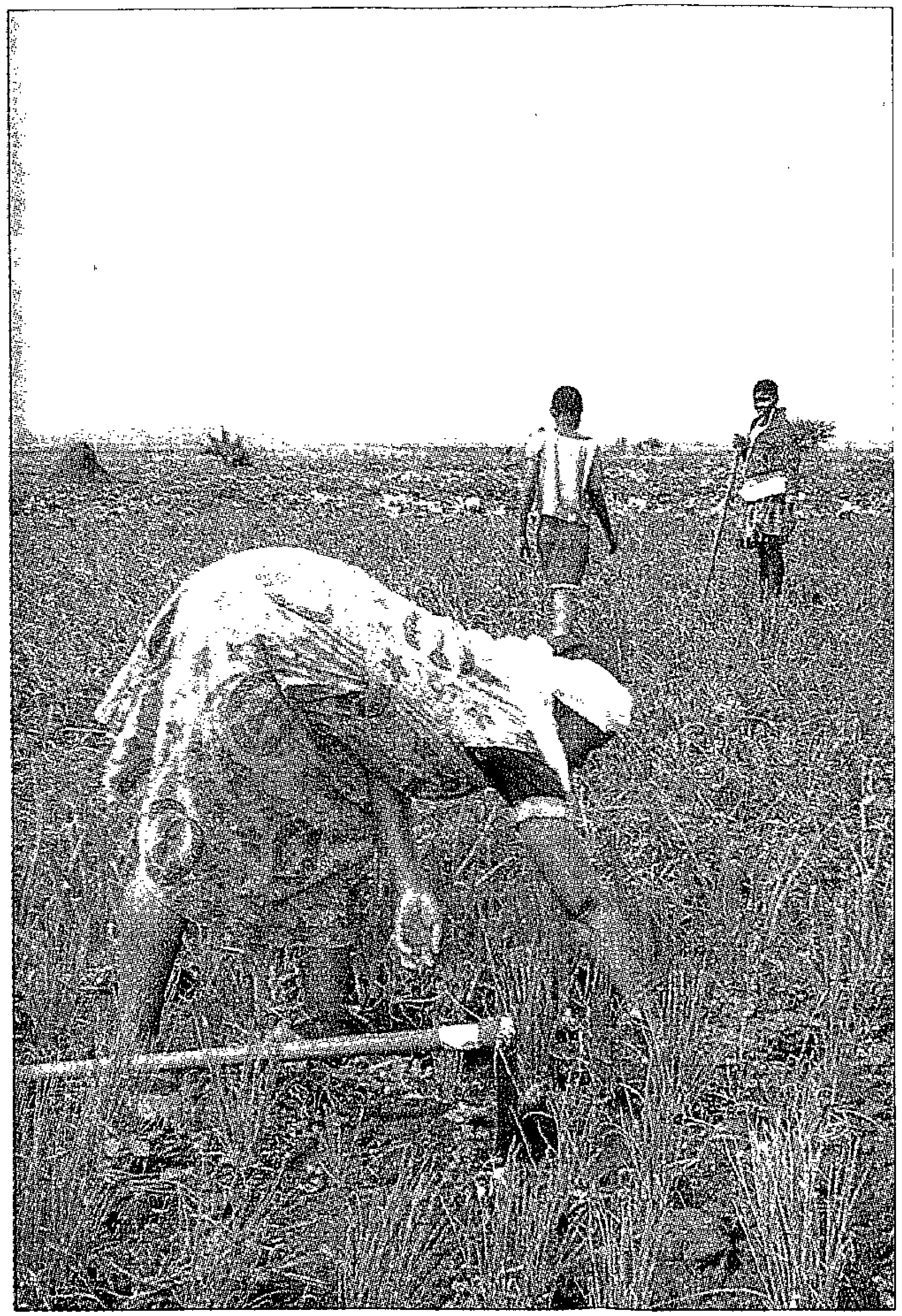
In 1988, the last year for which there have been accurate figures, transport contributed 12,4 percent of the gross geographic product and is even now regarded as the second largest sector after manufacturing. Transport also had the highest income multiplier of all sectors.

The sophisticated infrastructure of the province includes two major ports, a network of railway facilities and an excellent network of major roads.

The region has a comparative advantage over the rest of South Africa in terms of tourism, and boasted a quarter of the country's domestic tourism market with about 3,2 million visitors a year.

In the mining sector the province accounts for 75 percent of the country's anthracite and more than 20 percent of its coking coal, while in heavy minerals it has the world's largest beach sand depository of titanium and zirconium.

The large manufacturing sector has an export basis and close to a third of the country's manufactured exports stem from this region.



PROSPERITY GROWING *Small farmers are helped extensively by the KwaZulu Finance and Investment Corporation, which also provides much-needed services to many rural communities*

Rural self-reliance high on KFC agenda

The KwaZulu Finance and Investment Corporation (KFC) is the dynamo of development in the province of Kwazulu Natal, home to 25 percent of South Africa's population.

It is committed to the active promotion of socio-economic development through financing and investments in sound, productive enterprises and projects in the fields of commerce, agriculture, finance, mining, industry, housing transport services and the exploitation of natural resources.

"The KFC has always viewed its essential role as being that of a catalyst for change and appreciates the need for a culture of adaptability to ensure that the organisation remains relevant and responsive to a society undergoing transformation," a spokesman said.

The KFC says "it strives to stimulate, promote and sustain entrepreneurship" in all sectors through the establishment of new enterprises and businesses as well as encouraging the prosperity and growth of existing enterprises.

It contributes towards income-generation through the creation of formal, full-time employment and the generation of temporarily or supplementary income earning opportunities, and contributes towards the generation of wealth in its distribution to disadvantaged communities.

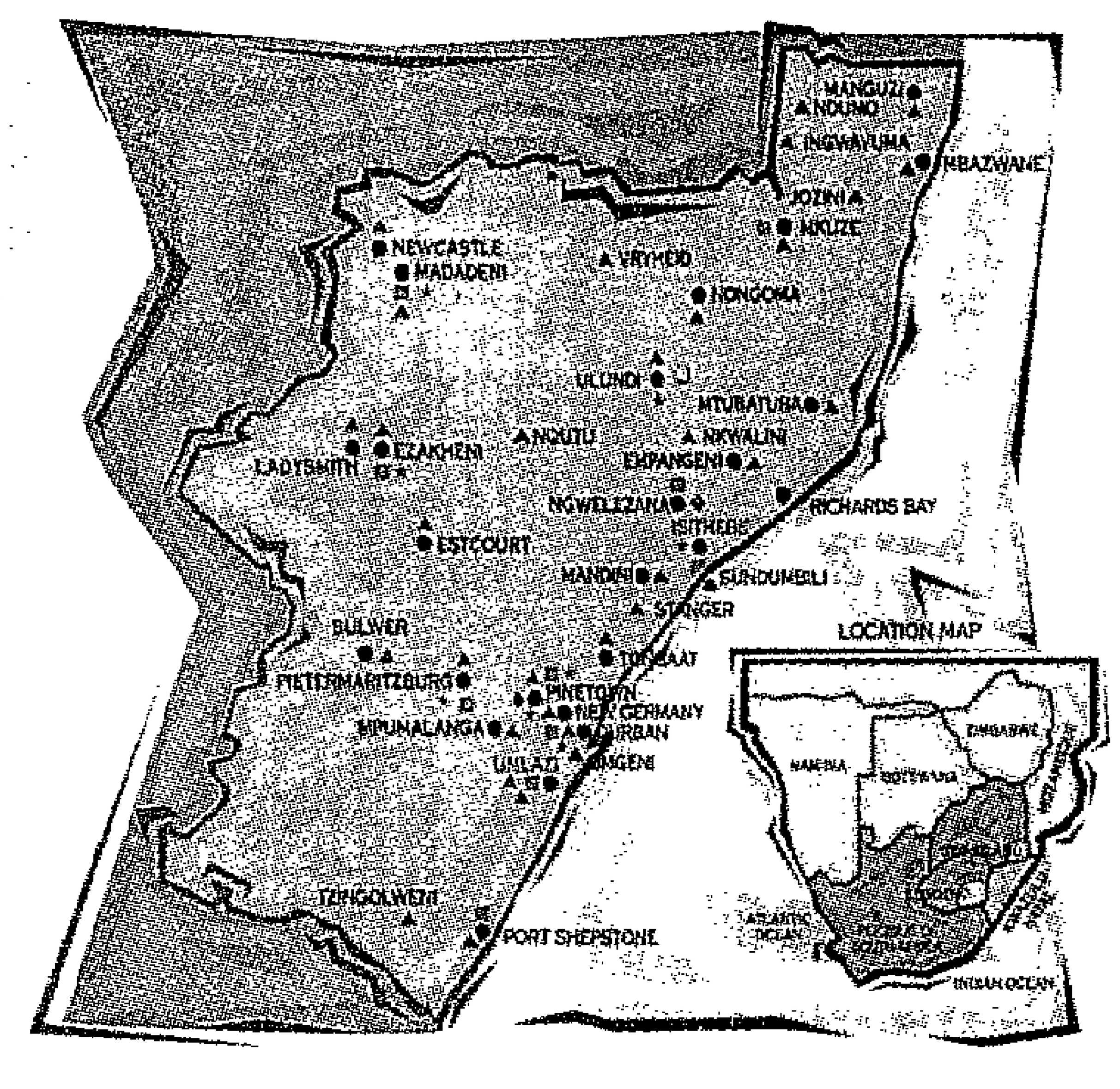
"The development agency sets out to assist with the critical provision of accommodation in the province, especially through home ownership in order to enhance quality of life, as well as to provide opportunities for private sector capital investment and the generation of personal wealth amongst the disadvantaged people of Kwazulu Natal," a KFC report says.

Operations cover a diverse range of development activities, designed to provide a better quality of life.

These include financial advances and investments, creation of employment, appropriate physical and business infrastructure, and the promotion of private sector investment. The higher order needs but starts with lower-order economic needs and encourages self-reliance through indigenous development. This does not exclude external assistance, and emphasises the necessity of rural development while at the same time not ignoring the importance of urbanisation or of urban development," the report adds.

It acknowledges the role of agricultural development but not to the detriment of industrial development.

The KFC is recognised for its pioneering work in the field of housing, focusing especially on the needy — a sector largely ignored by commercial financial undertakings because of the perceived high risk. The housing client base stands at more than 14 000 and represents an outstanding loan balance of more than R423 million.



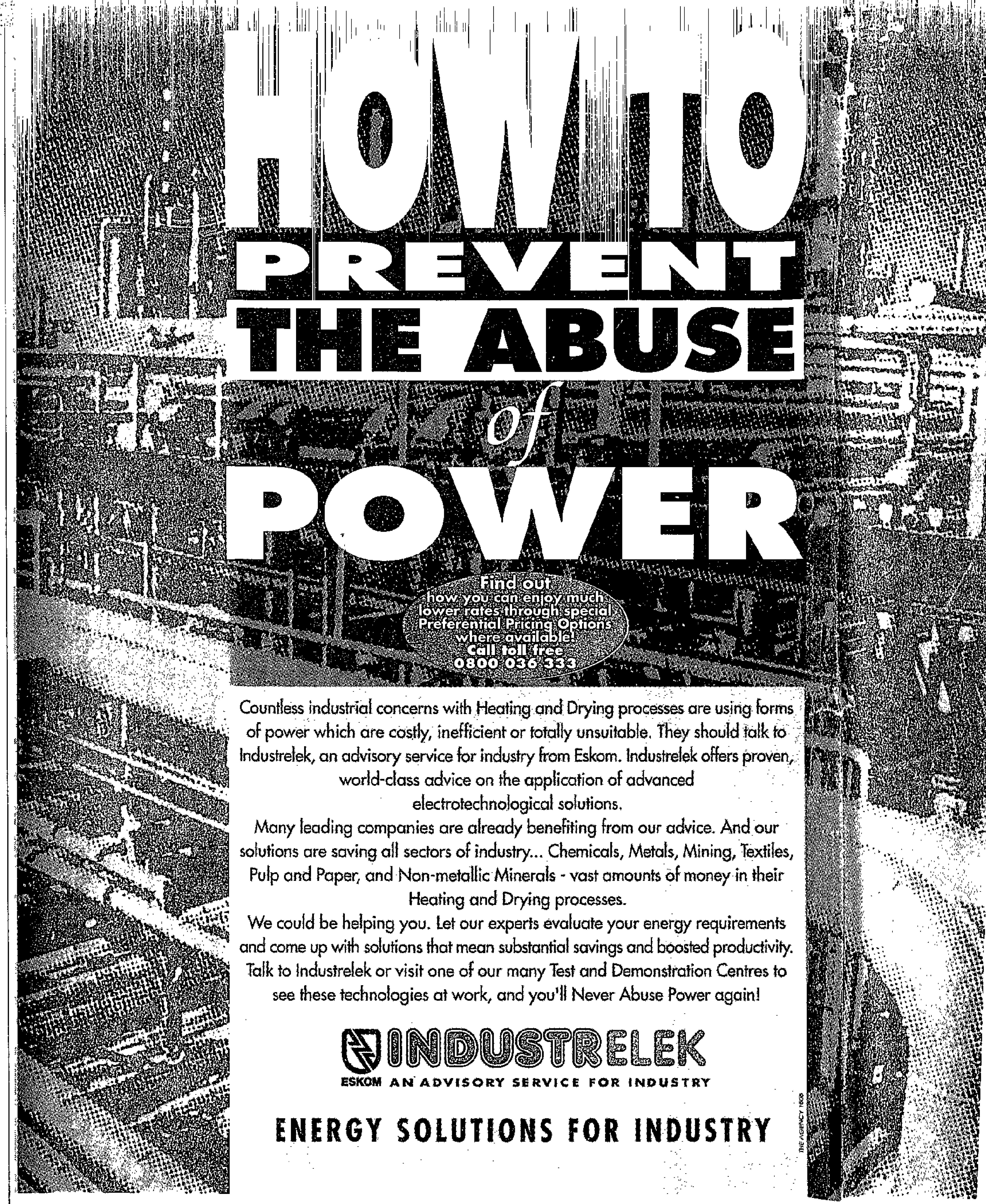
The corporation is represented throughout the province

For housing needs, the KFC's Ithala financial institution supports the economic empowerment of the people by providing savings facilities and the total outstanding loan balance of home improvement loans from this institution is over R10 million.

A feature is that the Ithala package is guaranteed by major companies in respect of their employees.

In an attempt to address the wider needs of rural communities, the KFC has diversified into the full field of rural development with the objective of promoting entrepreneurial activity, establishing a level of food security, providing safe drinking water, adequate sanitation and energy to rural communities.

It advances loans — to date totalling R86 million — for farming, including community ve etab'e ar-

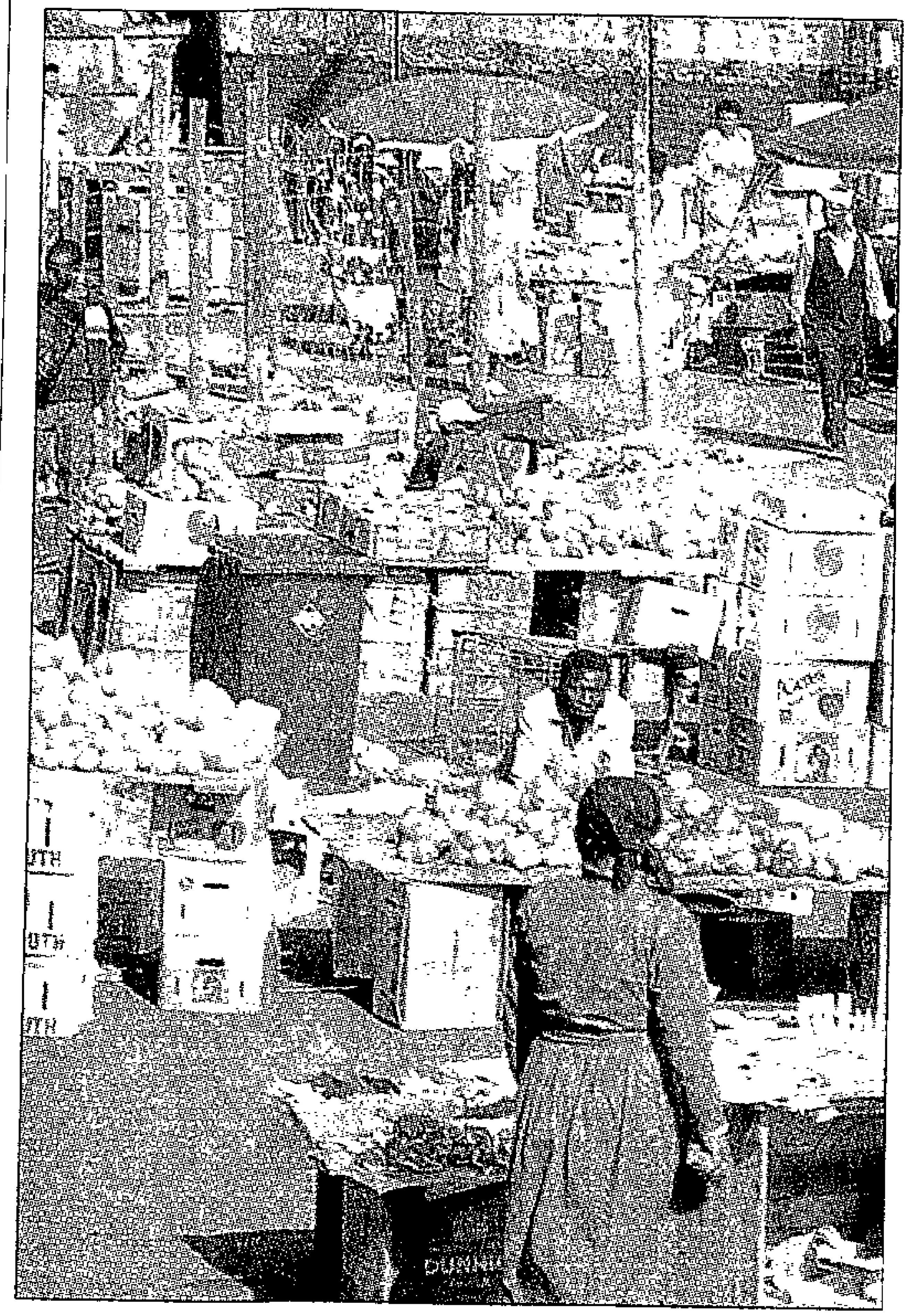


[illegible] the establishment of major commercial facilities and the provision of training and consultancy services are also part of its brief. Training is done in association with the KwaZulu Training Trust.

"The KFC believes in a holistic approach to development, which does not exclude the eventual satisfaction of [illegible] balance of more than R4 23 [illegible]

The KFC also constantly investigates new and innovative housing loan products and strives to improve on community liaison, ensuring local participation in decisions. In addition, it also runs an education programme for new homeowners.

In a further attempt to address [illegible] including community vegetable gardens, crop and poultry production, livestock marketing, contractor services, input depots, maize milling, fencing and small-scale irrigation equipment. There is also finance for larger irrigation schemes, such as for cotton and sugar, and potable water reticulation schemes.


Informal fresh produce markets are encouraged by the KFC

One of the KFC's biggest commitments in the development of human resources, and subsidises the costs of the KwaZulu Training Trust, established in 1980.

The organisation has trained more than 50 000 people since 1983 and has consulted and advised thousands more on matters such as capacity building and entrepreneurial development.

Entrepreneurship is seen as a key to the success of the KFC.

The organisation's small business programme, which includes both commercial and light industrial activities, emphasises the long-term viability of emergent business enterprises and provides for financial loan assistance, the provision of suitable operating premises.

These services are augmented by a specialised advisory service.

It is also well-positioned to provide a one-stop service to industrial investors establishing anywhere in the province and provides a capital and development service package as well as a full range of professional support services.

The KFC boasts three major industrial estates as well as industrial parks and mews at various locations, particularly within what is known as the Durban Functional Region, an area of high unemployment.

It also plays a leading role in bringing major shopping facilities to the people of the province. To date, seven shopping malls have been established, accommodating about 230 tenants.

"An important aspect is the provision of facilities to the informal sector and taxi associations at or near the mall developments," the KFC said.

Creating the conditions for investment

The KwaZulu Natal Marketing Initiative (KMI) is an apolitical regional marketing initiative aimed at stimulating inward investment in the province.

It is constituted through an association of organisations with the aim of facilitating regional economic development and each organisation represents the key development nodes in the province.

Members of the KMI are the City of Durban, Eskom, Estcourt, the Greater Durban Marketing Authority, KwaZulu Finance and Investment Corporation, Ladysmith, Pietermaritzburg, Pinetown, Portnet Natal, Price Waterhouse, Richards Bay, Thukela Joint Services Board and Umgeni Water.

Affiliated members include several chambers of commerce, trade and industries, and business.

Through these members, the KMI renders a range of products and services, such as pre- and post-establishment support, provision of industrial infrastructure and utilities, lease or sale of premises, loans, a wide range of professional services and introductions to key contacts.

KMI is represented in the Peoples' Republic of China, the Republic of China (Taiwan), Europe and North America.

The KMI says that one of the factors contributing to KwaZulu Natal's emergence as the focal point of industrial development in southern Africa, in general, is that it has an ideal geographic position for major domestic and international markets.

With the lowest industrial electricity tariff in the world, two of Africa's major harbours and first world communications, the province also boasts a comprehensive transportation network and a luxury lifestyle.

KWAZULU NATAL

A SPECIAL BUSINESS REPORT FEATURE
EDITORIAL: NORMAN CHANDLER
ADVERTISING: WESSEL NIEKABER

'Improve on what we have to grow stronger'

CT. BR 29/9/95 49D

CT(BR) 29/9/95

The premier of KwaZulu Natal, Dr Frank Mdlalose, says the province has to capitalise on its agricultural, manufacturing, trade, tourism and transport strengths as part of its long-term development.

He is also firmly committed to the Reconstruction and Development Programme (RDP), but the provincial authorities are seeking "the simplification of procedures to access RDP funds for needy communities," he told Business Report.

Mdlalose says that foreign investors are being targeted in a bid to increase the province's economic growth rate and that this policy — implemented by the KwaZulu Finance and Investment Corporation (KFC) and the KwaZulu Natal Marketing Initiative (KMI) — have already started to pay dividends.

'The economy has enjoyed a growth rate 40 percent higher than the national average'

"The KwaZulu Natal economy has experienced a rate of growth 40 percent higher than the national average since the mid 1970s. It is likely to improve on this record in the future in view of the growth generated on the back of South Africa's reintegration into the world economy, new ties with Indian Ocean Rim countries to which KwaZulu Natal is the gateway into South Africa, an import-export boom and the huge growth potential for tourism," Mdlalose says.

The push for investment has been undertaken in co-operation with the province's industrialists, which augurs well for "a more integrated decision-making process."

He says the link-up between the KFC and KMI has paid handsome dividends — "in international markets, KwaZulu Natal aggressively promotes foreign inwards investment and potential investors benefit because through the KMI network, they have immediate access via one organisation to a very wide and diverse series of services and facilities on offer," he added.

The KMI includes representatives of the KFC and the provincial government.

Mdlalose says that the RDP programme has been helped by a provincial workshop which took place earlier in the year, which has been useful in providing factual motivation for spatial and sectoral investment choices, and to judge which RDP projects should be tackled.

"The main issue which has been followed up is the need for the simplification of procedures to access RDP funds to needy communities," he says.

"The province's public works programme is one of the main vehicles for RDP projects and this should go a long way towards contributing to the socio-economic development and improvement of the quality of life of all."

Mdlalose says that as far as he is concerned, the stimulation of economic growth is the only way to correct economic imbalances of the past.

"For the past decade, the social and economic scenarios of the province have been characterised by a measure of political and criminal violence.

"Putting an end to this scourge is the top priority and to this end an anti-crime provincial Cabinet subcommittee, to be headed by myself, has been established.

"A number of anti-violence programmes have been initiated and in its quest to stamp out violence once and for all, my government has the full support and co-operation of the private sector.

"I strongly believe that social stability is a precursor to accelerated economic growth and prosperity in the region.

"We will spare no effort to achieve this goal," he says.

COMMITTED *KwaZulu Natal's premier, Frank Mdlalose*

PHOTO: JOHN WOODROOF

A treasure-house of opportunities

KwaZulu Natal is endowed with wonderful natural assets.

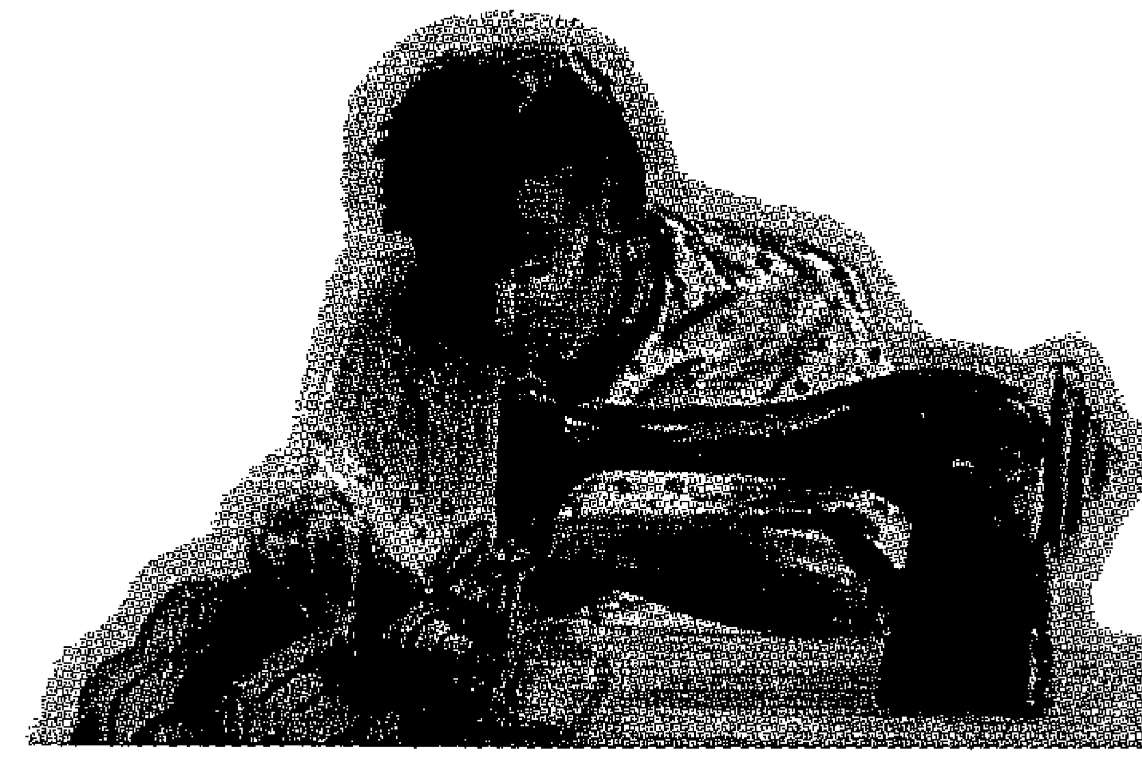
Add to the mild all-year round climate and mix that in with the splendour of the holiday resorts — this is really a paradise.

From an investment point of view, the province offers a treasure house of tourism opportunities and in addition lies on the Indian Ocean — significantly at a time when Indian Ocean Rim countries are seeking to form themselves into a major new economic bloc in world trade.

The big advantage for the province is that it is able to develop growth projects on an economic scale.

Economic activity is dominated by the manufacturing industry — the province's contribution to South African manufacturing output amounted to 8,9 percent in 1988 according to the latest available figures — and this is only marginally smaller than the largest contribution, which came from Gauteng.

It has been found in independent studies that six of the province's nine major economic sectors reflect positive trends. These are manufacturing, community services, trade and tourism, transport, agriculture and construction.



Economic activity ranges from heavy industry to small scale business

Business opportunities abound, considering the explosive growth of the South African middle class, the nation's re-integration into the African and world economies, new ties with Indian Ocean Rim nations, import-export opportunities and the country's great potential for tourism.

There is a huge (60,4 percent) concentration of economic activity in the Durban Metropolitan Area but despite this, the sector plays a prominent role in all other subregions within the province.

They are mainly concentrated in Pietermaritzburg, Richards Bay, Empangeni, Newcastle/Madadeni, Ladysmith/Ezakheni and Estcourt, Port Shepstone and Marburg.

All of these centres boast well-developed physical and social infrastructures.

Turbulent history of a new-found land

The history of KwaZulu Natal is one of war and peace, tribal traditions, European settlement and the development of one of South Africa's industrial powerhouses.

Historians and anthropologists are not certain which people first populated the region.

One theory is that the Nguni, travelling southwards from central Africa in the 11th and 12th centuries, were in contact with the Tsonga, from another part of the central region of the continent, while another is that the Nguni were the first arrivals. It is believed that the Ntungwa-Nguni people settled in the north-central part of the province, and were the forefathers of the Zulu nation.

The Portuguese mariner Vasco da Gama is believed to have been the first European to have seen Natal, landing on Christmas Day 1497 and claiming it for Portugal. Da Gama called it Natal.

About 350 years later, two Royal Navy lieutenants — seeking a harbour to establish a barter trade in ivory, settled in 1824 at Port Natal, where Durban (established in 1835) stands today.

A group of Dutch-speaking voortrekkers from the Cape colony decided to settle about 15 years later in today's KwaZulu Natal and established a republic. Land was ceded to them by the Zulu king, Dingaan, but the Zulus reneged on the deal, killing the voortrekkers, who were led by Piet Retief. In the war which followed, the voortrekkers defeated the Zulus at Blood River in 1838 and founded the Republic of Natal. Ten years later they were joined by more voortrekkers from the then-Orange Free State sovereignty.

The British temporarily occupied Durban in 1839, and four years later Britain claimed Natal as a colony, although administered for the first two years from the Cape colony, from which it was then formally separated.

Early industrial development in Natal began with South Africa's first railway line, a 3 km stretch between Point and Port Natal, which came into operation in 1860, the same year the first indentured labourers were brought to Natal from India to work on sugar plantations. They were followed by the so-called "passenger" Indians, known as such because they paid their own passages, becoming tradesmen and merchants in their new country.

In 1879 came the Anglo-Zulu War, which saw the Zulu king, Cetshwayo, exiled and Britain occupying Zululand. Zululand was in 1887 proclaimed a province under British protection.

Natal was granted self-government in 1893 but following the South African War of 1899-1902, Natal (and Zululand) became part of the Union (later, Republic) of South Africa, established in 1910.

Experts agree

KwaZulu 'waiting for its RDP funds'

(490)

Farouk Chothia

20 6/10/95

ABOUT R400m earmarked for the reconstruction and development programme (RDP) in KwaZulu-Natal had not been spent — and most had yet to arrive from central government — provincial economic affairs MEC Jacob Zuma said yesterday.

He told the legislature more than R300m had been spent on the RDP in KwaZulu-Natal in the past 17 months. He disclosed the figures after criticism that the RDP was not being implemented.

Zuma said the R400m still available for use consisted of allocations from the current financial year and roll-overs from the previous financial year. Central government had transferred R39m to the province, but the balance was in the central treasury.

Funds still in central state hands included R259m for land reform projects, R100m for a disaster fund under the local government department, R36,3m for a public works programme, R18,3m for the building of clinics, and R16,5m for creating a culture of learning in schools.

Hold-ups in the disbursement of RDP funds were tied to the complicated process involved, Zuma said. For certain programmes, a provincial department had to draft a business plan before submitting it to its sister department at national level. The national department then compiled a consolidated business plan incorporating all provincial plans submitted.

This meant that delays in one of the nine provincial departments stalled the whole process.

While R1m had been earmarked for the Masakhane campaign in KwaZulu-Natal, none of this had yet been transferred. And only this week had the national projects steering committee approved the national business plan.

Zuma said the establishment of a dedicated RDP office in his department was "well under way". Posts had been advertised.

Asked whether he was considering establishing an export processing zone in KwaZulu-Natal, Zuma said he was waiting for the national trade and industry department and the National Economic, Development and Labour Council to complete their inquiry.

LTA helping to develop KwaZulu Natal

CT(BR) 9/10/95 (49D)

STAFF WRITER

One of the country's largest construction businesses is continuing to play a major role in the development of KwaZulu Natal.

LTA KwaZulu Natal, an operating division of LTA Construction, has been closely involved in the wellbeing of the region for years, undertaking building and civil-engineering projects throughout the province.

The association goes back many years to the time when the then-tallest building in South Africa, the 12-storey Colonial Mutual office block, was erected in Durban. Today, this building is dwarfed by the skyscrapers on either side of it.

The Colonial Mutual building was erected by Lewis Construction, which later merged with James Thompson and Amalgamated Construction and Contracting to form LTA. The company believes that as the upturn in construction activities begins to become more important to the economy, meaningful affirmation-action programmes can be implemented to allow the company to play a major role on the South African scene.

The employment of emergent contractors as sub-contractors and the formation of joint-venture partnerships with the informal building industry was being pursued, a company spokesman said.

THURSDAY
★ OCTOBER 12, 1995

BRIEFS

Natal RDP funding passed

(49D)

DURBAN: kwaZulu/Natal Housing Minister Mr Peter Miller said yesterday the provincial RDP committee had approved another 21 municipal infrastructure projects.

Mr Miller said a total of 85 infrastructural development projects worth about R150 million had now been approved.

The projects included water treatment, reticulation, sanitation and health-care facilities.

CT 12/10/95

NEWS IN BRIEF

(49D)

Watchdog for small business

BD 12/10/95

KWAZULU-Natal had established a provincial small business council affiliated to the national body as a watchdog for small, medium- and micro-sized enterprise interests, economic affairs and tourism MEC Jacob Zuma said yesterday.

Opening a provincial workshop on small enterprise, Zuma said the new structure would form a critical link between small business and government, developing institutions within the province's small and informal business sector, while stimulating the creation of occupational and professional sectoral associations.

Post in hands of business

BD 12/10/95

BUSINESS had the ability to remove more than 40% of the problems experienced by the postal service, the Johannesburg Chamber of Commerce and Industry said yesterday.

While business was justified in its criticism of postal delays, it should be aware that the solution of much of the problems lay in its own hands. Two-fifths of postal workers' time was taken up by correcting postal codes and sorting items which could not be read by automatic handling equipment.

Telkom workers end strike

STRIKING Telkom employees returned to work in Johannesburg by midday yesterday following disputes over the company's affirmative action policy and "political" posters at depots, Telkom spokesman Gert Schoeman said. BD 12/10/95

De Beers strike continues

(216) (152)

BD 12/10/95

THE strike at all De Beers mines continued yesterday amid the occupation of offices at a number of mines and several marches, De Beers said yesterday. The company, which will meet National Union of Mineworkers representatives today in a further attempt to resolve the strike, said the dispute, involving a cut in annual leave, affected 600 out of a total union membership of 4 700, who were being compensated for the loss of leave.

Call to end farm evictions

MPUMALANGA premier Matthews Phosa yesterday called for an immediate end to the eviction of farm labourers and tenants, saying racial tension was building in the province's rural areas. Farmers were writing eviction notices "as if they are magistrates, and then are moving whole families far away from their farms to prevent them from returning" the premier said.

BD 12/10/95

REPORTS: Business Day Reporters, Sapa, Reuter.

'Land Act hits business'

(49D)

Nicola Jenvey

BD 13/10/95

DURBAN — The controversial Ingonyama Trust Act, which appoints King Goodwill Zwelithini trustee over KwaZulu-Natal tribal land, hindered small, medium and microenterprise (SMME) development in rural areas and must be revoked in its entirety, an SMME workshop heard yesterday.

The SMME's legal and regulatory environment group said the Act prevented SMME business owners from accessing finance as they could not use their land as collateral.

"KwaZulu-Natal is one province, but has two separate legislations governing its land. The communities of the province must be treated equally," one delegate said.

Since the Act removed land ownership from the people and placed it in the king's hands, banks had withdrawn their support for mortgage lending to tribal regions. This had affected low-cost housing development in the province.

Another proposal for SMME development in KwaZulu-Natal was a rehabilitation fund to help businesses devastated by the violence.

Find a middle road, car makers tell customs

BD 13/10/95

Michael Urquhart

THE National Association of Automobile Manufacturers (Naamsa) has appealed to the customs and excise department to find a balance between the needs of the fiscus and those of the motor industry and consumers, in the imposition of an ad valorem duty on motor vehicles.

The department and the Board on Tariffs and Trade are looking at a possible new duty to replace the revenue lost when a 2,5% excise duty fell away at the beginning of September with the scrapping of phase VI of the local content programme. This duty had earned the department R395m in 1994. The replacement of phase VI by the motor industry development programme had also cost the department the unrebated portion of a rebatable excise duty on local content, from which it had earned R325m last year.

Naamsa director Nico Vermeulen said government had become used to the revenue earned from phase VI, despite the fact that the original reason for the 2,5% duty — introduced in 1991 to make up the difference between VAT and GST — had fallen away.

However, if an excessive duty was imposed it would make it impossible for the industry to make affordable cars. The industry was often accused of not making affordable vehicles, but 19%-20% of the cost of a new car was made up of direct taxation.

He said he expected some form of fixed percentage ad valorem duty on cars and light commercial vehicles, although medium and heavy commercial vehicles would be excluded as they were seen as being items of an essentially capital nature.He also expected the duty — which could be imposed by November 1 — to be more onerous on luxury vehicles.

Vermeulen said the nature of customs and excise was to raise as much revenue as possible. The board wanted to see a strong motor industry. "Hopefully in the course of their interaction a reasonable balance will evolve."

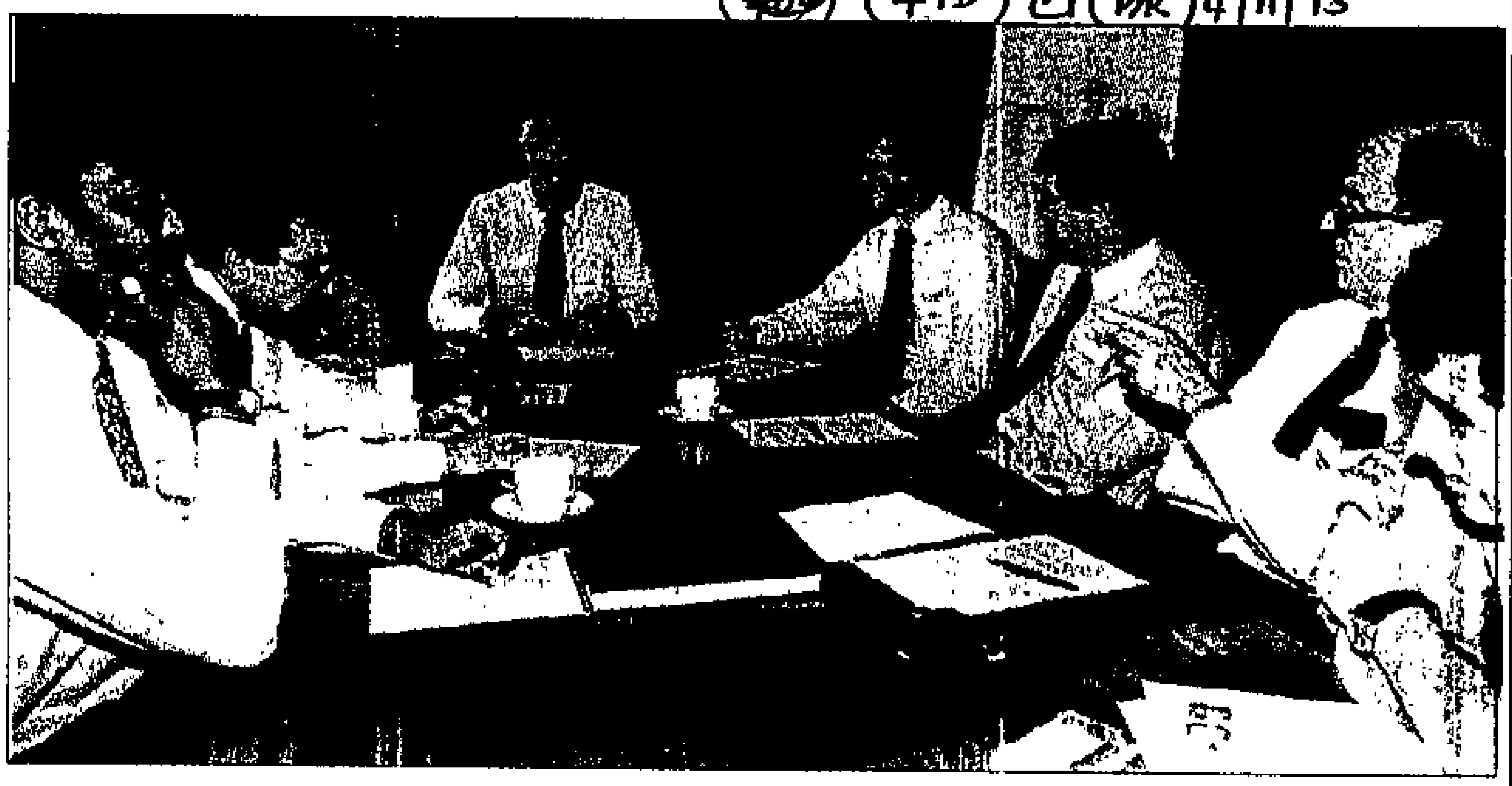
Customs and excise commissioner Daan Colesky said his department was in discussions with the board on a new duty, but no final decision had been made.

McCarthy Motor Holdings CE Brand Pretorius warned that the levy plan could undermine "the industry's fragile recovery from recession. The consumer would inevitably end up footing the bill."

KwaZulu Natal business forum optimistic about province's future

(49D) CT(PR) 4/11/95

By John Shfrrocks



WORKING GROUP *The Mercury Business Forum panel, from left, Thabo Mpakanyane of the Greater Durban Marketing Authority, the SBDC's Gerrie van Biljon, Mahmoud Rajab of New National Assurance (obscured), Jon van Coller of Vancometrics, Frankel Pollak's David Cairns, Francois Scholtz of the SBDC, Robin Boustred from the Chamber of Commerce and Industry and John Sherrocks of the Independent Newspaper Group*

Durban — While acknowledging that party politics remained a major stumbling block in developing the region's economy, the Mercury Business Forum's panel was generally optimistic for the future. Beacons of hope included prospects of a turnabout in the sugar industry, signs that the RDP was set to take off and progress in developing the province's tourism potential.

The danger points highlighted by the panel were the continuing high levels of crime and violence and the disturbing trend towards automation which threatened mass unemployment.

What initiatives have been taken by the business community to neutralise the negative effects of political rivalry?

Robin Boustred: The Chamber of Commerce and Industry held a meeting with the minister of home affairs and the Inkatha Freedom Party's leader Mangosuthu Buthelezi at which we made our points very clear.

We are to meet President Nelson Mandela and are trying to organise a meeting of the two leaders at which we can put the issues on the table.

We have been encouraged up to a point. At least we have made the politicians fully aware of our perception of the situation and of the economic consequences. They have tremendous political problems which we cannot ignore.

The fundamental issue is that the IFP is strong on federalism while the ANC is strongly centralist.

Business would prefer to see a relatively moderate federal system whereas the perceived concept of IFP federalism is more separatist in nature. We need to make business's view of the issue very clear to both the IFP and the ANC.

Gerrie van Biljon: I believe that the political parties are putting party issues before the interests of the province.

Boustred: At present the constitutional debate makes it impossible to escape party politics in any issue.

Mahmoud Rajab: There was a limit to how much persuasion business could bring to bear in the political arena but constant reference to the importance of the economy could help bring the message home.

The swing by the ANC away from a socialist economic leanings can be largely attributed to lobbying by big business.

Are we making any progress in the fight against crime and violence?

Rajab: We need to draw a distinction between political violence and straight crime. The former appears to be falling off but little headway is being made in curbing the latter. Perhaps the defence force needs to be used to a greater extent in combating lawlessness.

Boustred: We are not winning in the fight against crime and violence. If anything the level of criminal activity is growing slightly.

I think we have a tendency to see crime as being something that just affects the white parts of Durban business but people living in the townships fear for their lives.

Thabo Mpakanyane: While it is important to focus on tourist spots this must not be done at the expense of other areas. Security needs to be as wide spread as possible . It should not be seen or interpreted that there are certain groups of people who are more secure than others.

Van Biljon: Perhaps more use could be made of advertising in breaking the culture of crime and violence and making people aware of the costs to the economy.

How do you read present economic trends in the KwaZulu Natal economy and how do you feel about the prospects for next year?

David Cairns: The bad news for the province over the next few months and years is that there will be significant job losses as we gradually reintegrate into the world market.

You just have to look at the figures (showing the number of sales each employee makes of all our leading industrial companies) and you can see that the process of restructuring is resulting in less and less people being employed.

Job losses are the last thing that we need and clearly the major challenge for management, union leaders and politicians in this province is to create a framework which is investor friendly so we can get new investment to take up the slack in employment.

Boustred: The increase in joblessness is not connected to cutbacks in production. It has to do with minimum wage rates. My biggest concern is the new labour legislation which comes into play next year is going to accentuate that situation.

There will be an absolute trend towards automation.

Throughout industry people are looking at getting rid of the problem and unfortunately wild-cat strikes such as we had recently just make the situation worse. Labour is painting for itself a picture of unreliability and that is dangerous.

Mpakanyane: Part of the solution lies in developing sub-contracting links between small and mainstream large business.

The KwaZulu Natal ministry of economic affairs and tourism and the Regional Economic Forum are writing an economic vision for 2020. Do you think this is useful in getting the ball rolling or an exercise in futility?

Boustred: The chamber has been pushing for a vision for a long time. If you provide people with a vision you give them a target to which they can aspire.

Regrettably the vision has no numbers to it . . . also it under emphasises the value of tourism in this region, which most people see as the key factor to the solution.

Mpakanyane: There is now work under way to put the necessary meat on the vision . . . it is important that everyone can share the same vision.

Has there been progress in developing the province's tourism potential?

Mpakanyane: We still have a lot more lessons to learn but we have shown with the Rugby World Cup that we have the ability and capacity to host a major international event. We are very confident in our outlook on tourism.

Also there is some serious investment interest being shown by foreigners in KwaZulu Natal.

Has there been progress in the delivery of the RDP in KwaZulu Natal this year? Where are the bottlenecks?

Boustred: There has been absolutely minimum progress on the construction side. In terms of the number of houses the delivery has been almost insignificant. The one area where there has been some movement is Cato Crest. There has been some progress in electrification and to a lesser extent water provision.

The bottlenecks arise from the fact that we have totally new local, provincial and central government administrations.

However, in the past four weeks there has been a substantial turnaround and it looks as though the RDP is starting to get going in the region to the point where resources might become very stretched between now and the end of the financial year.

The Metro and regional councils are getting together now and performing well.

Cairns: The market certainly believes that something is going to happen.

The construction companies are among the best performers. I think investors are discounting that there is going to be substantially increased activity in the construction sector.

The informal sector seems to be growing steadily in numbers. Do you welcome this move and is the development of this sector, particularly in the city centre, being properly managed?

Boustred: The informal sector is essentially a safety valve for unemployment. The municipality is definitely not managing it properly. They have the powers to do so but they are now facing an election.

It is a highly politically sensitive issue and I don't see the situation changing significantly until the local election is over.

Van Biljon: It is in the interest of the private sector to encourage the growth of the informal sector.

Rajab: The informal sector provides the opportunity for previously disadvantaged people to learn what capitalism is all about.

Mpakanyane: I think we have to be less sensitive about the aesthetic look of a city.

Boustred: What we should be doing is managing the change to produce an environment which is clean but one which is also vibrant and full of colour and different personalities.

The Mercury Business Forum meets every three months to review KwaZulu Natal's economy. The forum is chaired by economist Jon van Coller. Members of the panel comprise: David Cairns of Frankel Pollak, Vinderine, Thabo Mpakanyane of the Greater Durban Marketing Authority, Robin Boustred of the Durban Chamber of Commerce and Industry, Mahmoud Rajab chief executive of New National Assurance and Gerrie van Biljon, KZN general manager of the Small Business Development Corporation

ENT

ICS

KwaZulu needs R20bn a year

(49D) CT(BR) 29/11/95

BY DAVID CANNING

Durban — KwaZulu Natal needs R20 billion a year over the next 25 years to meet its economic backlogs.

But the province is developing a "vision" that will help to make its industry globally competitive, Jacob Zuma, the provincial minister of economic affairs and tourism, said yesterday.

Addressing the Durban metro conference, he said the required sum seemed overwhelmingly large in terms of limited government resources.

He hoped all sectors could be drawn into discussing a draft vision, the matrix of basic needs and "help to develop a strategy for the province".

A provincial development summit would be called early in the new year that would seek formal agreement from all sectors on the vision.

Provincial government would use this strategy to plan the 1997/8 budget.

Zuma said he had come across economic thinking that KwaZulu Natal could drive its economy on its own. This was an impossible dream.

The provincial economy was an integral part of the national one. Any steps in a local direction, within the context of a global economy, would be disastrous.

"We need to urgently begin to shift our economic paradigm and start thinking big and creatively."

The provincial economy had displayed unusual trends. Its share of the GDP had increased from 13 to 15 percent over the past decade.

He said the rapidly growing informal sector could contribute another R4 billion.

"We need to decide which of our competitive clusters we are going to support in the province, and how.

"Our textiles, clothing, chemical, fabricated metals, food, tourism, and agriculture have exciting potential if the correct strategic responses are developed," he said.

The massive investments at Alusaf and in Richards Bay, for example, would let the province benefit from alloy wheels for heavy vehicles, tennis rackets and aluminium motor vehicle components.

In the chemical sector, expansion was possible into raw materials for epoxy resins, penicillin, amino acids and vitamin feed supplements.

Many opportunities existed in the province. There also was a need to systematically advance telecommunications.

KwaZulu Natal growth set to reach 3,5%

(49D) CT (BR) 22/12/95

By Jon Beverley

Durban — The KwaZulu Natal economy is expected to perform reasonably well next year, says Jon van Coller, an economic consultant for the Durban Chamber of Commerce and Industry, with real growth at about 3,5 percent.

However, because the province has the potential to outperform the other provinces, the expected growth rate is disappointing.

Van Coller identifies the delayed local elections as the problem because important decisions, such as spending on capital projects, are not being taken in the current political limbo.

The dispute over the provincial constitution is causing uncertainty among consumers and in the business sector and these factors are likely to cause some softness in the economy in the first half of the year.

Van Coller said other factors contributing to the perceived weakness of the economy were the delays in finalising economic policies at provincial and central government level and the high crime rate.

The chamber movement, including the Durban chamber, was addressing these issues and discussing them with the government, and it could be expected that the fruit of these talks would be seen next year.

Van Coller said it looked as if the second half of next year would be stronger than the first "but there will be variation within sectors".

Another issue was the changes in tariff protection, and those industries which were vulnerable and undergoing restructuring must be well down the road in this process by the end of 1996 or "we will see some failures of established businesses".

He said government's role in formulating supply side measures to facilitate the competitive process was vital and the KwaZulu Natal government needed to assist this process wherever possible.

The latest SA Chamber of Business survey of confidence levels in business shows that Durban businessmen are somewhat less confident than those in Gauteng and the Western Cape.

Pietermaritzburg is slightly more optimistic than Durban.

For example, 65 percent of respondents in Durban expect sales to increase over the next 12 months, compared with 85 percent in Gauteng and 81 percent in the Western Cape. Pietermaritzburg stands at 80 percent.

The prospects for increased employment are equally disappointing with only 30 percent and 42 percent in Durban expecting to increase the number of unskilled and skilled employees respectively.

Van Coller forecasts that manufacturing will increase by 5 percent next year, tourism by 10 percent or more and agriculture by a substantial percentage after the excellent early rains. Fixed investment should continue at high levels, probably reaching 6 percent to 8 percent real growth.

He expects to hear of major projects, with finalisation expected on who will win the contract to develop the Point Waterfront and whether the La Mercy Airport will go ahead.

ECONOMY - NORTH. PROVINCE

1994 - 1999

Water, agriculture, tourism among priorities

Development body for central lowveld

Star 12/7/96

■ BY ANITA ALLEN
SCIENCE WRITER

Central lowvelders are taking control of development in their region — across provincial, political and racial boundaries — with the formation of the Central Lowveld Development Forum this weekend.

The inaugural plenary session of the CLDF at Manyeleti Game Reserve on Saturday and Sunday will identify development priorities and chart a course to achieve these on a sustainable basis.

Draft proposals, prepared by the interim working committee of the CLDF, cover the area from Phalaborwa in the north, to Hoedspruit, Acornhoek and Bushbuck Ridge in the south between the Selati and Sabi river catchments.

Four priorities have been identified: water resources; agricultural and tourism potential; protection of ecological resources; and rural village infrastructure.

Specific projects proposed as a result of studies commissioned over the past three years include:

MEETING to consider plans for area stretching from Phalaborwa to Hoedspruit, Acornhoek and Bushbuck Ridge

- Additional water storage capacity, including a dam on the Blyde River.

(496)

- Vastly increased irrigation through lining 120 km of earthen canals, transfer of water by pipeline from the Blyde to the Olifants irrigation area, and the transfer of current irrigation quotas.
- Detailed proposals on the cultivation of export markets for subtropical and vegetable crops.
- An industrial food-processing plant in Hoedspruit.
- The establishment of tunnel farming for small-scale farmers.
- The construction of community centres, schools and clinics for disadvantaged communities.
- Implementing a master plan for the development of tourism under the guiding principles of the International Biosphere Reserve model.

The latter concept is relatively new in South Africa, although several biosphere reserves are under investigation. About 300 such reserves have been established worldwide under Unesco's Man and the Biosphere Programme (MAP). This initiative aims to establish at national level a worldwide network of research, training, demonstration and information centres of the world's major biomes.

The Lowveld Cluster Biosphere is one of 12 potential sites identified by MAP in southern Africa. The programme looks at special developmental and conservation needs and opportunities of regions adjoining important protected areas — in this case, the Kruger Park.

One of the opportunities that has been suggested is the extension of the bio-region into Mozambique as an International Trans Frontier Peace Park.

Inquiries concerning the CLDF meeting to Phillip Walker: telephone: (01528) 33991, fax: (01528) 33992.

NP criticises 10-year plan

PIETERSBURG — Northern Transvaal premier Ngoako Ramatlhodi's announcement of an ambitious 10-year development plan for the cash-strapped province has sparked criticism from the NP.

NP provincial leader Andre Fourie and the party's sole representative in the legislature, Victor Borchers, said they would question Ramatlhodi's ability to achieve the plan's objectives. The premier's chief spokesman, Jack Mokobi, said the plan would probably be debated under the premier's budget vote soon after the opening of the legislature on March 3.

The premier aims to revamp the public service, expand water supplies, upgrade colleges and initiate massive housing schemes.

Borehole water would be supplied to all rural communities and water schemes costing a total of R205m would be completed in the medium term.

More than 500 villages have been identified as suffering from critical water shortages. Drilling of boreholes had been completed at 33 villages.

The premier has also called for strict controls on expenditure by public servants, a moratorium on the filling of vacant posts and a crackdown on the unauthorised use of government vehicles. — Sapa.

BD 8/2/95 (496)

Northern Transvaal mired in debt

SELLO MOTLHABAKWE

NORTHERN Transvaal's provincial government faced huge problems inherited from three homeland administrations and the Transvaal Provincial Administration (TPA), a spokesman said yesterday.

This included the homelands' debt of R500m. Overlapping services and muddled salary payments could see the province liable for further substantial debt to Gauteng, which had been paying former TPA officials employed by Northern Transvaal.

Salary payments were among the factors hampering the province's attempts to gauge its indebtedness and rationalise its bureaucracy. The debt inherited from the homeland governments was expected to be greater once the new administration had rationalised administrative structures and closed the homelands' books. The debt arose from homelands' overdrafts. Gazankulu had a R70m overdraft, Venda R100m and Lebowa owed more than R200m.

In addition to three former homeland administrations, Northern Transvaal had the TPA structures and defunct administrations of the Houses of Representatives and Delegates, and had to find space for

(49G) BD 5/4/95 Page 2

Debt (49G) BD 5/4/95

From Page 1

new representative structures.

The province's administration was bloated by duplication in services and personnel. It was impossible to measure the province's revenue-generating capacity as money was being collected by the old structures.

Efforts to trim redundant staff — such as three finance directors-general inherited from the homelands — were hobbled by the constitution, which guaranteed public servants' jobs.

Teachers' organisations were agitating for jobs for 10 000 unemployed teachers. The education department needed R400m more than the R207m it had been allocated.

Central government's R757m allocation was insufficient to tide the province over during transition. It would take months for seconded and inexperienced staff on the new administration to trim staff and reconcile the old administrations' books, the spokesman said.

Chemical sector nearer agreement

Renee Grawitzky

(183)

BD 8/6/95

CHEMICAL sector employers and the Chemical Workers' Industrial Union (CWIU) appeared to be moving closer to an understanding on centralised bargaining following a meeting this week.

At the meeting the union presented a slightly revised position regarding centralised bargaining. It proposed section bargaining arrangements within an industry bargaining forum, similar to the one with the SA Clothing and Textile Workers' Union in the textile industry.

CWIU campaign co-ordinator Martin Jansen said the majority of employers were supportive of centralised bargaining at a sector level. A working group would finalise sector demarcations by July 8.

Despite progress made at the meeting, the union was still in dispute with employers and was in the process of applying for a conciliation board with the labour department.

Employers "indicated their willingness to positively consider bargaining at industry level on social benefits such as the provident fund, medical aid and industry minimum wages," he said.

Jansen said employers had until June 13 to sign a draft agreement which would be forwarded to them.

Failure to sign the agreement would force the union to reconsider its position on industrial action.

It would also have to decide whether to proceed with annual wage negotiations at plant and company level, he said.

Northern Province unveils R9bn budget

(49G)

Samantha Sharpe

BD 8/6/95

NORTHERN Province finance MEC Edgar Mushwana unveiled a R9,43bn budget yesterday of which the largest slice — about 40% — would go to education.

The budget announcement, which was delayed for several months pending the outcome of a request for additional funding from government, included R8,38bn from central government and R1,06bn from own sources, Mushwana said.

A figure for Development Bank of Southern Africa loans had not yet been fixed because of the lack of finality on the province's borrowing powers. The large allocation to the education department was an indication of the province's commitment to providing education to all its citizens, Mushwana said.

"Although this is a positive signal, the effectiveness and efficiency of this expenditure needs to be closely monitored," he said.

The regional finance ministry was in the process of implementing a strategy that would help restore fiscal discipline in the province.

"We are considering outside specialist auditors to establish a strong internal audit function in our administration . . . which would improve the efficiency, effectiveness and economy of governance in this province."

Each department had been given its own paymaster-general account, linked to a specific bank account, to control.

"This means that irresponsible behaviour by a specific department will be picked up immediately and will have no effect on the funds available to the rest of government."

Mushwana said 57% of the budget, R5,35bn, was allocated to personnel expenditure, with the province hoping to transform the public service through performance improvement.

"One of the cornerstones of effective management is to allocate specific responsibilities to people, empower the people to execute these responsibilities and then to reward them according to their contribution and achievement of pre-set objectives," he said.

An expenditure breakdown showed that R1,44bn was budgeted for health services, with the province "committed to making health care accessible to all our people".

An amount of R1,38bn was set aside for social welfare, Mushwana said, while R84,7m was voted for economic affairs. Included in this figure was R53,5m for transfer to parastatals. Housing gets R66m.

Public transport was given R198,4m, with R30,7m of it going to bus subsidies.

The ministry set aside R498,7m for agriculture. Of this amount, R57,9m was for transfer to agricultural corporations, Mushwana said.

Agricultural workers Rendani Ramugondo and Muvhulawa Siphugu at a dry river. PIC: MOFFAT ZUNGU

A lottery for jobs in N Province

(49G)

Sowetan 18/7/95

People are starving and desperate for work

By Khathu Mamalia

More than 100 villagers – mainly women – queue eagerly before a table from which each of them will carefully pick up a small piece of paper.

There are over a hundred pieces of paper on the table. But only 60 are marked to distinguish them from the rest. Anyone who picks up a marked paper square will be assured of a job.

This process of selection means that sheer luck determines the fate of destitute people ravaged by three years of drought.

This is Mufongodi, the village worst affected by the drought in the Northern Province, according to regional officials of the Department of Agriculture and Forestry.

Like other villages in the former Venda homeland, Mufongodi is surrounded by a ring of mountains. Mufongodi River is not large, but for local villagers it is what the Vaal River is to the people of Gauteng.

Subsistence farming

It has supplied the village community with water for household use and subsistence farming for decades, but is now dry, having stopped flowing three years ago.

A borehole, sunk to replace the river as a source of water, has been over-used, causing the pumping equipment to break down. It has not been repaired.

Realising the effects of the three year drought on the people of Mufongodi, the provincial government declared the village a disaster area.

A drought relief scheme has begun in a bid to help the villagers combat their most dreaded enemy – hunger.

A senior agricultural officer charged with setting up the scheme, Mr Mashudu Radamba, says the drought relief scheme only employs 60 people because of a lack of funds.

He said virtually the entire village wants to work on the scheme and the only way of selecting workers is by means of the draw.

People are desperate

"All these people are desperate. Most of them are sole breadwinners. They used to depend on farming but their only source of water was rain and the river. These sources are now non-existent and these people have been reduced to beggars," says Radamba.

He says the lucky draw is transparent and fair. The lucky 60 will be absorbed into the scheme and get R10 a day to erect a fence in the area. Their contract will expire after six months.

A mother of five, Mrs Tshiwela Khunwana (34), says she is happy if she draws a piece of paper that gives her a job.

"R10 a day is very little, but under the circumstances I could kill to get that job. My husband is unemployed and when I tell you there is no food at home, it is not an idiom but a statement of fact," said Khunwana.

"We are too young to qualify for old-age pension and we face hunger on a daily basis. Before the drought, we used to plough successfully and although life was not a bed of roses, we survived." Her family stopped farming three years ago.

Another villager, Mrs Rebecca Ramulige (25), says she wants a job to support her three children. Her husband is unemployed.

She says since the drought crippled them, her family has depended on the 25kg of maize meal supplied by the Welfare Department. However, this supply has been cut since March.

Another villager who wants to work on the drought relief scheme is Mrs Florah Vhulahani Nekuvule (46). The mother of four stays with her unemployed husband, who has a second wife with five children.

"I am just praying that I should get the correct paper so I will be on the scheme," said Nekuvule.

Father of four Mr Tshoteli Ramathavha (58) says while the drought relief scheme is not ideal, it will make a huge difference to him if it enables him to work.

Self-help projects needed

The chairman of the local civic association, Mr Avhaathu Jerry Phaswana (33), says although he is prepared to work under the scheme, he feels the Government should use the money to establish projects that will be able to sustain themselves.

"If the drought relief money was used to set up self-help projects, we would soon become self-sufficient. Even if I can get the six-month contract to do fencing around the village, what will become of me after that six months? I will still be a penniless beggar," says Phaswana. The father of two says he cannot even make a garden because the little water pumped from the ground by the government engine is strictly for household use.

The drought has affected more than 5 000 commercial farmers in the province as well. A spokesman for the Northern Transvaal Farmer Cooperation Mr Burger van Eck says crops and livestock worth millions have been destroyed.

"The drought has had a severe effect on our crops. This has resulted in cash-flow problems. Most farmers cannot afford to pay their workers and are forced to retrench them," said Van Eck.

He says most farmers will be out of business if it does not rain within the next few months.

Nevertheless, while white farmers in various parts of the Northern Province are worried about losing their farms because of the drought, black subsistence farmers are facing starvation.

Dry Northern Province has a rosy vision

BD 4/9/95 (499)

Kevin O'Grady

THE country's most drought-stricken region, Northern Province, has sent a delegation to Belgium and Scotland to investigate establishing a rose-growing industry.

Announcing the departure of premier Ngoako Ramathlodi's delegation today, spokesman Jack Mokobi said the project's planners were "working on the promise of early rains".

Ramathlodi, RDP commissioner David Nkoana and RDP project manager Moses Modjadji will fly to Scotland via Brussels, where a presentation on the viability of the rose-growing project will be presented to the European Union.

If approved, the project would result in roses being grown in Northern Province by a Scottish company and exported to African and other international markets from Pietersburg, Mokobi said.

Feasibility studies had been conducted which had shown the province's climate to be ideal for rose growing, he said.

"Obviously water, or a lack thereof, is a concern across any potential industry and that aspect is being seriously considered," he said. In the Pietersburg area, for example, plans were afoot to divert water from dams for the rose gardens.

The delegation will also meet representatives of large, medium and micro businesses to discuss trade links.

A Belgian company announced at the weekend that it would set up a bamboo farming project in the province at a cost of R11m. Great North marketing spokesman Andre Venter said Oprins Plant planned to divide 2 500ha of the drought resistant plant into viable units for about 500 small-scale farmers.

Persistent drought raises fears of starvation

BD 19/9/95 (496) ([illegible])

Kathryn Strachan

THE drought in Northern Province had reached such critical levels that people would start dying by December if it did not rain by then, provincial health and welfare superintendent general Nicolas Crisp said yesterday.

"It is not just cattle, but people who will begin dying," he said.

All departments in the province were looking at contingency plans, which included looking at moving people to places where there was water.

The province could provide less than 10 litres a person a day.

Chief welfare director Prof Moses Bopape said the drought was already taking its toll on people's lives. The low crop yield had left many people starving. Those who depended on casual harvesting were left with no work or income this season. People had to queue for hours to get water from the communal boreholes. Others had taken advantage of the situation and were selling water from containers at very high prices to people who could not get to boreholes.

Crisp said that while the province was trying to set up a new health system, there were other factors working against its efforts.

Another major concern was the marked resurgence in traditional practices such as male, and to a lesser extent female, circumcision in the province this year.

This was a matter of concern not only from the perspective of human rights abuses, but also from a health perspective as the practice promoted the spread of AIDS.

While circumcision traditionally had to be done with the consent of the parents, this year had seen an increase in the number of children being kidnapped to be circumcised.

The health authorities were working with police to protect the rights and the health of children, he said.

Rains fail to ease the desperation in N Province

(49G) KTON 20/11/95 (~~266A~~)(3)

BY NORMAN CHANDLER AND PATRICK PHOSA

Good rain over large parts of the country during the past three days has failed to alleviate the desperate plight of the Northern Province, where thousands still face starvation as the worst drought in history strangles the province's economy.

The northern regions of the province missed out completely on the widespread downpours since Friday, which only fell as far north the capital Pietersburg (where stringent water restrictions are still in place) after covering almost the entire summer rainfall area.

Thousands of people have lost their jobs on farms and in small towns; cattle and other livestock are dying; boreholes are pumping meagre supplies of water; river beds have all but dried up; grazing is almost non-existent; and villagers are having to make do with limited access to taps – which are often locked for 20 hours a day.

In a bid to ease the financial disaster, the Government and the provincial government have made available R169-million to all classifications of farmers. A huge chunk of the money is available to provide temporary employment for hard-hit subsistence farmers.

The Transvaal Agricultural Union has called for urgent talks with the Government in a bid to alleviate the plight of farmers and to provide further drought relief measures despite the huge sums of money injected into the farming industry in the province.

► **Cruel thirstlands soak up farmers' hopes**
... Page 10

R112m for infrastructure

PIETERSBURG: About R112 million has been allocated to Northern Province by the RDP office for improvement of infrastructure, provincial Land, Housing and Local Government Minister Mr John Dombo, said at the weekend.

~~246B~~ 49G

Sapa, Staff Reporter

CT 27/11/95

End to Northern Province drought may be in sight

BD 24/11/95 (49G)

PRETORIA — "It looks as if the drought — even that in the Northern Province — has broken," a weather bureau spokesman said yesterday.

He was commenting on soaking rains that had fallen over large sections of SA since last Friday.

The forecast indicated that whatever respite people enjoyed from the rain, particularly in the eastern half of the country, would be brief.

While some clearing was expected today, a cold front was expected to push in from the east tomorrow, bringing more rain to Gauteng, Mpumalanga, Northern Province and the northeastern Free State.

Sections of the Limpopo River on Northern Province's border were in flood yesterday.

This was apparently because farmers along the Limpopo had erected makeshift dams to save what water they could during the past years of drought.

Officials at Beitbridge border post north of Messina said the Limpopo was flowing strongly, but had not burst its banks. The border post between SA and Botswana at Zanzibar was reopened after being closed on Tuesday and Wednesday.

The Tzaneen Dam, a major source of water to Northern Province fruit farmers, began receiving an inflow yesterday after 111mm of rain fell in the district. Officially registered as empty on Monday, the dam stood at just more than 0,5% of its capacity yesterday morning. Many KwaZulu-Natal Midlands rivers and streams were also reported to be in flood.

Water affairs and forestry spokesman Klause Triebel said another 600mm to 800mm of rain was needed to affect appreciably the level of Gauteng's primary water source, the Vaal Dam. — Sapa.

Asmal's water plan

BD 24/11/95

Kevin O'Grady

PRETORIA — The long-term water crisis facing Southern African Development Community (SADC) countries could result in "conflict, both internally and between countries", Water Affairs Minister Kader Asmal said yesterday.

Opening a conference of SADC water affairs ministers, Asmal said the crisis could "cripple the sustainability of our development if not handled with great foresight".

The time had come for SADC countries to plan for the development of water resources on a regional basis.

He suggested building dams in water-rich areas and focusing agricultural production in areas where the most favourable climate and soils occurred.

"Should we not irrigate in those areas where greatest returns can be achieved and export the products to where the needs are?" he asked.

"We should imaginatively remove all historical boundaries to facilitate an objective and broad view on the resources and development potential of the region as a whole ..."

An underlying principle should be to strive for more diversified economies throughout the region and for co-operation to be based on equity and mutual development, he said.

Apart from the relief from drought that could be achieved through inter-basin water transfers, the diversified and regionally integrated economies which could result would also alleviate the effects of drought.

"The dull legalisms of the past, based on prior application and with heavy emphasis on sovereign rights, must be replaced by new principles of fairness, equity and environmental protection," Asmal said.

Thought should be given to harnessing "the mighty rivers of Africa, like the Zambezi and Zaire rivers, for the transfer of water to the south. It may just hold the trigger to greater infrastructural developments, training and the interlinking and diversifying of our economies."

Battle rages for rich Madimbo

sowetan 27/11/95

(4960)

Some argue that mining will force 10 000 inhabitants off their land

By Russel Molefe

KHEHLA MTHEMBU and his partner in Duo Corporate Developers, Richard Bluett, have brought the future of more than 10 000 people and the unique Madimbo corridor to the centre of a fierce environmental debate.

Madimbo, which forms a border between the former Venda homeland and Zimbabwe and is very rich in archeological treasures, was used exclusively by the then South African Defence Force for many years.

The company's interest in exploring the territory for diamonds sparked off a protracted battle between environmentalists and miners, which will only be ended by the Department of Mineral and Energy Affairs.

The Department granted Duo Corporate Developers the right to prospect for diamonds, but environmentalists cried foul and argued that this would mean removing more than 10 000 people and damaging the area beyond rehabilitation.

Mthembu believes high-quality diamonds are in abundance in the area, and that mining could bring jobs and economic prosperity to the impoverished Northern Province.

He maintained that a full environmental impact study was conducted by experts and submitted to the province's Department of Environment and Tourism.

Mthembu was asked whether the thousands of people nearby, among them some who were forcefully removed in the 1970s and resettled around Matshakatini, would be happy to be removed from their ancestral land.

He replied: "We have done proper consultation with the communities concerned. The people there have given the thumbs up." However, he declined to be drawn into further discussing the plan to mine the area.

If the Wildlife Society did not blow the whistle on the planned mining of the area, Mthembu's company would have gone ahead as it was already granted the necessary permit.

Several other environmental organisations joined the Society in opposing the plan. Environmental Affairs and Tourism Minister Dawie de Villiers and the Northern Province government have also voiced their opposition.

Khehla Mthembu ... believes mining could bring jobs and economic prosperity to the impoverished Northern Province.

Duo Corporate Developers' permit was temporarily revoked after the National Parks Board appealed against it on environmental grounds.

The director-general of the Department of Mineral and Energy Affairs is expected to make a final ruling after studying submissions by environmental organisations.

The Northern Province used to have mines in several areas such as Phalaborwa and Messina, which were closed when they ran out of minerals, resulting in thousands of people losing their jobs.

The sight of the environment which surrounds those mines is pathetic today. In some areas, attempting to establish a vegetable garden is like trying to squeeze blood out of a rock.

It was for this reason that the standing committee on environment and tourism in the Northern Province argued that mining in the province was not a sustainable development

Committee member Mr Joe Maswanganyi also said ecotourism emerged as a favourable development in the area during the committee's deliberations. He claimed people near the Madimbo corridor favour ecotourism too.

Maswanganyi said the area was rich with the remains of the Stone Age (14th century) and the Iron Age (the 17th century), which date back to the movement of the Venda-speaking people.

"We cannot afford to destroy these treasures unless we want to destroy the heritage of our people and invite trouble from coming generations," he said.

"Ecotourism will also bring cash to the province because hotels and resorts may be built there and the area is suited for guided hikes as well. We must not learn the hard way like other countries, where mining has polluted rivers and land beyond rehabilitation."

He pointed out that there were more than 500 kinds of endangered species of animals and birds in the area, and if they were destroyed, "they were destroyed forever".

The Northern Province government will again commission archeologists to conduct further studies in the area. Maswanganyi ...

Mpumalanga province gets 24 new boreholes

(49G) BD 5/12/95

Business Day Reporter

TWENTY-FOUR new boreholes were handed over to the people of Mpumalanga yesterday at a ceremony at the Tonga showground in Nelspruit.

The boreholes project was a joint venture between the Mpumalanga government and the Mpumalanga-based Ingwe Coal Corporation, the world's third largest coal producer.

"As a business, we at Ingwe have accepted our responsibility as a key role player in assisting the province realise its reconstruction and development programme objectives," said Ingwe MD Dave Murray.

"Water is the absolute key to development and often survival. This dynamic intiative sets the pace for other private sector organisations to become involved in reconstruction and development of the province," Mpumalanga Premier Mathews Phosa said.

Ingwe, in conjuction with Phosa and the Gencor Development Trust, had also implemented other community related projects in the province.

These included small business development, job creation, the Mpumalanga school-building initiative, small scale farming and community food plots, housing and a mobile careers centre for schools in remote areas.

North remains in stranglehold of drought

(49G) BD 10/1/96

Business Day Reporter

NORTHERN Province was still in the grip of drought, and water supplies were being taken by tanker to many rural areas, the water affairs and forestry department said yesterday.

Although most of the country had experienced heavy rains this summer, the far north remained dry.

The situation in the Letaba district was "critical" as people living there relied on rain water for their daily use, the department said.

The condition of game in the region's wildlife reserves was deteriorating, and farms in the area were still being adversely affected by the below-average rainfall.

Ebenezer and Tzaneen dam levels were low. Areas in the Messina districit had received less than 25mm of rain in a year, while the Pietersburg area had received only 59mm.

operating at a disadvantage. The latest complaint relates to the Reserve Bank's stipulation that only 5% of a single unit trust fund may be invested in asset swaps. This means there can be no dedicated offshore fund.

But assurers, after having demonstrated solvency, can structure a dedicated fund for offshore investment. An institution's asset swap is limited to the value of the statutory surplus. This is the mark of solvency and it ranges from 5%-40% of total assets, says Momentum deputy chairman Neil Krige.

Neil Krige

Association of Unit Trusts executive director Colin Woodin argues assurers' ability to create a dedicated fund puts unit trusts on the wrong side of the playing field.

The recent attempt by Investec Asset Management to introduce a unit trust product has brought the matter to a head. It was turned down by the Bank. Investec's Brett Comley says the group has a stable of nine unit trusts. Had the application been successful, 80% of this particular portfolio would have been based on asset swaps, providing investors with a specific offshore investment avenue.

Investec is resubmitting its application, says Comley, and will conform to the Bank's 5% rule. This would leave no discretion on its internal fund arrangements.

Unit trust managers look on this as a first step. Standard Bank Fund Managers MD Phillip Scheel says it complied with the 5% rule. Of the eight unit trusts in the Standard stable, six will have a 5% foreign investment portion.

Scheel says, ultimately, the entire portfolio of the bank's International Fund will be invested abroad over a period "and once the authorities approve further relaxation of exchange control regulations."

However, a further relaxation of exchange control may not be needed — merely a change in the definition of a fund or entity.

Though prospective investors may find such products a novelty, they should remember the dual purpose of an asset swap product: to create a rand hedge to diversify currency risk; and to improve portfolio performance by allowing market diversification. But a 5% capping means that the second objective cannot be achieved. ■

Northern Province economy thriving

CP 26/8/96

By ROCKY MOKOENA (49 G)

IMPROVED economic links with international investors have resulted in an increase of 10 percent in the Gross Domestic Product (GDP) of the Northern Province, traditionally one of the country's poorest provinces.

More than R70 billion has been invested by foreign businesses in the province in the last eighteen months, MEC for Economic Affairs and Industry, Thaba Mafumadi, said during the unveiling of the provincial economic year programme.

Unemployment has been also reduced by 15 percent.

Mafumadi said the economic statistics proved that the province could play an important rule in the country's economy.

He said the low crime rate and stable working conditions in the province contributed to the improvement in the economy, as did the demand for the province's agricultural products by other countries.

The province is exporting more than 35 percent of its agricultural products to European countries.

The province's international airport also led to an increase of tourism in the province.

With the Gambling Act to be passed the end of September, the GDP is expected to increase by another three percent in the coming nine months.

This is expected to stimulate economic activity in the province, create jobs and increase its contribution to the national wealth.

The province's Great North Marketing has contributed to the merging of a consortium of provincial businessmen and the Northern Province Development Corporation into joint-venture partnership.

The province is now exporting dried fruits and vegetables to the USA, almonds are now being cultivated and tomato-potato processing plants have been established.

Mafumadi said other projects in the marketing sector include the establishment of the Trade and Investment Centre for the Northern Province and the conversion of waste products into compost – a joint venture with the Belgium-Oprins plant.

The province is also participating in the development of the Maputo corridor to the Northern Province.

The province has signed a letter of intent between China Heilongjiang International Economic and Technical Co-operation Corporation.

The letter includes an agreement to establish a China Estate Development Zone to address the housing needs in the province, the registration of an Estate Development Economic and Technical Co-operation Company in the Northern Province, the establishment of a textile factory with an initial investment of \$5,29 million (R23,8 million) and the establishment of a sock and stocking factory with an initial investment of \$800 000 (R3,6 million).

The province is expected to complete the first draft of its Economic Paper by the end of November 1996.

Premier drives his province to be the 'Strasbourg of Africa'

BD 11/11/96

(49G)

The country's poorest region, Northern Province, has potential to become an important centre for tourism and agriculture, premier Ngoako Ramathlodi tells **David Capel**

THERE must be times when Northern Province premier Ngoako Ramathlodi throws up his arms in frustration and wonders what on earth possessed him to accept what is fast turning out to be one of the most difficult and demanding jobs in the country.

If he does, he does not show it. At least, not in public. On the contrary, this former ANC exile turned Northern Province strongman comes across as a sleeves-up, no-nonsense leader with an enthusiasm for the task at hand. It is a task that requires wisdom, patience and the equanimity of a tightrope walker.

His comfortable but by no means extravagant offices in the centre of Pietersburg — the only town in the country to vote "no" in the 1993 referendum — are abuzz with the comings and goings of staff, members of the public seeking his solutions to one difficulty or another and police captains reporting the latest crime statistics.

Talking of which, crime is the least of Ramathlodi's problems. "In Northern Province we have the lowest crime rate in the country," he says. There is, of course, the matter of witchcraft killings, more than 230 of them in the past year alone, but the premier is talking about "ordinary" crime like car hijacking, murder and rape.

He has the poorest province in the country. There are no statistics for the number of people living below the breadline, but one only has to travel to some of the hundreds of villages that dot the barren landscape around Pietersburg, Louis Trichardt and other towns in the province to see how widespread poverty is.

Yet, even on this score, Ramathlodi is able to see the proverbial silver lining. "Over the past two years our economic performance has been around 5,8%, despite the drought," he says. "And when it comes to poverty, we can't look for quick-fix solutions. We need a long-term and workable plan. That is what we are working on."

He predicts that in 10 to 15 years, the province will be "a peaceful, self-sustained unit, at one with itself and the world".

Already one third of the province's budget goes towards education, but Ramathlodi says the area's chief weakness is its poor human resource development. Here civil society can play a meaningful role.

He has reduced the number of teachers' training colleges from 21 to seven "to avoid a situation where we are producing manpower that we do not need". Fourteen colleges have been turned into "finishing centres" (Ramathlodi says he will eventually come up with a name that describes their role better) for matric students who fail to make the grade. The main aim is to produce people with a combination of academic and technical skills.

Ramatlhodi also aims to enable small-scale farmers to enrol at the province's agricultural colleges on a part-time basis to improve their skills. He also wants to strengthen the capacity of farmers to export their produce.

It is for this reason that his government conceived the idea of an international airport. Unlike certain former homeland rulers who built airports purely to boost their egos, Ramathlodi's plan is one that, if it works, will bring economic empowerment to his people and, he hopes, also result in an influx of tourists to the province.

"Our airport already has a well-developed infrastructure, but we need about R12m for renovations that will enable it to handle big cargo planes. We also want night landing facilities."

Other parts of the scheme have already been implemented. For example, a number of hangars have been converted into fresh produce markets, ready for the big export boom that the government anticipates.

Ramathlodi also has ambitious plans for a transnational park that will see Kruger National Park joining up with other wildlife reserves across SA's borders. He points out that two thirds of Kruger Park lie within Northern Province and it is up to his government, he says, to make the most of this.

"The World Bank and other bodies have been very supportive of this idea and we envisage that eventually we will have the largest natural game park in the world."

He talks about the "golden horseshoe concept" that involves a huge area running along the banks of the Limpopo River. Its centre will be Gateway International Airport, as the collection of landing strips and buildings at Pietersburg Airport has somewhat ambitiously been called. This, says the premier, will be the "landing pad" for the whole area, with tourists flying in to the Kruger Park, the Okavango swamps and other destinations.

No one can accuse him of lacking ambition. However, not all the plans are as grand. He has been paying attention to some of the more rudimentary aspects of government, too. Electrification of the province, for example, has been speeded up and 23% of residents now have electricity. Hundreds of villages now also have running water, in line with Ramathlodi's policy of taking water to the people.

It is in the public service that the premier has faced his biggest challenge. Tentacles of homeland corruption still reach out, and it is not easy to remove them, but Ramathlodi is not giving up.

He has earned a reputation for clean government and in recent months has come down hard on "ghost" employees and people using government vehicles for private business, even going so far as to impound cars. The word is out that this premier will not tolerate corruption.

He has also rationalised the public service, getting rid of dead wood and saving his government badly needed funds for important projects.

He has divided the province into six administrative regions in the face of what he describes as "massive resistance" from public servants and others with vested interests. "To this day," he says, "I am still surprised that we managed to do it peacefully."

This, it seems, is where the gravy train stops. From now on, public servants will be promoted by their superiors, not themselves, as has been the case in the past. Indeed, certain "promotions" are being reversed and ill-gotten pay rises reclaimed.

As far as race relations are concerned, Ramathlodi says that on a daily basis he has to perfect the kind of balancing act that would give lesser mortals a severe case of vertigo. "If anyone wants to rule this province, he had better make sure of one thing: he has to be above race. It is critical. Every day of our lives we ask the question: are whites represented on a particular committee, project and so on? It is the same question that is normally asked about blacks and women, and it is essential if we want to build this province.

"When we first came to power here, I initiated discussions with whites in the province. I called the old man, Jack Botes (a former NP town clerk who is known in the area as Mr Pietersburg), and I held talks with him. I wanted to anticipate resistance before it started."

In addition, he reserved three seats for whites on the ANC's electoral list, a move he calls "reverse affirmative action". He has appointed Freedom Front member Johan Kriek public transport MEC and set up a task team to deal with farmers' grievances. Whites, Ramathlodi says, are no longer "packing their bags with biltong and getting ready to leave the province".

He says his government has to learn to develop "excellent inter-ethnic and interracial skills ... we must be seen to be neutral, and this involves a whole range of activities. It is not what you say that matters, it is what you do. It is a delicate balancing act and once the government has established its credentials, this will become less important. But for now it is critical. We are aware of it in everything we do."

Will this highly articulate, yet strangely self-effacing premier see his dream realised? Will Pietersburg one day become, as he puts it, "the Strasbourg of Africa"?

The answer is probably blowing in the wind across the all-too-often empty tarmac at Gateway International Airport.

Preparing for a boom

By PHALANE MOTALE (499)

THE Northern Province, one of the poorest regions in the country, has vowed to become a major contributor to the national wealth by 2020.

This task is to be spearheaded by the Northern Province Investment Initiative – the marketing and investment body set up under the auspices of the Department of Trade, Industry and Tourism in the province.

Northern Province MEC for Trade, Industry and Tourism Thaba Mufamadi said it was an enormous challenge.

"It's essential that we develop from one of the smallest provincial economies to become a significant contributor to the national wealth by the year 2020 if we are to realise our vision of a peaceful, vibrant, self-sustaining and prosperous province."

Mufamadi said it was vital that the region was professionally marketed and promoted to attract both international and national investment.

The NPII's role would be to establish the Northern Province as a preferred investment location. Job creation and the socio-economic upliftment of the province's people would be be direct spin-offs.

The NPII will seek joint venture partners for development and commercial projects and market and promote activities at various levels.

"The potential of the province is well documented," Mufamadi said.

"We have rich mineral deposits, abundant agricultural resources and some of the best tourist attractions in the country."

The chairman of the NPII board is MB Mphahlele, deputy director-general of Trade, Industry and Tourism in the province. Other members are Tom Boya, Eric Mafuna, Letepe Maisela, Fiona Nicholson, Zunaid Mosam, Willie Ntike, Marius Pretorius, Excel Shikwane and additional members TDM Peege and Dr N Tau-Mzamane.

come genuine holders of South

'Gambling is just the tonic Northern Province needs'

CT (BR) 6/3/97 (49G)

MPHO MANTJIU

Johannesburg — The casino and gaming board established in the Northern Province last year would result in the province becoming a leading contributor to the country's wealth, Thaba Mufumadi, the provincial trade and industry MEC, said yesterday.

Casinos would create jobs which would help lower the 47 percent unemployment rate in the province.

Mufumadi said six businessmen from the province had accompanied President Mandela on his visit to Asia to market raw materials and other resources that are abundant in the province.

The province had rich mineral deposits, abundant resources and some of the best tourist attractions in the country with which it could attract local and international investment, he said.

The province needed infrastructure and economic development to enable it to cater for countries such as Zimbabwe and to attract foreign and local investors with essential capital and skills to add value to the province's potential.

The province has approved two new casino (gambling) licences as a move towards achieving economic expansion. It has been allocated three casino licences to be issued sometime in June.

To attract investment to the province, the department, with the help of the Northern Province Development Corporation, has introduced incentives.

Protea Hotel's Pretoria spending totals millions

Stephané Bothma

BD 24/3/97

PRETORIA — The Protea Hotel group in past months has made multimillion-rand investments in the city, including R7m for the refurbishment and renovation of the former Assembly hotel near the central business district (CBD).

This month, too, the group launched the R76m Centurion Waterfront Suites — a sectional title development spearheaded by Krog Waterfront Developers — to be managed by Protea hotels.

About 15 units, worth R8m, of the suite development had already been sold, including all five penthouses at R750 000 each.

A second project at the waterfront, incorporating a R60m international hotel, is also planned. This forms part of the R1,3bn second phase of Centurion's CBD development.

Last year the hotel group spent more than R7m upgrading the Boulevard hotel in Pretoria — resulting in an occupancy rate above 80%.

Don Hamilton, MD of Boulevard group, which includes the former Assembly, now the Capital Protea, said the group's latest venture was expected to achieve at least 70% year-round occupancy.

Group chairman Grant McLachlan said: "We expect the new hotel to become a major drawcard for touring groups, domestic and international."

The hotel group also spent R6m to improve the Witbank Protea hotel and the Impala Inn at Phalaborwa.

Northern Province MEC tables budget of R10,8bn

BD 24/3/97

(49G)

Stephen Laufer

NORTHERN Province finance MEC Edgar Mushwana has presented the Pietersburg legislature with a provincial budget for 1997/98 which is 8,1% larger than the previous allocation.

Mushwana said the province would spend R10 867,5m, the lion's share of which would come from national government. Capital expenditure would rise 18,5% to R940,2m, while current spending would rise 8,9%.

A capital projects committee comprising representatives of the tender board, public works, education, health, and local government departments and the director general's office had been formed to monitor project implementation. Tender advice centres would assist small suppliers in dealing with government documents as a route to economic empowerment.

The finance department had introduced a budgeting initiative which took revenue as its base rather than expenditure plans. "This constitutes a major shift because it compels us to be creative and draw up budgets that make us live within our means."

A programme to examine the real cost of running provincial departments was underway as a first step towards identifying possible savings. The aim was to classify various government activities as independent cost centres.

Salaries accounted for 59,9% of budgeted spending, Mushwana said. But recent decisions to improve public service salaries as motivation to improve services to the public had not borne fruit in the Northern Province.

"We were aggrieved beyond imagination when, in some instances, pensioners went for months without payments." It did not matter what excuses were given, because what had happened was a sign of a service provider who did not care about its clients.

Vehicle licensing fees were a major source of revenue for the province, Mushwana said. Telling drivers who registered their vehicles in other provinces that they should contribute to maintenance and improvement of the road infrastructure, he called on the provincial traffic police to crack down on defaulters.

IDC projects could bring in billions

(49 G) Sowetan 14/8/97

By Abdul Milazi

THE Industrial Development Corporation's proposed multi-billion rand mining projects in the Northern Province town of Phalaborwa will create only 890 jobs, but it is expected to net about R1,4 billion a year in foreign exchange earnings.

One of the projects involves a commercial clay mine that will extract aluminium, magnesium and potassium sulphate from phlogopite (a rock containing the three minerals) to be used by local manufacturers in the production of magnesium metal, light alloys and chemicals for fertiliser.

The IDC is currently building a demonstration plant that will operate for two years while environmental impact assessment and feasibility studies are conducted.

According to IDC project consultant Ettienne Roux, the commercial plant will be built at a cost of R4,1 billion after its viability had been confirmed, and would generate an estimated R1,1 billion in foreign exchange earnings for South Africa.

Job opportunities

"The plant will employ about 800 people and will offer possibilities for the downstream production of magnesium metal, light metal alloys, chemicals and refractory products," said Roux.

The second project will cost R7,450 million with a potential to earn R3,760 million per year.

It involves the building of a steel factory in Maputo, Mozambique, using magnetite which is produced as a by-product from the Phalabora copper mine.

Roux said studies had revealed that a recently developed iron carbide direct reduction technology could be applied to convert the magnetite into a saleable product.

He said the aim of the project would be to produce directly reduced iron (DRI), hot briquetted iron (HBI) or iron carbide (IC), which are used in the manufacturing of steel.

"The growing production of steel by small mills worldwide requires an increasing supply of high quality scrap and other feedstock such as DIR, HBI and IC," Roux said.

He said the IDC and Iscor were jointly evaluating all available technologies, some of which had never been proven on a commercial scale.

Transported

The magnetite would be transported by pipeline from Phalaborwa to Maputo where it would be processed.

Roux said the capacity of the plant, which is expected to create more than 2 000 jobs in Mozambique and 90 in South Africa, would depend on the perceived market potential and technology selected.

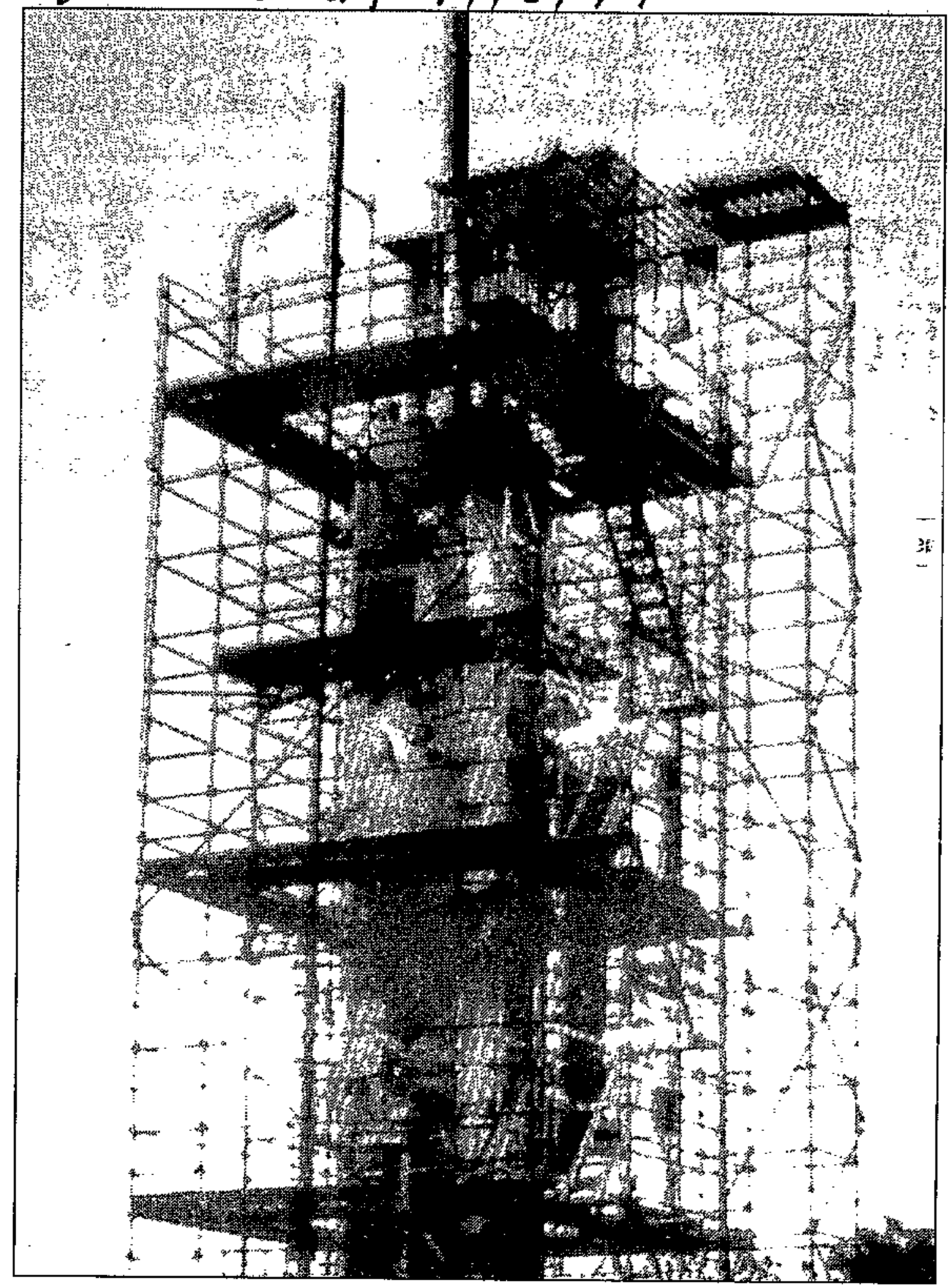
The project, however, has hit a minor snag. The Kruger National Park management has opposed the laying of a pipeline through the park for environmental reasons.

Roux said if the pipeline were laid around instead of through the Kruger National Park, the capital costs of the project could increase by about R90 million.

The difference in costs between putting the pipeline through the park and around it is estimated at R168 million in capital costs and R10 million in operating costs.

Roux said the route around the park would require negotiations with about 200 farmers, while going through the park would require talks only with management and the Mozambique government.

Even though there is no direct link between the steel project and the Maputo Development Corridor, the IDC says the project could benefit from the envisaged upgrading of infrastructure in Mpumalanga and Maputo.



The completed magnesium sulphate decomposer represents the first phase of the Philogopite project demo plant.

BUSINESS

Province in investment drive

(49G) Sowetan 14/11/97

Business Reporter

THE Northern Province is starting a major programme to attract investors.

This week, the provincial government launched a project called the Northern Province Investment Initiative (NPII) with plans to invest about R1,4 billion and create 9 000 jobs.

According to premier Ngoako Ramatlhodi, the investment covers sectors such as agriculture, construction, services, tourism, mining and general.

Launching the NPII in Pietersburg this week, Ramatlhodi said while the province was still faced with a bloated public service that was creating some difficulties, he is confident that the initiative will be viable.

NPII, formed in 1994 and converted into a Section 21 company last year, also aims at identifying investment and trading opportunities for both local and international investors.

Ramatlhodi said his Government was working towards creating a "zero-tolerance" crime environment which would open a window of opportunity for investors.

MEC for economic affairs, trade and tourism Thaba Mufamadi said the establishment of the NPII would supplement Government's programmes that have made inroads in the mining sector, resulting in an investment commitment of R1,6 billion from mining corporations.

"With this investment we have managed to save 2 000 jobs. The province is committed to developing synergy between rural and urban areas with a bias towards impoverished areas to help diversify our economy," Mufamadi said.

Low crime rate

NPII chief executive Piet Venter said investors were showing increased interest in the potential of the province because of its low crime rate, political stability and well-developed urban infrastructure.

He said about R120 million in direct investment would flow into the province in NPII's current financial year.

NPII efforts to persuade businesses to take the province seriously have resulted in the recent establishment of a variety of industries by foreign investors, Venter said.

Ngoako Ramatlhodi

PLAN TO CREATE 40 000 JOBS

R300m to be spent on fighting rural poverty

(49G)

THREE MAINLY rural provinces will be the principal beneficiaries of a plan to fight poverty. **CHARLES PHAHLANE** of the Parliamentary Bureau reports.

A PLAN to fight poverty and create jobs in largely rural areas — to be funded from R300 million set aside in this year's Budget — was unveiled yesterday by Finance Minister Mr Trevor Manuel.

He said R85m would be allocated to the Public Works Department, R150m to Water Affairs, R50m to Welfare and R15m to Health.

"The government has increasingly sought to make available funds for infrastructure so that there can be an increasing shift away from consumption to capital spending," Manuel said.

Public Works would concentrate mainly on three mainly rural provinces selected in a poverty indicator. Eastern Cape would get 38%, KwaZulu-Natal 33% and Northern Province 29%.

Public Works Minister Mr Jeff Radebe said the projects would be run in close consultation with local governments, which would facilitate them and, in the process, build their own capacity.

The Water Affairs Department would also concentrate its funds in the three provinces, with particular attention to Northern Province, where severe drought is expected this summer. About 40 000 jobs would be created.

"The funding will mean that the number of projects we are involved in will nearly treble to 100," Water Affairs Minister Mr Kader Asmal said.

About 10 800 new jobs would be created in KwaZulu-Natal, 7 700 in Eastern Cape, 5 400 in Western Cape, 4 900 in Northern Province, 3 600 in Mpumalanga, 2 800 in Northern Cape, 1 800 in the North West, 1 200 in Gauteng and 1 000 in Free State.

The Health Department will use the funds for its nutrition programme to extend feeding to families. Health Minister Dr Nkosazana Zuma said any attempts at poverty elimination would help fight malnutrition and disease.

Various projects, chiefly for rural women would benefit from the Welfare Department allocation.

WAR ON POVERTY: Cabinet ministers came out in strong support of a national campaign to eradicate poverty in South Africa. Attending yesterday's launch of War on Poverty were Water Affairs Minister Kader Asmal, Public Works Minister Jeff Radebe, Finance Minister Trevor Manuel and Health Minister Nkosazana Zuma. *PICTURE: THEMBINKOSI DWAYISA*

N Province finances shape up

(49G) Sowetan 4/2/98

By Khathu Mamaila

MEC says attracting investment to the province is not an easy task

NORTHERN Province finance MEC Thaba Mufamadi once jokingly observed that he was not in charge of finance, but in charge of financial problems.

Although this was meant to be a humourous statement, it accurately summarises the financial situation in the province. It has experienced serious cash-flow problems.

This has led to contractors staging sit-ins in government offices and several hospitals operating without basic supplies such as bread and meat as suppliers withhold their services because of lack of payment.

The provincial government also has a shortfall of more than R200 million for textbooks and recently removed more than 94 000 bogus pensioners from its payroll.

Mufamadi took over the finance department when Premier Ngoako Ramatlhodi combined the finance department with the trade and industry department in July last year.

In an interview with *Sowetan*, he admitted that he took over the department during the "most difficult time, when the department was facing serious cash-flow problems".

Around September last year, said Mufamadi, the treasury confiscated all the order books from various departments in a bid to control expenditure. He said his department acted swiftly to control expenditure.

He believed that if the government had not intervened, the situation in the province would have been worse than in the Eastern Cape, which failed to pay pensioners last month and had to be rescued by the Government.

Mufamadi predicted that the provincial government would have a zero deficit at the end of the current financial year, which ends in March. (The initial projection of overspending in the province was R500 million.)

After the provincial finance department confiscated all the order books

"We have problems of infrastructure. An investor will not invest in Sikhukhune simply because there is poverty"

from various departments, it introduced a centralised method of placing orders.

All departments now have to approach the treasury with their requests. The treasury, which has all the records of available funds, will place the order or reject the requisition.

Asked what caused the cash crisis in the first place, Mufamadi said: "We do not have enough expertise to manage our resources. Our people in the civil service need training to cope with the changing environment.

"If you use outdated methods of doing things, you will continue to make mistakes."

He also blamed an inefficient civil service, which took time to report irregularities, and said some problems could have been prevented if they were reported soon after they cropped up.

Despite these difficulties, Mufamadi said, the government had been successful beyond expectation.

"When we started we had three bantustans divided on ethnic lines and the former Transvaal Provincial Administration, but today we have united our people under the Northern Province government.

"This is a milestone.

"And we did not have organised business in the province.

"Today we have the Northern Province Business Forum which I helped to initiate.

"Business in the province can now speak in one voice.

"Through the Northern Province Investment Initiative, we have also been able to attract investment worth more than R200 million.

"And we were among the first three provinces to establish a gaming board. We now have one development corporation as well."

But Mufamadi acknowledges that attracting investment to Northern Province, which has a poor infrastructure, is no easy task.

"We have problems of infrastructure, unlike Gauteng. An investor will not invest in Sikhukhune simply because there is poverty there – he has to create jobs and make a profit.

"If there are no proper roads, electricity, telephones or water, he will take his investment elsewhere.

"You can't expect an investor to build a road for himself. This should be provided by the government.

"So the challenge is to improve the infrastructure. A potential investor should have no reason not to invest in this province.

"The priority of this year should be to invest in infrastructure. We can't continue to allocate more than 70 percent of the budget to salaries and welfare payments."

Admitting that the time for speeches was over as people were expecting visible delivery, Mufamadi said the government was in the process of empowering the poor through various schemes.

These include selling its shares in hotels and shops, which it owns through the province's development corporation.

Mufamadi added that companies which had invested in the province had committed themselves to empowering people and involving locals at ownership level.

However, he felt that in certain instances local people do not take full advantage of the available opportunities.

Mufamadi was nevertheless happy about claims that Pietersburg was the second-fastest growing city in the country after Nelspruit.

But he cautioned that its development should be coordinated and properly monitored.

"If Pietersburg continues at this rate while the other small towns do not grow, we might soon have problems of overcrowding which could lead to all sorts of social problems. Crime can also increase."

He is acutely aware that, as the 1999 elections approach, the debate about whether the African National Congress-led Government has delivered will take the centre stage.

But he is pleased about the achievements of the provincial government. "We have ploughed a lot of resources into education, electricity and water. I think we are doing well."

Northern Province finance MEC Thaba Mufamadi says the provincial government has been successful beyond expectation.

R300-m missing in Northern Province as a result of fraud

(49G) ([illegible]) - Star 5/3

Pietersburg – Fraud involving R300-million has been uncovered in the Northern Province government, SABC television news reported last night.

The fraud involved payment for undelivered goods, bribery, and theft of government cheques and pension money.

The customs and excise department was apparently hardest hit, losing more than R172-million.

The report said details about the fraud had not been released because this might jeopardise the investigation. – Sapa

Northern Province sets up manufacturing co-ops

(49G) BD 31/3/98

Patrick Wadula

THE Northern Province's trade and industry department has launched the Producers' Co-operatives pilot project in a bid to alleviate unemployment in the province.

Thaba Mufamadi, the province's trade and industry MEC, said at the weekend that the provincial government and other organisations had decided to set up the Producers' Co-operatives on similar lines as agricultural co-operatives. They would, however, focus on manufacturing.

After seeing the concept work in neighbouring Botswana, the province's government decided to start the same manufacturing projects in its own province.

Mufamadi said trade and industry had put together various organisations to spearhead the project. The Northern Province Development Corporation would implement the project. The donor community, the Northern Training Trust and the local councils contributed to setting up six pilot projects in six regions.

The aim is to create jobs for the large number of unemployed in the province.

Provincial trade and industry director Sello Leboho said the pilot co-operatives project was manufacturing, among other products, tomato sauce, chilli sauce, vinegar, fruit juice, body lotion, jam, sweets and floor polish.

"The type of produce and the location of the factory depends on the kind of raw materials that are found in that particular region," he said.

Leboho said government, with its limited resources, could not be expected to run this project on its own.

"The private-sector companies have to play an active role in ensuring the sustainability of the project that has already created 600 jobs."

BUSINESS DAY survey

Northern Province tourism

Northern Province aims at partnerships between communities, government and the private sector to unlock tourism potential, writes ***ERICA WEBSTER.***

Shaping strategy to waken 'sleeping giant'

(498) (490)

20/7/98

THE Northern Province is rising to the challenge of overcoming negative perceptions that have prevented it from realising its potential as a tourism destination.

Occupying the north-eastern corner of SA and covering an area of 116 000km², "One of the misconceptions about the Northern Province is that one has to travel long distances to get there.

"But with the toll road one can travel from Johannesburg to the province's capital, Pietersburg, in two-and-a-half hours," says Mike Gardner, chairman of community tourist associations for the Valley of the Olifants.

"Phalaborwa gate at the Kruger National Park, the province's main tourist attraction, is only four-and-a-half hours' drive from Johannesburg — no more than the time it takes to travel to Nelspruit in Mpumalanga."

The N1 route that runs from south to north through the middle of the province is Africa's busiest land route for cross-border trade in raw materials and finished products.

"The province has direct links by rail and road to Durban, and the ports of Richards Bay and Maputo are directly accessible.

Gardner says the Northern Province boasts one of the lowest crime rates in the country.

"The peaceful state of the province is certainly a selling point and needs to be sustained," he says.

"Historically the former Northern Transvaal was seen as the heartland of the conservative Afrikaner, and this has, to a certain extent, been carried over to what is now the Northern Province.

"That image is no longer a true reflection of the province and needs to be changed through intelligent marketing," Gardner says.

Foreign investors have taken advantage of the considerable agricultural and mining opportunities the province has to offer, but its tourism potential still remains grossly under-exploited, given its varied and natural beauty.

Dynamic

"It is not perceived as the most dynamic destination but SA can only meet its tourism objectives if it develops new products," Gardner says.

"We just do not have enough beds in the established areas to move towards the figures set by government.

"The guiding principle being adopted is to involve the private sector, because the government simply does not have the money.

"For instance, the Dolphin Group programme in Mpumalanga, although it has been delayed, has the potential to create thousands of jobs and to take the burden of running Mpumalanga parks off government's shoulders," Gardner says.

"Without suggesting that we give our parks to a foreign company, there are many small private-sector operators who are prepared to exploit these opportunities," he says.

Charles Maluleke, chairman of the Northern Province Tourism Board, says the province has more tourism development potential than any other province in SA.

"We must apply more energy and funding to exploring, exposing and exploiting this potential.

"If SA hopes to attract 2,2-million international visitors by 2000, new tourism facilities will have to be built."

Maluleke says the window of opportunity for appropriate new tourism developments in the Northern Province is opening wide in order to move it from being the poorest province to a leader in the tourism industry.

"The challenge is to create effective partnerships between communities, the government and the private sector, which has development capital and marketing skills.

"If the three arms operate independently it will not work," he says.

To confront this challenge, a one-day conference will be held at Magoebaskloof Hotel on August 7.

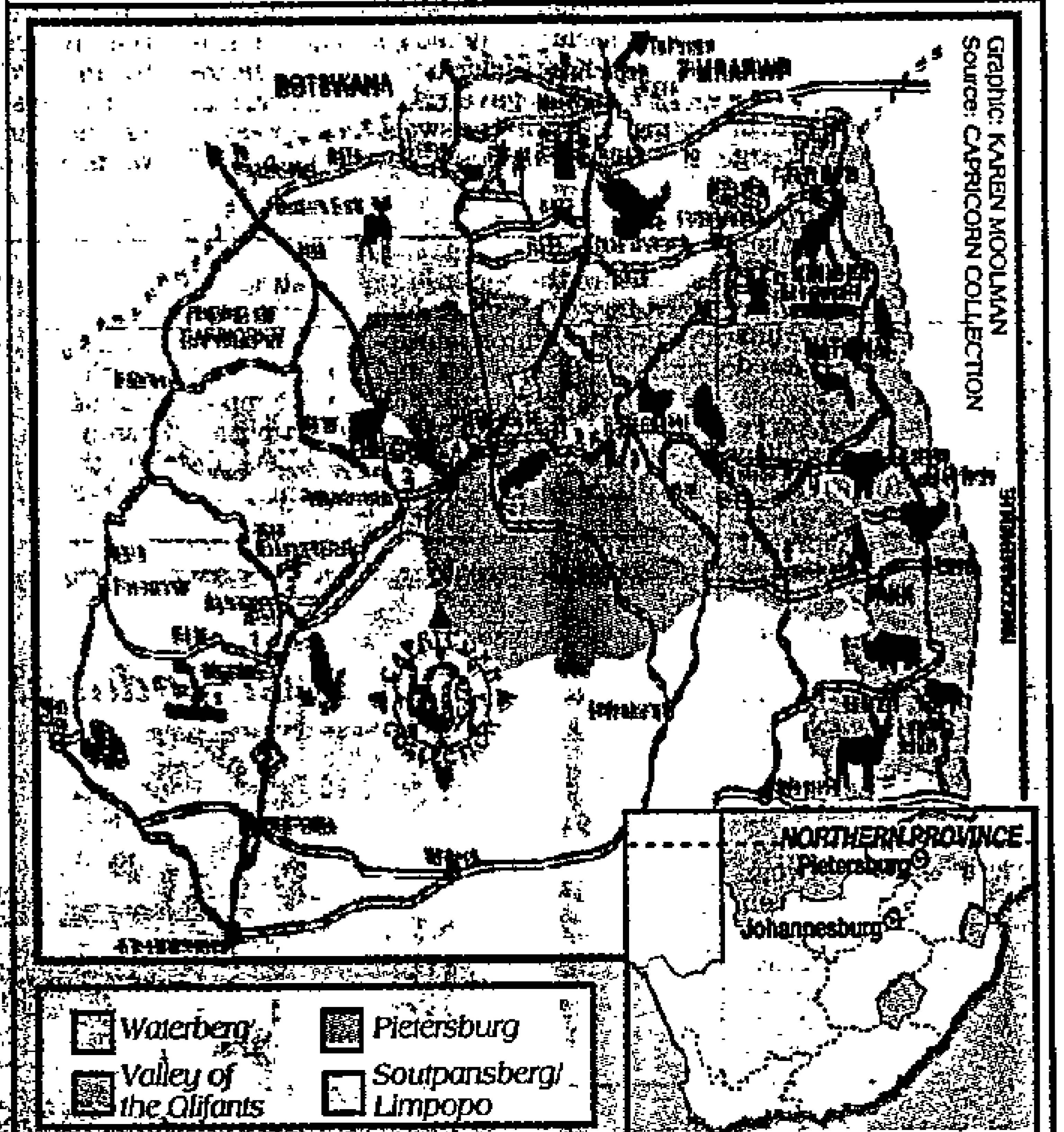
The conference, which is titled Waken The Sleeping Giant, is being organised and sponsored by the Northern Province chapter of the National Hotel Association of SA, an affiliate of Fedhasa.

Gardner says the main objectives of the conference will be to evaluate the province's untapped resources and ascertain the current development plans for their utilisation.

"It will also look at national trends of commercialising conservation and protected areas, as well as opportunities for the private sector to become involved in the development, management and marketing of new conservation-based tourism products," he says.

The Northern Province of SA

Graphic: KAREN MOOLMAN
Source: CAPRICORN COLLECTION



SOWETAN Thursday September 17 1998

Four in 10 jobless in N Province

(49G)

Sowetan 17/9/98

By Political Staff

NORTHERN Province Premier Ngoako Ramathlodi has given chilling statistics about the province, painting a gloomy picture of unemployment, running at 41 percent.

Ramathlodi told a media briefing in Johannesburg this week that in the four years of his rule only 1,3 million people of the 4,1 million inhabitants were economically active.

However, "of the economically active, 41 percent are unemployed. Literacy stands at 32 percent".

Ramathlodi said the 4,1 million figure was contested by service providers and demographic researchers, who believed it was an understatement.

"Nearly 90 percent of the population live in rural areas. Of the total population, which is growing at the rate of 3 percent per annum, 55 percent are women and 48 percent are children under the age of 15," he added.

Ninety-six percent of the population is black.

Government was the largest employer and "contributes 25 percent of economic output".

The largest sector in terms of production is services which produces 31,8 percent of gross domestic product and 46,7 percent of formal employment in the province.

Second is mining with a 20,6 percent input in gross domestic product and 8,9 percent employment.

Commerce contributes 11,9 percent to GDP and 9,8 percent to employment with agriculture at 8 percent and responsible for 19,1 percent of employment.

"Due to the fact that Government does not function on cost recovery, the economy cannot grow if more than half the workforce in the province depends on state employment," Ramathlodi said.

Limited growth

He said the informal sector contributed about 30 percent in economic output but has "at present limited growth potential and is rather a means of survival for the players in the sector rather than a firm base of economic growth, development and job creation".

With water the top priority in the province, 145 projects costing R247,5 million had been implemented.

Maputo road boosts business

Sowetan 12/11/98

SMALL, medium and microenterprises in Mpumalanga this week signed a memorandum of understanding for equity participation in a R30 million contract for the construction of the N4 Maputo Corridor tollroad.

Two black road construction companies, Vulakisile Africa and Kabusha Holdings (Vula Kabusha), will become equity partners for a 30-year period with road constructors Trac.

Thirty years is the duration which has given for building the road.

Vuka Kabusha will subcontract the majority of projects to emerging local entrepreneurs in Mpumalanga.

Trac chief executive officer Trevor Jackson said this memorandum of understanding was a proof that the buisness sector did not pay mere lip service to commitments such as empowerment.

"The R30 million contract is by far the largest awarded to small and medium business organisations to date and this alone will make a real and significant contribution to encouraging black empowerment and stimulating social upliftment," said Jackson. – *Sowetan Business Reporter.*

(49G)

Northern Province aims at cutting debt burden

(49G) BD 25/2/99

NORTHERN PROVINCE

Deborah Fine

NORTHERN Province finance MEC Thaba Mufamadi has presented the legislature with a provincial budget of R11,9bn for the 1999/2000 financial year, a 5,9% increase on last year's allocation.

He described the budget as a "strong product", reflecting sound financial management to remedy the province's significant "debt overhang". The New National Party (NNP) said it was bad news for jobseekers and the provincial economy.

The budget reflected a significant decrease in capital expenditure from R940m to R370m. Mufamadi said this would be partially offset by infrastructure allocation and social spending on schools and clinics. Personnel costs rose by just over 5% to take up R7,8bn or 65% of the budget.

Mufamadi said a plan adopted in 1997 for the financial crisis had borne fruit. He was confident the province would reduce its overdraft from R680m to a "manageable" R400m by the end of the 1998/1999 financial year. The province expected to whittle down the debt over three years.

A total of R9,62bn will be spent on social services, including health, education and welfare: R5,5bn on education, arts, culture and sports, R2bn on health and R2,1bn on welfare. Pensions go up 4%. About R1,3bn goes to the province's economic cluster, R111,4m to administration and R888m to infrastructure.

Staff audits to clear the province of "ghost workers" had saved more than R50m. New financial controls and accounting systems had enabled the province to contribute own revenue of R278m to the new budget, compared with last year's R257m. National revenues made up R11,7bn of the 1999/2000 budget.

The NNP's Burger Lategan said capital spending cuts would lead to further decline. Unless staff costs were reduced and capital spending increased, the province would "soon see a typical socialist budget, with the total budget being taken up by social services and salaries, with no hope of development and investment".

Mufamadi said the salaries bill was disproportionate, but it was ironic for the NNP to say so because it had bloated the preceding homeland administration.

Province's road system in ruins says Ramatlhodi

By SELBY MAKGOTHO

17/3/98 (499)

Business called on to help rebuild it

NORTHERN Province simply doesn't have the money to rebuild its road network and still deliver basic social services to the millions of rural poor, so big companies and mines must chip in to help save the region's crumbling transport system, Northern Province Premier Ngoako Ramatlhodi warned.

Ramatlhodi's call follows growing public concern at the state of rural roads and a similar appeal to big business by Deputy President Thabo Mbeki at the province's economic summit in Warmbaths last weekend.

The summit was staged simultaneously and in apparent opposition to the Mopani II black business conference in the Kruger National Park, and starred Ramatlhodi and Mbeki as keynote speakers.

Both were originally billed as speakers at Mopani II but withdrew at the last moment.

Mbeki remarked in his keynote address to the summit that growing traffic volumes through the region overburdened the N1 highway between Gauteng and Zimbabwe, apparently because almost all other major feeder roads were rapidly deteriorating.

"This is of course the case with other roads in other parts of the country, but the situation [here] is aggravated by the Beit Bridge border post's inability to cope with the sheer volumes of traffic," said Mbeki.

Stressing that the transport department was attempting to address the problem, Mbeki called on mines exploiting Northern Province's vast mineral wealth to consider rebuilding vital public infrastructure in partnership with the government.

"We make this suggestion mindful of the fact that many mining houses and other businesses are making important contributions in the area of school and clinic building," said Mbeki.

Ramatlhodi added on Thursday that a functional road network was vital to regional economic development and job creation and was the key to Northern Province's goal of developing into South Africa's gateway to the rest of Africa.

Northern Province remained South Africa's poorest province with personal per capita income at just 27 percent of the national average, said Ramatlhodi.

The province decided during the summit to target mining, agriculture, tourism and beneficiation of raw resources through manufacturing nodes.

Ramatlhodi said the province had therefore decided to immediately begin tailoring special technical education and vocational training programs, to provide the necessary human resources to develop mineral and other assets.

"We are going to aggressively target economic development and are even going to begin using cultural festivals and the like to boost tourism to the region," he said.

Ramatlhodi also pointed out: "We have a unique and strategic position as South Africa's physical link to the Southern African Development Community and we're going to use that to our full advantage."

He added that the province would announce a technical committee to steer the new economic strategy within three weeks.

The committee will be led by provincial director general Benedicta Monama and will include leading academics and members of the private sector.

R10-m project to help poor

(173)
(496)
(297)

13/8/99 Sowetan

By Charity Bhengu

THE Department of Welfare and the Kellog Foundation have contributed about R10 million to a project seeking to promote development, the economy and job creation in Northern Province.

Organised by Reach and Teach in conjunction with the Blouberg Development Committee, the project will focus on agricultural production, cultural heritage, tourism and information technology.

Reach and Teach spokesman Mr Archie Whitehead said the project would be launched at the Ga Malebogo Tribal Authority Offices in the Bochum district tomorrow from 10am.

"A day's programme of festivities has been drawn up for this very important occasion. We are expecting the international community, private sector, other government departments and non-governmental organisations to participate in the process."

The major sponsors of the project are the Kellog Foundation, which contributed R5 million, and the Department of Welfare, which contributed R4,8 million as part of their Poverty Relief Programme.

In Northern Province 89 projects were launched to empower the poorest communities with skills and jobs.

Minister of Welfare and Population Development Dr Zola Skweyiya will visit the Kellog Blouberg Development Project and also meet welfare officials to get first-hand information about the development of the area.

Northern Province strives for investment

MD 11/8/99 (49G)

Taryn Lamberti

THE Northern Province cabinet has unveiled an economic development programme that includes the commercialisation of state nature reserves as part of a drive towards increased tourism and investment in the area.

The chairman of the province's economic cluster, finance MEC Thaba Mufamadi, outlined two development plans in Pietersburg yesterday — one to run over the next 100 days and the other to take place over a five-year period.

Northern Province government spokesman Jack Mokobi said it was "a paradox" that the province was one of the poorest in SA, with unemployment at an estimated 46%, but had the "richest" resources.

Mufamadi said the 100-day plan included a small, medium and micro enterprises (SMME) summit at the end of this month to promote government service delivery to SMMEs, and the launch of a central business service centre before the end of September. Mufamadi plans to establish a consumer court and a consumer protector.

As part of a move to upgrade transport facilities, Mufamadi announced that the provincial government was also seeking a "strategic equity partner" for the Gateway International Airport in Pietersburg and would acquire 100 new buses by the end of next month.

Transport MEC Tshenuwani Farisani said the development of the transport industry was a priority because it could play a major role in boosting the economy.

Mokobi said the province was home to one of the largest orange estates and the biggest supplier of tomatoes in the world. It also had a rich supply of agricultural produce and mineral deposits which "if exploited properly" could turn around the unemployment figures.

Mokobi said the plans which were unveiled yesterday were "completely viable".

Because the province bordered on three Southern African Development Community countries, the upgrading of the airport would give easy access to importers and exporters of agricultural produce.

Efforts to target foreign investors had been successful, Mokobi said. Three bidders for the development and management of the airport were foreign, and the commercialisation of nature reserves in the area had also attracted international investors, he said.

AENS reported yesterday that the province's administration will not reverse its decision to force more than 2 000 civil servants over the age of 60 to take retrenchment packages.

Mokobi said the affected employees had been given a month's notice, and were told to leave their jobs at the end of August.

Public service cuts will add to Northern Province's woes

A report finds that in an already poor region, retrenchments will push unemployment beyond 41%, writes **Farouk Chothia**

(49a) BD 27/10/99

THE Northern Province is economically unviable — and retrenchments in the public service will increase the 41% unemployment rate in the province, according to a report compiled for the department of constitutional development.

The report, drafted by academics Richard Humphries and Khehla Shubane, said 90c out of every rand generated in the Northern Province flowed out of the province.

The Northern Province government contributed about 25% to economic output, and public service rightsizing would "add to the already high unemployment rate" of 41%, it stated.

Humphries's and Shubane's report was based on input from senior provincial government officials. The report followed a request last year by former Provincial Affairs and Constitutional Development Minister Valli Moosa that an audit of the provinces be done.

The report was tabled yesterday during a meeting of the National Assembly's provincial affairs and local government portfolio committee.

The report said the Northern Province government had taken note that "rather disconcertingly" the province was not seen as economically viable. It had a low provincially generated revenue base, and also its economy was not diversified.

There was a lack of significant capital formation with a limited amount of surplus disposable income, preventing accumulation of savings. A total of 88% of the population lived in rural areas. Their quality of life remained low, hovering at "the basic subsistence level". This was despite the progress made in delivering services such as water and health facilities.

The Northern Province government believed that to tackle the problems, central government's investment policy should be biased in favour of poor provinces. Incentives should be granted to potential investors.

The government also believed Parliament should relocate to the province, and this would help boost its economy, the report said.

The report also painted a gloomy picture of the North West, saying it had been badly affected by the economic decline in SA.

The provincial government reported gross geographic product had improved in real terms from R21,3bn in 1994 to R22,5bn last year. However, this was much less than the 5% annual growth required to combat unemployment. North West has a 40% unemployment rate.

On a per capita basis, North West — with an annual population growth rate of 2,4% since 1990 — saw its average gross domestic product drop in real terms from R6 471 to R6 021.

"This means that the average wealth per capita is now only 93% of the levels and quality of life experienced in 1994," the report stated.

The government said the province's 5,7% share of the national economy was "suboptimal" since 9% of the population, 9,7% of available land and 8,3% of budget transfers were at the disposal of the province.

"If SA trends were applied to North West, it would be seen that the province has been harder hit than the national average," the report stated.

Like the Northern Province, North West blamed its economic woes partly on job losses in the public service. It had a "domino effect" on government-supported institutions and the rest of the economy.

Among other reasons cited for North West's woes were:

□ Labour costs in the province were relatively high in comparison with the rest of SA;

□ Previous incentives to woo investors had been "lost";

□ Government spending had, in real terms, decreased "considerably" and;

□ Agriculture and mining had been badly affected by the economic slump.

The report stated that in the Northern Cape, the agriculture department reported the province was geographically too big for its population and the little resources it had could not "impact strongly enough".

The Northern Cape was geographically the largest, making up nearly 30% of SA. However, it had the smallest population (746 000) and the lowest population density (two people per square kilometre).

The report said the Northern Cape had "exceptional" mineral wealth, contributing to a quarter of the province's gross geographical product. However, some mines were "mature", leading to job losses.

Mining houses were helping to create jobs in other sectors through funding small enterprise development. However, some mining houses took the "myopic view" that they had no responsibility to the province, the government said.

The report stated one of the Gauteng government's major concerns was the "potential collapse" of its infrastructure because of a massive influx of people into the province.

Sewerage and draining systems, housing amenities and public transport were overstretched. One out of every six Gauteng families lived in shacks.

The Gauteng government believed that if "everyone" wanted to be employed in the province, efforts to develop other provinces would be undermined. Migration, therefore, had to be contained.

The report stated the Western Cape government expressed its concern that many pieces of national legislation made "incursions" into provincial authority. The province has had success in service delivery, but a major stumbling block was national intervention in its management.

Pressure on the Western Cape had been worsened by the fact that provinces continued to rely on central government for 95% of income. Legislation to change this had to be produced, the government said.

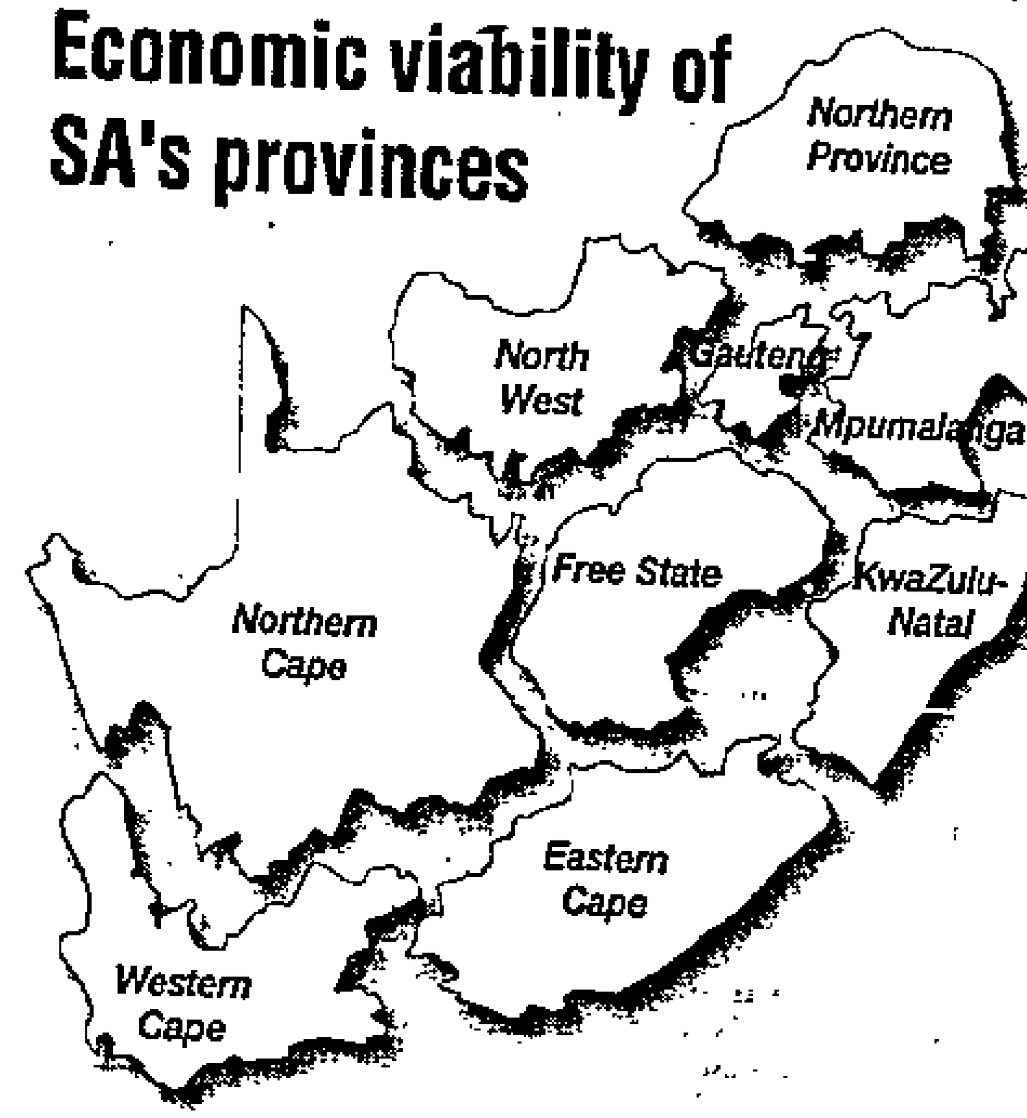
Provincial Affairs and Constitutional Development Minister Sydney Mufamadi's spokesman, Onkgopotse Tabane, said the report had already been studied by government and was already shaping government's policy.

There would be greater interaction between central government and the provinces on a wide range of issues, including economic policy.

President Thabo Mbeki and the nine premiers would meet regularly to discuss issues.

Comment: Page 15

Economic viability of SA's provinces



Northern Province:
- 90c out of every rand leaves the province

North West:
- labour costs higher than in the rest of SA

Northern Cape:
- exceptionally good mineral wealth but some mines are in mature phase

Gauteng:
- urgent need for the province to be given taxation powers to enhance revenue base

Eastern Cape:
- significant improvement in infant mortality rate

Mpumalanga:
- the border dispute with Northern Province over Bushbuckridge has lead to instability affecting business confidence

KwaZulu-Natal:
- capacity to deliver remains serious problem

Western Cape:
- has had success in service delivery, but relies on central government for 95% of its income

Free State:
- the mining industry is shrinking

Graphic: KUBEN DAVID Source: REPORT COMPILED FOR CONSTITUTIONAL DEVELOPMENT DEPARTMENT

ECONOMY - MPUMALANGA

1995 - 1999

Firm may face charge for acid leak

Star 11/10/95

■ BY TAMSEN DE BEER

The Department of Water Affairs and Forestry (DWAF) is considering prosecuting EnviroServ Industrial Waste Management, after a leak at its Holfontein site spewed acid oil 150m into the adjoining veld.

About 8 000 litres of black, acid oil treated with alkaline fly ash, poured across a road on to the veld after the retaining wall of an ash-mixing pond broke on Sunday night.

"We took some samples of the leaked liquid yesterday and we are considering prosecution," said Sakkie van der Westhuizen, director of water quality management, yesterday. He added that prosecution was "not easy", but that the Attorney-General was looking into the matter.

Van der Westhuizen said that EnviroServ had not complied with permit regulations stipulating that rainfall and leachate (liquid waste from disposal containers) run-off must be contained on-site.

He said an earth wall around the site to contain liquid run-off would eliminate a large part of the risk in future, and that EnviroServ had apparently built this wall yesterday, after the incident.

EnviroServ spokesman Kevin de Villiers, recently appointed to handle environmental aspects of the site, said it was highly unlikely the DWAF could have anticipated the leak.

"I am not aware a wall was a requisite of the permit, and that sounds a bit like being wise after the event," he said.

Van der Westhuizen said the corrosive acid oil, a by-product of the oil recycling process, posed a risk to the environment, but not to people.

"No person was harmed in the process, and we're very glad about that," he said.

He said damage to groundwater in the area was unlikely since the area was fairly well protected by underlying layers of clay, and that most of the topsoil contaminated by the black substance had been removed.

EnviroServ deputy chairman Alistair McLean repeated his assertion on Monday that the company was investigating the possiblity of industrial sabotage.

"The whole episode is strange. If it had broken because of the rain, what about the nine other ponds there? They should have gone as well," he said.

Maclean declined to comment on the possibility of prosecution by the DWAF.

Chris Warner, director of Environment for Gauteng, expressed concern about the leak, saying it was unacceptable in the light of a recent management plan set up between DWAF and EnviroServ.

"Local MEC Sicelo Shiceka has called a meeting for tommorrow with the department, EnviroServ, members of the community, the mayor and local authorities to discuss the matter and ensure this problem does not occur again," he said.

Warner said a boundary wall was clearly necessary, and that blame should not be apportioned over why there was no wall before the leak, but that measures should be taken to prevent a repeat occurence.

He emphasised that the leak presented no threat to human health or life.

Moment of truth for Unisa students

Beverly Hills, California, to Pofadder, South Africa, is a long haul – but, today, students in these areas will begin writing the same examinations through the University of South Africa.

Unisa is probably the largest distance learning institution in the world: a total of 107 803 students from around the globe will be putting months and years of study behind them as they strive to obtain their degrees and diplomas at examination centres far and wide.

Exams end on November 15 and results are usually available from mid-December. – Staff Reporter.

Danes boost Mpumalanga by R15-m

(49H) Star 11/10/95

■ BY CLYDE JOHNSON
LOWVELD BUREAU

Nelspruit – The Danish environmental and development agency (DANCED) is to spend R15-million on capacity building in Mpumalanga.

Environmental affairs MEC David Mkhwanazi said yesterday the money was specifically intended for use in his department. The decision came after a three week visit by a delegation of senior DANCED officials to the province. Mkhwanazi said the Danish funds would speed up the development of his department and a priority would be the training of at least 40 officials in diverse disciplines.

Danish experts will be seconded to South Africa to carry out training, part of which will involve the fulfilment of legislative responsibilities regarding air pollution, waste and environmental management.

Mkhwanazi said the building of environmental information centres was also in the pipeline.

"These centres will an important role in exposing disadvantaged communities to environmental issues and educating people on the importance of natural resources conservation," he said.

Hospital worker molested brothers

A young hospital employee who sexually molested his infant brothers was handed down a R2 000 fine and a 12-month suspended sentence by the Johannesburg Regional Court yesterday.

The man, who may not be identified, pleaded guilty to two charges of indecent assault.

The man molested the older of his two brothers twice, once when the child was two years old, and again when he was five.

The second charge pertained to the molestation of the youngest child, who was three at the time. – Staff Reporter.

Danish aid for Mpumalanga

~~(2b6)~~ (49H)

Kathryn Strachan

BD 11/10/95

DANISH environmental and development agency Danced said yesterday it would spend R15m on building capacity in the Mpumalanga department of environmental affairs.

Environmental Affairs MEC David Mkhwanazi said the funds would be used to create managerial and technical capacity to develop an integrated environmental programme for the province.

First on the agency's agenda would be the training of at least 40 officials in diverse disciplines, from environmental education to waste management. Training would be provided to enable officials to fulfil their legislative responsibilities regarding air pollution and waste and environmental impact management. Government and non-governmental representatives would also be involved

Another important part of the deal was the development of a policy for integrated environmental management and co-operation between government and private sector. The policy would ensure environmental implications were considered for all new government policies, as well as public and private sector developments.

Star 11/10/95

Tender Board denies charges of corruption

(49H)

The Mpumalanga Tender Board yesterday rejected allegations of corruption, spelling out the principles of affirmative action as the reason a large Johannesburg manufacturer lost the profitable road signs contract in the province.

Yesterday Tender Board chairman, Lot Ndlovu, said allegations of favouritism and corruption were incorrect and uninformed and should be seen in the context of the development of underprivileged local business.

"If the Tender Board were to adhere to the old South African criteria that successful tenders should be the best, biggest and the cheapest, then inevitably all tenders would be awarded to one sector of society," he said.

MD of Tri-Cor Signs, Nizoo Chagan, claimed last week that the winning tender was nearly a quarter of a million rand more than his tender. "Taxpayers money is being used to pay for overpriced contracts," he said.

Referring to Tri-Cor Signs' 250 employees, Ndlovu said: "It would seem Chagan's company has had a chance to flourish in the apartheid era."

The tender was jointly awarded to Nameplate Centre, which entered the lowest bid for the tender, and Matana Supplies, described by Ndlovu as a "local black group".

He said the Tender Board believed that in this case the more experienced tenderer would empower the less experienced tenderer by passing on the necessary skills. Chagan, an Indian businessman, was unavailable for comment. — Staff Reporter.

Water for a million planned

(49H)

■ BY JOVIAL RANTAO

Star 19/10/95

Close to a million people in the drought-stricken former KwaNdebele homeland in Mpumalanga Province are to benefit from a water-relief augmentation project made possible by a "soft" loan of R180-million from the Japanese government.

Water Affairs and Forestry Minister Professor Kader Asmal, Mpumalanga Premier Mathews Phosa and Japanese Ambassador Yoshizo Konishi made the announcement at a press conference in Pretoria yesterday and said the project was expected to create hundreds of jobs for local communities and create opportunities for small contractors.

The project comprises pipelines, reservoirs and purification works that will benefit communities in KwaNdebele, Moutse and Bronkhorstspruit. Their current source of water is the Groot Renoster Dam which is only 1,7% full.

"This is one of the 300 RDP projects being undertaken in 1995-96 designed to ensure that 8,5-million South Africans previously denied ready access to water will receive it," Asmal said.

He said a quarter of the rural water backlog had already been addressed with the all

► To Page 3

Water planned for a million

(49H)

◄ From Page 1

tion of R888-million, in collaboration with provinces, on projects which were being planned, designed and constructed.

The Department of Water Affairs' target is to provide water to the 12-million people without adequate supplies, in the next five to seven years.

It intends to provide 25-30l per day per family within 200m of their homes.

"The progress made thus far suggests that the target will be met," Asmal said.

Asmal emphasised that, since the project would not be completed for some time, it would be necessary for KwaNdebele in particular to show great discipline in conserving water.

South Africa, given a seven year grace period, will repay the loan over 25 years at an annual interest of 25%.

Phosa said the project would aid "communities who were dumped in a barren place by apartheid and now have to travel long distancea to fetch water".

Star 19/10/95

Corridor is key to regional boom — Phosa

(49H) BD 28/2/97

Robyn Chalmers

NELSPRUIT — The creation of the Maputo Corridor would turn Mpumalanga's economy around as business flooded into the province along with jobs and financing, Mpumalanga premier Mathews Phosa said yesterday.

Speaking at the launch of the Condev Group's Greenway Woods holiday resort and conference centre, Phosa said once the corridor was established, Mpumalanga would have every conceivable asset required for an economic boom.

"We, as the government of Mpumalanga, are poised and ready to assist in every way we possibly can. Our doors are open to the business sector," he said.

Phosa said the opening of a new conference centre in Mpumalanga was welcome as it would help meet an expected surge in demand. SA had the potential to attract between 170 and 200 international conferences every year which would bring in at least R250m in foreign exchange. An additional 80 000 local conferences were held each year.

The conference industry had a particularly high multiplier effect that was labour intensive and created significant employment opportunities.

There was very real potential for emerging entrepreneurs to enter the conference industry.

Condev Group chairman Chris Cudmore said the group's involvement with Mpumalanga began a year ago when Condev joined the provincial administration as partners to try to address the housing backlog. Several other housing projects were also being planned.

PROPERTY

Mpumalanga emerges as possibly top growth point

BD 22/5/96 (494)

Lukanyo Mnyanda

MPUMALANGA has emerged as possibly the greatest growth and opportunity area following the announcement of the Maputo corridor which, if properly carried out, could uplift local communities, says the Colliers RMS quarterly retail research barometer.

It identified the province as the first growth point to be supported by government through the corridor, which could lead to a general increase in disposable income. This would be good for retailing.

The quarterly said new growth points were manifesting themselves, mainly because of the change of government, the redifinition of provincial boundaries and completion of local elections.

KwaZulu-Natal and the Western Cape, which are to hold local elections within the next month, were also expected to progress.

Macro issues such as the location of provincial governments, the integration of communities and the swing to urbanisation had largely manifested themselves in metropolitan areas like Johannesburg, Durban and Cape Town.

"These will be supported by the development of new service and supply facilities as the need for satellite activities builds."

Colliers RMS said new employment opportunities would be created in these areas, a factor which would have a positive effect on communities' disposable incomes.

Areas such as Nelspruit, Pietersburg, Bloemfontein, Kimberly and the Vaal Triangle were identified as potential major growth areas for the retail industry. "This will apply also to Maritzburg, Worcester and the George-Knysna area once these areas have settled politically."

The barometer also identified "a great deal of potential" in formerly black areas while take-up in SA's CBDs was also good, although growth was limited to specific areas within each city.

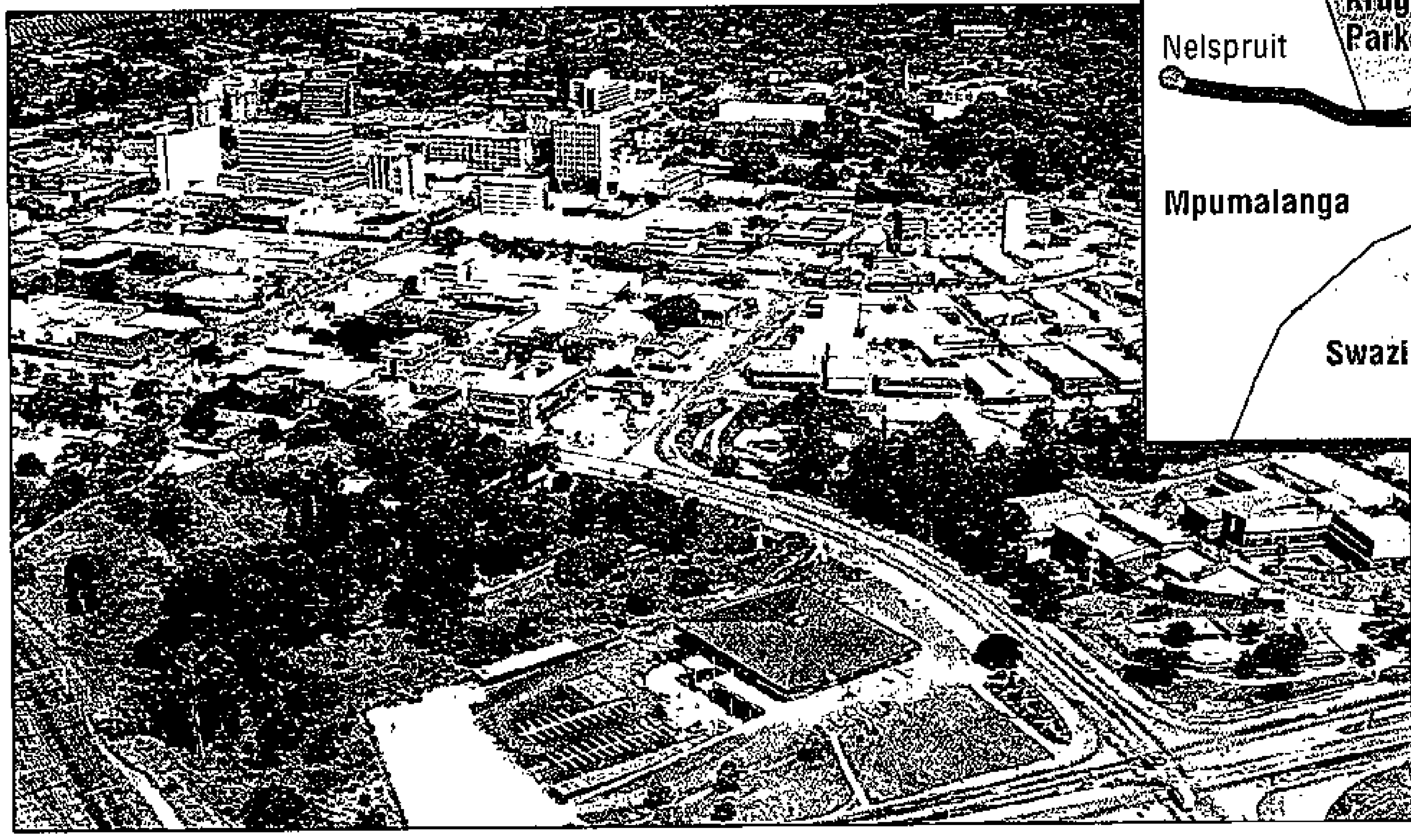
Colliers RMS identified a general upward turn in rural rentals where a shortage of good space had developed.

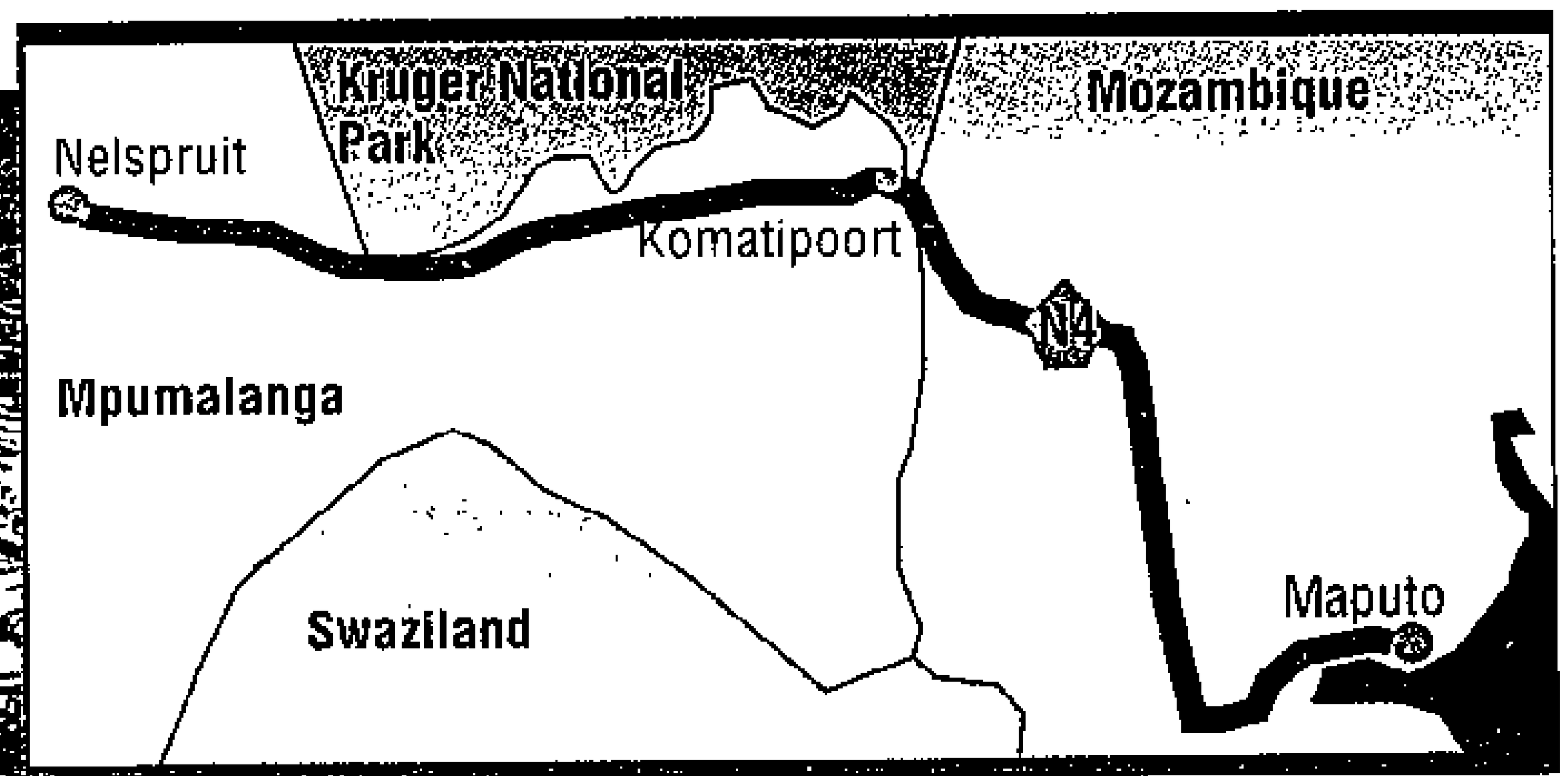
"Our experience at the moment is that in spite of the weak rand and consequent rising costs and falling disposable incomes, retailers are still positive about their future. Many are predicting a retail boom in the next 12 months."

However, the barometer warned that the sustainability of that upturn could be shortlived.

Operating costs continued to run at steeper than 10%-16% increases, due mainly to the large labour input in those charges and the ageing of many properties.

"Our portfolio reflects an average across-the-board retail operating cost of R10m², with lows of about R7,50m² and highs of approximately R15m²."





Nelspruit . . . shooting upwards and outwards

NELSPRUIT

FM 12/9/97 (49H)

Economic rhapsody builds to crescendo in Lowveld

A growth rate of 7% and extensive investment launches Mpumalanga capital into the big league

What began as a trickle has now turned into a spate of weekly visitors crossing the border from Mozambique to shop in Nelspruit. Though the trend could be attributed to poor commercial infrastructure in Mozambique, it also serves to highlight the growing importance of Mpumalanga's capital.

The more affluent Mozambique citizens who make the outing go home laden with top-of-the-range goods.

Unlike many South Africans, they have been quick to realise that what was once a sleepy Lowveld *dorp* now boasts some of the most modern department stores in the country.

But developers, too, have been quick to seize the opportunities offered in the area which recorded a growth rate of 7% in the year to June. Further developments, both under way and on the drawing board, amount to more than R3,4bn.

Construction of a R350m, 92 000 m² provincial government office complex and legislature will begin early next year. "We have appointed contractors and hope to have the first phase of the project (about 70% of the total) completed by April 1999. This will allow us to house six government departments at that stage," says Lawrence Lebea, director of professional services at Mpumalanga's Public Works Department.

A successful bid for a R300m water and sanitation concession project will be announced by end-September. The project will be sourced out to a consortium of private companies for a period of 30 years to provide water and sanitation services to greater Nelspruit's 220 000 inhabitants.

An ultra-modern R180m Riverside Mall regional shopping development to open in a year has already been sold to Old Mutual. Anchor tenants include Pick 'n Pay, Dion, Woolworths and an eight-cinema Nu Metro complex.

"The 38 000 m² complex has an expansion capability for an additional 22 000 m², which will include value retailing," says Pat Flanagan, MD of developers Colliers RMS.

But completion of Tsogo Sun's casino complex (R140m), with its 110-room four-star and 80-room two-star hotels, has been delayed. Karos hotels is disputing the Tsogo casino licence in court — "but we expect this to be sorted out shortly," says Tsogo's Nolene Bruton. Meanwhile, a "temporary" casino is to be opened mid-October.

The R20m, 104-room Premier Lodge hotel, to be operated by the Best Western Group, and the R7m, 68-room Roadside Lodge are already under construction.

On the industrial front, Transvaal Sugar at Komatipoort plans to spend about R390m early next year to double its existing 1,3M t cane/year milling capacity at its relatively new R400m Komatipoort mill. The Malelane sugar refinery will also be upgraded to cater for additional small canegrowers' output. This is expected after the completion of the R488m Driekoppies and planned R1,5bn Maguga dams on the Komati River.

A 63-plot industrial park is being built at a cost of R37m, "with about 18% (valued at R6,9m) already sold and additional reservations valued at R14m in the bag. We expect to have 50% of the properties sold by December, which is phenomenal, seeing that we have hardly started advertising," says Colliers RMS land sales manager Hennie Human.

Once the rail-linked properties are sold, further multimillion-rand investments will follow. Human says the "exceptional growth and popularity" of the region's investment potential is driven by a number of factors. These include Nelspruit's status as seat of government for Mpumalanga province and the prominent role the town will play in the development of the multibillion-rand corridor linking Gauteng to Maputo.

In the year to end-June general building plans valued at R205m were passed at Nelspruit — 26% up on the previous year's R163m. Pundits say the local economy grew by an estimated 7% in the past year — and there is no end in sight after three years of nonstop growth.

Provincial and national governments are also jointly considering two alternative proposals for a new international airport for the region — Hazyview, about 70 km from Nelspruit and adjoining the Kruger Park, and Primkop, about 25 km from the town. "We expect finalisation by October 1," says Cleo Nsibande, joint developer of the Primkop initiative.

Arnold van Huyssteen

R180-m programme thriving

(49H) Sowetan 31/7/97

Project promoting the establishment of new businesses in Mpumalanga

By Isaac Moledi

THE R180 MILLION Nkomazi Irrigation Expansion Programme (NIEP) has transformed this formerly impoverished region in Mpumalanga into a thriving farming community.

The project, east of the Nkomazi river, has already created about 431 farms on 330ha of under-utilised land. It is expected that this region will produce about 42 000 tons of sugar annually worth R36,5 million.

About 46 emerging contractors, many of whom started businesses as a result of the project, were awarded contracts in excess of R14 million. Hundreds of micro-enterprises are also flourishing on the sidelines of this fertile scheme, which has created thousands of job opportunities and injected millions of rands into the local economy.

The project, an initiative of the Mpumalanga Department of Agriculture, was funded by the Development Bank of Southern Africa. The Mpumalanga Development Corporation, which has been involved in the project, appointed MBB Consulting Engineers in Nelspruit as the main project co-ordinators.

The consulting company was assisted by ACER Africa.

The aim of the project, according to MBB's project manager Koos van Rensburg, is to promote the economic development of the Nkomazi region using agricultural development as a catalyst and driving force.

"We used labour intensive construction methods to create job opportunities and sub-divided contracts into categories so emerging contractors could benefit.

"Some of these categories included the installation of pipelines, erection of perimeter fences, building of canals, construction of roads, bush clearing and the construction of pumping stations and farm buildings," he said.

Van Rensburg said MBB supported the small contractors throughout the process. This included assisting them with the completion of tender documents, on-site training and progress monitoring.

"With about 14 different contractors working on a project, and up to five projects running simultaneously, quality control was sometimes difficult.

"However, this was turned around to everyone's benefit when we instituted a scheme employing prospective farmers as quality controllers," he explained.

Some of the contractors started on projects in Nkomazi as assistants, but through the training process have started their own businesses and are now contracting to big companies.

Clearing of bush

Elias Bhatjani, currently clearing 800ha of bush on the Walda and Mfufane projects, started with one bulldozer clearing land on community farms. He has since bought another bulldozer, a front-end loader and a trench digger.

"The development has brought work, growth and security to the region," said Bhatjani.

Joseph Mkhabela is another excellent example of this upliftment process.

Van Rensburg said Mkhabela started as a foreman on one of the early projects and, encouraged by a suggestion "from one of our engineers that he start a business", formed his own company, Joseph Construction.

"Currently he has been awarded two contracts, worth R600 000 for laying a total of 136 km of water reticulation pipe," Van Rensburg said.

According to ACER Africa's Steve Woodburne, the emerging contractor works independently, but under the management and training of an experienced contractor, to construct a specific section of the project.

"It was a win-win situation combining local employment opportunities and on-site training while maintaining high standards of quality," argued Woodburne.

Doors of opportunity

Van Rensburg said: "Although the work potential for local, emerging contractors will shrink once the programme has been completed, there are other doors of opportunity in the form of projects for private farmers, participation in new development initiatives and involvement in the ongoing maintenance on the Nkomazi project."

The Nkomazi programme was planned with active community involvement throughout the planning and implementation phases.

A system of committees has been established, which maintains communication flow and ensures that the people on the ground have a voice at government level.

The programme in Nkomazi East entailed the construction of 124 kilometres of roads and 125 kilometres of fences, the laying of 1 197 of underground pipes and the installation of 60 pumping units in 20 pump stations.

"The bottom financial line has been a multi-million rand spin-off for the people of Nkomazi, which translates into the ability to buy houses and vehicles and to widen the world for their children through third level education.

A multitude of micro-businesses have also been established, from spazas and taxis to market gardening and brickmaking enterprises," said Woodburne.

Joseph Mkhabela, one of 46 emerging contractors who founded their businesses on the R86,6 million Nkomazi Irrigation programme which has resulted in an economic miracle in the area.

Lack of jobs still big worry

(49H) Sowetan 21/7/97

Premier Phosa calls on small business to help eradicate poverty

DESPITE an impressive macro-economic performance since the 1994 elections, South African society is hurting badly because of unemployment and inequality, Mpumalanga Premier Mathews Phosa said at the weekend.

Addressing the National African Federated Chamber of Commerce in Badplaas, Phosa made a plea for small businesses to partner Government in eradicating poverty and unemployment in South Africa.

While South Africa had inherited "probably the sickest, most heavily regulated and protected economy in the western world", the country had nonetheless made remarkable strides since the elections of April 1994.

"Within 40 months we have attacked barriers to trade, initiated a wide-ranging privatisation programme, significantly reduced the yoke of exchange control and fought hard to bring foreign investors to share in the reconstruction and development of our new nation.

"In short, we in Government believe that business people can make a more useful contribution to the economy than bureaucrats – and we have acted upon this belief," he said.

This strategy has borne fruit. The country is experiencing the most sustained period of economic growth in two decades. The excesses of the former government have been reigned in and inflation has been brought down to single figures.

Direct foreign investment

He said South Africa had attracted R30 billion in direct foreign investment in the last three years and remarkable progress made in black economic empowerment.

This year was the first time that the number of black people in "social class A" equalled the four million who were historically advantaged in South Africa.

"We have also seen a truly revolutionary change in the complexion of equity ownership on the Johannesburg Stock Exchange (JSE). In a very few years we now find that over 10 percent of the shares are black-owned."

However, impressive macro-economic performance was not enough. Beneath the surface South African society was hurting, said Phosa. Last year over 1 100 young men and women entered the labour market every day, while the number of formal sector jobs decreased by 193 jobs a day.

"We inherited an economy with about a quarter of the potential labour force without the dignity of a job. Today we have one-third of the economically active population suffering the inhumanity of unemployment."

Phosa said he also had concerns about black economic empowerment.

"Although there has been quite remarkable social advancement of a new black elite, how has life changed for the other 30 million of our countrymen and women?"

Stunted educational development

Almost two-thirds of the black population still suffered the daily grind of poverty, ill-health, hunger, poor services and stunted educational development.

"The agonising reality is that government cannot directly transform this situation overnight. The painful truth is that government can struggle tirelessly to create the conditions for an escape from poverty among the historically disadvantaged population.

"But the formal sector of the economy does not have the capacity to absorb enough workers. We need your help," said Phosa.

Mpumalanga pioneered a system whereby a proportion of construction projects are reserved for emerging contractors. In an international project such as the Maputo Corridor toll road, twenty percent of the total work has gone to emerging contractors. The same will apply when other large Government projects come up for tender.

"Government sees the role of small business as central to tackling issues of unemployment, economic growth and black economic empowerment," said Phosa. – *Sapa*.

Star 5/6/97

Economic body to be dissolved

By Hopewell Radebe
Provincial Reporter

(49H)

The Mpumalanga executive committee is to dissolve the controversial Mpumalanga Economic Development Corporation, which plunged the province into a spate of corruption scandals and led to the downfall of its first executive chairman, Eugene Nyathi.

Oupa Pilane, spokesman for Premier Mathews Phosa, said the executive committee had instructed the legislature to prepare to repeal the provincial law upon which the corporation was formed.

He said the government had expressed disappointment about the repeated failure by the corporation to achieve the goals of improving business skills and financial funding for black entrepreneurs.

He said a nine-member steering committee led by Mpumalanga Nafcoc president Steve Skhosana had been appointed to discuss voluntary severance packages for those staff members of the corporation willing to leave.

Empowerment for Mpumalanga

(49H) Sowetan 25/4/97

Consortium selected to supply gaming machines to province

MONYAKA BARCREST, a consortium with interests in casino and gaming equipment, has been selected by the Mpumalanga Gaming Board to supply gaming equipment for the province.

Last month Monyaka announced it was on the verge of striking a R5-million deal in Mpumalanga with the provincial Development Corporation to lease the corporation's 2 000 square metre property at Enkangala to manufacture gaming machines.

Monyaka Barcrest is a joint venture initiative between Foundation for African Businesses and Consumer Services (Fabcos), National African Federated Chamber of Commerce (Nafcoc) and Bass Leisure South Africa, a subsidiary of British-based Bass Leisure Public Company – the largest gaming machine supplier.

Licence

The British establishment opened its operations in the country last year.

Bass Leisure South Africa general manager Neil Moir said his consortium was delighted to have been awarded the licence to manufacture and supply gaming equipment in the province.

"We believe that our contribution towards the industry in the province will be a positive one.

With our manufacturing site already selected and ready to run, we will be employing 50 people within the forthcoming months and will be in a position to generate a meaningful revenue.

He congratulated Mpumalanga on their groundbreaking work, which he said would allow other provinces to follow their example more smoothly.

Fabcos vice president Sam Buthelezi said: "The process of empowerment that we have been speaking about for so long will now become a reality."

Increased investment in Mpumalanga

(49 H) Star 14/4/97

By Hopewell Radebe
Provincial Reporter

Mpumalanga's economic growth strategy was beginning to bear fruit as companies showed their confidence in the Government by increasing their investments in the province, said Premier Mathews Phosa.

Speaking at the official opening of a new R45-million plywood plant for Mondi Timbers in Sabie, Phosa said the investment would stimulate the town's economic growth and improve the living standards of people in the area. Out of a countrywide total of 25 000 employees, at least 30% of the company's workforce came from Mpumalanga.

He said Mondi Timbers' total investment injection of R300-million in the province was an example of companies' increased confidence in the future of the province.

MPUMALANGA

(494) FM 23/1/98

Daimler-Benz Aerospace runs into nasty weather

Plans for international airport still grounded as foreign business and local politicians slug it out

Business and political interests are set to clash over the siting of a new international airport for Mpumalanga.

Provincial Transport Minister Jackson Mthembu has allegedly ignored a summons issued against him by a German-SA business consortium which claims he overrode promises made by Premier Mathews Phosa to the leaders of North Rhine-Westphalia and Daimler-Benz Aerospace (Dasa). German and SA diplomats are attempting to resolve the matter.

Mpumalanga needs an airport capable of handling large jets to boost growing tourism, agricultural and business potential. The Civil Aviation Authority (CAA) wants to shut down the province's main commercial airport at Nelspruit unless it is upgraded.

Three possible sites for a new airport are Mhala (near Mkhuhlu in the Northern Province); Hazyview, which is backed by the Kruger Park International consortium that includes Dasa; and Primkop, 25 km from Nelspruit. Primkop Airport Management, headed by Abe Sher, wants to build with backing from US-based Raytheon Engineers.

Hazyview was identified as a suitable site by Izak Fick, a local businessman, who got Dasa involved on a joint venture basis. Dasa has spent R7m on development costs, of which R1,7m was for a master plan to support its application to build a R224m airport.

It has undertaken to spend another R12m on upgrading the existing municipal Nelspruit airport if it wins the bid.

On June 5 1997, Phosa and his North Rhein-Westphalia counterpart Johannes Rau signed a joint declaration of co-operation between Mpumalanga and North Rhine-Westphalia in Dusseldorf, Germany. Phosa stated that he supported the joint venture to build the Hazyview (Kruger Park) airport.

In August the Hazyview venture made its formal submission to Mthembu to proceed with construction. This was countered with a proposal by Sher's company to build an airport at Primkop. Mthembu appointed MBB Consulting Engineers Incorporated as consultants. He said he would announce which group he felt should build the airport at the end of September, but delayed the announcement. On October 23 Mthembu announced that he favoured the Primkop group, on condition the project was viable and a suitable provisional environmental impact assessment was submitted.

MBB charges that the environmental assessment submitted with Primkop's application was not for Primkop, but for the Mhala Airport Project. The Primkop group argues Primkop would serve the business and cargo needs of the province better than Hazyview, which could expect some competition from the neighbouring Hoedspruit, Northern Province airport.

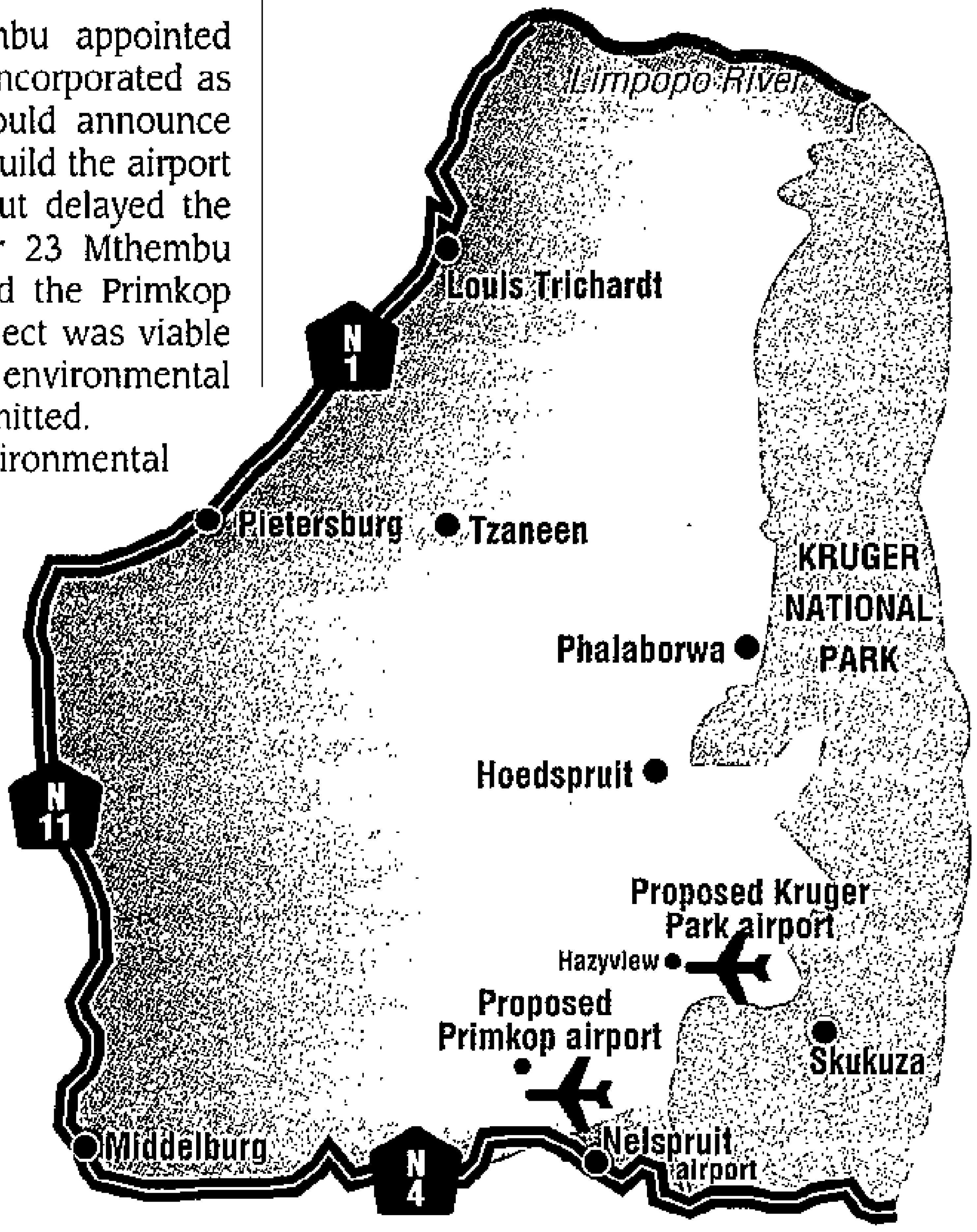
The idea of a new airport clashes with the views of CAA's chief engineer airport planning, Leon van Heever. He sees no need for a new airport in Mpumalanga, because the military airports at Louis Trichardt and Hoedspruit are underused.

Finally, the CAA has to give its approval to where an airport will be sited. Van Heever notes that Mpumalanga has not asked the CAA for any input or comment on a provincial airport. "And I have nothing on Primkop, but have files on the Hazyview project. They satisfied all the requirements for establishing a new airport laid down by the International Civil Aviation Organisation," he says. MBB claims upgrading the present Nelspruit airport will not improve the situation significantly.

The choice of Primkop has been slammed by the aviation industry because Hazyview is at a lower altitude than Nelspruit, which enables planes to take off with bigger payloads. And it isn't as badly affected by the weather as Primkop is. A CAA study shows Primkop is covered by clouds for at least 92 days a year.

Mthembu says: "No developer has been chosen. The Primkop site has been chosen pending the environmental, social and macro-economic investigations. The cabinet will finalise the matter after it has been approved by the Development Facilitation Tribunal."

The Kruger Park International airport consortium feels the choice of Primkop ahead of Hazyview (see map) is discriminatory because Primkop was allowed an amended decision. It also feels it has the right to claim for financial damages suffered and is asking for copies of all the documents, files, covers and notes on file covers connected with the issue. Mthembu refused the request. On November 3 summons was served on Mthembu, first respondent, Phosa, second respondent, and Primkop Airport Management, third respondent. Mthembu had until December 8 to enter a motion to defend. That date slipped by without even the appointment of an advocate.



In an affidavit lodged with the motion, Fick, CE of the Kruger Park consortium, claims Mthembu has ignored the group's fundamental right to the papers.

The court was asked to grant an order on December 23 but this has since been extended to later this month. David Pincus

Eco-challenge to deal with opposing forces

A NUMBER of opposing forces are at work in Mpumalanga, and unless these are effectively managed the long-term future of the province could be at risk.

Home to a number of primary industries, ranging from forestry and agriculture to mining, steel, chemicals and energy, it is one of the fastest developing regions in southern Africa.

Boasting much natural beauty and including the Kruger National Park and a number of private and public nature and game reserves, it rates as a prime ecotourism destination for local and foreign visitors.

"There is a continuing tension between the urgency of the need for development and the need to ensure the development is sustainable over the long term," says lawyer Kate Farina, of Environmental Risk Services. "On the one hand, the primary objective of the Development Facilitation Act (DFA) is to speed up land development procedures; on the other, the main goal of the Environmental Conservation Act (ECA) is to ensure that development is environmentally sustainable.

"Both the DFA and the ECA make provision for an environmental impact assessment (EIA) to take place. In terms of the DFA as it now stands, a developer applies to a tribunal, which has the power to suspend the operation of any other law that could delay development, but at this stage it does not seem to have the power to override any requirement for an EIA."

Some developers have, in the past, put the provincial authorities under pressure to fast-track the EIA process, but in terms of the new regulations fast-tracking is no longer possible. The process has been more clearly specified, and the length of an EIA new depends on the nature of the issues to be covered.

The legacy of some fast-track EIAs remains, however.

"The site of a major project in Nelspruit was not adequately assessed, and the earthworks have now uncovered archaeologically important relics," says Farina.

Mpumalanga is adopting a strategic environmental assessment (SEA) approach as part of its analysis of the developmental potential of areas around the corridor.

"SEA takes a strategic approach that broadly identifies the environmental characteristics of an area. It analyses the basic opportunities and constraints inherent in the area, and provides guidance as to what kind of land use is preferable, given the socio-economic pressures and the type of environment," says Erik Botha, an environmental risk services management consultant.

Jonathan Mitchell, an economist in Mpumalanga's department for international development, says a number of issues have already become clear through studies leading to the creation of a strategic environmental management plan for the province.

"We are recognising and accommodating the environmental importance of the grasslands on the escarpment, and the wetlands. And, in planning development around the corridor, we are having to take into account that a number of the water catchments in the province are already under stress," he says.

(49H) BD 23/4/98

GETTING A LIFT ... the new-generation Sasol advanced synthol reactor vessel being hoisted into position at the Secunda site of Sasol Synthetic Fuels.

Sasol pumps money into major capital projects

SASOL, through its biggest operating division, Sasol Synthetic Fuels (SSF), is probably the biggest single industrial investor in Mpumalanga and is likely to remain so for at least another three years.

The group is committed to a series of capital expenditure projects, with a combined value of R3,1bn for the current financial year, ending June 30. More than R2bn of this investment is committed to a spectrum of new projects at the Secunda site of Sasol Synthetic Fuels, says SSF MD Hannes Botha.

These projects fall within the ambit of SSF's Vulamehlo (Zulu for "open your eyes") transformation programme, which commenced in 1996. Botha says the programme has three primary goals: to develop and empower employees; to develop and improve production processes and technologies; and to increase SSF's business opportunities while reducing its cost base.

"Our core goal is to become a world-class fuels and chemicals operation that continues to adapt, grow and diversify," says Botha.

The most significant of the current SSF projects is the R1,01bn project to replace the 16 original synthol circulating fluidised bed reactors at Secunda with a series of eight new-generation Sasol advanced synthol (SAS) reactors. This project, which began in 1996, will be completed in 1999.

Synthol reactors convert gas from coal into liquid petroleum products and petrochemicals. Further downstream, these may be used to produce chemicals for the plastics industry.

SSF's newest project, a R38m plant to extract krypton and xenon from the oxygen plant, will be commissioned in mid-1999. It will increase SSF's annual production of these gases by close to 50% each.

"These and other major capex projects will contribute substantially to our future expansion, diversification and competitiveness," says Botha.

"In the process we are creating wealth in Mpumalanga, and expanding our platform to enable further investment opportunities in the downstream chemicals and plastics industry."

(49H) BD 23/4/98

Row over Witbank's debt problem

(49H)

BD 23/4/98

WIDESPREAD non-payment for services has left Witbank technically bankrupt, and the city fathers are at loggerheads over the best solution to the problem, says Brian Floyd, Witbank Chamber of Commerce executive director.

"The previous council over-committed the city's financial resources with the building of the R35m cultural centre and municipal offices, leaving the present council with a huge debt.

"The council had a five-year repayment plan for this debt based on a 70% rate of payment for services in KwaGuqa, but in fact the actual rate of payment in the township is less than 25%, and has been at that level for years."

Floyd says both the ANC-dominated councillors and the executive committee are divided over the issue.

Two factions

"Essentially, there are two factions. The more radical group wants finance channelled away from the more affluent suburbs and the CBD to uplift the black areas now falling under their jurisdiction.

"The moderates and local business people say this could cause the quality of the more established, visible parts of the city to deteriorate, which would hamper its ability to attract investment. In the long term, Witbank needs investment to raise its income base and create jobs and business opportunities."

In terms of current policies, however, the city offers few investment incentives.

"The politicians see local economic development (LED) as the priority, and they interpret LED as provision of services, not investment promotion.

"Given a 30% unemployment rate, and the drive among smaller businesses to reduce their staff complements to below 50 to avoid the ramifications of the Employment Equity Bill, this kind of thinking is short-sighted," he says.

A recent independent study by Philip Frankel at Wits university evaluated the political and socio-economic perceptions of Witbank's black voters.

"The civil servants on the council received an average rating, but the councillors were found to lack credibility. The business community is respected, and is seen as contributing to the community," says Floyd.

Witbank contributes 42% to the gross domestic product of the province, as compared with the 17% contribution of the entire lowveld region.

The industrial base of the city is coal, but off this base it has developed two other primary industries: steel and power.

"International studies have shown that a secondary city needs more than one primary industry to grow. In addition to the coal mines in this area, we have the two biggest Escom power stations, and two major steel producers," he says.

"This has stimulated the development of transport and communications infrastructure, as well as a secondary industrial sector.

"Businesses that opt to establish a presence in Mpumalanga have to choose whether to be near the province's seat of government, Nelspruit, or in its primary industrial centre. Most of them are coming here," he says.

Maputo corridor set to kickstart development (49H)

DD 23/4/98

Business opportunities and an infrastructure for focused expansion in Mpumalanga will be provided, but there is no short cut to wealth creation, and expectations could be unrealistic. ***VAL PIENAAR*** *reports.*

THE Maputo Development corridor is probably the single most significant economic development to have taken place in Mpumalanga since the creation of the Kruger National Park.

Like the park, the corridor has limited capacity for direct job creation and the generation of finance, but it presents opportunities for entrepreneurs and facilitates business development.

Brian Floyd, Witbank Chamber of Commerce executive director, says that expectations from the corridor could be unrealistic.

"There are huge expectations in the black community: everyone is expecting to find jobs. People need to understand that the corridor is simply a concept. There is no master plan for specific developments: it is simply a means of focusing and facilitating growth," he says.

Christelle Grohmann, director of the tourism, hospitality and leisure division of Kessel Feinstein, says: "Some expectations might be unrealistic. The corridor is merely a transportation route: it provides the infrastructure for focused development.

"Individual people need to take the initiative for the opportunities it creates," she says.

Floyd says that excessive tariffs could stifle, rather than stimulate, development. "The effect on Witbank of the corridor and its infrastructure, such as the toll road and Maputo harbour, depends almost entirely on the toll tariffs.

"If these are reasonable, a large proportion of whatever is shipped out of Richards Bay and Durban should go via Maputo. The increased traffic alone would create business opportunities," says Floyd.

Toll road

To date, about R3,7bn has been allocated to developing the toll road, the harbour in Maputo, rail projects in Mozambique, the border post, electricity transmission and a cellphone network.

In addition, R15bn has been committed to secondary investment projects on the corridor.

Work on the corridor project began in earnest in May 1997, when the Mpumalanga department of economic affairs started co-ordinating the government and private sector players involved.

Central government has awarded the 30-year concession to build, manage and maintain the toll road to Trans African Concession (TRAC). Construction work has already started on the Witbank toll plaza, and final completion of the toll road is scheduled for September 2001. The cost of this project is estimated at R2bn.

At a provincial government level, the real focus is on encouraging secondary investment, says Jonathan Mitchell, an economist in Mpumalanga's department for international development (DFID).

"That is where the jobs will be. The toll road itself, for instance, is likely to create a maximum of 2 000 jobs over the 40-month construction period. Future development will be incremental: TRAC will monitor the traffic flows and assess what further improvements are needed.

"The agreement between TRAC and government is to channel a significant proportion of the construction work to local contractors. TRAC has packaged 600 contracts targeted at small, medium and micro enterprises (SMMEs).

"In the initial construction phase, local SMME contractors must account for 20% of the value of the construction work and 30% of the maintenance work."

2 000 jobs

However, 2 000 jobs — many of which will go to labourers brought into the area by large contractors — can have only a limited impact on the economic upliftment of the province.

For this reason, says Mitchell, government is focusing on such secondary investment as tourism, industry, agriculture and small business to create jobs and business opportunities.

"We are currently conducting local economic development planning workshops for every local authority on the main corridor and the two subsidiary corridors — from Komatipoort to Witbank, from Secunda to Bethal and Middelburg, and from Nelspruit to Hazyview."

In all, there are 72 local authorities in Mpumalanga, 45 of them within 50km of the corridor or sub-corridors.

Changing, focusing and increasing traffic flow is at the core of the corridor's effect on the province.

In addition to the toll road, development of the corridor will lead to improved rail linkages and better telecommunications facilities.

A significant risk, however, is haphazard and uncontrolled development. The provincial government is conducting a series of studies focusing on agriculture, the environment, small-, medium- and micro-enterprise development, tourism and local economic development.

The intention is for these five studies to feed data into the provincial department of strategic planning, which will then ensure that each region is developed for the optimal use.

But critics say a lack of co-ordination has resulted in consultants repeating each other's efforts rather than sharing information.

Graphic: KAREN MOOLMAN
Source: MPUMALANGA PROVINCIAL GOVERNMENT

Giving economic power to the people

M 23/4/98

BLACK economic empowerment at grassroots level, capacity-building, and entrepreneurial development are core issues in the economic future of Mpumalanga.

"We have a two-pronged strategy for investment: sectoral, or clusters, and spatial, which is essentially the corridor," says Gay Mokoena, head of the small, medium and micro enterprise desk of the provincial government.

Plans for the construction of the toll road that forms the backbone of the corridor include 600 tender packages aimed at local emerging contractors.

A study is under way to identify business opportunities for emerging entrepreneurs along the corridor, and the department is looking at setting up a trust that will take up a shareholding in Trans African Concession (TRAC), which holds a 30-year concession on the toll road. The income from the trust would be ploughed into SMME development.

The National Business Initiative (NBI) is actively involved in helping 23 local governments along the corridor build capacity, using techniques developed as part of its Local Economic Development(LED) programme.

"The provincial authorities selected the local governments with which we are working. We aimed to access a spread of different types of communities, from rural to urban, located reasonably close to the N4," says NBI project manager Sabera Bobat.

The NBI has embarked on several core areas of activity.

Positive

(49H)

"First we gauge people's attitudes to, and perceptions of, the corridor. Some are positive and see it as a channel to wealth creation; others fear that the increased through-traffic could put pressure on communities and introduce health problems," she says.

"With the Development Bank of SA, we are also collating information about the area.

"This information reinforces what we can take to LED workshops within individual communities. At these workshops, we help the local authorities, key stakeholders and leaders in the community, identify the opportunities and advantages inherent to their area, and work out strategies for exploiting these," says Bobat.

"The core of this process is to develop an economic vision for the locality and the community, and to transform it into strategies and a specific action plan."

The provincial government and the NBI will use this plan to identify potential anchor projects, and market these to the private sector.

Clusters are a key to economic success

INCOME leakage is one of the biggest problems facing Mpumalanga, a province which houses a large number of significant primary industries with head offices are in Gauteng, and which has tended to leave beneficiation to other regions.

A new development, driven in part by the Maputo corridor development and in part by new government industrial policy, is the cluster concept, which promises to encourage focused investment in the province.

A number of clusters are already developing around established core industries, such as the chemical cluster in Secunda.

The steel industries of Witbank and Middelburg also provide the basis for a manufacturing cluster, while in other parts of the province a few timber mills are seeking to encourage the development of local businesses, such as furniture manufacturers.

Another potential cluster is based in Ermelo. Sheep farmers in this area produce some of the best wool in the country, yet the town does not even have a washing plant. The untreated wool is sent to KwaZulu-Natal, the Eastern Cape or the Western Province to be converted to fabric.

Fruit is another product of Mpumalanga and is currently shipped to harbour cities before being processed, but the value of the end product does not justify the time and cost involved in packaging and transporting whole fruit to the coast.

Even the mining industry, long the preserve of major players, is beginning to attract entrepreneurs. Many smaller gold and steam-coal mines are no longer viable for big mining companies, but small miners with the capacity to keep their overheads low could work them profitably for another 20-30 years.

Finally, tourism has long been established as an industry with more sustainable value, perhaps, than any other. Tourism clusters are beginning to spring up around certain nodes, such as the Kruger National Park.

As entrepreneurs enter the market with products and services ranging from agricultural produce to transportation to curios, Mpumalanga's hotels and resorts are beginning to source what they need locally instead of from major centres around the country.

Investment drive to create jobs

(494)
BD 23/4/98

MPUMALANGA'S sophisticated infrastructure, well developed entrepreneurial, industrial and export base, abundant labour pool and tourism potential are opening the province to lucrative investment opportunities.

The short distance between the industrial areas in the province and the port of Maputo has the potential to slash transportation costs on both imports and exports. With the development of the Maputo corridor now under way, the province faces the task of attracting investment, says Gordon Griffiths, Mpumalanga Investment Initiative CEO.

The initiative was recently established with the primary objective of facilitating this investment process.

"Ideally, we want foreign direct investment, but industry currently located in other parts of the country could also relocate to the province," says Griffiths.

The agency acts as an adviser without direct involvement in actual development. It cuts through the red tape faced by foreign investors by assisting them with company registration, arranging telephone lines and labour permits, and ensuring plans are passed and processed.

"Should they require other services, such as feasibility studies and the drawing up of business plans, we would refer them to the relevant specialists.

"Apart from bringing in foreign currency, the spin-offs of foreign investment are far-reaching. As wealth is created through exports, the standard of living for the population is improved," says Griffiths.

He says because of different cultures it is difficult for a foreign company to enter the market cold. Although some of the major overseas corporations may operate here on their own, others will form joint ventures with local businesses.

"One cannot sell Mpumalanga in isolation. By becoming involved in marketing the rest of SA, as well as developing the economies of the neighbouring states, the influx of illegal immigrants can be halted by creating job opportunities in those countries," he says.

Tourism potential takes back seat

(49H)

VESTED interests and inefficiency could be threatening Mpumalanga's potential as one of the premier tourism destinations in southern Africa, says Harry FitzHerbert, spokesman for the Kruger Park International Airport development company (KPIA).

"After President Mandela, the Kruger National Park is the first thing to come to the minds of most foreigners who are questioned about SA. But we are failing to take full advantage of this drawcard," he says.

KPIA has negotiated with central government and major foreign investors to construct an international airport at Hazyview, next to the Kruger Park. Daimler Benz Airport Systems has a 50% share in the project, and the shares will be split three ways to include an empowerment company.

But FitzHerbert says the provincial government wishes to develop an airport between Nelspruit and White River, where it could be more easily accessed by government officials.

"Three major factors need to be in place when building an international airport: the terrain must be flat on either side, with no mountains, valleys or hills within 15km of the airstrip; weather conditions must permit maximum flying time; and the cost of building a runway to accommodate large aircraft must be acceptable.

"We looked at 16 sites, and the Hazyview site is perfect. By contrast, the Nelspruit site is in a mountain range and a mist belt, with no current access infrastructure," he says.

The real issue, says FitzHerbert, is whether the province should give priority to the convenience of politicians or tourists. Nelspruit already has a small airstrip, which KPIA has agreed to help upgrade, he says.

"There are an estimated 100-million ecotourists worldwide, and SA has two huge advantages in this market: a fairly well-established tourism infrastructure, and some real attractions.

"From the point of view of economic development this has tremendous value and, as a developer of jobs, it is unequalled: statistics indicate that there is one permanent job generated by every five tourists visiting a country.

"But SA is missing the boat because it does not regard tourism as a priority. Kenya attracts, packages and handles three times as many paying tourists as SA, with tourism accounting for more than 50% of Kenya's foreign earnings," he says.

BD 23|4|98

Maximise

FitzHerbert says SA needs to maximise its returns from tourism while minimising the impact of tourism on the environment.

"The way to do this is by aiming at the top end of the market, but to attract these visitors one must offer them direct arrival at their destination."

He says the Kruger Park authorities have already indicated their willingness to build another gate at Hazyview to accommodate tourists arriving there. There is also potential to develop the entire town as a major tourism node.

"The airport would be right next to a railway station, so one could develop rail as a means of transporting visitors to their next destination. There is also huge potential to develop arts, crafts and cultural areas of interest, as well as accommodation and other facilities," says FitzHerbert.

Outsourcing municipal services 'will be major saving'

BD 2/4/98

Deborah Fine

THE argument that municipal services should not be outsourced because this will lead to job losses fails to recognise that municipalities are not charities set up to provide jobs at the ratepayers' expense, says the Free Market Foundation of Southern Africa.

The foundation has teamed up with the Democratic Party in KwaZulu-Natal, and the Friedrich Naumann Foundation, to produce a plan to re-establish investor confidence in Maritzburg.

This could be done, they said, by offering lower municipal taxes while effectively addressing socio-economic problems.

This was possible through the outsourcing of municipal services to private companies resulting in large operating expenditure savings.

These could then be used to offer rebates to ratepayers and new businesses as well as reverse infrastructural backlogs in disadvantaged areas.

According to the DP in Maritzburg, many entrepreneurs had moved to Pinetown or Cape Town in the past few years, while building plans submitted to the local council for approval had declined by between 30%-40% in the past decade.

This was a sign of eroded confidence in Maritzburg.

"The DP's vision is that our city must become the most investor-friendly city, providing the best services to ratepayers and consumers at the lowest possible price," the party said.

National and international experience had shown that municipal partnerships with the private sector had led to significant savings without compromising the quality of service delivery.

The DP and the foundations had drawn up an alternative budget which conservatively estimated that the city could save about R68,4m in the first year, and about R342,2m over a five-year period, through the privatisation of various municipal services.

The savings could then be used on rates reductions, job creation projects, boosting tourism, new infrastructure and social development, the DP said.

While the DP did not envisage retrenchments of council workers as a result of the process, it said the creation of an environment conducive to investment would lead to increased private sector job opportunities.

The Free Market Foundation said municipalities should maintain conditions which led to the creation of wealth producing private sector employment.

Credit risk rating agency gives Nelspruit the nod

Deborah Fine (49 H)

MPUMALANGA's provincial capital, Nelspruit, has been awarded an investment grade credit-risk rating, in spite of having experienced serious cash-flow problems late last year.

Jean-Pierre Le Roux, an analyst at the SA arm of the international credit-risk rating agency Fitch-IBCA, confirmed yesterday that his firm had awarded the Nelspruit local council a national short-term rating of A3 and a long-term rating of BBB.

The ratings indicated that Nelspruit showed low expectations of credit risk and an adequate capacity for the timely repayment of financial commitments. The loan repayment capacity, however, could be impaired by adverse changes in circumstances and economic conditions.

On the plus side, he said the town was well placed to show strong future growth because of its location in the Maputo development corridor, its position as a provincial capital and its staging point in the ecotourism sector.

Of concern, though, was the council's difficulties in reversing poor levels of payment for municipal services which would constrain future capital spending as borrowing capacity weakened in the face of cash flow deficiencies.

Overcoming the problem would require the hard, political decision already taken in other SA towns to implement stern action against payment defaulters.

Nelspruit also faced "many years" of high capital requirements because of limited infrastructure development in areas previously under the jurisdiction of the Kangwane government.

This was aggravated by the areas' sparse but widely scattered populations, which pushed up service delivery costs.

BD 2/4/98

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CT (BR) 24/3/98

Investors lured to Lubombo corridor

(49H)

NCABA HLOPHE

For the first time in post-apartheid South Africa, tourism ministers from South Africa, Swaziland and Mozambique will embark on an international campaign to lure investors to the Lubombo corridor, which is spread across the three countries.

The corridor is one of four spatial development initiatives (SDIs) spearheaded by the South African government three years ago to unlock economic potential in previously neglected areas.

The most prominent of these initiatives is the Maputo Development Corridor, anchored by a toll-road between Witbank in Mpumalanga and Maputo. The project is expected to generate revenue of over R35 billion.

Other such initiatives include the Wild Coast in the Eastern Cape and The West Coast Investment initiative in the Western Cape, which are at various stages of development.

The Lubombo corridor will spread from the St Lucia Wetland Park in northern Kwazulu Natal, stretch along the Indian Ocean coastline to Ponta do Ourao in Mozambique, and embrace the Jozini Dam and game reserves in Swaziland.

The area supports 3 048 different plant and animal species and six eco-systems. In addition to 25 major tourism attractions, there are 11 game reserves and two world heritage sites: the St Lucia Wetland Park and the Border Cave.

"Despite this high development potential and clear competitive advantages, extreme poverty occurs within the region and there is a need to de-bottleneck the current inertia that is constricting development," said Andrew Zaloumis, the South African project manager.

The St Lucia Wetland Park is expected to attract more than R300 million in private sector investment in at least 5 000 beds. It will directly create 2 000 jobs and generate an estimated gross revenue of R600 million a year.

The government has invested more than R180 million to build a 156km road from the Hluhluwe game reserve in KwaZulu Natal to Ponta do Ourao in Mozambique.

The highway will also serve more than 75 000 people who live within a 5km radius of the road.

After the Wild Coast, it is the second corridor to focus on tourism instead of tourism being a spin-off investment.

Like the Maputo corridor and the TransKalahari highway linking the Maputo harbour with Walvis Bay in Namibia, the Lubombo initiative could be a catalyst for regional integration.

The Lubombo project has broadened the approach to include tourism and agriculture as levers of co-operation between the three countries.

However, each of the three neighbours has a different approach to managing the land within the corridor, including legal, political and economic institutions and priorities.

"We need a uniform approach to tie up the fragmentation in the three countries to make this spatial development initiative successful. It serves as a challenge to all the hype about regional integration," said Alec Erwin, South Africa's trade and industry minister.

Land claims in South Africa could compromise the pace of investment.

The land on which the St Lucia wetlands is situated comprises 11 separate parcels, all designated for conservation purposes under different legislative provisions and claims have been lodged against parts of the wetland park.

In addition, land mines and administrative snarl ups in Mozambique could scupper the pace of the project.

The Mozambican state gave 236 400ha to James Blanchard, the US gold trader and one-time supporter of Renamo, the opposition movement. The land covers a significant portion of the SDI.

Blanchard, operating through US-registered Blanchard Mozambique Enterprises (BME), is expected to invest more than $20 million to develop game fishing and scuba diving at Ponta Macumbo, Ponta Abril and Ponta Madejane.

However, indications are that BME will not be able to meet its contractual obligations this year and might not have a sufficient amount of capital to drive the project through.

The Mozambican government has said that it will cancel the concession if Blanchard fails to meet his obligations.

In terms of the proposed share structure, BME will hold 70 percent of Mozambique-registered Blanchard Sodeteur Tourism Development, the project implementing company, while the state would hold 9,6 percent and communities a mere 4,83 percent.

Swaziland, the only absolute monarchy in the SADC, has a complicated land ownership system that may not give the communities a stake in the corridor, one of the main strengths of SDIs.

Land in Swaziland is divided into crown land, freehold land and communal land. The crown land belongs to the king, freehold to private interests and the majority of Swazis live under chiefs on the communal land.

It would be difficult to expect local communities to form joint ventures with foreign investors given the country's governing structures.

The South African government has made sure that at least 30 percent of procurement opportunities will be taken by local communities in the construction of the road from Hluhluwe to Ponta do Ourao in Mozambique.

The challenge for all three countries will be to broker a universal structure that will ensure tangible empowerment opportunities for local communities if the plan of jointly developing tourism is to have any chance of succeeding.

Mpumalanga signs deal with Scotland

(49H) Sowetan 3/3/98

THE Mpumalanga government says it has signed a three-year commercial cooperation agreement with Scotland.

The agreement, signed last week by the Scottish Trade International, the Mpumalanga department of economic affairs and gaming, and the province's Investment Initiative, is expected to cement ties between Mpumalanga and the Scottish people.

The trade agreement is subject to review after three years, pending the agreement between the parties.

The government says the agreement is aimed at strengthening and developing commercial cooperation.

Areas covered by the agreement include:

- The determination of areas which offer potential for trade and investment;
- Creating partnerships between businesses of the respective countries/provinces through the establishment of joint initiatives;
- Identifying areas of expertise in the field of economic development which offer-potential for cooperation, including aid-funded technical assistance;
- Promoting technology transfer; and
- Other commercial functions which have yet to be identified. – *Sowetan Business Reporter.*

Pay devours 61% of budget

BD 25/2/99 (49H)

Kevin O'Grady

NORTH WEST

NORTH West finance MEC Martin Kuscus presented a balanced R7,856bn budget yesterday, most of which — R4,76bn or 61% — will go towards paying salaries during the 1999/2000 financial year.

In an attempt to boost the province's own revenue, which will make up only 5%, or R372m of budgeted revenue, Kuscus announced a 20% increase in vehicle licence fees from July 1, and a 5% levy on totalisators' and bookmakers' gross incomes from April 1.

The total budget is 3,68% higher than the R7,577bn for budgeted 1998/99. Kuscus said the new amount was "a lesser allocation in real terms".

Following the lead of Finance Minister Trevor Manuel's national budget last week, Kuscus allocated the largest portion of the provincial budget to social spending in the areas of health, education and welfare.

The province was able to do this "notwithstanding all the calamities in the global economic environment", he said.

"Whereas in other emerging economies, the global financial crisis forced swift action, resulting in major reductions in social spending and an escalation in the unemployment figures, we were not sidetracked by all these events."

Kuscus said 78,6%, or R6,098bn, of total expenditure would go to health, welfare and education. This was up from last year's R5,988bn social spending allocation but down slightly as a percentage of the total.

However, there had been significant increases in funding to the three sectors since 1995. Education rose 79% during the four-year period, health rose 55% and social welfare rose 59%.

Kuscus described reducing the province's high wage bill, which rose from 39% of the total budget in 1995 to 61% in the new financial year, as one of the "challenges for the new millennium". Salaries devoured 58% of the budget in 1998/99.

"It is obvious that something needs to be done in this regard, otherwise development expenditure will be crowded out," he said. Capital and development expenditure made up just over 5% of total spending.

Kuscus also sounded a warning about fraud and corruption, but said perpetrators were increasingly being caught. The province's cheque clearing unit and forensic centre had prevented potential cheque fraud worth R15m in the past two years, and were in the process of investigating suspected fraud involving R44,855m.

Disciplinary action was taken against 42 officials during the same period, while 32 officials were arrested on fraud charges. Among those arrested were two chief directors, three directors and six suppliers.

VAT fraud totalling R6,113m was detected during investigations over the same period, and referred to the SA Revenue Services for collection.

In view of the fact that 37% of North West's population was unemployed, and this was predicted to rise to 43% by 2001, Kuscus's budget placed significant emphasis on job creation, particularly in the tourism and small, medium and micro enterprise sectors.

Corridor 'will be big boost for Mpumalanga tourism'

BD 20/7/98 (494)

Janet Parker

THE Maputo development corridor would have a significant effect on the number of tourists who would visit Mpumalanga and the number of direct tourism-related jobs, according to a study on the corridor's socioeconomic effects.

The study — undertaken by a consortium of leisure specialists comprising Grant Thornton Kessel Feinstein and Wilderness Ethos, and commissioned by the corridor provincial technical committee — found that from 2000 the corridor would have an "important and positive effect" on Mpumalanga's tourism industry.

The corridor would also assist in "the fostering of infrastructure development for the long-term, and as a result, also long-term job opportunities", it stated.

Grant Thornton Kessel Feinstein director Christelle Grohmann said the increase in direct jobs as a result of the corridor was "very encouraging".

According to the study, if there had been no corridor development, the increase in the number of direct jobs between last year and 2005 would have been 27%. However, the effect of the corridor propelled the increase in direct jobs to more than 39% in the same period.

If growth from the corridor included indirect job creation, along with "limited job leakage" in Mpumalanga's tourism sector — a low proportion of jobs held by those from other provinces — the development's effect on job creation in the province's tourist sector alone was significant, she said.

The study also found that the number of room nights sold in the markets under review would increase to a projected 7,6-million in 2005, from 5,4-million last year, which represented an increase of 4,2% compound growth a year. Had the corridor not been in place the compound growth rate would have been limited to 3,1% a year.

This growth in turn gave an indication of how the corridor would affect the number of rooms which could be developed in the region.

Initial findings indicated the corridor development would create the capacity for an extra 3 800 extra rooms in the study area by 2005 to sustain the tourist increase, if a 70% average occupancy rate were to be maintained.

Grohmann said given the tendency of other developments, like shopping centres, restaurants and leisure areas to centre around tourist accommodation sites, the spin-off development which would be spawned by the growth in tourism was also significant.

Tepco wins Maputo Corridor fuels contract

BD 13/7/98 (49H) ~~(218)~~

Patrick Wadula

THEBE Investment Corporation subsidiary Tepco Petroleum has won a R12m contract to supply all petroleum-based fuels and products for the Maputo Corridor toll road (N4) in Mpumalanga.

Tepco CEO Mpho Seboni said on Friday that it was fitting for a new company committed to black empowerment to have won the contract. "We can now play a meaningful and tangible role in the development of communities in Mpumalanga who will benefit greatly from the opportunities provided by the project," he said.

Tepco, which operates as a wholesaler of petroleum products, provides its fuel to Transnet, the greater Johannesburg Metropolitan Council and various state departments.

Marketing manager Dudu Bogatsu said the supply contract was signed with SBB Joint Venture, a consortium that won the award to construct the Maputo Corridor toll road.

She said the contract was for the supply of 5 000 tons of bitumen and 8-million litres of diesel for 12 to 18 months. "The supply could increase depending on the magnitude of the work needed to be done, but the initial figures are estimates," she said.

Seboni said regional Spatial Development Initiative programmes would not only give companies like Tepco immediate business opportunities, but also the promise of significant future growth.

"Our contribution of primary infrastructure is in itself a major empowerment initiative," he said.

Trans African Concessions (TRAC) CEO Trevor Jackson said empowerment and development of communities along the route was a key aspect of the toll road project. It supported the key objectives of the overall Maputo Development Corridor Initiative.

TRAC is the toll road concessionaire that appointed SBB to complete initial road construction. SBB has identified more than 600 mini contracts for outsourcing to empowerment firms.

Seboni said Tepco's plans to move into the retail sector were at an advanced stage and the Tepco brand would soon become visible on service station forecourts all over the country.

The corridor project will stimulate province's tourism industry and job creation

CT(BR) 4/3/99

Project gives momentum to tourism in Mpumalanga

(49H)

The Maputo Development Corridor will mean a great deal to tourism in Mpumalanga, says Sabelo Mahlalela, the general manager of tourism development in the Mpumalanga Tourism Authority.

A recent report commissioned by the Mpumalanga government indicates there will be a positive effect both on the number of tourists Mpumalanga is likely to attract and on job creation.

"Interim reports indicate the corridor will stimulate tourism growth in the province and can help to increase the capacity for Mpumalanga's tourism establishments from 5,4 million bed-nights in 1998 to 7,5 million by 2005," says Mahlalela.

"Such expansion, which represents an annual compound growth of about 4,2 percent, could create nearly 20 000 tourism jobs.

"We do not merely see the corridor as the area within 50km of the N4 toll road, but as a catalyst, which will have a positive impact extending beyond Mpumalanga."

Mahlalela says a tourism corridor incorporating Mpumalanga, the Maputo province in Mozambique, northern KwaZulu-Natal and Swaziland will be a logical development.

'We see the corridor as a growth catalyst which will extend beyond Mpumalanga'

South Africans see Mpumalanga as the fourth most popular destination in the country, but the province is determined to become a major player in the tourism arena.

"We have an excellent opportunity of lengthening tourists stay in the region by co-operating with our neighbours and offering a diversity of tourist attractions within the sub-region."

The province is the third most popular destination for overseas visitors, and more of them are visiting during the winter months.

A report by the Mpumalanga government and Grant Thornton and Kessel Feinstein Consultants shows that 21 percent of overseas tourists to the country visit Mpumalanga.

About 75 percent of these foreign visitors come from Europe, with 16 percent from Germany and 17 percent from the UK.

Destinations most often visited by overseas tourists are the Kruger National Park, Pilgrim's Rest, Blyde River Canyon and other nature reserves.

Mahlalela says the province has experienced an upturn in visitors from Swaziland and Mozambique who visit Nelspruit because of its excellent shopping facilities.

He says the province anticipates an increase in tourists from Gauteng, because of its close proximity to Mpumalanga, the fact that the upgrading of the N4 toll road is making the trip increasingly safer and shorter, and because more people from Gauteng are visiting Mozambique.

"The Maputo Development Corridor will also stimulate investment within the tourist industry in Mpumalanga as there are rich opportunities in the province."

The Mpumalanga Tourism Authority has identified five main tourist clusters centering on the Blyde River area, the Nkomazi-Lake Matsamo-Komatipoort region, the Dullstroom-Lydenburg area, the Badplaas-Barberton region, and the Middelburg-Witbank-Loskop Dam surrounds.

CONSTRUCTION *More spending speeds up road, luring R6bn in investment pledges*

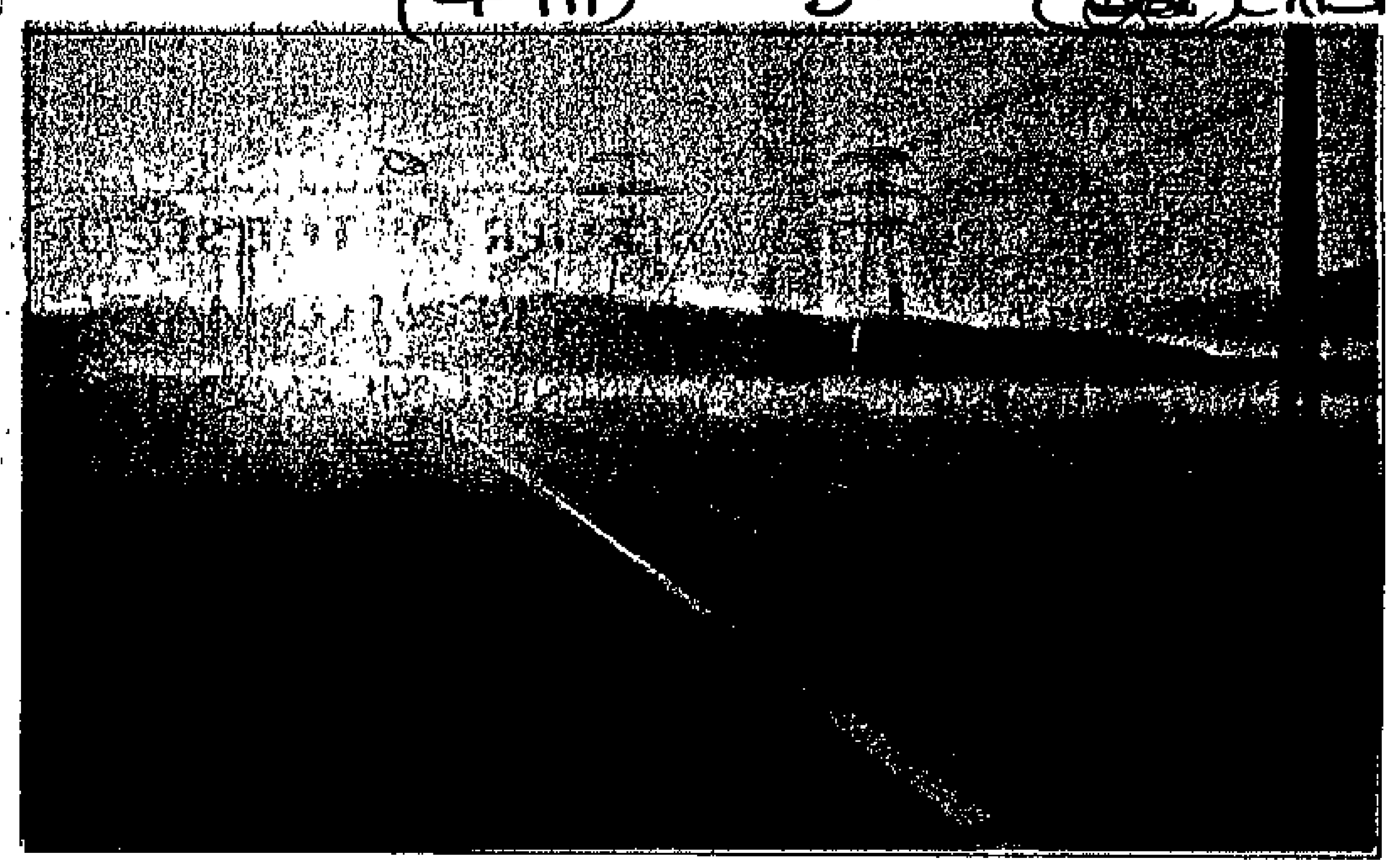
Maputo Corridor is far ahead of schedule

(49H) (XT(ER) 22/6/99

COLIN MCCLELLAND

Johannesburg – The construction of a road that will cut more than a quarter of the current travelling distance between the South African border and Maputo is six months ahead of schedule following increased budget spending.

The road, sometimes called the Maputo Corridor, is set to attract more development to the region. Already R6 billion of investment has been pledged in the catchment area of the project that is set to revolutionise both Mpumalanga province and Mozambique.



If a deal to accelerate the construction schedule goes ahead, the R1,5 billion, 500 km toll road from Witbank to Maputo would be completed by early 2001 instead of August that year, says Luc Messier of Stocks & Stocks Basil Read Bouygues (SBB), the road construction company.

SBB will turn the completed road over to Trans African Concessions (Trac), a company of 12, mostly South African and Mozambican shareholders. Trac will operate and maintain the road for 30 years.

SBB partners have a 40 percent holding in Trac, and 50 percent is held by South African institutions.

"We are looking to accelerate further, and hope by early 2001 we would be able to complete the road," says Messier.

SBB stands to gain a maximum bonus of R5 million for early completion of the road as opposed to penalties for delays.

Trevor Jackson, the chief executive officer of Trac, is more optimistic about the completion date. He says: "We hope to finish six to eight months ahead of schedule. We're hoping for the end of 2000."

SBB is currently laying the final pavement on a 32 km virgin section between Maputo and Moamba, the midway point to the border.

Similar work will begin on the section to the frontier with South Africa by month-end.

Messier says the road is 38 percent completed overall, with 42 percent done in South Africa and 27 percent in Mozambique.

The presence of efficient transport access is a major component of the Maputo Corridor project as this will facilitate exports from South Africa through the port of Maputo as well as foreign investment projects in the area.

One of the chief users of the road will be the $1,3 billion Mozal aluminum smelter near Matola. Mozal is building a special access road.

Projects such as the $2,5 billion Maputo iron and steel project led by South Africa's Industrial Development Corporation (which also has a 24 percent stake in Mozal) will undoubtedly also benefit from the new road.

But over the entire road, only 16 applications for access have been submitted so far to Trac or the Mozambique government's road department.

"I think most people are taking a wait-and-see approach," says Jackson. "Travellers are particularly well serviced already on the South African side. There's not much activity in Mozambique."

He says the problem is a lack of communication so far from the Mozambique government to explain the toll road policy, concept and benefits. A campaign is expected soon.

Trac is already charging tolls at two areas of the road open in South Africa.

Depending on the type of vehicle, tolls fees for cars are R20 at Middelburg and R30 at Machadodorp and up to R80 and R170 respectively for 30-ton trucks.

Jackson says motorists have complained about paying tolls for an incomplete road that was largely already existing where they are paying.

"It's a grudge purchase, like buying tyres," he says. "But if we had to build an entirely new road it would cost infinitely more," Jackson says.

Toll amounts have not been set for Mozambique, says Jackson, but the Maputo area toll should be quite low because it is classed as a commuter zone.

The 90 km Mozambican section, which is to cost Trac a third of the project's total cost, cuts 30 km off the current road that winds through Boane.

"When I look at the current condition through Boane, where it is extremely slow and extremely dangerous, I believe the greatest improvement will be safety with wide, well-marked lanes," says Messier.

The road's capacity is to vary along the route. It is geared for 500 vehicles a day at Moamba, 12 000 at Middelburg and 20 000 at Maputo.

The road will be fenced off from pedestrian traffic, but there will be a pedestrian overpass at the intersection of the EN1 and ENS road in Maputo and wide culverts under the road for people and livestock in rural areas.

SBB has also built three schools along the route at Matsulu, Machadodorp and Moamba for local communities and to educate SBB employees in construction skills.

The SBB contract also aims to help small, medium and micro-enterprises to bid on subcontractor projects.

Under the scheme some 520 contracts in South Africa are to be awarded to previously disadvantaged individuals and companies.

In Mozambique 250 contracts are open to companies owned by Mozambicans.

"It's very encouraging. It's a very special project," says Messier. – Independent Foreign Service

Big scope for investment in Mpumalanga

(49 H)

Patrick Wadula

THE Mpumalanga Investment Initiative, a provincial government trade and investment agency, says several industrial clusters offer the province opportunities.

Paresh Pandya, investment promotion manager heading the Johannesburg office, said yesterday there were opportunities in stainless steel, chemical and chemical products, agriprocessing, nonfood agriproducts, wood products and furniture, components and tourism.

He said to stimulate development of new manufacturing concerns certain investment incentives were available to potential investors.

These were the manufacturing development programmes, including a tax holiday scheme.

The Industrial Development Corporation could also provide industrial development finance incentives.

Pandya said the port of Maputo in Mozambique, now being upgraded, would provide efficient export and import facilities linking Mpumalanga to the markets of Asia, the Indian Ocean Rim and subcontinent, Australasia and Africa.

"The Maputo Development Corridor is the flagship not only of SA development, but also southern Africa," Pandya said.

There are 180 projects under consideration in all economic sectors, with a total value of $7bn and a potential to create about 35 000 permanent new jobs.

BD 11/6/99

"Local and foreign investment in all business sectors is welcomed and no government approval is required. There are virtually no restrictions on the form or extent of foreign investment," he said.

Corridor projects seen as viable (49H)

Patrick Wadula

THE Maputo Corridor has created investment opportunities worth more than R130m on projects in Mpumalanga and more than R1bn will be spent on primary corridor infrastructure in the province over the next couple of years.

This came to light during a one-day workshop held on "Corridor investment opportunities in Mpumalanga" earlier this week in Dullstroom.

Mpumalanga premier Johannes Mahlangu said there were 10 projects in the tourism and agriculture sectors of the province.

They were viable financially and had the potential of providing job opportunities.

Mahlangu said requests for proposals from interested investors and a systematic and transparent bidding and evaluation process would be open to all.

The province had also documented about R10bn on secondary investment projects in the corridor area in Mpumalanga.

Maputo Corridor Company acting CEO Dave Arkwright said that already R36bn worth of investment from the private sector in key infrastructure projects had been secured.

BD 12/8/99

Economy - North West

1994-1999

Riddle of 200 missing cars in Bop

~~409~~ ~~26~~ 491 /6/94

□ Charges being considered

The Argus Correspondent

MMABATHO. — Former ministers of Bophuthatswana could soon find themselves in court over the disappearance of almost 200 government vehicles.

The Rev Oabetswe Tselapedi, North West region MEC for Transport and Aviation, said yesterday that 198 cars — used mainly by former Bophuthatswana ministers, their employees, relatives and friends — had not yet been returned to the new government.

Mr Tselapedi said his government wanted the vehicles back, after which they would be sold.

"These luxury cars are expensive to run and would not be of use to our government," he said.

He added that some of the ministers had had up to five vehicles, many of which had been given to relatives and friends for personal use.

Mr Tselapedi said 45 ministerial Mercedes Benzes had gone missing during the riots in Mmabatho in March, but had since been recovered.

But most of the cars were "shabby", having been used to deliver milk and eggs.

The vehicles were now being repaired, after which they would be sold, he said.

Mr Tselapedi said the abuse of vehicles by Bophuthatswana ministers was only the tip of the iceberg, when considering the luxurious lifestyle of the previous government.

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Farms 'won't be taken from whites'

ARG 23/6/94

The Argus Correspondent

PRETORIA. — White farmers in the North West province should not fear that their farms would be taken away from them.

This was said yesterday in Mmbatho by the MEC for agriculture and the environment, Rocky Malebane Metsing, while responding to the premier's policy speech.

Mr Metsing made recommendations to the house that land reform should be a priority for the provincial government.

"We are concerned at the massive manner in which black people in general have been alienated from agriculture as an enterprise.

"Decades of a negative and destructive system as well as of systematic legal process aimed at denying black people access to productive land ownership need to be addressed," he said.

The land should be redistributed to all races. The North West region had about 70 000 hectares of state land that should be used profitably so as to implement the reconstruction and development programme.

Cancer centre is part of a success story

LIBBY PEACOCK
Staff Reporter

INVESTMENT in a paediatric cancer centre pays dividends, as 60 to 70 percent of children with cancer can be cured.

And the treatment of paediatric cancer is the "dramatic success story of modern medicine" — but the best results are obtained if children are referred to a cancer centre from the beginning of their illness.

So said Red Cross Children's Hospital head of Oncology Cyril Karabus at the official opening of the extension to the hospital's cancer ward yesterday.

Among the guests were Western Cape Minister of Health Ebrahim Rasool and Marike de Klerk, wife of deputy president FW de Klerk.

The R100 000 needed for the extension — which is designed to accommodate the parents of children when necessary — was raised by hospital staff and the parents of patients with help from the community. They also raised a further R70 000 to decorate the new unit and refurbish the old.

Professor Karabus said more and more people were dying of cancer in the developing world, where it was estimated that only about 10 percent of cancer resources were spent.

ARG 23/6/94

"This hospital is a national treasure which contains probably the broadest collection of paediatric expertise on the continent."

Head of Paediatrics David Beatty said cancer was a curable disease, but it required expert care.

"Children need primary health care, but they also need specialised care. We cannot deliver care in isolated packages."

During a tour of the new facilities, Mr Rasool said he was glad that he had the chance to see what was being done for children with cancer.

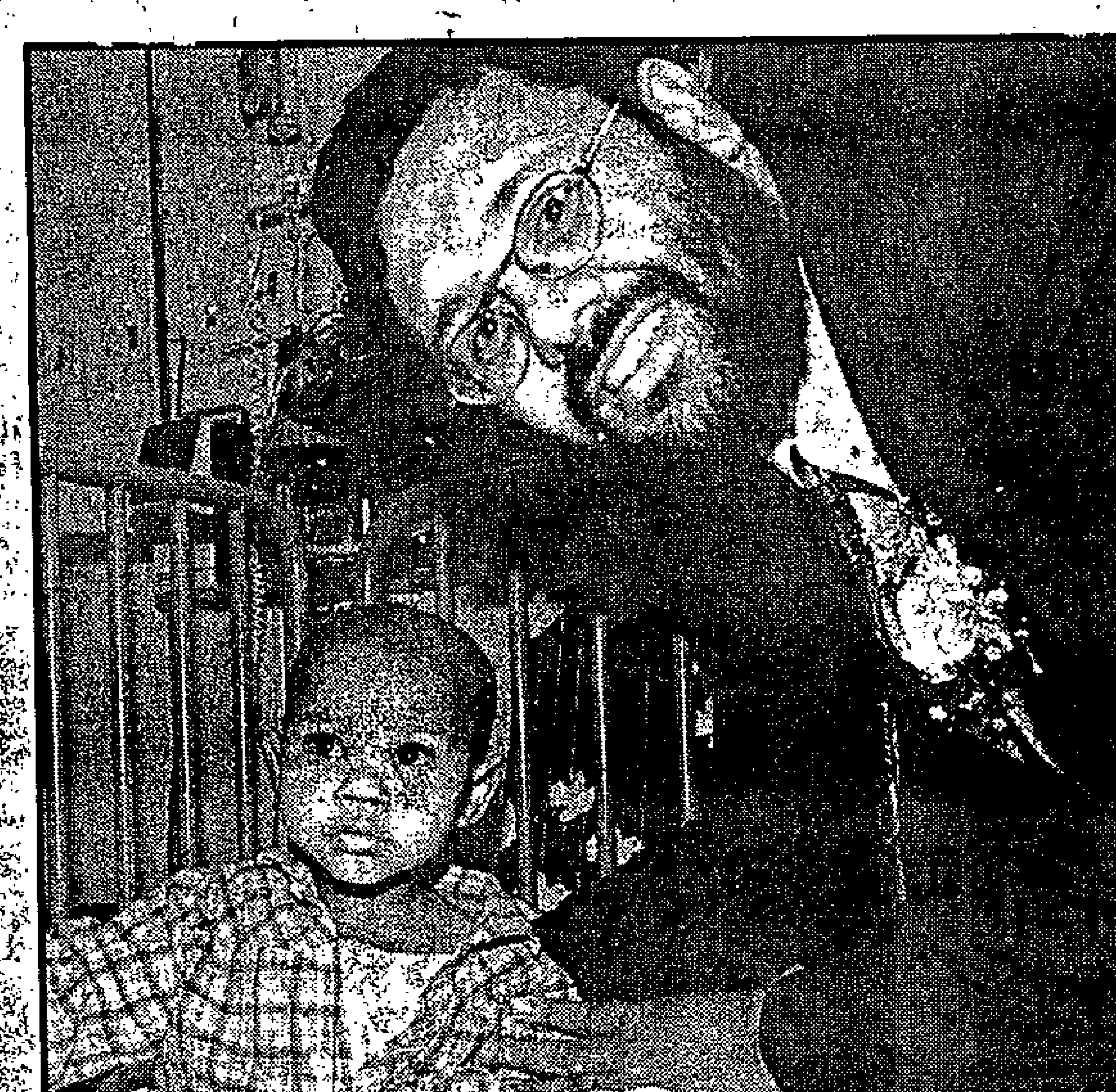
He was "shocked by the fact that such young children suffer from cancer".

Small alterations — such as the fact that parents could now spend the night with their sick children — meant "so much" and relieved the stress for both child and parent, Mr Rasool said.

Mrs De Klerk, who helped in the fundraising drive, said it was "wonderful" that it had been completed at last.

● The unit holds 14 in-patients, accommodates two live-in mothers and sees 380 out-patients a month. Staff see 80 newly-diagnosed children a year, but 160 children receive chemotherapy at the hospital.

Sixty percent of children treated at the unit are fully cured.



Pictures: OBED ZILWA, The Argus.

CARING TOUCH: Western Cape Health Minister Ebrahim Rasool comforts Jonathan Kigo, 2, of Vredendal, a patient in the Red Cross Children's Hospital's cancer ward. Mr Rasool toured the ward during the official opening of a new extension.

Co-operative plans to list after restructuring

LOUISE COOK (3379)

AGRICULTURAL co-operative OTK has announced a major shake-up in terms of which it plans to apply for a listing on the JSE in 1997 after having been restructured into a public company. BD 21/2/95

OTK GM De Wet Goosen said at the weekend the co-operative's 6 600 members would be given a chance to vote on the proposals on March 14.

Proposed changes included the formation of a new grain marketing co-operative in which current OTK members would be given membership.

OTK also planned to convert to OTK Operating Co, in which OTK Holdings would hold a 100% share.

Goosen said current activities such as provision of production requisites and insurance, handling of poultry products and livestock, as well as training and research would fall under OTK Operating Co.

Shares and members' funds would be replaced by shares and debentures in OTK Operating Co. Special arrangements would be made to facilitate trade — prior to the proposed listing — in debentures in OTK Holdings.

The annual value of OTK's business amounted to R2,7bn in February last year.

The co-operative posted a R139m profit before tax last year and reflected assets of R861m.

SA's second largest broiler operation, Early Bird Farm, is part owned by OTK and ICS Holdings.

The announcement follows similar recent moves by agricultural co-operatives Vleissentraal and Langeberg.

Nafcoc wants Bop 'asset stripping' put on hold

BD 21/2/95 (491)

THEO RAWANA

THE Northwest region of Nafcoc has warned that "asset stripping" — the uncontrolled selling of assets inherited from the former Bophuthatswana — would impoverish the province and harm the reconstruction and development programme.

The assets, including the R3bn asset base of the Bophuthatswana National Development Corporation and the R4,3bn assets of the Sefala Employee Benefits Organisation, were being sold "under the nose" of the provincial government and the administration was doing nothing about it, Nafcoc Northwest president Gab Mokgoko said yesterday.

The chamber had decided to ask the provincial government to put on hold the sale of all assets in the region until a more consultative process was adopted, Mokgoko said.

Examples of "asset stripping", he said, were:

- The advertising for sale of the Mogwase and Taung shopping centres by the North West Development Corporation;
- The "exit strategy" by the Transitional Management Committee of the Sefalana Employee Benefits Organisation, whereby all of Sebo's interests in commercial companies were being sold off;
- A recent newspaper report that (Soweto businessman) Richard Maponya's company Kilimanjaro Holdings was seeking to acquire the former Bophuthatswana government's stake in SunBop;
- The "apparent absorption" of the Bophuthatswana Broadcasting Corporation by the SABC, and the desire by Multichoice to buy certain divisions of the corporation; and
- Sun Air's possible transfer to SAA.

Mokgoko said: "These assets belong to the people of the Northwest and should be used to empower and uplift the community of the Northwest. They should not be used in a dislocated manner, which is what appears to be happening."

He said there was no co-ordinated plan dealing with the "transformation and democratisation of the old Mangope structures". His chamber considered that a bold "big picture" was required.

The plan involved, among other things, raising significant finance to assist with the immediate implementation of the RDP, and the dissolution of the national development corporation and Sebo.

No comment had been received from the Northwest government last night.

Northwest tourism move

Theo Rawana (491)

NORTHWEST had completed the groundwork for a new tourism institutional framework after months of consultative meetings and workshops, and was now in the process of setting up a provincial tourism board, tourism spokesman Liam Egan said yesterday.

The Northwest Tourism Council had begun advertising for "appropriately qualified and suitable people" to serve on a new, democratic board of directors for the tourism industry in the province, Egan said.

The passing of the Northwest tourism Act on September 9 cleared the way for the establishment of the board, which was a statutory body. Representation on the board would be according to sectors within the industry, including hotels, bed and breakfast establishments, transport, restaurants, tour guides, tourist training institutions, organised business and community groups.

BD 18/10/95

CT (PR) 15/8/96

Province sets up aid for small businesses

(4911)

By Roy Cokayne

Pretoria — The North West Province has launched the first phase of its R7,6 million support programmes for small, medium and micro enterprises (SMMEs).

Martin Kuscus, the MEC for finance and economic affairs, said the finance and economic affairs department, the North West Business Forum, the Small Business Advisory Bureau and the North West Development Corporation had agreed that the most urgent SMME support programmes would be launched during the first phase of a similar national programme.

Kuscus, speaking at the scheme's launch in Brits this week, said the budget for the support programme was R7,6 million, but he said the North West government did not intend to "throw money at the SMME's problems".

"For this reason sufficient care has been taken to ensure that the programme which is embarked upon meets the needs of SMMEs in the province. In addition, an SMME desk has been established in the department of finance and economic affairs to look after the interests of SMMEs," he said.

Kuscus said the government had granted the North West Development Corporation R5,6 million for several programmes. They had already started, but it was important that they be maintained and R20 million had been set aside for the programme in the next financial year.

Changing the face of Mpumalanga

(49H)

29 ET (BR) 28/8/96 (264) (242)

With the implementation of the Maputo Development Corridor project, Mpumalanga is set to become the largest growth node in South Africa.

This is the view of Joe Magagula, the director of strategic planning and development in the office of the premier of Mpumalanga, who said that independent analysis estimated that out of a potential 100 percent future growth for South Africa, 40 percent is in Mpumalanga.

"We are hoping to realise this potential through projects like the Maputo Development Corridor. Our understanding is that the corridor will bring about economic growth in a manner that is going to promote infrastructural redevelopment and it is also underlined in the province's strategy of development," said Magagula.

"Mpumalanga is extremely rich in natural resources and with proper downstreaming of products we are confident of being able to, through the promotion of industrial development and manufacturing, grow the economy, increase employment and supply housing," he added.

Magagula says since the Maputo Development Corridor investment conference in Maputo and the follow-up conference in the province, a lot of groups had positioned themselves in the region to take advantage of prospective developments related to the corridor.

"Nelspruit, White River, Komatipoort, Hazyview and Malelane are all experiencing a good flow of investment. In Secunda, the petro-chemical clusters have already been initiated and in Middelburg there is an industrial park development around the stainless steel industry.

"So some of the predictions we made in our planning process have already been realised," he said.

However, Magagula said it was important for the province's development that investment and job creation went hand in hand.

"We will only have real economic growth if more of our people are earning a living, which also assists in combating crime. Job creation is one of the key elements of economic growth.

"If we achieve the necessary economic growth to support the implementation of the corridor we estimate that half of the unemployed population will be employed.

"So the Maputo Development Corridor has the potential to change the face of Mpumalanga."

Mpumalanga is set to gain major infrastructural attributes with the development of the corridor. Besides the N4 toll road linking Gauteng to Maputo, which is the project getting the most exposure, there is the upgrading of telecommunications and the creation of secondary corridors linking Tzaneen, Secunda and Steelpoort to the N4.

An airport is to be built on the outskirts of the provincial capital of Nelspruit and, within the corridor context, very near to the N4. Also, an international investor is considering building an airport in the Hazyview area.

The Mpumalanga government is planning major public infrastructural developments in the form of government offices and legislature buildings in Nelspruit which could be funded by private finance.

"Nelspruit is developing at a rapid rate in terms of property and office space and is in fact experiencing a shortage of office space at the moment," said Magagula.

"Furthermore, investors are interested in developing a container depot in Nelspruit. The depot would be developed in the east of the city, which would integrate the former black and white areas of Nelspruit with a totally new CBD," he added.

The sub-corridors to Tzaneen Steelpoort and Secunda would also be major steps towards developing Mpumalanga.

Magagula pointed out that well over a million people live in the rural axis between Nelspruit, White River and Bushbuckridge and the Tzaneen sub-corridor has the potential of helping to develop these areas.

"There is tremendous potential in the area," he said, "Hazyview is the fruit basket of Mpumalanga and the area is close to the Kruger National Park. So it already has strong tourist possibilities."

Similarly the Secunda and Steelpoort corridors would provide short export routes for industrial, mining and petro-chemical products which will provide further impetus to the Mpumalanga economy.

Another area where there are investment and growth opportunities is the hotel industry.

"Nelspruit needs hotel accommodation. It is estimated we are short of 490 beds a night. There is a thriving guesthouse industry as a result of the shortage," explains Magagula.

The Maputo Development Corridor has also been the main reason for the development of good neighbour relations between the Mpumalanga and Mozambique.

"We never expected that we would work so closely and so well together," said Magagula.

In fact, instead of competing for investment the two parties have direct communications and refer investors to each other on a daily basis.

"We even sit in on each other's planning and strategy meetings, so it is working very well," he concluded.

RDP up and running in North West

(~~494~~) (491)

More houses, schools and classrooms on the way, but delivery must be hastened and basic needs met, says upbeat premier

Star 13/12/95

By Jovial Rantao
Political Reporter

The North West government is building 25 000 homes, upgrading more than 15 rural clinics, and renovating 650 schools with an additional 740 classrooms, at a total cost of more than R64-million, Premier Popo Molefe said yesterday.

In his Christmas message, Molefe announced that his government was also successfully implementing the primary school nutrition scheme in areas where the need was acutely felt.

"We are also bringing water to more than 80 villages (through a number of schemes), one of which is the R57-million Moretele water project. A water supply scheme for 180 000 Winterveldt residents will be up and running soon. Pregnant mothers, and children under the age of six years, are benefiting from free health care.

Popo Molefe ... challenges ahead.

"The Ventersdorp, Lichtenburg and Swartruggens areas are about to benefit from a R35,9-million land reform pilot project, which is intended for small-scale farming to be undertaken by 680 first-time farmers. In addition, the Agang Le Tshumè electrification project, costing about R53-million, is benefiting thousands of people," Molefe said.

He said 1996 would bring several challenges to the North West government, including the need to consolidate democracy by putting in place dynamic and viable local government structures that were efficient, effective, accountable and accessible.

His government also needed to accelerate the process of human resource development and the empowerment of communities to enable them to take charge of their own economic lives.

"Other challenges facing us are the need to accelerate the delivery process and meeting the most basic needs of our people within the framework of the RDP; to intensify efforts to build the economy and create jobs; to complete the transformation and integration process of our educational system; and to influence the constitution-making process by ensuring that the collective views of the people of the province are made known to the Constitutional Assembly," Molefe said.

The premier committed his government to clean, good, transparent, accountable and effective administration at all levels.

He attributed the high levels of stability, peace and unity that the province enjoyed to the support and co-operation shown by citizens and civil servants. "The growth levels in the economy are an indication of business confidence in the correctness of the process of structural and policy transformation which we embarked upon last year," he said.

Molefe added that his government had not completed the process of restructuring government-supported institutions and law enforcement agencies.

We'll create 42 000 jobs, says Molefe

(492)

Sowetan 13/5/97

THE North West government has set itself a three percent economic growth target by 2000 to create 42 000 jobs a year, said premier Popo Molefe.

The target would be made within the context of the Government's Growth, Economic and Redistribution (Gear) framework, Molefe told a South African Property Owners Association conference at Sun City.

North West believed these targets were realistic and achievable.

Molefe said there was an enormous opportunity for joint investment in public infrastructure needs such as housing, roads, airports, hospitals, clinics, educational facilities, grid electricity, sanitation and storm water drainage, corridor development and rural development.

The joint venture concept will offer benefits for both the public and private sector and will result in the provision of essential services and improve people's quality of life.

Molefe added that progress in these areas would expand economic activity, job creation opportunities, raise the level of labour productivity and broaden the scope for wealth redistribution.

Priority would also be given to a thorough transformation of the public service, development of finance institutions and local authorities.

Molefe said there was overwhelming evidence suggesting that the national economy was recovering, in sharp contrast to the stagnation of the 1980s.

The Reconstruction and Development Programme's implementation was continuing without compromising the Government's commitment to fiscal discipline.

Reduction in Government borrowing, tax reform and a decision to phase out exchange controls had strengthened the confidence of financial markets, he said.

Molefe said through the privatisation of public utilities South Africa would have more private sector investment in the provision of social infrastructure, as well as other strategic areas. – *Sapa*.

North West Premier Popo Molefe seeks to attract investment to his province to promote economic growth and job creation.

North West unveils development plan

Z(49I)

By Shadrack Mashalaba

AFTER the shelving of the Dragon City development project, the North West has started yet another economic development and job creation initiative to guide and support economic growth in the province.

The initiative, known as North West 2001, seeks to lay the foundation for meeting the needs and challenges faced by the province. It is expected to be implemented next year.

A spokesman in the premier's office, David van Wyk, said the Dragon City project was shelved because the government felt it was poorly advised. "The project was not well researched," he said.

The Dragon City project was an initiative unveiled a few months ago to attract investors from Asia. They projected it would create 900 000 jobs.

The North West 2001 strategy is aimed at promoting strategic thinking and integrated planning throughout the province. The strategy will be undertaken in close collaboration with business, labour, civil society and public services.

North West strategic planning and development unit chief director Bushy Maape said the strategy represented the first contribution to producing an integrated development plan for the province.

Maape said while it will be an inter-departmentally coordinated strategy, "it will be driven by the private sector and foreign investment".

Van Wyk said a sectoral analysis had been done to develop each region in the province where it had a comparative advantage.

Beef up tourism

Part of the strategy would be to develop infrastructure, beef up tourism and reduce unemployment from 36 percent to 29 percent in the short term.

A multi-organisational Provincial Growth and Development Forum has been formed and is expected to spearhead the provincial government projects.

Another committee, called Invest North West has been formed to act as a conduit to attract investment to the province. The province has a high unemployment rate, low salary scales and a large number of public servants. With all these constraints, North West aims to grow its economy by five percent.

Sowetan 2/12/97

The holding is a legacy of the homelands

NWDC holds talks to sever its Sisa ties

(491)

CT (BR) 23/3/98

ANN CROTTY

Johannesburg — The North West Development Corporation (NWDC) is discussing ways of dealing with its obligation to dispose of its substantial shareholding in Sun International South Africa (Sisa) by May next year.

But it would not comment on last week's meeting to discuss the matter, which included senior executives of Sisa.

The corporation is the largest single shareholder in Sisa, with a holding of just under 30 percent. In terms of the national gambling legislation, the NWDC as well as the East Cape Development Corporation, is required to dispose of its holding in Sisa by May next year.

These holdings are a legacy of the former homelands, which were given considerable equity stakes in Sisa's operations in Bophuthatswana, Ciskei and Transkei. The combined holding is about 36 percent.

Buddy Hawton, Kersaf's chief executive, said last week that his company, which has a 23 percent holding in Sisa, had an agreement with both development corporations. These give Kersaf the right of first refusal on the shares. "We meet regularly with the corporations to discuss the issue," Hawton said.

There were a number of parties that had indicated some interest in purchasing the block of shares "but we haven't come across any particular buyer who has given a clear indication of interest", he said.

Last week Safren, which holds 73 percent of Kersaf, issued a cautionary that referred to the planned distribution of Kersaf shares. Analysts said in view of these plans, it seemed unlikely that Kersaf would be an aggressive buyer of such a large block of Sisa shares.

Apart from its stake in Sisa, Kersaf has a holding in City Lodge and the valuable overseas-based Sun International Hotels. Hawton would not comment on market speculation that Kersaf would also be unbundled.

But he did say: "The Kersaf structure is trapping value, we think we need to enter into an arrangement with our minority partners that would create a cleaner structure."

Ahead of the finalisation of these proposals and also of the final layout of the players in the new gambling environment in South Africa, analysts said Sisa's prospects looked uncertain. After surging strongly ahead of the abridged announcement of casino licences in Gauteng last month, the share price has now edged back to around R2,70.

Analysts said the apparent lack of any firm plans to meet the May 1999 deadline against this backdrop represented a source of pressure on the share price.

NWDC in serious financial trouble

(49J)

CT(PR) 10/2/99

THABO LESHILO AND RICHARD STOVIN-BRADFORD

Johannesburg — The North West Development Corporation (NWDC) had successfully applied to the high court to be placed under judicial management because of financial difficulties, Leon Bevan, a spokesman for the North West government, said yesterday.

Bevan blamed events at the corporation on the poor JSE performance of Sun International and Yabeng Investment Holdings, both of which the corporation is a major shareholder.

Bevan said judicial management would allow the NWDC to "effectively re-evaluate ... and reposition itself to take maximum advantage of the new realities offered by the new global context and a new South Africa".

He said the provincial government was confident that if the NWDC was placed under judicial management a "reasonable probability exists for it to meet its financial commitments and to become a successful concern.

"Enterprises created with NWDC funding are battling to withstand competition and are not repaying debts to the NWDC."

He said the extension of gambling rights to other provinces had adversely affected the industry in the North West Province, resulting in a drop in the share price of Sun International.

Bevan said: "High interest rates and the declining value of the rand made many NWDC debtors fail to honour their loan repayments.

"The NWDC has been plagued by an increase in bad repayment, particularly of rental accounts."

A highly placed source said Trevor Manuel, the finance minister, had been "very closely involved" in trying to resolve the NWDC's difficulties stemming mainly from "severe cash flow" problems.

Town councils plan to merge

BD 1/4/99

Deborah Fine (491)

THE North West mining towns of Klerksdorp, Orkney, Stilfontein and Hartbeesfontein are aiming to be amalgamated into a single local authority after the next municipal elections in order to become the province's "economic powerhouse".

Klerksdorp mayor Petrus Matsoetlane said the pooling of the finances, resources and expertise of the four municipalities, collectively known as Kosh, would enable the towns to build a sustainable economy independent of the area's receding mining industry.

Concerns have been raised that the future of the Kosh areas — traditionally dependent on mining and associated industries for employment — could be threatened following the closure of the Stilfontein gold mine and the sale by Anglogold of several less profitable Vaal Reefs shafts in response to falling world gold prices.

Matsoetlane said the amalgamation of the different facilities in each town would enable the region to greatly diversify its economy by offering new investors a wide range of "attractive opportunities", "personalised investment incentives" and an infrastructure to rival economic centres in the country's other provinces.

Municipal sources have revealed, however, that the amalgamation was not wholly supported by all provincial stakeholders, because it was widely felt that the creation of an "economic giant" within the Kosh region could greatly undermine the North West capital of Mafikeng.

Sources claimed that development and modernisation was heavily encouraged in the Mafikeng area to counterbalance the power of traditional leaders.

The ultimate decision the amalgamation rested, however, with the national demarcation board, which was expected to begin redemarcating municipal boundaries in August.

Mafikeng is dying, say residents

BD 26/5/99 (49I)

Provincial government accused of not helping to create employment, writes Stephané Bothma

MAFIKENG — Joseph Moraloge, a hotel worker in the North West town of Mafikeng who recently learned that he will be retrenched next month, blames the lack of economic growth in the area on the African National Congress (ANC) provincial government of Premier Popo Molefe.

"Mafikeng is slowly dying with one business after another closing, and no new investments in sight," says Moraloge, who claims the Molefe administration does not support businesses and offers no incentive to entrepreneurs to create employment.

He says that since 1994 more than 70 businesses have closed down in the Mafikeng-Mmabatho area, and so he has no prospect of finding a new job.

According to Moraloge, the situation is so desperate that many residents want their old homeland president, Lucas Mangope, back. "Under his rule, we at least had jobs, and the region was growing.

"Crime and poverty are increasing. Most people are so discouraged by the false promise s made by the ANC to topple Mangope."

Moraloge's views are shared by many residents of the dusty town of Mafikeng, which is close to Mmabatho, where the Bophuthatswana homeland government spent many millions on massive buildings to house its bureaucracy.

Fuelling fears that the town is dying is a rumour that the provincial government plans to move from Mmabatho to Potchefstroom. Molefe denies this.

Mafikeng is, however, not the only town in the province feeling the pain of tough economic times.

Carol O'Brian of the North West Business Forum in Klerksdorp says: "We are all having bad times, not only our province but countrywide. North West is heavily dependent on the mining industry, and when the price of metals drops we feel it."

Despite "quite a number" of business closures, O'Brian denies there has been a large-scale withdrawal of investment in the province. "But the perception exists that it is happening, and we take that very seriously." The forum has embarked on campaigns to change the perception.

In Klerksdorp, three causes for a decline in economic activity in the central business district were identified: crime, hawkers and lack of parking.

"We have taken steps to rectify the position, with hawkers having been moved to designated areas, the creation of a very active Business Watch and a high-rise parkade being planned."

Empty shops did not necessarily mean that businesses had closed down. Many businesses were moving into the suburbs, she says. "As is the case in major cities such as Johannesburg and Cape Town, many businesses are moving into the suburbs."

Region battles social legacy five years later

(49I) BD 28/5/99

Whichever party takes the reins in North West province after the election next week, will have its hands full, writes **Stephané Bothma**

FIVE years of governance by the African National Congress (ANC) in the North West province have not been enough to reverse the poverty, underdevelopment and inequality inherited from Bophuthatswana leader Lucas Mangope.

With an estimated 37% of the province's 3,4-million people unemployed — a figure expected to grow to 43% by 2001 — whoever takes power in the province after next week's election has his work cut out for him.

Even if the province achieved a 5% economic growth rate, unemployment would stand at 30% of the workforce by 2001, North West finance and economic affairs MEC Martin Kuscus said earlier this year when presenting his province's R7,856bn budget.

There is little doubt that premier Popo Molefe will remain in the driving seat after June 2, although he was beaten by the charismatic Darkey Africa to head the ANC's provincial list earlier this year.

Observers from the Electoral Institute of SA speculated that Africa's ascendancy reflected tension between provincial and national ANC structures, but this was strongly denied by the party.

"The ANC's slotting of Africa into the number one position for the province can be seen as an attempt to shed the images of aloofness associated with Molefe and as an appeal to local concerns," Andrew Manson of the institute said.

Molefe has never managed to win large support in the province where, according to the institute, he was regarded as an outsider.

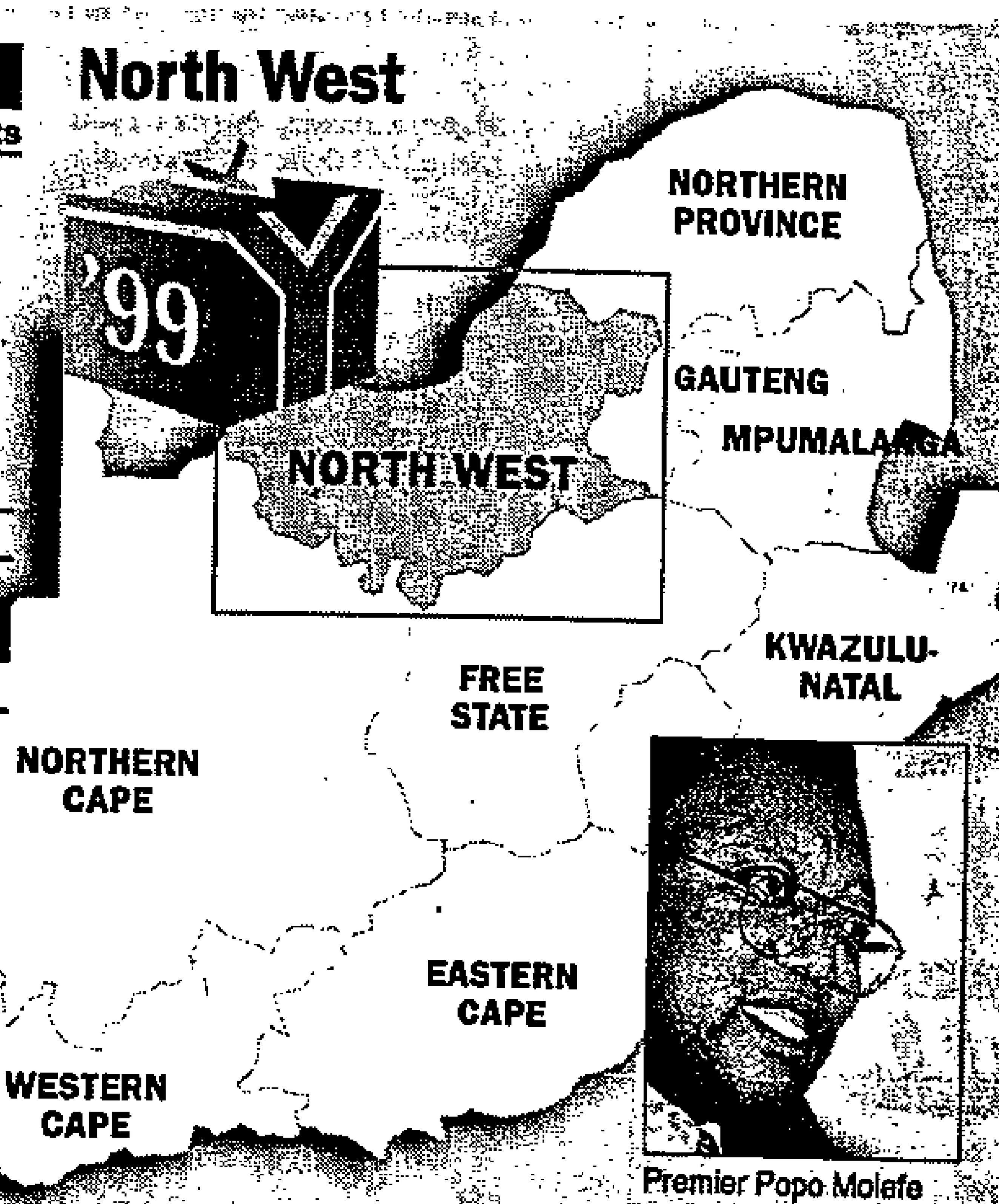
Africa, on the other hand, was much more visible and hails from the region. However, the ANC remains by far the strongest party in the province after having countered improving opposition fortunes in 1997 and 1998.

Provincial results: '94

Party	%	Votes	Seats
ACDP	0,35%	5 570	0
ADM	0,23%	3 569	0
ANC	83,33%	1 310 080	26
DP	0,5%	7 894	0
FF	4,63%	72 821	1
IFP	0,38%	5 948	0
NP	8,84%	138 986	3
PAC	1,73%	27 274	0
Total seats:			30

Opinion '99 latest poll

Party	%
ANC:	78%
UCDP:	5%
PAC:	4%
DP:	4%
FF:	2%
CP/AEB:	1%
FA:	1%
NNP:	>1%
UDM:	0%
ACDP:	0%
Undecided:	5%



Premier Popo Molefe

Graphic: MATTHYS MOSS Source: GOVERNMENT WEBSITE, MARKINOR/IDASA/SABC

According to the latest Idasa and Markinor poll released on May 24, ANC support stands at 72% of all potential voters, up from 60% in November last year. Mangope's United Christian Democratic Party has moved into the position of official opposition with support by 5% of registered voters.

Polls estimate opposition parties now command the support of just more than 14% of all potential voters, down from the combined 24% of the vote they received last year, with the New National Party and the United Democratic Movement suffering particular setbacks.

Mangope's support, the highest since July 1997, was not surprising, observers said, referring to a belief by many that things were better under the homeland regime.

According to the Idasa poll, in April, only 14% of those questioned in the province said they were satisfied with the national economy, a clear indication of economic hardship in North West.

The poll indicated virtually no support for the United Democratic Movement, a finding which surprised observers, who believe that UDM leader Bantu Holomisa has a strong following in the province because of the thousands of migrant mineworkers, originally from the Eastern Cape, living in North West.

In April, 44% of those questioned believed the Molefe government was performing well, despite the heavy task placed on Molefe and his government of uniting the former Bophuthatswana homeland, areas of the former Transvaal and some northern Cape areas into one province, known for its high concentration of right-wing elements. In Bophuthatswana, development was concentrated around its capital, Mmabatho, where Mangope's regime created a privileged elite at the expense of the province's large rural population.

Despite perceptions by a large number of residents that no investments were being made in the province, Molefe says differently. "In sum, the various private sector investments and government initiatives have created 33 000 jobs, conservatively estimated from the first term of this legislature. Also conservatively, there has been a total of about R4,3bn domestic and foreign investments in this province in the last two years."

Despite the negative effect on North West's economy of the consistently low gold price, droughts which affected the large community of maize farmers and the diminishing profits of Sun International's casinos, Molefe boasts that his government has built more than 25 300 houses, brought electricity to about 1,5-million residents and constructed 66 clinics benefiting more than 37 000 people.

One of the biggest challenges facing the post-election government will be to reach out to white farmers in the province. Strained relations between farmers and the provincial government and between farmers and their labourers pose serious obstacles.

"Unfortunately, there are minorities within the farming sector who behave as if they are still living in a society at the height of the apartheid era," Molefe said.

In a move apparently aimed at appeasing white farmers, the ANC included on its provincial candidates list Jan Serfontein, a white Potchefstroom chicken farmer.

Regional political commentator Theo Venter said Serfontein, ranked number 17 on the list, would probably be appointed the new MEC for agriculture.

Molefe lays heavy emphasis on the backing of traditional leaders. Much political stability in the province derived from their co-operation. However, he said, their involvement in government needed to be further developed to build its legitimacy.

Three-quarters of the estimated 1,8-million voters in North West have registered, but despite the April Idasa poll finding that some 14% of potential voters were still undecided, campaigning in the province was not vigorous.

The Democratic Party, with 4% support according to Idasa, and the Freedom Front, with 2%, mainly in the larger towns of Potchefstroom, Klerksdorp, Lichtenburg and Vryburg, maintained a strong anti-crime and anti-ANC stance.

The Federal Alliance has 1% support in North West.

Idasa says this percentage is higher than the support for the New National Party, the UDM and the African Christian Democratic Party respectively.

North West development body probed

(~~[illegible]~~)(491)

Report could lead to prosecution of directors

BD 8/6/99

Patrick Wadula

THE North West Development Corporation's judicial managers, together with forensic auditing firm KPMG, are compiling a report that could lead to the prosecution of some directors linked to the corporation and its listed and unlisted assets.

In February the corporation was put under judicial management at the request of the North West provincial government in a bid to rescue it from being liquidated, after it incurred several hundreds of millions of rands in debt.

Three judicial managers from Fort Trust, Cooper Trust and Arthur Andersen were called on to investigate the corporation.

KPMG, which was called on by the judicial managers, confirmed that a report is being put together after an intensive forensic investigation into the corporation and its unlisted and listed assets which include Choice Holdings, Yabeng Investment Holdings and Sun International SA.

Former directors of the corporation, as well as Yabeng and Choice directors, could not be reached for comment.

The auditors' firm has reported the irregularity to both the Johannesburg Stock Exchange's listings department, and the directorate for serious economic offences for investigation.

Fort Trust's Ferdi Zondag said the report, which was initially expected to be presented to the Mmabatho High Court on June 10, would not be ready by then as it was still being compiled.

The report could be presented to the court next month.

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Zondag said certain directors were being investigated and if gross negligence was discovered, leading to the demise of the corporation, they would be prosecuted.

"The report does not reveal names of the directors as we do not want to label certain directors to have been responsible for the demise of the corporation."

The corporation is believed to have been stripped of millions of rands by certain directors, stockbrokers and banks, who either did not have the corporation's interests at heart or had taken bad investment decisions.

Zondag said the corporation was suited for a turnaround and was confident this would be achieved. He said that historically, the corporation had performed a development function rather than an economic function. "The focus has changed since then because what used to be the core business four years ago is no longer," he said.

The corporation, which holds a 30% stake in Sun International SA valued at around R300m, also has a majority shareholding of 40,43% in Yabeng worth R400m, and a number of unlisted assets, including properties and the North West Transport company.

For a year the corporation has tried unsuccessfully to dispose of its interests, in a bid to recoup funds to salvage the corporation.

Zondag said many buyers had initially shown an interest, and solid bids were put on the table. However, the deals fell through after careful consideration from the bidders.

ECONOMY - NORTHERN CAPE

1995 - 1999

HOPES RISE IN POOREST PROVINCE

Northern Cape towns get R4,2m govt boost

CT 18/5/95 (49B)

THE NORTHERN CAPE was given a R4,2 million boost to its ragged economy this week when Public Works Minister Mr Jeff Radebe visited it. **MELANIE GOSLING** reports.

THEY were poor, mostly unemployed, but jubilant — for the first time the inhabitants of the dusty Northern Cape villages of Neilersdrift and Campbell could see some hope of escaping the downward spiral of rural proverty.

Public Works Minister Mr Jeff Radebe visited their towns this week to kick off his department's R4,2-million National Public Works development programme.

"Without the government going out into all the backwaters of the country, the Reconstruction and Development Programme will never succeed," Mr Radebe said.

The Northern Cape is the country's poorest province. With an unemployment rate of 16,7% and a literacy rate of 67,6%, it has the second lowest — and rapidly declining — economic growth rate in South Africa.

"The lack of infrastructure and the disparity between the Northern Cape and other regions is starkly apparent," said Mr Radebe.

"The region relies almost entirely on transfers from the rest of South Africa to provide basic social services to its population."

The money will go to providing water, sanitation, community facilities and agricultural and environmental projects.

But there will not simply be handouts.

The emphasis will be on enhancing the capacity of communities to manage their own affairs by educating and training the people in the programme as a means of economic empowerment and by initiating projects that can expand and create employment and facilities.

"The objective of the National Public Works programme is not to set up a specific programme in the government, but to ensure that the infrastructural provision of the state is done in a way that creates employment, provides training and empowers communities," Mr Radebe said.

A cheque of R250 000 to the people of Campbell seems a drop in the ocean.

The houses are little more than shacks, the streets rutted dirt and the ragged inhabitants mostly jobless.

But it is a start.

And the community has decided to use the money to establish a brick factory that will employ people and help solve their housing problem.

"The projects need to leave skills behind. If they don't, we would have failed," Mr Radebe said.

JUBILANT: Public Works Minister Mr Jeff Radebe (left) gets a rousing welcome from the inhabitants of Neilersdrift in the Northern Cape — the country's largest and poorest province — where he kicked off the department's R4,2 million development programme. With him are provincial Public Works Minister Mrs P Hollander and Northern Cape Premier Mr Manne Dipico.

PICTURE: MELANIE GOSLING

Allocations 'laughable'

BD 14/9/95

Sello Motlhabakwe

(49b)

THE Northern Cape regional government has described the recent Fiscal and Financial Commission projections for allocations to provinces as inadequate.

Premier Manne Dipico's office said the proposed allocation of 1,6% of national revenue for the 1995/96 financial year and a progressive decrease to 1,3% by 2000/1 was "laughable".

It said the projections would perpetuate the skewed allocation of resources to provinces and punish poorer regions such as the Northern Cape.

As a previously neglected region, the Northern Cape had expected the new resource allocation formula to have "addressed the disparities in an equitable manner".

North Cape diggers to get De Beers land

BD 22/11/95 (49B) BD 22/11/95

Sello Motlhabakwe

DE BEERS has agreed in principle to release mineral-bearing land to Northern Cape small claims diggers in a move to create jobs and promote economic upliftment in the region.

The group said yesterday that it had agreed to sell farms in Kommagas and Richtersveld in Namaqualand to the local council, after talks this week between deputy chairman Nicky Oppenheimer and the provincial government.

No price details were released.

Northern Cape mineral and energy affairs department adviser Anwar Carawan said that the land had been deemed uneconomic for large-scale mining. The land was not specifically diamond bearing but was suited to agricultural development, he said.

The National Parks Board had also been asked to release land in the Vaalbos National Park outside Kimberley to small miners.

Further talks were scheduled with other mining groups in the region.

Carawan said the moves were in line with the province's plans to create jobs and bolster economic activity by making mineral-bearing land not processed by mining houses available to small miners.

The provincial government would assist with expertise and help bring in donors to sponsor projects.

Mining houses had pledged they would second technical staff to the mineral and energy department to help small miners to prospect their claims, he said. Some had offered geological data on the viability of small-scale mining on some of the claims.

Carawan said other groups had also pledged to help, including Rismac, an association of statutory organisations on which the SA GeoSciences Council, Mintek, the SA Medical Council the National Parks Board and others are represented.

A wide-ranging agreement with Rismac covering agriculture to human resource development would be signed later this year.

Mintek said it would donate mining equipment to the small claims diggers while the GeoSciences Council would contract private geologists on the small miners' behalf.

Carawan said the moves tied in with the process of restructuring the state-controlled Diamond Board.

He said plans to establish an organisation for small miners which would facilitate liaison with government were progressing well.

SA signs agreement with Sweden

(49B)

PRETORIA — SA and Sweden yesterday signed an agreement in Pretoria which will see a further R18m being donated to the Northern Cape administration over the next three years to develop its services.

The agreement, signed by Swedish ambassador to SA Bo Heineback and Public Service and Administration Minister Zola Skweyiya, is the second to be entered into by the two countries in support of the Northern Cape.

The first co-operation agreement signed in 1994 saw R4m being channelled to the province.

The second phase of the programme, from November 1 1995 to December 31 1998, supports the development of the education and health sectors as well as local government departments in the province.

"The aim of the programme is to contribute to the development of the Northern Cape administration into a proactive organisation that is responsive to the changing needs of the province's people and is adaptable to the continuous revision of the entire SA civil service," the signatories said.

The programme concentrates on strategic management, systems development, management capacity building and information strategies and systems. — Sapa.

BD 22/12/95

New life for Wild Coast

CT 17/2/97 (49B)

OWN CORRESPONDENT

EAST LONDON: A R15 billion tourism, agriculture and forestry development plan is in the pipeline for the Eastern Cape Wild Coast, designed to make the region a leading international eco-tourism destination.

The Wild Coast Spatial Development Initiative (SDI) is expected to be high on the agenda during President Mandela's visit this week to Malaysia as Malaysian financial interests feature strongly in the initiative.

The plan will also involve development and upgrading of feeder roads, dam building and electrification on a large scale.

Closely connected will be the development of agriculture and forestry along the Wild Coast, partly to feed the tourism developments and partly to provide general upliftment in an economically depressed region.

High-rise development will not be permitted and casinos are definitely ruled out, according to sources close to the SDI. Most building development will have to be behind the coastal dunes.

The SDI is still being developed by a high-powered, multi-disciplinary task group representing national and provincial government, as well as the Development Bank of Southern Africa, the Industrial Development Corporation and the Council for Scientific and Industrial Research (CSIR). Its final plan is to be unveiled at an international symposium in September.

Real power is economic

Coega industrial zone boost to PE

Sowetan 27/2/97

Apart from serving as one of SA's largest harbours, it will create jobs

By Themba Sepotokele

EASTERN CAPE could experience major economic investment with the construction of the industrial zone initiative, Coega, a new draft harbour industrial development zone.

Speaking at the media briefing in Port Elizabeth yesterday, project director Kevin Wakeford said the aim of Coega was to establish South Africa's first purpose-build industrial development zone serviced by world class infrastructure and a deep water port.

It would serve both Port Elizabeth and Uitenhage.

It will be the third largest harbour in South Africa after Richards Bay in Kwazulu-Natal and Saldanah Bay in Western Cape.

The planning stage of the harbour, which is said to be critical, is expected to be completed by the end of March.

Wakeford said it was expected that the port would attract major investment, possibly a zinc refinery, fertilisers, cement and petro-chemical plants.

He said apart from serving as one of the largest harbours, the project would provide job opportunities in Eastern Cape.

Regional director of economic affairs Keith Wattrus, who was speaking on behalf of MEC for economic affairs and tourism Smuts Ngonyama, said the Eastern Cape government was committed to the project until its completion.

Donations

A indication, he said, was the R4 million and the R2 million donations from the housing department and the office of the premier respectively.

Business had contributed funds through the strategic intervention fund from the PE Chamber of Commerce and Industry. The Department of Trade and Industry provided funds to start the project, said Wattrus.

Geceor project director John Taylor said his company had started a feasibility study in the Eastern Cape.

Johnnic executive chairman Cyril Ramaphosa and managing director Vaughan Bray at a briefing on Tuesday where the company's good interim results were announced. PIC: CLEMENT LEKANYANE

(49B)

BUSINESS

Coega port plan a test for direct foreign investment

(496) ARG 28/2/97

BEN HIRSCHLER

Port Elizabeth – On a windswept stretch of beach north of Port Elizabeth, plans are afoot for a brand new port – a litmus test for badly needed direct investment in South Africa.

Local officials, briefing journalists this week, said the proposed bulk harbour at Coega and an adjacent industrial development zone could double the area's economy and dent one of the country's highest unemployment rates (40-50 percent).

But whether the ambitious project sees the light of day depends on the government, which will have to stump up R700-million to kick-start the scheme, and the commitment of a handful of risk-taking companies.

Technically, Coega looks viable as a port capable of handling ships of up to 80 000 deadweight tons. A feasibility study will be completed next month, and port operator Portnet hopes the Government will then commit itself to help with basic infrastructure, notably the construction of a breakwater.

Kevin Wakeford, chief executive of the Port Elizabeth Chamber of Commerce, says the rationale for Coega is the shift in the South African economy from import substitution to export-driven manufacturing.

"In line with the export-orientation of government policy, there is a natural shift of industry to the coast," he said, adding that existing ports were becoming congested.

Catalyst for the scheme is a planned 220 000-tons-a-year zinc refinery by Gencor and a neighbouring fertiliser plant proposed by AECI – together representing investment of R2,3-billion.

But the real prize will be foreign investment in South African bricks and mortar. An investment in plant would show real long-term commitment to wealth and job creation in South Africa, analysts say. – Reuter

East London attracts industries

(49B) BD 19/3/97

Edward West

THE large number of industrial investments being considered in East London could change the profile of the Eastern Cape city forever, city representatives said yesterday.

A spokesman for East London's municipal development office said a final decision on where to locate Gencor's R2bn zinc refinery could be made in June.

If the Coega industrial port project was approved by government, the zinc plant was likely to be situated in Port Elizabeth or in East London, he said.

Other major industrial projects which might still come off the ground in East London included a fertiliser plant by Kynoch, a new R750m cement plant for Blue Circle Cement, a plant for the Pepsi Cola company, the construction of a R750m brewery by SA Breweries, as well as the possibility of a refinery being built by Malaysian investors and various expansions by existing companies in the city including Sanachem and Nestle.

Border Chamber of Business executive director Peter Miles said the city fell squarely within three Strategic Development Initiatives (SDI) in the Eastern Cape — the Port Elizabeth to East London industrial "West Bank" SDI, the agricultural SDI from the Wild Coast Sun to East London, and the smaller SDI involving the reintegration of Mdantsane with East London, a township only rivalled in size by Soweto.

Miles said another factor which was attracting industry to East London was the tightening up of regional industrial development incentives.

This was resulting in the gradual relocation of smaller industries from areas such as Butterworth and Dimbaza, in the former Transkei.

"There is just no more reason for these companies to stay in Butterworth or Dimbaza. We have instead proposed that the Dimbaza industrial area be linked with a road to the airport five kilometres away and the entire area ring-fenced to promote the establishment of high value, low weight goods," said Miles.

The municipality spokesman said a dearth of industrial investment in the city in the past had resulted in large tracts of serviced industrial land being available at competitive prices, principally at the Berlin industrial estate.

The relatively high unemployment rate meant a large number of skilled and unskilled workers were available throughout the Eastern Cape region.

In addition, East London's port was benefiting from increased utilisation because of congestion at the Cape Town, Durban and Port Elizabeth harbours.

Own Correspondent

Coega public submissions processed

BD 16/4/97 (49B)

PORT ELIZABETH — The Institute for a Democratic Alternative for SA (Idasa) is processing more than 30 submissions dealing with concerns and suggestions about the possible environmental effect of the proposed Coega Industrial Development Zone and port.

Idasa regional director Sandra Wren says copies of the public participation reports will be made available in public libraries at the end of this month.

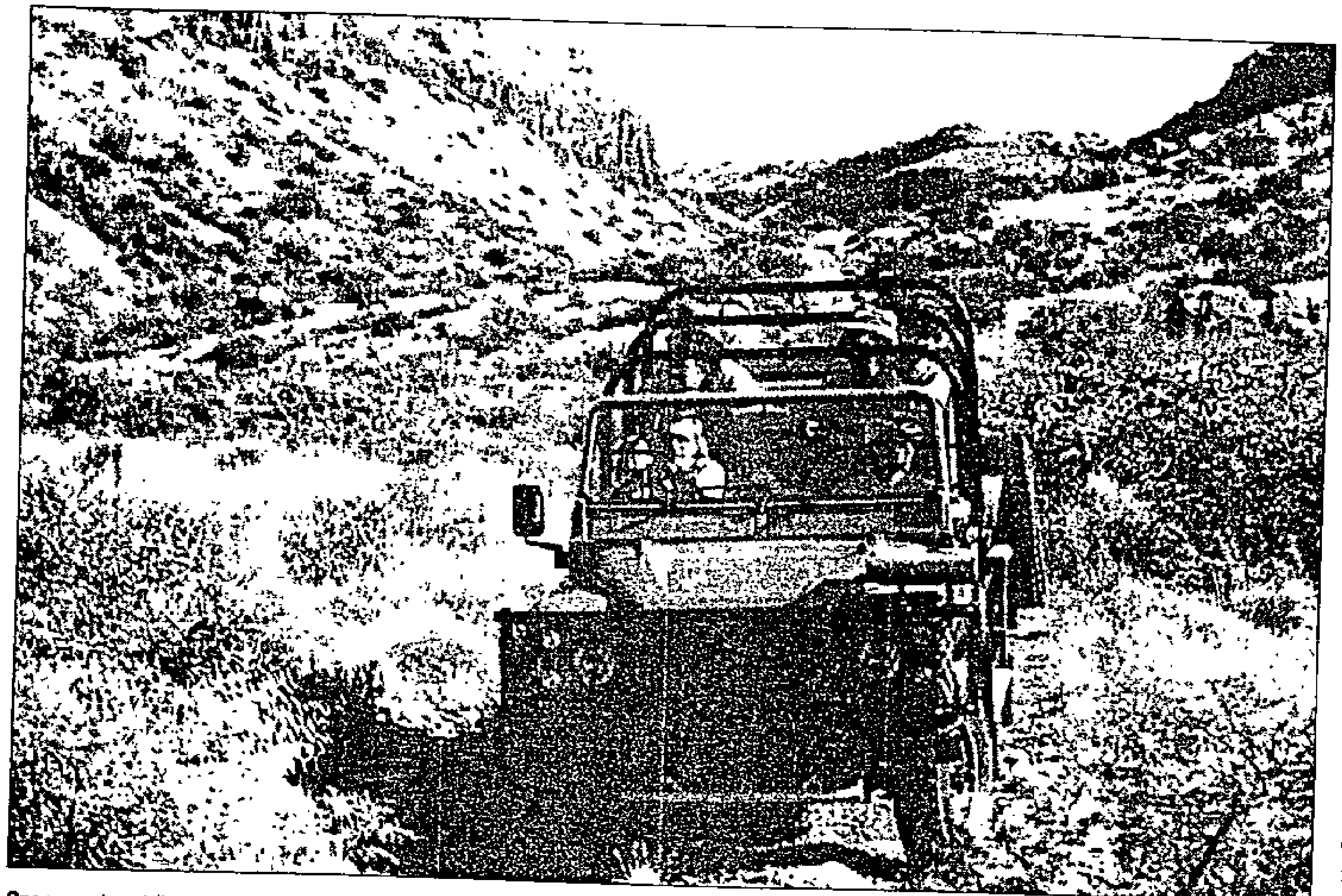
Responding to criticism that the public had not had long enough to respond to the Coega plans, she said the participation programme had started four months ago, in December. The deadline for environmental submissions had also been extended by two weeks at the request of the environmental lobby.

Wren said a decision on whether the project would go ahead or not would have to be explained to the people of the Port Elizabeth/Uitenhage metropole.

Project director Doug Reed said he was happy with the findings of the various feasibility studies and the public feedback to date. "Things are going well. Everything is on track so far."

Ministerial briefs would be prepared from the reports for, among others, various government ministers.

He hoped to have this process completed by the end of May, after which the cabinet would be in a position to make a final decision on the project.



Open country: visitors to the Karoo National Park enjoy the stark scenery and quiet surrounds while taking a 4X4 ride through the Nieuweveldt mountains

Karoo tourism grows

Tranquillity attracts foreigners

ARG 26/4/97 (498) ARG 26/4/97

TWEET GAINSBOROUGH-WARING
STAFF REPORTER

The number of tourists visiting the Karoo has doubled in the past year after increased advertising and promotion sparked new interest in the area.

Karoo tourism co-ordinator Rose Willis, of Beaufort West, said: "The majority of visitors are from the Cape and Orange Free State, with more and more arriving from Europe.

"There's also been considerable interest from Australians, as its aridity reminds them of the outback and Germans have a particular interest in eco-tourism."

She said a brochure *Find yourself in the Great Karoo* had been used in an overseas advertising campaign.

A spokesman for the Western Cape Tourism Board said enquiries for holidays in the Karoo had risen dramatically.

The Karoo has much to offer the eco-tourist, and is proving popular with those who like hiking and game-spotting.

In addition to hiking trails there are also well-planned 4x4 trails into remote areas.

There is a variety of accommodation available with South African tourists showing an increasing interest in self-catering holidays.

"Several farms in the area have a second house, usually fairly close to the main farm house, which can be hired for holidays.

"This set up is very attractive to families wanting to experience farm life."

Ms Willis said these houses usually had an AGA stove which was set up for visitors as well as braai facilities.

She said in some cases the farmer would provide a cook to prepare meals.

The game farms, where visitors can both view and hunt game during the hunting season, have been heavily booked. Many of these farms have additional attractions like a traditional Xhosa kraal and bushmen paintings.

As the number of tourists to the area grows, so are more and more farms opening their doors to visitors. The Karoo also proving increasingly popular amo international film crews, particular those from Germany.

Belinda Pienaar of the Lemoenfonte farm said: "Winter is our busy period the hunting season is open, but this ye saw good bookings earlier than usual as film crew from Germany was here to sho a German saga."

She said the number of Europeans ma ing enquiries was on the increase. An local visitors who were beginning to spen more time in the area.

"Our initial business came from tra ellers looking for an overnight stop e route to Cape Town," she said.

In response to demand Mrs Pienaar an her husband have introduced game drive and a breakfast at the top of the Nieuwe veldt mountain range.

"Tourists love the tranquillity of th Karoo and overseas people especially com ment on the quietness. They also don' expect the mountains, tending to think o the Karoo as vast and flat."

Development body set for launch

BD 11/6/97 (49B)

John Dludlu

THE Eastern Cape provincial government is to launch the region's economic development corporation in the next few weeks, following the successful merger of three development corporations in the province.

Khulile Radu, a spokesman for the province's tourism, economic and environmental affairs department, said yesterday that the province was in the process of recruiting a CE for the new body, which would replace the transitional Eastern Cape Development Agency. Nominations for the board had been completed.

The new development corporation was built from the remnants of the Transkei Development Corporation, the Ciskei Development Corporation and fragments of the now defunct Cape provincial administration.

As part of the new vision, an investment promotion agency — known as the Centre for Investment and Marketing in the Eastern Cape — had been formed to recruit capital for the province.

It was envisaged that in the long term, the centre, similar to the KwaZulu-Natal Marketing Initiative and Western Cape's Wesgro, would make the much leaner development corporation self-funding, Radu said.

The corporation, working closely with the provincial small business desk, would retail financial assistance to industrialists and entrepreneurs.

The rationalisation process had not been painless. The provincial government had had to dispense with the "services" of "supernumaries" — public servants who drew salaries without doing any job or who were duplicating jobs, Radu said.

"This (problem) is like a plague," he said.

The corporation also wanted to put an end to the "culture of servitude" and to replace it with an efficient service aimed at stimulating an entrepreneurship culture in the province.

The agency, which had a budget of R81m during the 1996/97 fiscal year, had disbursed R63m to various projects in the province, Radu said.

Meanwhile, Ali Mokoka, business development GM at North West Development Corporation, said his corporation had turned down a proposal from the Free State Development Corporation to manage assets worth R50m in Thaba 'Nchu while the search for a permanent solution over the disputed assets continued.

Managements of the two corporations have failed to agree on a plan to transfer the assets — factories and a shopping mall, belonging to the former Bophuthatswana National Development Corporation — which is now part of the North West parastatal.

Mokoka said that the assets were being looked after by skeleton staff based in the Klerksdorp office.

COEGA

Who'll bankroll the R1,5bn harbour project?

(49B)

Decision needed within two weeks. Showdown time as government and private sector play pass the buck

FM 4/7/97

The clock is ticking on the multi-billion-rand Coega harbour project and its 10 000 ha industrial development zone.

Situated 20 km north of Port Elizabeth, the project includes the building of a deep water port at a cost of R1bn plus the cost of the basic IDZ infrastructure, estimated at R500m (1997 prices).

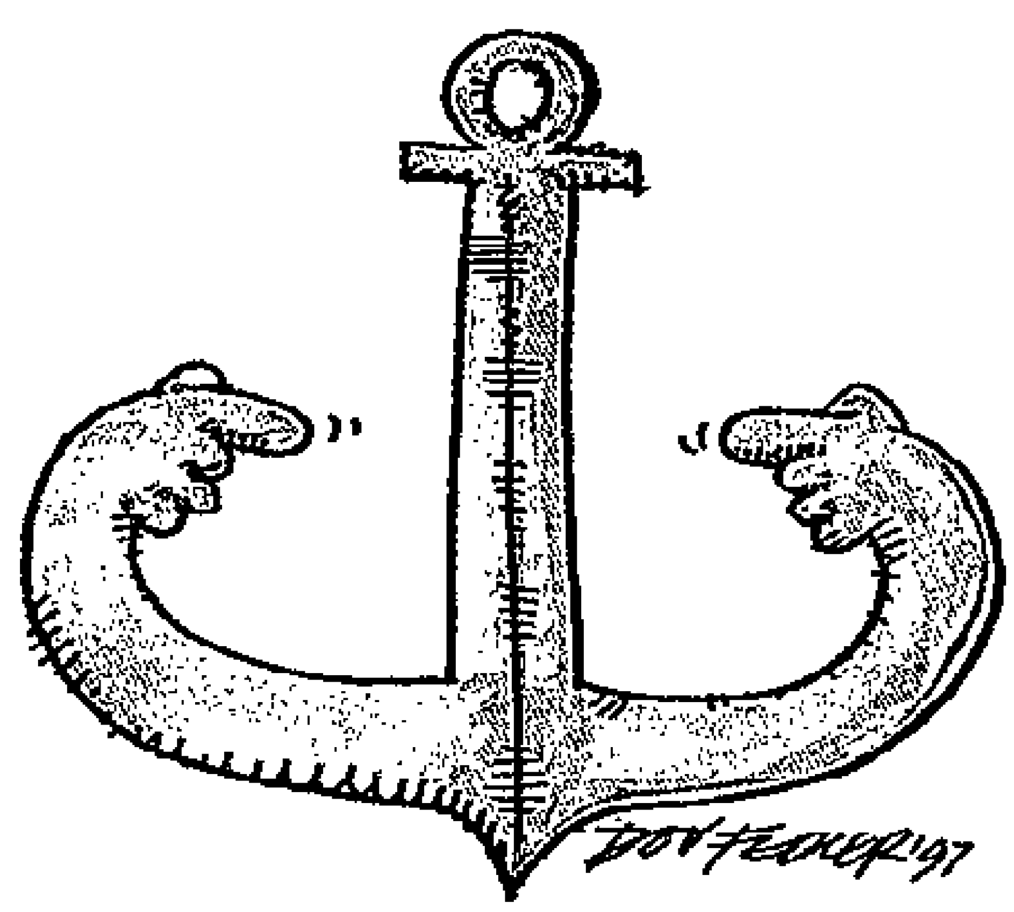
At issue is who will provide the funding? About two weeks ago, the Eastern Cape government and the national cabinet investment committee (CIC) were briefed on the results of 47 studies into the viability of a deep water port. Nothing has emerged since then.

Of concern to the Coega backers is a statement by the co-ordinator for special projects for Trade & Industry, Paul Jourdan. Interviewed after the cabinet investment committee briefing, Jourdan hinted that government was looking to the private sector to bankroll the investment.

Observers say that government, having funded and given its moral support to the Coega initiative, now either doesn't have the available funds or else expects the private sector to come up with the full R1,5bn. The problem with finding private capital, as Jourdan points out, is that the project will produce a real rate of return of only 2% in phase one.

However, Jourdan is acutely aware of the time pressures and just what is at stake. "We need to speed up the process. We have a window of opportunity. It will take 10 years before you get projects like Gencor and Kynoch again," he says.

Pressure is already coming from major anchor tenant Gencor which proposes to build a R2,5bn zinc smelter. Other tenants include PPC with a R500m cement plant and Kynoch with a R540m fertiliser factory to feed off the smelter's by-products.



From the outset, Gencor has said it has time constraints. A deadline of March has been stretched to August, but project director John Taylor makes it clear he cannot delay taking the results of his own R20m feasibility study to his board any longer.

Without a financial commitment to building the harbour or spending an equivalent amount upgrading East London so that Gencor can build on its second option on the west bank, the Eastern Cape — and possibly SA — will lose out on the investment. Namibia has been "making very interesting noises," says Taylor.

And now the Coega IDZ Initiative Company board has decided to put pressure on government by going public. Co-chairman Errol Heynes says "to meet the timing requirements of the anchor private-sector tenants, construction must start in January 1998. This requires a decision by mid-July."

Further tenants are expected to announce plans to move to Coega as soon as the development is given the necessary backing. So far, a further R4bn in investment has been identified. This includes steel handling, industrial gases, nonferrous industries, vehicle components and food processing.

Jourdan's statements may hint at frustration being felt by him and his boss, Trade & Industry Minister Alec Erwin. The Minister is known to have given private reassurances that the project will get government backing.

It certainly enjoys the support of the provincial legislature — provincial secretary Thozamile Botha has said the executive council had given its full backing to phases one and two of the project. Its benefits will stretch beyond the Eastern Cape.

According to the feasibility studies, it will generate 13 000 permanent jobs throughout SA. The report estimates that, during the three-year construction period, 26 000 jobs will be generated. Thereafter, in phase one, it will create 1 000 permanent jobs.

Whatever the decision, guarantees must be on the table within a fortnight. **Ed Richardson**

TAX HOLIDAYS

Fishing for investment

Eight new ventures totalling R145m and employing more than 800 people have been approved in terms of the Department of Trade & Industry (DTI)'s new six-year tax holiday supply-side investment package.

But, says DTI's director for industrial establishment Francois Truter, 13 more applications involving investments of R689m and with the potential to create 1 654 jobs are under consideration.

"The new tax holiday scheme is being received well in the investment sector and over 600 application forms have been sent out." A high return rate is expected.

Nearly 90 new small and medium enterprise tax relief applications involving possible investments of R175m and a potential 2 380 new jobs are also pending.

The tax holiday for new investors was announced by Trade & Industry Minister Alec Erwin last November and became retrospectively operational from October 1 1996.

A six-year tax holiday is available to successful applicants, provided they qualify for all three components — location, industry and the human resource component. Other investment incentives in government's investment package are the accelerated tax write-off scheme and the so-called spatial development initiative (or development corridor scheme). **Arnold van Huyssteen**

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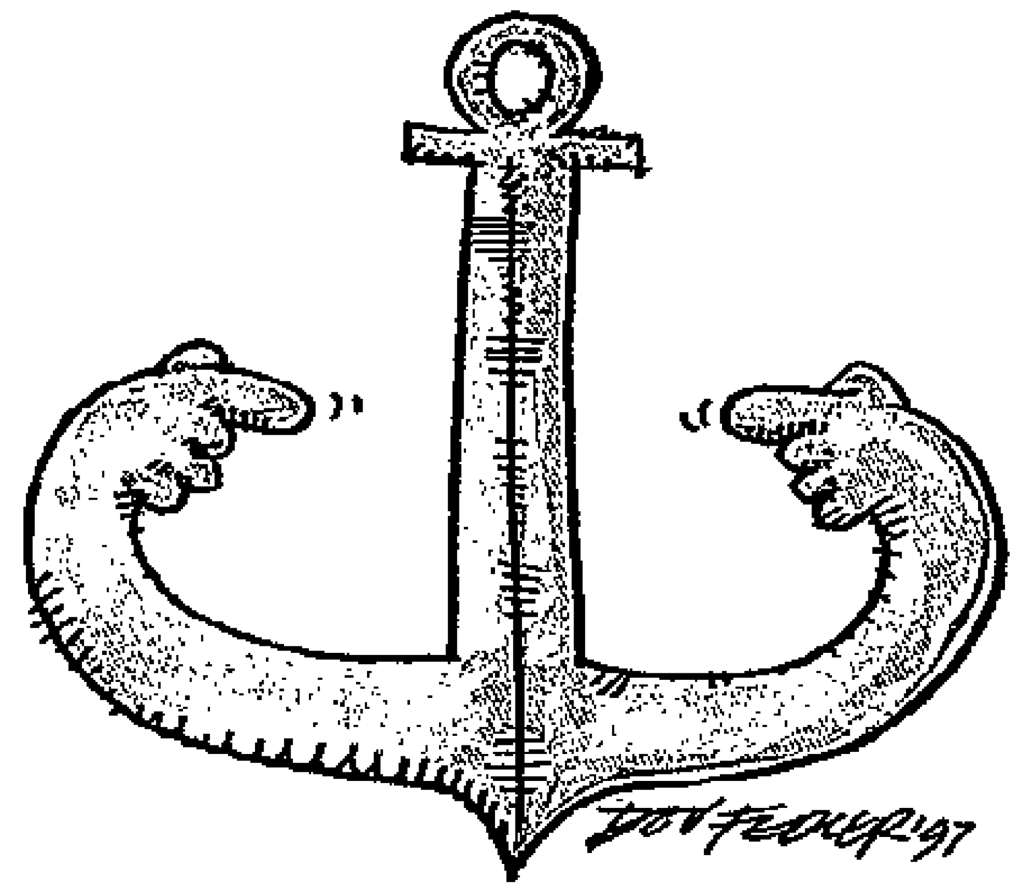

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Eastern Cape to get billion rand economic boost

(498) Sowetan 21/8/97

By Isaac Moledi

Project includes the construction of a R1,5b highway in the Transkei

EASTERN CAPE, the poorest of all South Africa's provinces, was given a major economic boost with the launch of a regional development drive by Trade and Industry Minister Alec Erwin yesterday.

The development involves the construction of various projects in East London, the Coega area, and a R1,5 billion highway through Transkei.

The province has been targeted as of one the country's "special development zones", along with the Maputo corridor.

Erwin said contracts worth between R300 and R400 million are expected to be granted to small enterprises in the course of constructing the highway.

Coega is to get a new port, to be constructed in a partnership between the public and private sector.

Erwin said his department was in the process of restructuring to become a "government merchant bank" that would provide analysis and other services to clients. Thirty department officials had been sent on project financing courses.

On the topic of job creation, Erwin said government faced a number of structural problems. The protection of the manufacturing sector's employment capacity was vital.

One encouraging sign was that an increasing number of close corporations were being registered.

Although he was of the opinion that interest rates should come down, Erwin said inflation had to be kept under control.

High inflation would spell disaster, undermining real wages and defeating the purpose of restructuring industry.

While high interest rates were good for portfolio investors, they were bad for housing development, home owners and small enterprise, Erwin said.

Erwin gives details of Fish River project

(49B) BD 23/9/97

Lucia Mutikani

MORE than 120 investment projects had been identified in the Fish River spatial development initiative (SDI) aimed at bringing economic development to the impoverished Eastern Cape, Trade and Industry Minister Alec Erwin said yesterday.

He said the Fish River SDI was the second biggest to be launched in the country after the successful R20bn Maputo Development Corridor. Although Erwin did not want to commit himself on the value of investment projects identified so far, he indicated that it could well be over R20bn.

"The value of investments in the Maputo Corridor was R20bn ... I hope we will hit that target," he said.

In July, Eastern Cape economic affairs MEC Enoch Godongwana said they had secured investments worth R1,5bn for the Fish River SDI, excluding the Coega project. He said the figure was expected to increase.

The 120 projects so far identified were in the automotive and components sector where a small number of high-value, large projects were being explored by the private sector and government.

Several downstream investment projects were being planned in the area.

Other important sectors include forestry products, wool/mohair and tourism. Private investors in the Fish River area have prepared a variety of investment projects in the tourism sector valued at more than R500m, ranging from mass tourism to nature-based projects.

Gencor was considering a R2,5bn zinc smelter in the province and government was considering a range of innovative financing options for the construction of a R1,5bn port at Coega.

"A range of international companies have indicated their interest in a number of projects. Government is confident that new capital inflows into the Eastern Cape will benefit the province, and as a result of this injection of capital, new long-term job opportunities will arise," said Erwin.

"Opportunities for small and local investors to enter into joint ventures with foreign companies will emerge."

The Fish River SDI, spanning the area between East London and Port Elizabeth, and the Wild Coast SDI which form the Eastern Cape investment initiatives, would be launched at an international investors conference on November 7 in East London.

N Cape premier wraps up R340-m investment

Star 30/9/97 (49b)

Manne Dipico's patience has been rewarded with agreement to finance project that will boost the region

By Hopewell Radebe
Kimberley

A three-year crusade by Northern Cape Premier Manne Dipico to attract investment to the province has resulted in a R340-million commercial and sports development project near Kimberley's Big Hole.

The development, financed by diamond mining giant De Beers and Anglo American Property Development (Amtrad), will be situated near the city's diamond mine museum, which includes the world-renowned Big Hole.

Amtrad managing director Graham Lindop said the development in Kimberley had the potential to create about 1 000 permanent jobs, excluding those that would be created during the construction phase.

"The sports complex was actually the premier's vision of facilities that would boost tourism, with the city staging international and national sports events," Lindop said.

The R160-million multi-purpose sports facility will be built opposite the R180-million commercial complex. Lindop said a site had been set aside for a R190-million casino and a five-star hotel inside the business complex that would go ahead if the bidders won a gambling licence.

The investment was prompted by Dipico's accusations that his mineral-rich province was being robbed off its wealth by the mining industry to enrich other provinces. Dipico has called on the industry in the past to "share its profits by developing cities in the provinces where they mine in order to benefit the citizens".

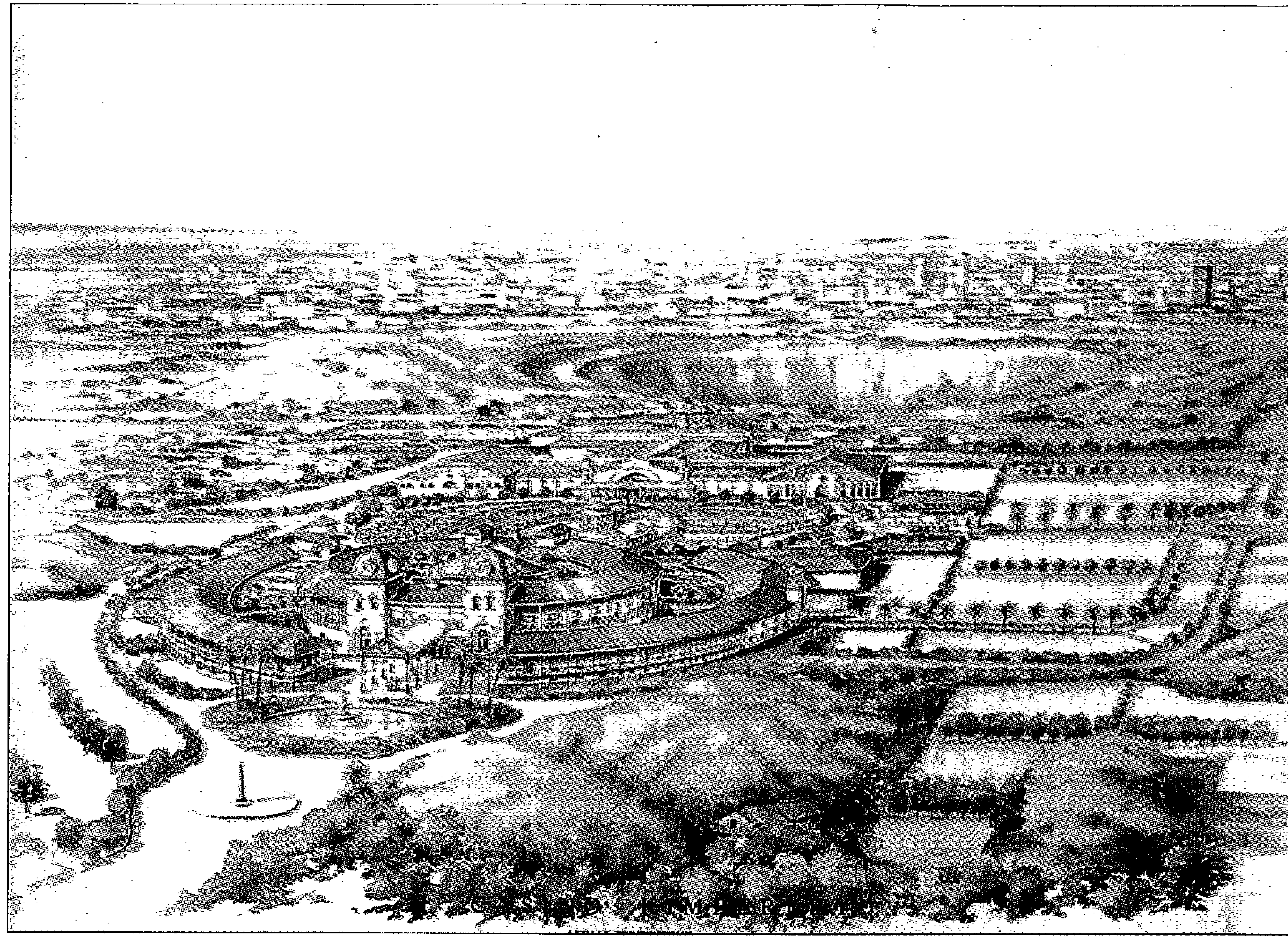
His calls at numerous functions and government institutions such as the National Council of Provinces reflected the desperate unemployment conditions in a province where diamonds were first discovered in 1871. The province also mines manganese, asbestos and copper.

"We are one of the poorest and most underdeveloped provinces in this country despite the wealth that surrounds us. It's not right for our citizens to suffer like this," Dipico said at the opening of the provincial legislature last year.

He took his battle to the National Council of Provinces, arguing that the Northern Cape was struggling to attract investors, which would enable it to create more employment. Even the mining industry was reluctant to show confidence in the province by investing there.

Dipico estimated unemployment at more than 65%. He said local government structures were collapsing due to insufficient revenue and because the economy of most towns showed virtually no growth.

He hoped the next step would include the construction of manufacturing and mineral-processing plants in the province in an effort to cut unemployment.



Bird's-eye view ... an artist's impression of what the R340-million commercial and sports development project near Kimberley's Big Hole will look like.

'Hare-brained' plan to dam Doring River

Water 'too salty for irrigation'

(49B) ( ) ( ) ARG 1/11/97

PIETER MALAN

A "hare-brained" plan by the Northern Cape provincial government to grow grapes in the Karoo by building a dam on the Doring River has been met with disbelief by water experts.

After being furnished with a glowing report about the economic advantages of building the dam, Northern Cape Premier Manne Dipico referred the matter to Water Affairs Minister Kader Asmal, asking for permission to go ahead with the scheme.

Called a "hare-brained" idea by some, the Northern Cape government wants to build a dam on the Doring River at a place called Aspoort in the Tankwa Karoo between Ceres and Calvinia.

Jenny Day, director of the Freshwater Research Unit at the University of Cape Town, said very little was known about the water chemistry of the Doring River, apart from the fact that the water became very salty in summer.

This means that the river is probably not suitable for damming, because the water would be too saline for irrigation purposes.

Dr Day said the fact that the soil in the area was too saline for agriculture and would have to be flushed for several years before it would be arable, cast further doubt on the Northern Province's plan.

The Doring River, and its major tributaries, rise in the Cedarberg mountains north of Ceres, flow through the Northern Cape for a few kilometres, before turning west into the Western Cape again where the river links up with the Olifants River just south of Klawer.

According to a report presented to Mr Dipico earlier this year, at least 4 000ha of arid Karoo soil could be placed under irrigation if a dam is built on the stretch of river passing through the Northern Cape.

The plan is to produce table grapes and citrus fruit for the export market through an ambitious scheme whereby first-time farmers from "previously disadvantaged communities" would be settled on the land.

The investigation, headed by High Court Judge Appie Steenkamp, suggested that up to 5 000 job opportunities would be created through the scheme. They also recommend that "one or two small towns" be established to house those working on the scheme.

'The river may not be suitable for damming as the water is too saline for irrigation'

Mariëtta van Vuuren, spokeswoman for the Steenkamp Committee, said as soon as Water Affairs Minister Kader Asmal gave his approval for the proposed scheme, a second phase of investigations would start. These would centre around the "completion and implementation" of the scheme.

But a spokesman for the Department of Water Affairs and Forestry said Mr Asmal had requested a report from his own officials comparing a number of possible schemes on the Doring and Olifants Rivers.

It is understood that the water affairs investigation will compare the advantages and disadvantages of:

- The Aspoort scheme – the dam favoured by the Northern Cape government.
- Damming the Doring River in the narrow gorge where it flows through the Nardouws Mountains – an option that could put an end to the Western Cape's lucrative white water rafting industry.
- Building a dam in the upper Olifants River south of Citrusdal.
- Increasing the size of the Clanwilliam dam by raising the dam wall.

But any of these schemes – if given the go ahead – is bound to be hugely controversial, especially if the Doring River is affected.

The Doring is one of the last rivers in the Western Cape in which the flow has not been restricted, and therefore offers the last refuge for several endemic and endangered migratory fish species.

These include the Clanwilliam yellow fish, the Clanwilliam sand fish and two minnow species.

Several interest groups have also expressed concern over the fact that very little is known about the proposed plans and that no proper public participation process has been undertaken to gauge opinion.

Graeme Addison, national executive of the SA Rivers Association, the controlling body for the white water industry, said the association knew very little of the plans – even though it would have a tremendous impact on association members.

He said the association was, in principle, opposed to building more dams and that the country should rather invest money in looking at alternative ways of providing usable water, for example, desalination of the sea.

R230m loan will assist Cape

(49B)

TOKYO: Rural areas in the Eastern and Northern Cape were the most likely beneficiaries of a R230 million loan for infrastructural development, Development Bank of Southern African chief executive Dr Ian Goldin said here yesterday.

Japan has offered South Africa a concessional loan at an interest rate of 2,5 percent, to be repaid over 25 years with a seven-year grace period.

The loan agreement will be signed by Deputy President Thabo Mbeki and Japanese Foreign Minister Keizo Obuchi today, the second day of Mbeki's visit to the Japanese capital.

It follows a similar loan of R200 million from Japan, of which R98 million has already been accessed.

The DBSA would have a five-year period to access the new loan which, if drawn, would be used to mostly fund water and sanitation projects in the Northern Province and the Eastern Cape, Goldin said at a news conference.

He said the "crucial area of uncertainty" was the competitiveness of the loan.

"There is absolutely everything to gain from having facilities of this nature, if one doesn't feel in any way compelled to draw them ... until the time is right."

The DBSA would do so only if it was cheaper than all its other sources of finance, Goldin said. "We have a commitment to to finding the cheapest possible source of funds, so we will only draw this yen amount down when we can get the forward cover at a competitive rate.

"That is why having a long period to draw is very important. It doesn't put any pressure on us."

Goldin said the question of the interest rate had been the subject of intense discussion.

"We believe the interest rate in Japan has reached a historic low and it can't go down much further. So over the period that we're looking at the interest rate is bound to turn in our favour.

"Although it may not be attractive at the moment, we're sure it will be very attractive during that period."

The DBSA was looking at other possibilities, including grant facilities from the Japanese, dedicated funds for environmental purposes and funds at cheaper rates for the poorest most indebted countries in Southern Africa, he said.

The DBSA would also ask for Japanese technical assistance. — Sapa

CT 8/4/98

Dredging out the realities from the Coega claims

There has been a lot of excitement about a new harbour at Coega, near Port Elizabeth. **Stephen Hosking**, associate professor of economics at the University of Port Elizabeth, questions the hype

28/5/98 (490)

DURING 1997 and 1998 government moved steadily towards beginning construction on an estimated 23m deep harbour at the mouth of the Coega River, about 25km north of Port Elizabeth's existing 12,2m deep harbour.

It will be SA's deepest harbour — double the depth of East London, Durban and Cape Town harbours (10,6m, 11m and 12m respectively). Like Saldanha and Richards Bays, it will satisfy the 14m-17m depth requirement of a hub port — one which services other ports. It is not currently planned as a hub port, however, but as a service facility to Billiton's proposed zinc smelter in the Coega industrial development zone (IDZ), enabling large ships to be used in importing zinc ore.

Facilitating the steady progress made on the project, much hype has been generated by Coega's leading proponents, as well as increasingly favourable press and television coverage.

The major source of the Coega hype has been a section 21 company, formed specifically to lobby support for the initiative from the government, the media and public. So effective has this lobbying been that despite opposition from the Congress of SA Trade Unions (Cosatu), the SA National Civic Organisation (Sanco), agricultural and abalone farmers and local environmental groups, government at all levels has steadfastly supported the initiative, even to the point of becoming directly involved in its ongoing promotion.

With such overwhelming government support it was inevitable that sooner or later the parastatals would step in and offer to build the new port. This is the point we have reached now. The Coega IDZ management team hopes that construction will begin later this year.

Less well known is that the economics of the Coega IDZ project has been challenged — that it has been estimated that more income and jobs will be crowded out physically or environmentally in other alternative private sector initiatives than will be created in the Coega project. These estimates exclude the jobs and income crowded out in alternative public sector initiatives, or postponed due to capital budget constraints, such as in road construction.

Will the Coega project be able to live up to its hype? More specifically, what chance is there of the public sector earning and job creation claims being realised, and can Portnet keep two major harbours operating efficiently side by side in Port Elizabeth?

In June last year, when Paul Jourdan, co-ordinator of special projects for the trade and industry department (DTI) hinted that government was looking to the private sector to fund the capital requirements of the Coega harbour, the Coega backers were horrified government had not jumped straight in.

Kevin Wakeford, CEO of the Port Elizabeth Regional Chamber of Commerce and Industry, urged government to reconsider, arguing that the public sector's R1,5bn investment in the Coega harbour would pay for itself: "Its earning revenues would be R5,8bn from personal and company tax, VAT and duties by 2005, plus the creation of at least 26 000 construction jobs and 14 000 permanent jobs based on anchor projects only," he was quoted as saying in the EP Herald on July 4 last year.

All this is unlikely to be realised. Kynoch, a downstream project, has pulled out and it seems no one else of note has come to the party, despite the project having been marketed relentlessly. The only genuine anchor project is Billiton's Zinc smelter.

What are their job creation estimates? Billiton estimates that the number of temporary construction jobs created in building their plant will peak at 4 000 and that the average number employed during the two-and-a-half-year construction phase will be 2 100. Their current estimate of the number of permanent on-site jobs created in the production phase is down from their 1997 estimate of 620 to 528 (or even less, perhaps only 500).

Building the harbour is expected to provide further employment, generating a peak of about 3 000 jobs during construction and about 100 on-site posts during operation.

It will be a pleasant surprise if the total number of jobs generated by the Coega project over the construction phase exceeds 5 000 — at least 20 000 less than Wakeford declared there would be. The only way I can see the job creation hype being achieved is by illegitimately adding in all sorts of jobs — ones that would have been created in Port Elizabeth whether the Coega harbour gets built or not — or by using fantastically high multipliers.

Wakeford's public sector payback claim is no less extravagant. Not only is there is no way that R5,6bn can be paid back to government by the year 2005, but Billiton will enjoy a company tax holiday for up to six years of its operation, and it will pay no import duties and little VAT.

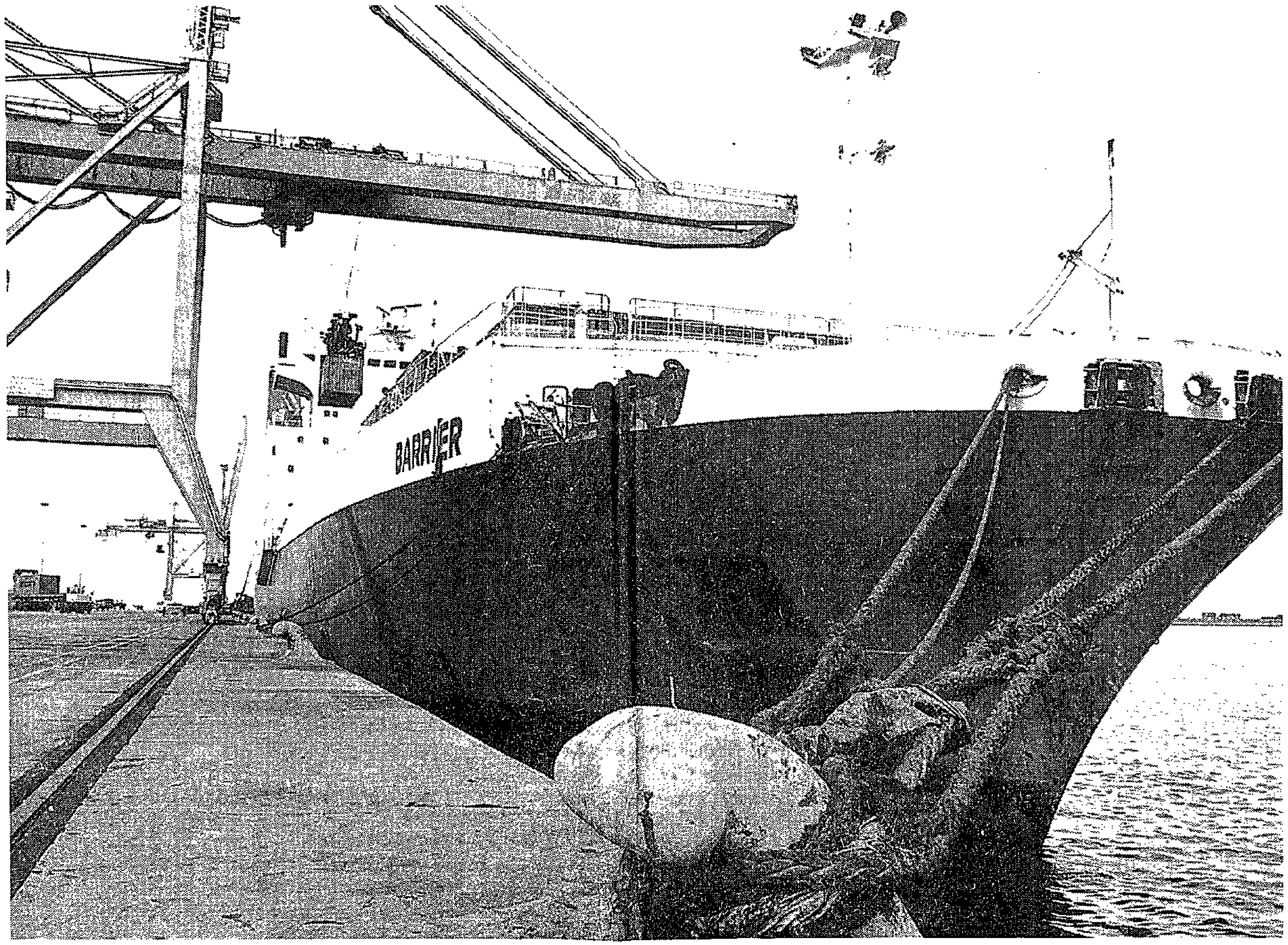
Billiton has stated that it will eventually contribute about R255m a year to government income, but unless it tells us more about the composition and timing of these payments, not much can be said about the real extent of the payback. For all we know some of the income could simply be payments made to Portnet for services rendered.

The benefits accruing to local government from this project are also unimpressive.

Despite the enthusiasm of local government for the project, the Coega IDZ project management team has repeatedly stated that it wants a separate IDZ authority to administer industries in the IDZ, not local government.

If the IDZ management team gets its way in this regard, local government will not even get the R5m or so in rates Billiton may otherwise have paid them.

The IDZ management team wants the Port Elizabeth local authority to provide only those services on which it makes a loss — water, and township infrastructure provision. The firms in the IDZ want to purchase electricity direct from Eskom — the only service provided by the Port ELizabeth local government on which it makes a profit. The net effect of this arrangement would be that Port Elizabeth would cross-subsidise the Coega IDZ industries.



There is concern over whether Portnet can efficiently operate two harbours side by side.

Project may be a harbour too far

Coega harbour poses problems for Port Elizabeth, writes **Stephen Hosking**

RECENT developments at Coega suggest there is increased likelihood that a second harbour will be constructed in the Port Elizabeth area. Can SA sustain two major harbours in Port Elizabeth?

Recently Portnet offered attractive deals to Volkswagen SA and Samcor on port handling costs at its existing Port Elizabeth harbour — largely in order to get the motor manufacturers in the region to utilise the harbour's excess freight handling capacity.

Pleasingly, these companies took advantage of the offers and for the next 18 months more than 1 000 work seekers will benefit.

One wonders if Portnet will be able to offer these kind of deals when it has to service the additional capital costs of Coega. It can if enough shipping traffic is generated through Coega, but how it will avoid running into other problems remains a question.

The Port Elizabeth Regional Chamber of Commerce and Industry's proposal is the development of Coega into a transport hub. It is an imaginative proposal but unfortunately it is unrealistic.

Aside from the extra infrastructure cost, it needs to be remembered that the situation which made for the success of transport hubs in other ports (like Hong Kong's) is very different from that at Coega.

For most SA manufacturers there is an overriding just-in-time delivery requirement. It is inconceivable that these sort of customers, with plants near Durban or Cape Town for instance, will send their cargo via Coega in order to use a trans-shipment facility. Much more likely is that they will want shorter transit times and higher service frequency.

It is unfortunate that the transport hub idea is unrealistic because the other solution to Portnet's excess capacity problem is one that residents may find particularly unpalatable — that the Coega management team be commissioned to attract further heavy industry to Port Elizabeth.

Should that occur, future historians may well judge the Coega management's main business to have been one of selling of Port Elizabeth's waste-assimilating capacity rather than building a harbour. I wonder how many residents would then be anxious to leave and go and live somewhere else.

A9

Date set for opening of the R1,8bn Maputo Corridor road

(498) BD 26/5/98

Madeleine van Niekerk

THE Maputo Corridor toll road project would be opened officially on June 6, José de Nobrega of Investec's specialised finance division said yesterday.

He said the project's financing was special because it received the first limited resource financing achieved in SA. The debt was funded at the outset by banks and the capital markets. Investec went to the capital markets upfront.

"If it was not done upfront, it would have put upward pressure on the toll roads," he said.

"This project is the first major infrastructural build-operate-transfer project in SA ... the first undertaken in either country, and the first cross-border project of its kind in the Southern African Development Community."

The R1,824bn N4 project is the first stage of the Maputo Development Corridor, which seeks to improve the road, rail and shipping infrastructure between SA and Mozambique. The total length of the road will be 440km, 390km of which will consist of upgraded road and 50km of new construction.

"It will cost R59,50 for a light vehicle to use the whole toll road from Witbank to Maputo going through five plazas, at 13c/km, compared with the domestic average of 17c/km," De Nobrega said.

Nedcor Investment Bank (NIB) and Investec Bank said the toll road project would be financed through R1,494bn of debt and R330m of equity and revenues generated by the phased opening of toll plazas during construction.

Investec and NIB were the joint lead arrangers and underwriters of the R1,294bn senior and subordinated debt.

The N4 will be constructed, operated and maintained by Trans Africa Concessions under a 30-year contract with the SA and Mozambican governments.

BRITAIN TO DONATE R8M

Development boost for Bushmen

(498) ET 11/5/98

A NEW ERA of development awaits the San people, better known as the Bushmen, once a huge funding programme gets under way. **MELANIE GOSLING** reports.

THE South African San people, who have been marginalised and discriminated against for centuries, are in line for a major development boost in the form of a multi-million rand funding programme from the British government.

The San, or Bushmen, communities of the Kalahari, and the !Xu and Khwe people from the tattered tent town of Schmidtsdrif, stand to get around R8 million from Britain's Department for International Development (DFID) over the next three years.

San representatives gathered with government officials in Kimberley last week at a workshop organised by the Department of Land Affairs to discuss their development needs.

And the Northern Cape government, which, several times has blocked the resettlement of the Schmidtsdrif San on land bought for them by the Department of Land Affairs two years ago, has come out in public support of the resettlement programme at the workshop for the first time — some say because the whiff of donor-funding is in the air.

It was clear from the representatives of the about 5 000 San people in this country that their most pressing need was access to land. The Kalahari San have instituted a claim for land in the Mier district in the Northern Cape and for access rights to land ins the Kalahari Gemsbok National Park.

The 4 000 !Xu and Khwe San, who worked as trackers for the former SADF in Namibia during the border war and were resettled on army land at Schmidtsdrif near Kimberley in 1990, have been trying to resettle on Platfontein, a farm nearby which Land Affairs bought for them in 1996.

They cannot move until the Northern Cape government has provided infrastructure and services.

Other pressing needs articulated by the San were for the upliftment and preservation of the San culture, language and traditions, skills training and the provision of basic services.

The workshop was organised by Ms Philippa Haden, who was seconded from DFID to the Department of Land Affairs last year at the request of Land Affairs Minister Derek Hanekom.

"My original brief was to work on issues surrounding the San land claims within the land reform process in South Africa. It soon became clear that there was far more work to be done than a single person could accomplish. We need to look beyond the land reform process and, since January, I've been focusing on the design of a long-term DFID support project in the San communities.

"We've been holding workshops with the San to look at their needs. This workshop, with provincial and national government representatives, looks at how community-based organisations and government departments should work together to ensure that the benefits of land reform are sustainable," Haden said.

If the funding is approved, it will be channelled through the Cape Town-based South African San Institute, the only non-government organisation in SA directly involved with San communities.

NEW HOPE: The San stand to get a R8-m development boost. Here San Association chairman Petrus Vaalbooi discusses development needs with Adele Wildschut of the South African San Institute. *PICTURE: MELANIE GOSLING*

Oudtshoorn pins hopes on hotel

(49B)

ANC MP secures Dutch investment

ARG 13/2/99

GRAHAM NORRIS
PROPERTY EDITOR

The economically depressed Oudtshoorn area is set to get a bigger slice of the lucrative tourism market now plans have been announced for a R10-million five-star hotel near the Cango Caves, which were recently revamped at a cost of R12-million.

The prime mover behind the development is Reggie Oliphant, the African National Congress MP for Oudtshoorn, who secured the investment for the Kango Hotel during a trip to the Netherlands last year with Adriaan Willemse, a developer from Mossel Bay.

The Dutch investors will be the major shareholders in the hotel, and a company will be formed to run it.

"We are very optimistic that this will give a tremendous economic injection to the town," said Mr Oliphant.

He said that although the Cango Caves were expected to attract 300 000 visitors this year, many tourists did not spend any significant time in the area because the right kind of facilities were not available.

A 35-room hotel below the Cango Caves restaurant would mean that tourists need not make the trip back to Oudtshoorn through the Swartberg mountains.

Mr Oliphant said the design of the hotel, which will be built on the eastern side of the caves against the mountain, was environmentally sensitive way.

Architects Myerson, Hamilton and Nel of Mossel Bay and colleagues from Oudtshoorn had engineered a circular design featuring a central open area planted with palm trees, and a stream running from a swimming pool and bar area.

Mr Oliphant said grass would be planted on the roofs of the hotel buildings to help them blend into the environment. The hotel would have sophisticated heating and cooling systems to deal with the extreme temperatures in the area.

Mr Oliphant said there had been a great deal of interest in the Oudtshoorn area, and that the emphasis would be on providing jobs and shareholdings for previously disadvantaged people.

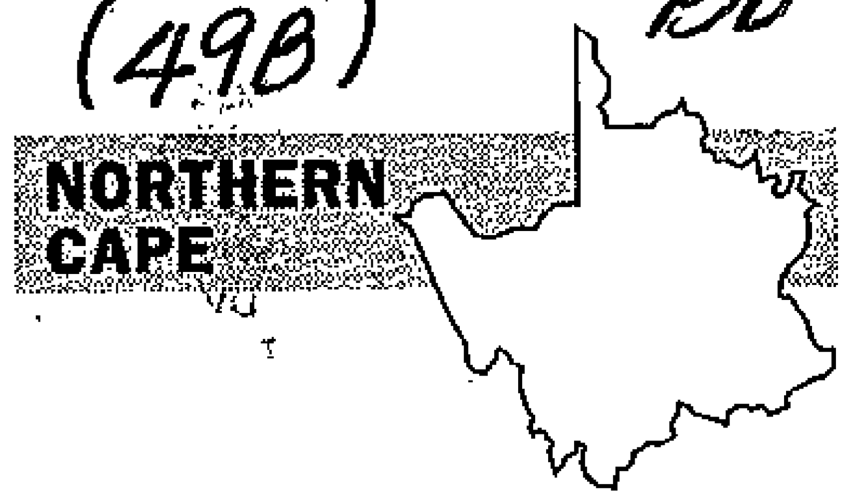
Mr Oliphant also helped to find investors for two developments in Mossel Bay: Menken Park and the 109-room, four-star Diving Dolphin hotel.

There are also plans for two new shopping centres in the Bridgton and Bhongulethu townships outside Oudtshoorn.

TOURIST DRAWCARD: Reggie Oliphant with a model of the planned hotel to be built near the Cango Caves

Education reprioritised to get 37,2% of funds

(498) BD 25/2/99



Primarashni Pillay

NORTHERN Cape finance and economic affairs MEC Goolam Akharwaray stressed the importance of education when presenting the province's budget for the 1999/2000 financial year yesterday.

The province "regards education as extremely important," he said, allocating it R838,73m — 3,3% more than last year and the biggest single item, taking 37,2% of the total funds.

Last year's total budget was R2,136bn, but Akharwaray said the 1999/2000 amount of R2,251bn represented a fall in real terms.

Akharwaray said that, in recognition of the significance of education, the province had reprioritised its spending in the last three years.

Northern Cape's pupil to teacher ratios and administrator to teacher ratios were higher than the national average and "we have to consider ways of addressing this matter".

The province received most of its revenue from central government.

The provinces main internal sources of revenue were motor vehicle licenses (R40,31m, a R4,66m increase on last year); hospital fees (R10,75m, up R1m); and gambling and racing revenues of R7,79m.

Social spending — education, health and welfare — accounted for R1,839bn, or 81,7% of the budget.

"The national norm for funding these social service functions is 85% of total available revenue, but due to our limited budget with very little room to manoeuvre, it is nigh impossible to reduce the funding for the other departments without a negative effect on their service delivery," Akharwaray said.

Welfare would receive R601,72m, 6,3% up on last year and accounting for 26,7% of the budget.

Akharwaray said the continued phasing in of the child support grant in place of child maintenance grants, as well as the reconsideration and evaluation of disability grants would further reduce expenditure on social security payments in favour of other welfare services.

"The continued efforts to reduce fraud and overpayment in the social security system will contribute to further savings," he said.

Health was allocated R362,82m, a 3,5% increase on last year's amount.

Housing and local government, sport and recreation, and safety and security were allocated a combined R48,98m of the budget.

Personnel expenditure across all services is scheduled to drop from last year's 49,8% to 49,5%.

"Though the reduction is small, it is a further indication of our commitment to ensuring that we keep the province's wage bill in check," Akharwaray said.

Capital expenditure dropped from R116m last year to R80,233m. Akharwaray said leasing rather than buying capital goods had contributed to the reduction.

Fight against rural poverty

The Eastern Cape's struggle to change the material conditions of its citizens has only just begun in earnest, writes ***Malcolm Ray***

(49b) Sowetan 10/5/99

Workers at the Mercedes-Benz factory assembly plant in East London. PIC: PAT SEBOKO

THE border corridor in the Kei region of Eastern Cape meanders like a river from the east coast, stretching over unspoilt hills into the dry veld of the vast hinterland.

Nestled on either side, the former Ciskei and Transkei are perhaps the most visible outcome of apartheid state planning.

Over two decades the former government forcibly moved and resettled an estimated three million rural people there.

The two territories were proclaimed "self-governing homelands" for a permanently displaced army of unemployed workers in line with state policy to isolate cheap labour reservoirs in the nominally independent territories from the rest of the province.

Typically, foreign companies out to make a quick buck settled near villages like Dimbaza and Keiskammahoek in Ciskei and Umtata and Butterworth in Transkei as part of the grand apartheid "urban decentralisation" plan to prevent the migration of black workers in search of employment to white urban areas.

Five years after the reincorporation of the two homelands into South Africa, the journey along the corridor strikes a symbolic chord. Rural poverty and wealth converge on the corridor in a kind of continuum between past and present.

That this divide remains largely unchanged is a glaring reminder of the perversity of apartheid: on the one side, a wealthy minority of white commercial farmers and industrialists still live in a world of unbridled opulence.

In the coastal metropolitan area of East London, where foreign-owned motor assembly plants like Mercedes-Benz and clothing and service industries are dominant sources of wealth, a white "priviligentsia" have staked their claim to cushy jobs and a customary life in the leafy suburbs.

The flight of capital and wealth during the 1980s from the rural homelands to the city simultaneously strengthened the urban pull factor to the extent that the wealthy now cohabitate uneasily with a marginal, displaced and urbanised black working class on the peri-urban fringes of the city.

On the other side of the divide, African people who constitute more than 70 percent of the province's total population barely survive by scraping out the most barren, unproductive land for a living.

The irony is that the end of apartheid has sharpened the socioeconomic contradictions – a direct result of the daunting challenges facing the African National Congress-led provincial government.

By 1994 the disintegration of the old pattern of regional development, already well under way, had exacted a heavy toll on rural communities that had to some degree benefited from industrial growth within the supporting framework of the urban decentralisation policy.

There is evidence that the situation is much worse today.

On the road to Keiskammahoek, a former British "frontier" town in the old Ciskei, large tracts of Dwaff (homeland forests) land lie in disuse.

In the town two clothing factories, a wood processing plant and an irrigation scheme established by Israeli and Chinese entrepreneurs after Ciskei gained independence in 1981 have long ceased their operations.

Andile Kobese, a local ANC organiser, says that in anticipation of the homeland's reincorporation, companies disinvested and white inhabitants fled to King William's Town, Stutterheim and East London.

Four impoverished villages, inhabited by unemployed African rural dwellers, are testimony to the steady economic decline of Keiskammahoek over the last decade.

Given this state of affairs, there should be no doubt that rural areas in such regions of the province are not automatically better off under the new post-apartheid administration.

In King William's Town, an industrial and agricultural service centre on the border corridor and home to the provincial ANC office, ANC provincial spokesman Mcebisi Bata says the reconfiguration of local and regional boundaries has also brought a peculiar set of problems to bear on the region and province.

For the white middle and propertied classes, the threat to their subsidies, income levels and ownership patterns inscribed by the old system of political patronage networks is ever-present.

He says several of the regions on their inception were faced with the task of amalgamating separate civil services from the old white provincial bureaucracies, administrative arrangements for coloureds and indians and the former homelands.

Encumbered with the legacies of competing political elites and overrun budgets, the new boundaries have generated sharp tensions between the region's different communities over the allocation of resources.

Racism and its political by-product of divided loyalties is manifest in this entrenched social, demographic and economic picture. Says Bata: "The ANC's focus on much-needed reconstruction and development at the local level has found favour among the rural poor, and antagonised resentful white privileged elites and former homeland beneficiaries of the old administrative system."

In Dimbaza, 100 kilometres west of East London in the former Ciskei, people believe they now enjoy better access to government services such as roads, housing, water and electricity.

Mongezi Thube, coordinator of the Dimbaza South Housing Scheme, says more than R2 million was ploughed into development projects in the township over the past three years.

The township's phenomenal success is attributable to the amalgamated administrative system. Interlinked local authorities in the greater King William's Town area gave Dimbaza the advantage of drawing resources from the lucrative tax bases of neighbouring white local authorities through a process of cross-subsidisation.

It is therefore not altogether surprising that political consciousness follows socioeconomic deprivation and privilege in a more direct way here. As Bata say: "The rural poor overwhelmingly see the ANC as a beacon of hope."

In the industrial cities of East London and Port Elizabeth, it has put its stamp on peri-urban community organisations and the commercial, catering and manufacturing affiliates of the Congress of South African Trade Unions.

There is a level of social stratification which does not augur well for isolated and geographically dispersed districts like Keiskammahoek. But all in all, significant trend swings have raised optimistic judgments about the performance of regional and local government.

In King William's Town, local ANC organisers laud the achievements of the past five years. The message they are sending to the rural electorate is the slow but favourable benefits of amalgamated administrative systems in the reconfigured province.

"We are not promising the new Jerusalem," Bata candidly says, "but a start has been made."

Eastern Cape firms set up plastics cluster

(49D) (183)

Moses Mlangeni

PORT Elizabeth could become a major plastics manufacturing and supply centre following moves by several Eastern Cape companies to combine resources to form a plastics cluster.

About 15 companies have shown interest in becoming part of the cluster, including Specialised Plastics Engineering, Trek Vacuum Forming, Evaron, Rhino Plastics and Day Plastic Company.

Bob White, the cluster's acting chairman and a director at Specialised Plastics Engineering, says there is a lack of awareness of the range of plastics available in the Port Elizabeth-Uitenhage metropolitan area.

"This makes it difficult to break into the export market. Now with our united voice and expertise we should be able to make in-roads into viable export markets."

BD 16/7/99

Two of the plastics cluster members, Trek Vacuum Forming and Hella, are already exporting their products to Africa and Europe, a development which could help open the doors into international markets for other cluster members.

White says a big export order could be shared among members, with benefits including a quicker completion of an order and world-class competitiveness.

The Eastern Cape is the fourth-biggest supplier of plastics after Gauteng, Cape Town and Durban, but supplies 97% of the plastic components used in the SA automotive industry.

The Port Elizabeth-Uitenhage metropolitan area represents about 15% of the tonnage of plastics used and 22% of the total value of plastics produced in the country.

ECONOMY - FREE STATE

1995 - 1999

Business venture to boost Parys

(49E)

Sowetan 6/7/95

This Free State town is about to come alive with industrial activity

By Mzimkulu Malunga

THE area around the Free State town of Parys could be bubbling with activity soon if discussions to build a factory to manufacture onduline are finalised.

Behind the idea is a northern France based company Onduline, Sasol and a number of black business people.

Onduline is a commodity used for roofing which is already in use in a number of African countries like Gabon and some parts of West Africa. The deal is being facilitated by Professional Development Associates headed by consultant Luthando Matthews.

Black groups which have been approached to be part of the venture include Kagiso Trust, Dr Nthato Motlana's New Africa Investments and the investment arms of Nafcoc and the Foundation for African Business and Consumer Services.

Initially, the groups wanted the plant to be located somewhere in the Eastern Cape. When that fell through they went looking for a place in KwaZulu. However, sporadic incidents of violence scared the overseas partners from the discussions. Eventually, Sasol offered to get involved in the deal on condition that the factory to manufacture onduline is located somewhere in the Vaal complex.

Luthando Matthews is aiming for the sky.

Free state business hurt by 'uncertainty'

(49E)

Edward West
and Ronny Tshabalala

20/8/96

POLITICAL uncertainty in the Free State and the suspension of five senior tourism and economic affairs department officials were seriously undermining business and investment confidence in the province, leading business representatives said yesterday.

At least one US investment, a manufacturing project valued at R65m over three years, is understood to have been cancelled owing to the suspension.

The 69 tourism forums established in the region's towns, the district boards and the Free State Tourism Board were in danger of collapsing after funding had been cut pending an investigation. In addition, Spanish and German investors planning a R22m jewellery manufacturing facility in Welkom had decided to locate in Tunisia instead, citing red-tape in SA.

Continued on Page 2

Free State

(49E)

Continued from Page 1

20/8/96

Bloemfontein Chamber of Commerce and Industries president Abel Erasmus described the political climate as "frustrating".

Free State SA Chamber of Business president Aubrey Nyschens said the "palace revolt" in the legislature had cast a pall over potential foreign investment which appeared to be going only to Gauteng or the Western Cape.

Free State Development Corporation CE Moteka Mohale said political uncertainty might undermine business confidence but he was unaware of investors pulling out because of it.

Free State follows lead set by budget

BD 18/4/97 (49E)

Kevin O'Grady

FREE State finance MEC Zingile Dingani unveiled a R6,016bn budget in the provincial legislature in Bloemfontein yesterday and followed national Finance Minister Trevor Manuel's example by allocating the lion's share (R4,56bn) to education, health and social welfare.

In his budget speech, Dingani said the province's budgeted expenditure of R6,016bn was equal to its budgeted revenue and showed a nominal increase of 5,5% over last year.

However, if inflation of 9,5% was taken into account, expenditure was lower in real terms by about 4%.

As with the national budget and most other provincial budgets, education received the biggest single slice of spending. The vote accounted for R2,14bn or 35,6% of total budgeted expenditure which translated into a 4,4% or R90,7m increase over last year's education budget.

Of this, expenditure on public ordinary school education accounted for 82,2% (R1,76bn), a 6,5% or R107m increase over 1996/97, Dingani said.

The education department's focus this year would be on the implementation of the newly published curriculum, the SA Schools Act and localised learning centres.

Health received the second largest allocation of R1,4bn or 23,3% of total expenditure — an 8,7% increase over 1996/97.

Dingani said community health and district hospital services would again enjoy the highest priority. The rationalisation of the province's academic hospital would continue to receive attention, he said.

Social welfare's grant totalled R1,02bn (17% of total expenditure) and was 15,4% higher than last year's.

Dingani said social security, which accounted for 87,6% of the social welfare budget, placed "a heavy but necessary burden on the province as it represents entitlements that must be paid irrespective of the size of the provincial budget".

Other votes announced by Dingani included R765,1m for public transport, roads and works, R159,6m for local government and housing, and R162,1m for the reconstruction and development programme.

Agriculture would receive R114,9m, finance, expenditure and economic affairs would get R78,25m, environmental affairs and tourism had been allocated R41,89m, and R11,12m (up by 5,5%) would go for public safety and security.

Dingani also increased the province's development and capital item budget by R116,7m (25,5%) to R574,5m over the 1996/97 figures.

In planning the estimated revenue collection for 1997/98, Dingani said it was important to review the province's performance with regard to revenue collection.

He said the estimated revenue for 1995/96 was R258,12m but the actual revenue collected had passed that figure to R275,84m.

Taking this into account, a revenue target of R275,84m was set for the 1997/98 budget while transfers from the national exchequer account came to R5,546bn.

Cuba and SA sign bilateral trade accord

BD 18/4/97

HAVANA — Cuba and SA have signed a bilateral trade accord, marking the latest step in a diplomatic relationship which has irked Washington.

The accord was signed during a two-day visit by SA Trade and Industry Minister Alec Erwin and a 20-member delegation that ended on Tuesday.

Erwin told reporters at Havana airport he saw considerable opportunities for SA companies in Cuba. He said the trade accord included giving mutual most favoured nation status.

On Tuesday evening Erwin met President Fidel Castro, who has been repeatedly invited to SA by President Nelson Mandela.

The trade balance is heavily in SA's favour, consisting mostly of SA exports of agro-chemicals, but Erwin said SA was interested in possible future imports of Cuban medical products.

A Cape Town-based firm, Atlantis Diesel Engines, has secured an $80m contract to supply Cuba with 10 000 diesel engines. — Reuter.

Harrismith gets R13m

Deborah Fine (49E) BD 28/10/97

THE Development Bank of Southern Africa (DBSA) has provided Harrismith municipality in the Free State with a R13m loan for capital projects.

In terms of the loan agreement, which will be signed in Harrismith today, the loan will be repayable over an 18-year period at a nominal interest rate of 15% a year, with a one year's grace period on capital repayment.

DBSA corporate relations manager Sandile Madolo said the municipality would use the money to fund a two-year capital works programme which included local electricity reticulation, upgrading roads and bus shelters, extension and upgrading of water and sanitation infrastructure, establishment of a landfill site and refinancing of infrastructure previously funded through short-term loans.

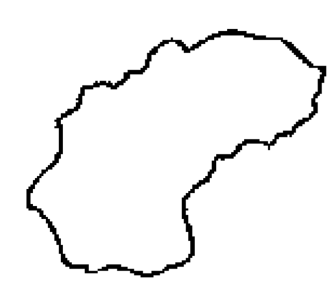
He said that as a development finance institution DBSA supported SA's economic growth and was "proud" to be associated with Harrismith's improvement and development.

Bank unable to help with debt

BD 25/2/99 (49E)

National government supervision might be required to deal with R540m-plus overhang

FREE STATE



Taryn Lamberti

THE Free State is battling to deal with accumulated debt of more than R540m and the provincial government's bank is unable to assist, provincial finance MEC Zingile Dingane said in his budget speech yesterday.

As a result of the bank's inability to accommodate the province's cashflow problems, Dingane said he was hoping for national government supervision in terms of the Constitution which would "enable the province to effectively deal with the structural debt overhang".

Tabling a R6,662bn budget, Dingane allocated 84% of total expenditure (R5,603) to basic social services, including education, health and welfare — up from 77% in 1995/96.

Dingane awarded the largest slice of the budget to education (40,9% of total spending), a 12,7% boost to R2,727bn. Health remained the second largest vote, with a 5,6% rise to R1,654bn (18,34% of total expenditure). Social welfare received 18,34% of the total budget, a total of R1,222bn — a marginal increase of 1,7% on 1998/99.

The total budget represents an increase of 4,5% compared to the 1998/99 budget of R6,375bn.

Dingane said the Free State had in 1996/97 a carry-over debt from the previous year of R96m. The deficit rose to R136m that financial year and R308m was carried over to the current financial year. In addition, about R170m is being carried over from this financial year. The adjustment estimate of expenditure for the year ending March 1999 provided for additional expenditure of R605,7m.

He said "the structural nature" of the debt overhang carried forward to the current financial year, had resulted in a lengthening of time taken to pay creditors. This was evidenced in a build-up of unpaid bills as outstanding payments had to be funded at the expense of current expenditure, Dingane said.

A provision of R135,83m a year over the Medium Term Expenditure Framework period was made to service debt repayment under the finance, expenditure and economic affairs vote.

Public safety and security received a 279% boost compared with last year, to R48m. This was to cater for the transfer of security staff from other departments to the safety and security department.

Almost 2% of total expenditure (R132m) was set aside for local government and housing, while 6,6% (R442,5m) was allocated to public transport, roads and works.

About R37m was given to the provincial legislature for the payment of MECs' salaries who were previously paid out of their respective departmental budgets.

New National Party (NNP) Free State leader Inus Aucamp said this year's allocation did not appear to be sufficient in respect of services which should be rendered by the provincial government.

"The NNP in the Free Sate foresees enormous pressure on health services, agriculture and infrastructure like roads and education in particular", he said. It could be expected that standards would be lowered even further during the next financial year and that services rendered would be of an even poorer quality.

Bale-out for free-spending Free State

(49 E)

Kevin O'Grady

THE Free State government will receive a R200m bale-out from national government to help it cope with a R333m spending deficit incurred in the current financial year which ends tomorrow.

The bale-out is also intended to help the province cope with a consolidated debt of R506,1m, built up since 1997/98.

A notice in a recent Government Gazette said the Free State's overspending "amounts to a failure on the part of the provincial government to fulfil its executive obligation to manage its affairs within its approved budget (allocation)".

This was the first firm indication of the extent of the Free State's deficit from fiscal 1998/99, which was previously thought to be only about R170m.

The Free State is the third province to get a government bale-out, joining KwaZulu-Natal and the Eastern Cape which together received an extra last year.

In terms of the constitution, national government can provide additional funding to financially troubled provinces in return for the fulfilment of strict conditions.

These have yet to be drawn up in the Free State's case.

With KwaZulu-Natal and the Eastern Cape, one condition was that the provinces must commit themselves to staying within budget in the new financial year. They could have, among other things, lost conditional grants for fiscal 1998/99 if they had reneged on the deal.

The agreements also forced finance MECs to provide Finance Minister Trevor Manuel with a detailed spending plan within two weeks of the agreements being signed and to submit monthly progress reports to him.

BD 30/3/99

ECONOMY - GAUTENG

1998 - 1999

Investment boost for Gauteng

(49F) CT (PM) 24/3/98

ADELE SHEVEL

Johannesburg. — The Gauteng provincial government launched the Vusani Amadolobha Fund yesterday, a R26 million project to regenerate and revitalise economic nodes across the region.

Sicelo Shiceka, Gauteng's planning and local government MEC, said this would directly affect over 3 million people and stimulate job creation.

The projects are practical and measurable. They include improving lighting, supplying informal trading stalls, providing bins and taxi ranks in certain areas, and creating pedestrian walkways.

Partnerships between private investors and informal traders, as well as mechanisms to improve safety for motorists, have also been tabled.

The fund will create 3 500 direct and indirect jobs in 15 centres across Gauteng.

"The impact of these projects will be better managed city, town and township centres, which will create cleaner and safer areas. This will lead to increased private-sector investment in these areas," Shiceka said.

The provincial government has disbursed R6 million for these projects, which has led to a total investment of R26 million from other sources.

Provincial government has passed on 23 percent of the total amount through the Vusani Amadolobha Fund, local government has given 30 percent and partnerships, mainly in the private sector, have provided 47 percent.

Projects to be undertaken were selected from 91 applications, with a total value of R121 million.

Shiceka said the fund would lead to urban regeneration and increased private investment in the area.

Neil Fraser, the executive director of the Central Johannesburg Partnership, said business was critical of the fact that little is done to improve areas, but the results thus far were outstanding. He said it set a precedent as a vehicle for joint funding.

Some of the projects have already started.

Rolf Dauskardt, the chief director of development planning, said the department had an audit team which would ensure that checks and balances were in place. Money spent on the project would have to be vetoed by the treasury department.

Stan Shlagman, a representative of the Gauteng Association of Chambers of Commerce and Industry and who is also on the Vusani Amadolobha Fund's steering committee, said the project stood to benefit property prices in the area.

Vusani Amadolobha is loosely interpreted to mean revitalising the town and trading centre.

Gauteng to target licences and tourism

BD 18/3/98 (49F)

Bonile Ngqiyaza

THE Gauteng government yesterday tabled a balanced budget of R15,073bn that increases social spending and provides for R1,1bn capital expenditure.

Finance and economic affairs MEC Jabu Moleketi said the province hoped to raise extra funds through higher motor vehicle licence fees and gambling and betting taxes. It was also investigating a levy on tourism-related activities.

Revenue was made up of R14,09bn from the national revenue fund and R978m raised by the province.

Spending on education remains unchanged at R5,8bn but health outlays increase 3,3% to R5,3bn. Welfare spending will grow 7% to R2,3bn.

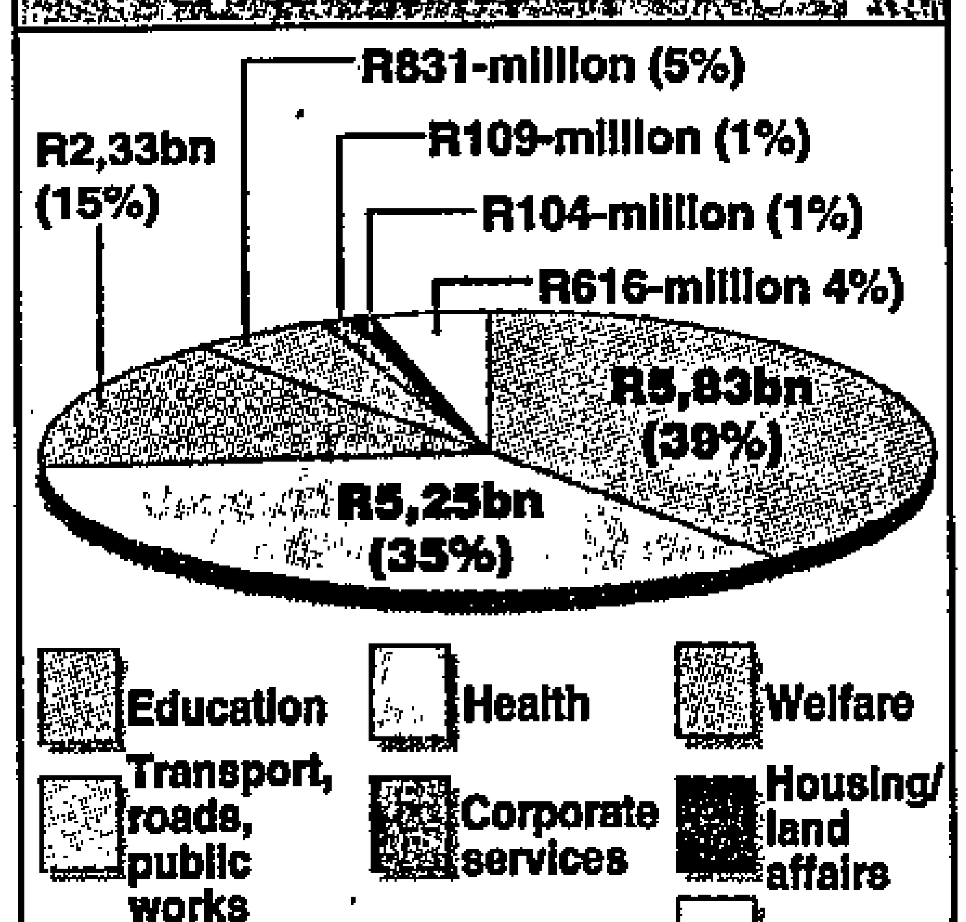
Moleketi said the government's spending plans had three main features — a substantial increase in social spending (making up 84% of the total R15,1bn), a large capital programme and a "substantial and manageable cut in other spending".

The budget papers provided no details of these cuts. However, Moleketi's spokesman, Phethole Kubjane, said local government allocations were no longer handled by provincial governments. This explained the reduction.

On the revenue side, Moleketi said vehicle licence fees — the biggest source of internally generated revenue — would rise 10% from June 1. The increase, with an estimated 3% rise in the number of vehicles, would raise the figure collected from licensing fees to R492m — up 31% from 1997/98.

Moleketi said the province was owed R80m for motor vehicle licence

How Gauteng spends its money



Graphic: KAREN MOOLMAN
Source: GAUTENG BUDGET

fees collected on its behalf by local authorities. Discussions with the councils concerned had yielded nothing but promises. They would be given until the end of this month to pay up or have their names publicised.

The tax on horseracing will drop from 9% of [illegible] turnover to 5% when the new Horse[illegible]g Company is listed on the Johannesburg Stock Exchange, probably in April or May.

Moleketi said the budget fully provided for the cost of paying existing provincial staff. He said no increase in numbers was expected, but there were also no plans for downsizing and no provision for retrenchment packages.

Gauteng spent 60% of its budget on

Continued on Page 2

Budget

(49F)

Continued from Page 1

BD 18/3/98

salaries, wages and benefits. In education the figure was as high as 86% which, Moleketi said, restricted spending on items such as capital projects, medical supplies and textbooks and stationery for schools.

He said the province would launch an ambitious capital programme to deliver new roads, schools, clinics and houses, and upgrade existing facilities.

Planning for these projects — listed in detail in a booklet — is expected to create 27 500 jobs directly and indirectly during the construction phase.

Moleketi said the province was the victim of 83 known cases of fraud and corruption by officials over the past year. He said 61 disciplinary hearings had been concluded successfully.

A further 125 frauds committed by the public against the province had been uncovered and reported to the police. "Successful convictions have been obtained in nine cases thus far, with 22 investigations closed due to lack of evidence and suspects."

Opposition parties criticised the budget, with the National Party coming down strongly on the proposed tourism levy. It said the zero increase in education would be disastrous for the province.

The Democratic Party described the budget as "the unimaginative work of technicians which will fail to inspire the hopes or ease the despair of ordinary people".

Real power is economic

Gauteng budget targets services

Sowetan 18/3/98

(49F)

Moleketi says retrenchments will be done according to labour laws

By Shadrack Mashalaba

GAUTENG province released its budget appropriation of R15,07 billion for 1998-99 fiscal year in Johannesburg yesterday.

MEC for finance and economic affairs Mr Jabu Moleketi described it as a budget of "trade-offs".

Moleketi said the new financial year which starts next month will focus mainly on social service delivery. He said budget matters were not about being happy with how much had been allocated, but what was important was delivery.

Last year's budget was R14,70 billion. This year's allocation with last year's figures in brackets – education R5,83 billion (R5,83 billion); health R5,25 billion (R5,08 billion); welfare R2,33 (R2,17 billion) while R1,66 billion (R1,62 billion) will be devoted to other services.

The MEC said the capital programme would "turn the province into a construction site" that would create about 27 500 direct and indirect jobs.

Moleketi said if South Africa was to achieve the Growth Employment and Redistribution Strategy (Gear) targets, Gauteng – which occupies a central role in the economic development of the country – needed to do more in contributing to the Gross Domestic Product.

"In the 1997-98 financial year we made efficient gains. We have budgeted fully for personnel obligations in the new financial year. I am looking forward to the day when the province will only spend 50 percent on personnel as opposed to the current 60 percent.

"While we acknowledge there are constraints we are faced with, there should be a balance in resource allocation at our disposal.

"We have identified too many personnel, particularly among teachers, but our principle will not be to retrench people but to deal with the matter in accordance with labour laws," said Moleketi.

Gauteng MEC for finance Jabu Moleketi released a budget yesterday with more emphasis on social spending. PIC: JOE MOLEFE

He projected a deficit of R291 million for the current year which he said was in line with their projections.

He said Gauteng was aiming at a growth rate of three percent at the end of the new fiscal year.

Moleketi said an amount of R2,891 million had been set aside to cover for unforeseen expenses.

He added that the province had budgeted R44 million, with a further R3 million expected to be raised from other sources, to be utilised in Aids prevention education programmes.

Despite limited taxing powers the province would raise R186 million in gambling taxes, R492 million from vehicles licences and R229 million from other sources

DEVELOPMENT

R500m already spent on Pretoria corridor

ST (BR) 8/5/98

More than R500 million had already been spent or budgeted by government bodies in the Mabopane-Centurion Development Corridor (MCDC) area, Hendrik Kleynhans, the project manager, said yesterday. This figure did not include funds being spent in the MCDC area by the metropolitan councils of Centurion, Greater Pretoria and Northern Pretoria. (49F)

The MCDC strategy is aimed at injecting new life in to the western part of the Greater Pretoria metropolitan area. Kleynhans said the amount spent on the MCDC clearly illustrated the commitment of the authorities concerned to job creation and uplifting the area. He called on the private sector to join in the effort to build the "best development corridor in the whole of southern Africa".

The biggest contribution came from the Greater Pretoria Metropolitan Council, which spent R125 million of its 1996-97 budget on capital projects in the MCDC area and budgeted almost R160 million for this purpose in 1997-98. — *Roy Cokayne, Pretoria*

Star 18/2/99

Gauteng gets big slice of Manuel's cake

49f

Budget parcels out billions to the provinces, which are praised for exercising financial restraint

By Jovial Rantao
Cape Town

Gauteng received the third largest slice when Finance Minister Trevor Manuel unveiled provincial allocations in the 1999/2000 Budget which he tabled in Parliament yesterday.

With 7,3 million people, Gauteng's allocation, including conditional grants, amounts to R15,2-billion. Last year's allocation was R14,5-billion.

KwaZulu Natal, the most populous province with 8,4 million people, has again received the lion's share. The province has this year been allocated R18,7-billion, followed by the Eastern Cape (R16-billion), Gauteng (R15,3-billion) and Northern Province (R12-billion).

Manuel said the provinces had made significant improvements in the past year, bringing their expenditure in line with available resources.

Manuel announced that the provinces will receive 52%, or R86,3-billion, of the R216-billion national Budget. The provinces will receive an additional R8,8-billion in conditional grants for themselves and local government. The grants will be used mainly for health services.

Drawing on the advice of the Financial and Fiscal Commission, the revenue formula takes account of the distribution of the population, school enrolment and several other factors. A backlog component has been added to the formula this year, recognising the need to redress historical inequities.

Manuel praised KwaZulu Natal and the Eastern Cape for the way in which they have managed their finances, pulling themselves out of the mess they were in at this time last year.

The national government intervened in the two provinces last year, in terms of section 100 of the constitution, and transferred R1,5-billion to them under strict conditions.

"Both provinces have made a remarkable recovery, improving their financial management and complying fully with the terms and conditions of the agreements.

"Indeed, these provinces will show surpluses. These surpluses will be used to pay off debts. It's important to recognise the sterling work of the MECs for finance in each of these provinces. Theirs were daunting tasks, and they deserve our admiration for bringing a difficult situation under control and for the steps they have taken to strengthen their treasuries and financial system," Manuel said.

Provincial allocations

What the provinces can expect:

KwaZulu	R18,7-billion
E Cape	R16-billion
Gauteng	R15,3-billion
N Province	R12-billion
W Cape	R9,9-billion
North West	R7,7-billion
Free State	R6,4-billion
Mpumalanga	R6-billion
N Cape	R2,2-billion

Most provinces had made significant progress, introducing tighter control measures to curb unwarranted expenditure. All provinces had now implemented early-warning systems to manage their expenditure and prevent overexpenditure.

Whereas the consolidated accounts for provinces showed a deficit of R5,9-billion in the past financial year, preliminary estimates indicated a consolidated surplus of R600-million, the minister added.

"This has been achieved largely through improved expenditure management, and it establishes a sound platform on which provincial service delivery and social spending can build over the years to come," Manuel said.

The Government was, however, forced earlier this month to take over the finances of the Free State, after the province became unable to meet its financial obligations.

Sensible approach ... Finance Minister Trevor Manuel ponders a point at the start of his spe

Government plans to release billions of r

By Jovial Rantao

Cape Town – The Government has unveiled measures worth billions of rands aimed at promoting job creation and reducing the high rate of unemployment.

The 1999/2000 Budget tabled yesterday includes R1-billion for poverty relief and employment projects, increasing to R1,5-billion in 2001.

Working for Water programme, community-based public works projects, rural infrastructure investment, and development projects managed by non-governmental organisations would also be allocated more money.

In total almost R3-billion in the Budget was linked directly to job creation programmes, he said. This included spending on income-generating welfare programmes and training for the unemployed.

Once insurance fund demutualisation was completed later this year, the Umsobomvu Fund was expected to have R1-billion in capital and would be in a position to start investing in training and development programmes for young people, the minister said.

He praised initiatives taken at the Jobs Summit to pledge one day's wages to a special fund for job creation and the business sector's R1-billion contribution.

Manuel said the Government expected to be able to announce further relaxation of exchange controls later this year in a move aimed at attracting foreign investment.

"As a nation we don't generate enough savings to finance the levels of investment we require to create jobs.

We therefore have to attract foreign investment, making our international relations a key focus of economic policy."

The reduction of company tax from 35 to 30% is also seen as a stimulator for

creation of jobs in the count

Manuel said the intro tion in April next year of skills development levy-gr scheme would yield an e mated R1-billion for trai and development, rising R2-billion in 2001.

MIKE HUTCHINGS / REUTE

Finance Minister Trevor Manuel ponders a point at the start of his speech. He unveiled a Budget that he said would show fiscal prudence.

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We therefore have to attract foreign investment, making our international relations a key focus of economic policy."

The reduction of company tax from 35 to 30% is also seen as a stimulator for creation of jobs in the country.

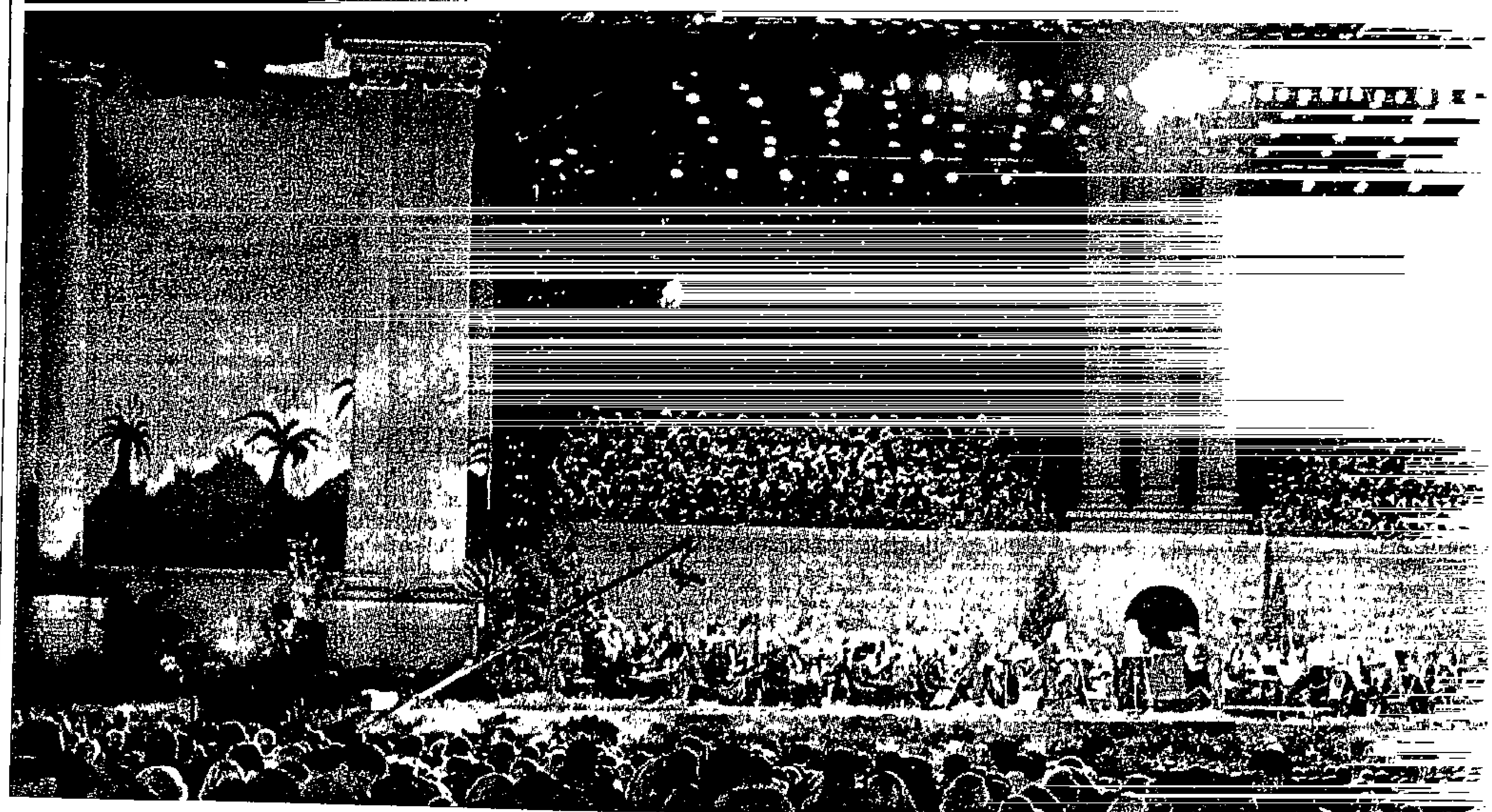
Budget at a glance ... outgoing South African Reserve Bank governor Chris Stals reads a summary of the Budget speech.

Manuel said the introduction in April next year of the skills development levy-grant scheme would yield an estimated R1-billion for training and development, rising to R2-billion in 2001.

He said 80% of the funds would go to sector education and training authorities nominated by employers, and 20% would go to a national skills fund.

This was a key initiative in strengthening learning and productivity.

Starting in April next year, the national Budget would include a skills development levy-grant scheme financed by a 0,5% levy on the payroll of private sector employers, increasing to 1% from April 2001.



Framed by classical Greek pillars ... the Three Tenors – Placido Domingo, Jose Carreras and Luciano Pavarotti – perform on the imposing stage at the

Gauteng is 'best pla

(49F)

Rich Western Cape and KZN could use some Northern Province cheer – survey

Own Correspondents
Cape Town

Gauteng and Mpumalanga are the nicest places to live in in South Africa. The Free State is the province with the least going for it, followed closely by KwaZulu Natal. The Western Cape lets itself down because of a bad case of social depression.

As part of the Reality Check series which begins in *The Star* today, we rated each of the country's nine provinces on a wide range of criteria.

We asked whether its citizens have taps and toilets, how often they go hungry and how much faith they have in governance and the economy.

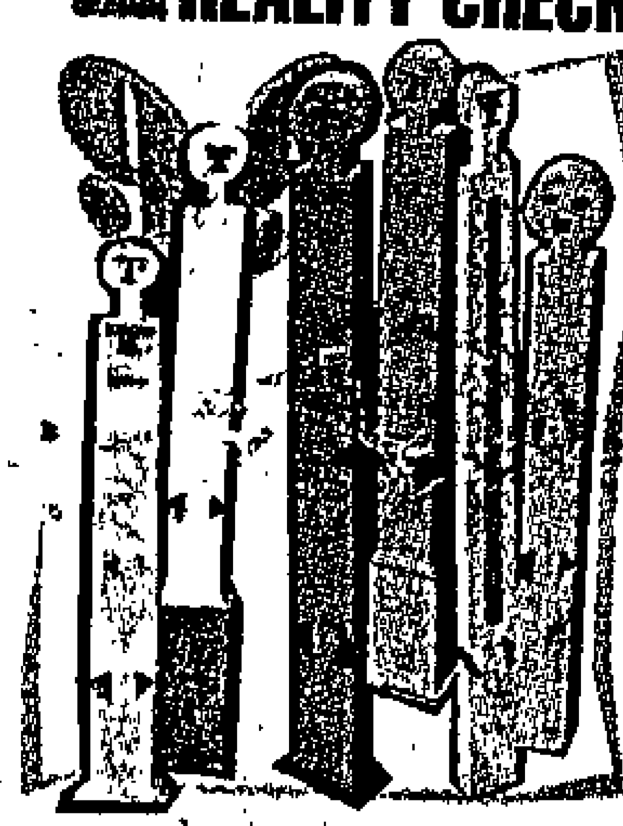
We found out how their lives have changed in the past five years and questioned them on their experiences of crime.

We combined answers to 23 questions and gave each province a score on four dimensions: living conditions, crime, confidence in the country and general satisfaction. Then we put these together and ranked the provinces.

We found that even the high crime levels in Gauteng don't detract from the fact that its citizens are basically content. It has much of the infrastructure needed to support its population and, compared to the other relatively well-off provinces, its people have faith in both provincial and national governments, as well as in the economy. Despite its bad press, Gauteng retains the promise of eGoli – the city of gold.

Right up there with Gauteng comes Mpumalanga. It's people are less well off but much more positive. They say their lives have improved over the past five years and expect the future to be even better. Another plus is the low crime report.

REALITY CHECK



Northern Province is the poorest province but it ranks third overall because of the remarkably upbeat attitudes of its people. They may not have large salaries or running water inside their homes, but they are more likely to be positive.

The most obvious contender for the crown, the Western Cape, is ranked just fourth. Its ratings are the mirror opposite of Northern Province: top for living conditions and bottom for attitude.

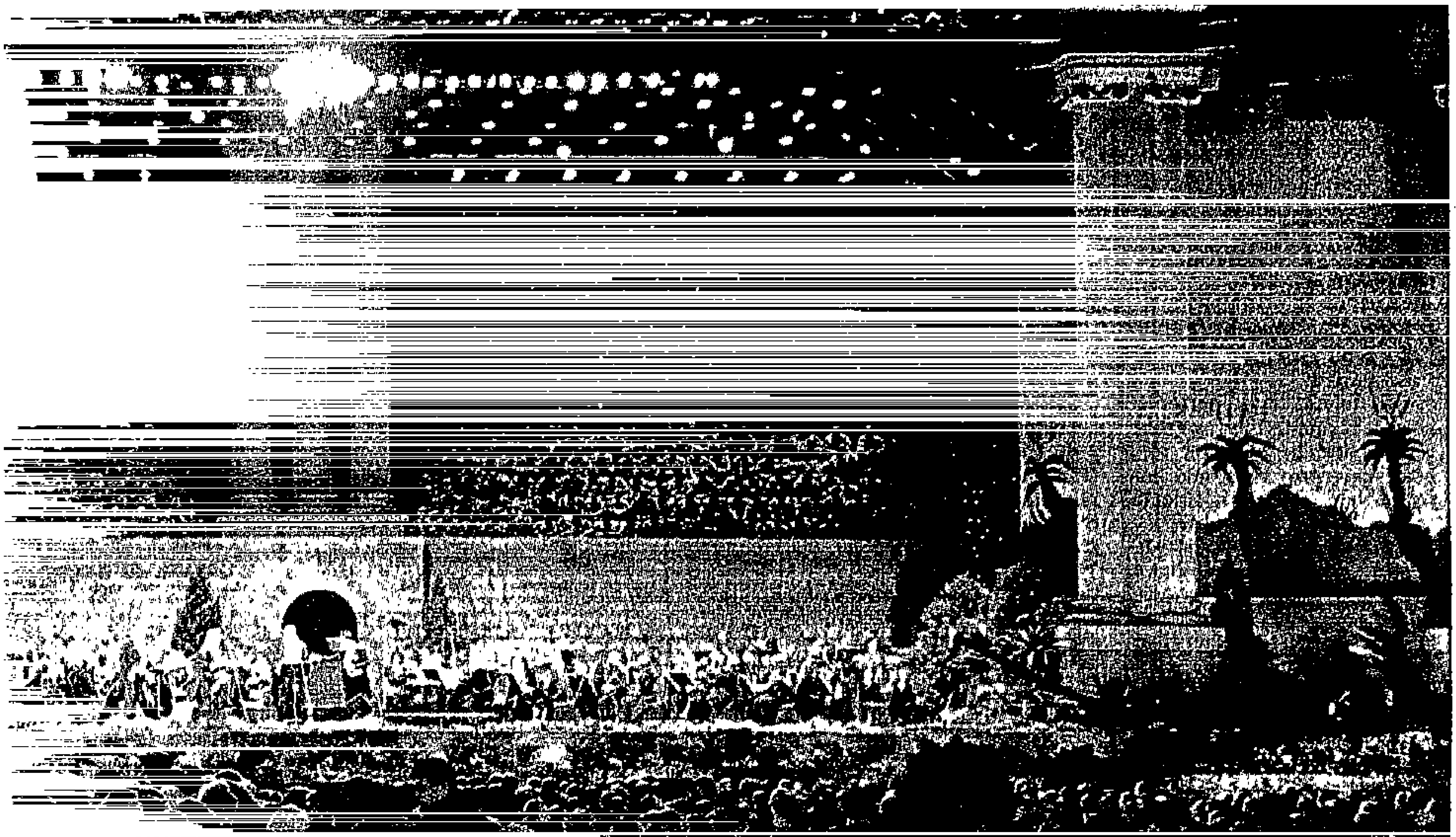
We found that its residents are easily the best off in the country: they are the most likely to be fed, employed, educated and have their rubbish removed regularly, yet they don't feel very good about their lives. Confidence in all levels of government is low and there is a general air of despondency and dejection.

KwaZulu Natal just escapes coming last because of the relative wealth of the province. There is a high incidence of crime and, like the Western Cape, its citizens give themselves away by their negative attitudes.

These two have more in common: KwaZulu Natal and the Western Cape are the only provinces not to ... the ANC – perhaps a ... of their disenchan... the process of chang... Africa. The survey ... that, five years later, ... chantment remains. ... also both experienc... els of political ... recent past, with its ... tant effect on morale.

The high standard ... in the Western Cape ... tributed to the ... under apartheid: ... coloureds and ... Africans last.

As part of the ... ern Province, with



Luciano Pavarotti – perform on the imposing stage at the Union Buildings last night.

▶ Full story – see Page 3

'best place to live'

(49F)

'rovince cheer – survey

(2bb) Star 19/4/99

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for the crown, the Western Cape, is ranked just fourth. Its ratings are the mirror opposite of Northern Province: top for living conditions and bottom for attitude.

We found that its residents are easily the best off in the country: they are the most likely to be fed, employed, educated and have their rubbish removed regularly, yet they don't feel very good about their lives. Confidence in all levels of government is low and there is a general air of despondency and dejection.

KwaZulu Natal just escapes coming last because of the relative wealth of the province. There is a high incidence of crime and, like the Western Cape, its citizens give themselves away by their negative attitudes.

These two have more in common: KwaZulu Natal and the Western Cape are the only provinces not to have voted for the ANC – perhaps a reflection of their disenchantment with the process of change in South Africa. The survey suggests that, five years later, this disenchantment remains. They have also both experienced high levels of political violence in the recent past, with its concomitant effect on morale.

The high standard of living in the Western Cape can be attributed to the pecking order under apartheid: whites first, coloureds and Indians next, Africans last.

As part of the former Western Province, with its high coloured population, the Northern Cape also benefited from these policies. It scores high on living conditions but low on confidence and satisfaction.

These findings are consistent throughout our survey and reflect one of Reality Check's central themes: The large difference between people's perceptions and their realities. More details of these and other findings will be published throughout this week.

Best address: 1 Gauteng and Mpumalanga; 3 N Province; 4 Western Cape; 5 N Cape; 6 NW; 7 Eastern Cape; 8 KZN; 9 Free State.

Least crime: 1 N Province; 2 N Cape; 3 Mpumalanga; 4 NW; 5 Western Cape; 6 Eastern Cape; 7 KZN; 8 Gauteng; 9 Free State.

Best living conditions: 1 Western Cape; 2 Gauteng; 3 Northern Cape; 4 KZN; 5 Free State; 6 Mpumalanga; 7 Eastern Cape; 8 NW; 9 Northern Province.

Most satisfied: 1 N Province; 2 Mpumalanga; 3 NW; 4 Free State; 5 Eastern Cape; 6 Gauteng; 7 KZN; 8 N Cape; 9 Western Cape.

▶ Here is your reality Page 11

Shilowa's vision wins backing of business

ANC is committed to making Gauteng investor-friendly

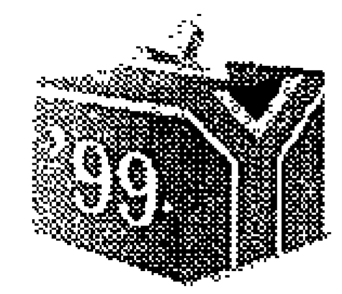
(49F)

Pearl Sebolao

THE business community was treated to a preview yesterday of the plans Mbhazima Shilowa, the African National Congress (ANC) premier candidate for Gauteng, has for the province.

These included spatial development initiatives and implementation of measures to curb capital being wasted through idle infrastructure.

He told a breakfast meeting hosted by the Johannesburg Chamber of Commerce and Industry that Gauteng, which contributed 37% of the national gross domestic product and 58% of fiscal revenue, was "sitting on much potential". However, the slowness with which this potential was exploited was worrying. The remarks by Shilowa, who had been "geared for increased efficiency" through detailed briefings about the state of the province's economy by various departments, were well received by the business community.



The SA Chamber of Business, the National African Federated Chamber of Commerce, the Afrikaanse Handelsinstituut and the Foundation for African Business and Consumer Services, all at the function, responded well to Shilowa's remarks.

Key to the successful development and growth of the provincial economy would be partnership between the government and business. "We have to ensure we grow and develop our economy in Gauteng together," he said.

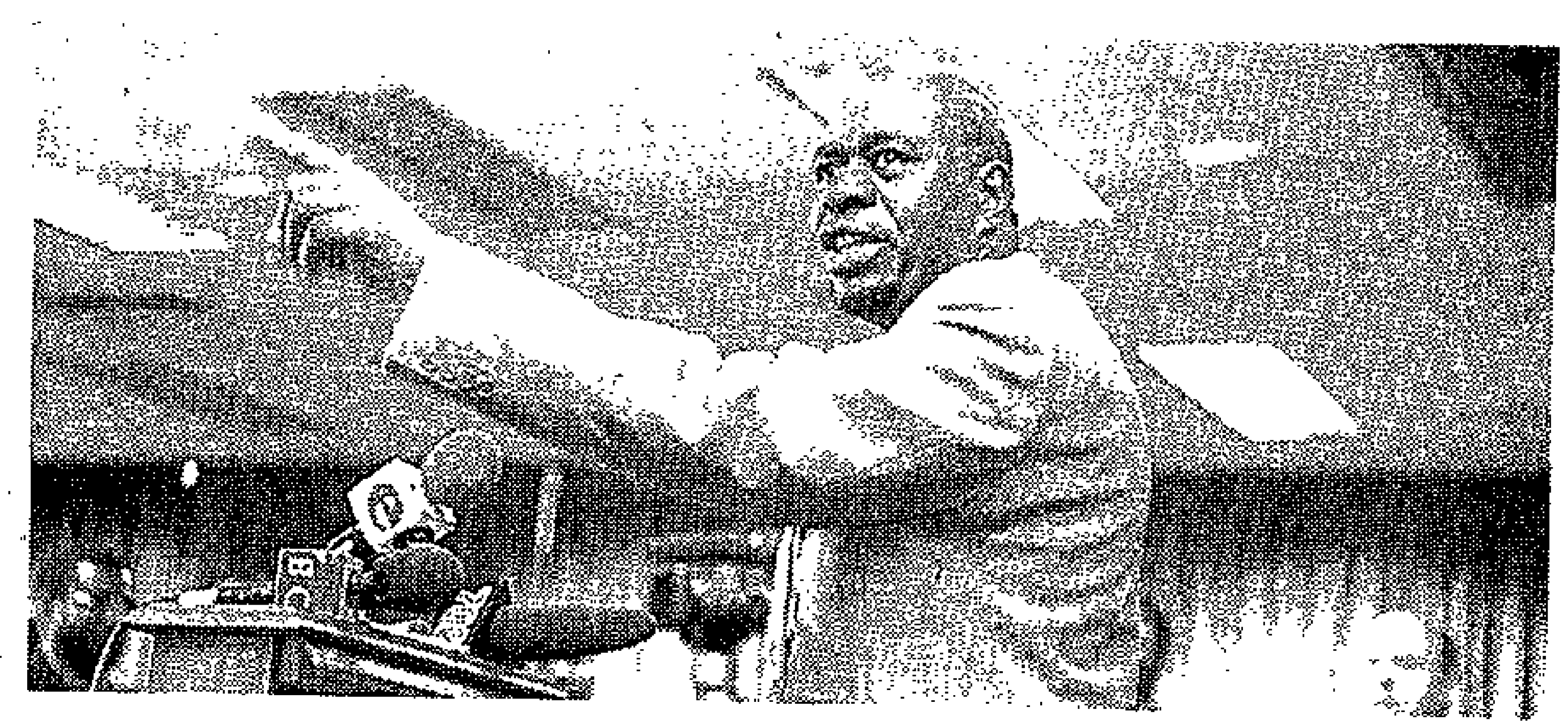
Shilowa said that on the East Rand there was infrastructure and machinery lying idle since political violence in the early 1990s forced their closure. Business could play its part to ensure these were used to create jobs.

Business and government also had to engage each other on identifying areas in the province for development so as to come up with regional and industrial strategies for increasing development in poorer areas.

"I think that is wasted capital by business. As business you should be worried that you have made an investment and it is yielding no returns."

Shilowa, who assured business he represented a broad constituency extending beyond workers and the ANC, said the ANC was committed to creating an investor friendly and safe province.

BD 12/5/99



Gauteng premier-elect Mbhazima Shilowa makes a point at a function organised by the Johannesburg Chamber of Commerce. Picture: TREVOR SAMSON

Agency says city is not such a bad credit risk

(49F) BD 10/6/99

Fitch IBCA has accorded Johannesburg a national long-term rating of BBB+, writes Xolani Xundu

THE Johannesburg Metropolitan Council's standing as a credit risk is better than generally thought, according to the findings of international rating agency Fitch IBCA.

The capacity of the council to collect outstanding debts for taxes and services affected this rating.

Speaking at the release of the council's credit rating in Braamfontein Metro Centre, Fitch IBCA's MD Mike Berry said the continued non-payment of services hampered the council's maintenance and capital spending abilities.

For the first time Fitch IBCA accorded Johannesburg a long-term rating of BBB+ and a short-term rating of A2. The BBB+ rating said the council's ability to pay its long-term debts was adequate, but could be influenced by adverse changes in business, economic and financial conditions.

The A2 rating indicated that the capacity of the council to pay back its loans in the short term was strong, but the risk was slightly higher if there were adverse changes in the economy.

Regarding the payment of services, Berry said failure to resolve the problem would lead to deterioration of existing infrastructure and might retard the upgrading of existing underserviced areas.

Since 1996 Johannesburg had incurred operating deficits totalling more than R500m and the current financial year, ending in June, was also likely to end in a deficit.

The deficits were stated after allowances were made for defaulters on tax and service payments.

The Fitch IBCA operating balance, an internationally used indicator of the cash generated by a tax-based entity, showed that over the past three years, since the amalgamation of various councils, about R2,8bn had been generated. However, R1,7bn of this was used to finance defaulting tax and service payers, R975m was paid in interest, scheduled debt repayments of more than R500m had occurred and the net capital expenditure of R2,2bn had taken place.

New interest-bearing debt of R1,3bn was issued to finance the shortfall.

Berry said Johannesburg had made a number of decisions that would play a crucial role in its capacity in future.

He cited the appointment of the city manager, Ketso Gordhan, supported by an executive management team, as a significant departure from historical management practices in the local government sector.

"A clearly defined focus captured in performance-related service contracts introduces commercial applications to a sector which has not always realised that it is, in essence, a large business," Berry said.

Although the team would have to overcome significant obstacles, such as labour's resistance to the implementation of the policies, it had the administrative and political backing to change the way Johannesburg was managed.

"A four-year plan to restructure the way the city allocated its resources was also in place and a core aspect of the programme was a stringent approach by management in the allocation of resources, which could see certain functions stopped or scaled back.

"Looking forward, Johannesburg has a relatively modest debt redemption schedule through to 2004. About R500m in debt will have to be repaid. This should be generated from current operational levels," said Berry. The Igoli 2002 plan — which provided commercial and administrative sense and clarity on the allocation of taxes within the city — would need to be achieved.

Kenny Fihla, chairman of the Johannesburg Metropolitan Council transformation team, accepted the report, saying it dispelled market perceptions that Johannesburg was an irredeemably bad credit risk.

OLD MUTUAL LISTING

R5bn cash boost for Western Cape

CT 12/7/99 (49A)

OLD MUTUAL'S simultaneous listing on the Johannesburg and London stock exchanges today will mean a cash injection of about R5 billion into the economy of the Western Cape. Consumer Writer **GUSTAV THIEL** reports.

ECONOMIC experts say the current positive economic climate in the Western Cape will be stimulated by Old Mutual's completion of its demutualisation process, which gives policy holders a stake in the resultant new company. This view is shared by the province's Finance, Gambling and Development Planning MEC, Leon Markowitz.

Almost 1,2 million Old Mutual shareholders decided to sell their shares before today's listing — more than a third of the total of 3,2 million shareholders. A total of 2,95 billion ordinary shares will become available for trading on both stock exchanges after the listing.

In the Western Cape, about 425 million free shares were allocated to the province's shareholders. Old Mutual's financial advisers, Merrill Lynch International, predicted that the shares will start trading at R11 to R14 a share.

An Old Mutual spokesperson told the *Cape Times* that the value of the share was fixed at 120p in London yesterday, which translates to R11,40 at an exchange rate of R9,40 to the British pound. Accordingly, the value of the shares held by shareholders in the Western Cape adds up to almost R5 billion.

Several major financial institutions, in South Africa and abroad, bought a large percentage of the new shares on offer. An Old Mutual spokesperson said that of the 1 175bn new shares on offer, 1 056bn were bought by institutions. The spokesperson said the interest from international institutions in South Africa bodes well for the country's economy.

Old Mutual communications manager Stephen Bowey said from London, where he is attending the listing on the London Stock Exchange, that the injection of such a vast amount of money into the pockets of Western Cape consumers will stimulate growth in the province.

His sentiments are shared by Charl Adams of the Cape Chamber of Commerce. "The decreases in interest rates meant consumers already had more money in their pockets, but this will be further increased by Old Mutual's listing.

"If you add the fact that the current economic climate in the Western Cape is extremely upbeat, the future for the province looks very good. There are various other reasons why the economy in the Western Cape is doing so well as opposed to other regions.

"The province's economy is not held to ransom by the mining industry where things are looking extremely bleak. The most important industries in the Western Cape are in commerce, manufacturing and the fishing industry. The tourism industry has also not reached anywhere near its potential," said Adams.

His enthusiasm is backed up by a Chamber of Commerce study which shows that retail sales in the Western Cape increased by 5,9% in the first quarter of 1999 compared to 4% for the whole country. The province's market share has risen to 19,5% from 18% in 1996.

Colin Boyes, also of the Cape Chamber of Commerce, said: "This tells us the Western Cape as an economic entity continues to out-perform all other provinces, certainly in terms of retail sales."

Markowitz says he expects that R5bn in the pockets of Western Cape consumers "will eventually lead to the creation of more jobs in the province". He told the *Cape Times*: "I could never say things are looking rosy in the province until employment levels are acceptable. The injection of cash by Old Mutual's listing will aid this process."

Professor Jan Sadie, retired head of the Bureau of Economic Research at Stellenbosch University, said most of the shareholders in Old Mutual who decided to sell their shares before the listing will use it to pay off debt. He agrees, however, that a substantial amount will be left for increased consumer spending.

"It looks like the listing will have a positive effect on the whole country's economy, but specifically the Western Cape. In a country where thousands of people lose their jobs every month we need any stimulant for the economy."

Old Mutual policyholders who elected to sell their shares in the pre-listing offer will have to wait until July 20 to receive their money. Bowey says policyholders who chose to have their money paid electronically will receive it on July 20. Those who opted to receive their money by cheque will receive it later than July 20.

Sadie said the delay will not impact negatively on consumer spending. "I think it is safe to say that the Western Cape will benefit. The more people have to spend, the more they will spend."

Economists believe half of the R5bn will be available for spending after consumers have reduced debt and put some of the cash into savings. In the Western Cape this will leave consumers with R2,5bn to spend.

● See Business Report

Gauteng 'has big growth potential'

Patrick Wadula (49F)

THE Gauteng Economic Development Agency (Geda) has embarked on a campaign to attract foreign investment to Gauteng.

Geda CEO Charles Jonka said yesterday that since the launch of the agency almost two years ago, it has identified strategic investment projects for the province in various sectors such as agribusiness, automotive industry, chemicals, electrical machinery, financial services iron and nonferrous metals, technology and tourism.

He said the Gauteng government realised that if it was to fulfil its constitutional mandate to promote economic growth in the province, it would need an appropriate structure to do so.

"Geda was established to compete in the international arena to attract capital to SA and Gauteng. The main objectives are to create wealth and jobs in the province," said Jonka.

He said the agency rejected the idea that investment promotion was principally a public relations exercise. Investment opportunities in the province had to be identified and marketed.

Gauteng generates about 37% of the country's gross domestic product (GDP), equivalent to about 26% of the combined GDP of 14 Southern African Development Community states and 9% of Africa's GDP. Per capita disposable income is R16 234 compared with the national average of R8 752

Recently manufacturing, finance and trade sectors have been dominant sectors in Gauteng's economy. The fastest growth is expected in the construction, finance and trade sectors.

Jonka said opportunities in Gauteng existed in agriculture. This sector was underdeveloped and had the potential for growth. Construction opportunities existed in housing, industrial parks, tourism facilities and retail centres.

The manufacturing sector had more than 9 000 firms employing more than 500 000 people in a range of activity.

BD 15/7/99

ECONOMY - KWA ZULU NATAL

1996 - 1999

Durban targeted for special UN survey

(49D)

By Norman Chandler
Pretoria Bureau

Star 24/7/96

Durban is one of 14 cities around the world which has been identified by the United Nations to be developed as a "model community" in the 21st century.

A comprehensive report on how the city, one of the fastest-growing in the world, will be managing its future development, is to be presented to the United Nations Commission on Sustainable Development.

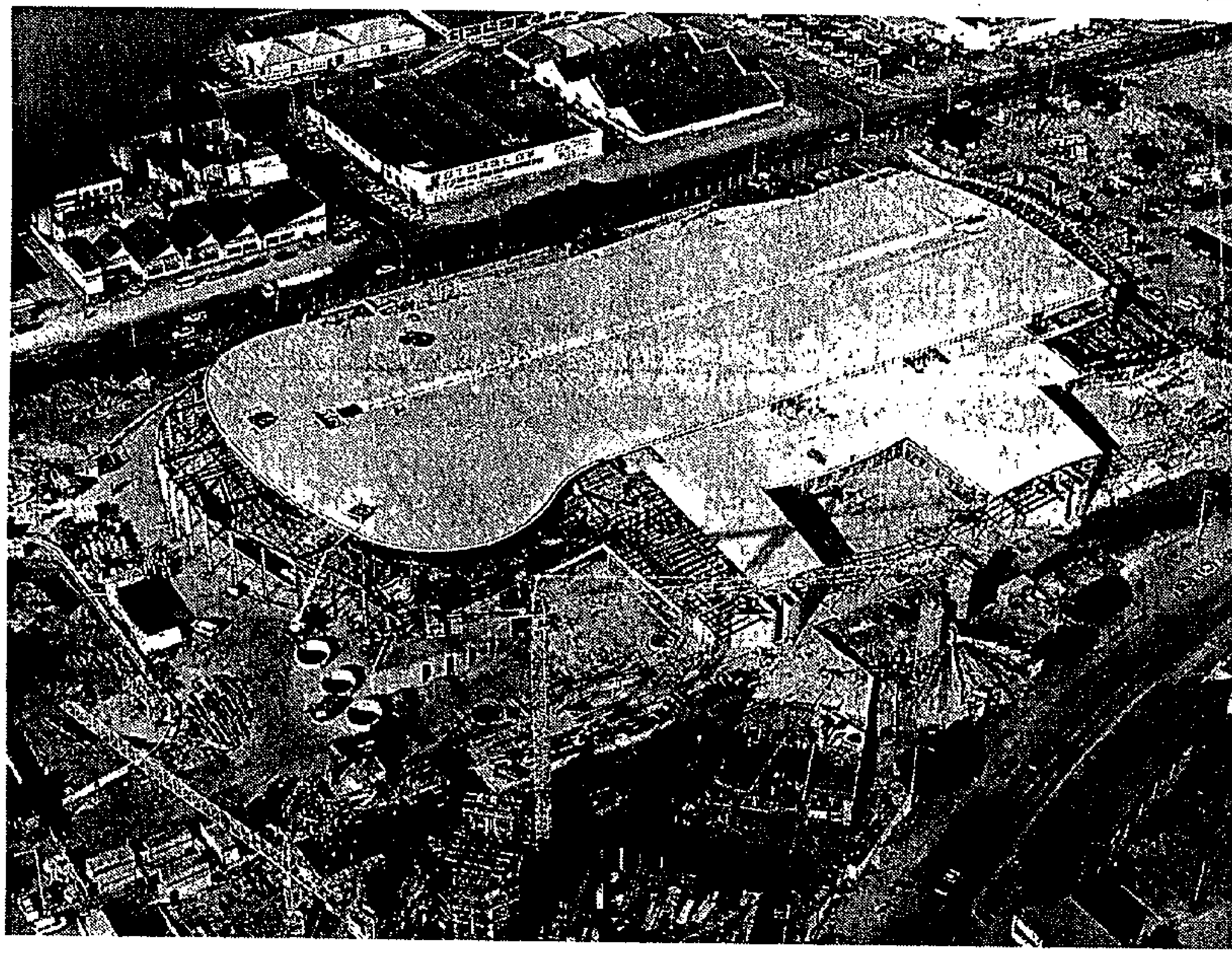
Dr Nicholas King, of the CSIR's water, environment and forestry technology division, says the "model community" project is designed to "achieve a balance between the primary driving forces of environmental change, such as resource consumption, pollution and population growth, and the Earth's natural resource base".

Project is considered extremely complex

The cities – which include Stockholm in Sweden and Calvia in Spain, as well as others in Asia, Africa and the Americas – were recently chosen by the commission in terms of a decision taken at the 1992 Earth summit, and are known as Agenda 21 cities.

In South Africa, the Durban project will be known as Local Agenda 21. The first phase of an environmental and development study is currently under way as a joint venture between the CSIR and Durban Metropolitan Authority. The second phase will prioritise key actions to be taken while a third will implement the recommendations.

"This project is extremely complicated and difficult to implement since sustainable development is a new concept which is neither well defined nor well understood. It requires the development and implementation of a whole new paradigm of sustainability which is convincing enough to elicit support of all stakeholders," King said.



Construction on Durban's R280m international convention centre is now concentrated on the lower wave-like roof structures following completion of the main roof. More than 2 000m² of roofing was damaged in a severe storm recently.

Centre to boost Natal economy

BD 31/7/96 (49D)

Nicola Jenvey

DURBAN — Conventions destined for Durban's International Convention Centre from September next year would boost the regional economy by about R300m, acting director Alec Gilbert said yesterday.

Durban attracted only 9% of the international tourists visiting SA, despite the city's cosmopolitan cultural mix and solid tourism infrastructure. However, the R280m centre would change this.

Twenty-nine firm bookings for conventions had already been made, and there were another 60 provisional bookings. "This well timed initiative, coinciding with the international interest focused on post-apartheid SA, will establish Durban as a unique international business destination."

The centre, offering 8 700m² of lettable space, is being built by the Construction Company Joint Venture.

The group, comprising Murray & Roberts Natal in association with KwaZumba African Builders, and Grinaker Building Natal in association with Phambili Construction, won the contract in 1993.

Gilbert said the venture had become a blueprint for affirmative action projects. The "construction protocol" was set up in terms of the reconstruction and development programme, and had provided structured training, development and mentoring programmes for previously disadvantaged contractors.

Tenderers had apportioned part of their work on the 5,8ha site near the CBD to 63 disadvantaged subcontractors and suppliers who in turn subcontracted to individuals.

The convention centre would focus international attention on Durban and KwaZulu-Natal. The convention-going "supertourist" was estimated to spend five times more than the usual tourist and the conventions would provide "a convenient window to the world" for local business.

Mark II hotel funded by sectional title

BD 31/7/96

Nicola Jenvey

DURBAN — Mark II Projects, Wilson Bayley Homes-Ovcon, Protea Hotels and Resort Condominium International SA have joined forces to launch a R51m four-star hotel funded by sectional title ownership.

The landmark Athlone Hotel in Durban North will be demolished to accommodate the new development, due for opening in October next year.

The novel concept of financing through sectional title purchases becomes the second eLan Park hotel developed by Mark II Projects.

The developers have already launched The President Hotel in Bantry Bay, Cape Town, and are planning a development in Johannesburg.

The 140 suites at the Athlone will cost between R270 000 and R570 000 and purchasers will be able to utilise their apartments for 30 days a year. When the apartments are not occupied by the investor, they will be rented out and generate revenue expected to exceed the bond servicing.

Mark II project facilitating partner Mark Taylor said surface parking for 164 cars would be provided. Other amenities included an Indian-style restaurant, action bar and steakhouse, gymnasium, bistro and function room.

KwaZulu Natal's potential is 'at risk'

(49D) CT(BR) 7/6/96

Staff Writer

Durban – KwaZulu Natal's great economic potential was in serious danger of being undermined as the province's high-risk profile deters growth, Brand Pretorius, the chairman and chief executive of McCarthy Motor Holdings, told a meeting of the Afrikaanse Handelsinstituut and senior members of the provincial government yesterday.

"We are falling short of the level of economic growth necessary to reduce unemployment significantly and make a lasting impact on the lives of our people."

The future depended on the solving of economic problems and the creation of sustainable economic growth in the province.

"There is a perception that politicians are preoccupied with party political agendas and unable to rise above their own agendas and ideological interests.

"Their challenge is to reduce the KwaZulu Natal risk profile, to deliver political stability, an investor-friendly environment and inspirational leadership," said Pretorius.

The challenge for business was to invest in KwaZulu Natal and provide leadership which would ensure that the province could compete with the rest of the world.

"We have to cultivate a culture of entrepreneurship and economic empowerment and invest in the development of human resources," he said.

Pretorius warned that labour had to take ownership of an economic vision and accept responsibility for establishing a labour dispensation which would promote job creation.

Labour also had to play a constructive role in bringing productivity and efficiency to world-class standards.

Pretorius said there were a number of reasons for optimism, including the fact that political instability and violence, major obstacles to investment, was expected to subside after the local elections.

"Major infrastructure development programmes are in the pipeline and private sector investments are increasing significantly. Add to this a good agricultural season, growth in tourism and a focused marketing initiative and the prospects are encouraging."

IFP business plan to boost economy

BD 14/6/96 (364)(49B)

Farouk Chothia

DURBAN — IFP leader Mangosuthu Buthelezi said yesterday that newly-controlled IFP local authorities would draft business plans aimed at boosting economic activity in their localities.

Buthelezi said at an election rally in Tongaat that the IFP would promote the interests of small and medium businesses, which were the "real engine" for local growth and employment.

Sites would be secured for emerging small businesses at low or deferred charges to give them the leg-up required to flourish.

IFP election campaign deputy manager Anthony Grinker said the business plans, which would be drafted by councillors along with businessmen and other stakeholders, would identify the area's economic potential. A campaign would be initiated to woo domestic and foreign investors with the aim of creating jobs, he said.

Buthelezi said the IFP was "deeply wedded to the idea that government exists to help and encourage business, not tie it up in red tape". Bureaucrats had to break out of their "old-fashioned" attitudes, and realise their wages were paid from business taxes.

Buthelezi said if government sold its six public enterprises worth R95bn, there would be enormous benefits. Government would have to borrow less to finance its debt. This would result in a reduction in real interest rates, and bond holders would have more disposable income to spend on goods, which meant more jobs.

Buthelezi said Britain had benefited from privatisation. It led to "huge reductions" in the price of gas, electricity, air travel, cars, telephone calls, freight and steel.

Britain's nationalised industries had cost the government more than R300m each week, but after privatisation they contributed more than R400m a week in tax revenue. This enabled the British government to cut income tax.

Buthelezi said SA required leadership to follow the route of Britain. His experience in the cabinet had shown him President Nelson Mandela and other ministers were all for privatisation.

The problem was that Cosatu secretary-general Sam Shilowa, and not Mandela, "called the shots". Cosatu was a mob with "many heads, but no brain". Instead of forging a give-and-take relationship with business, it was interested in toyi-toying. Such selfish people should not be allowed to ruin SA's prospects of job creation, Buthelezi said.

He said a key step was federalism. Instead of being "ordered around" by central government, the KwaZulu-Natal government should be given power to control development. "We are ideally placed here to attract industry. We have good infrastructure and first class sea ports to transport export goods. We also have the workforce to do the job," he said.

NE

Development of three industrial nodes announced

'KwaZulu Natal takes the lead'

(490) CT(BL) 19/6/96

By Shirley Jones
KWAZULU NATAL EDITOR

Durban — KwaZulu Natal will develop three major industrial nodes in the short- to medium-term, Frank Mdlalose, the provincial premier, told investors last week.

The first of these is the Tugela Basin, an area which is already in the process of being unlocked.

The second is the Durban to Richards Bay corridor which will link the province's major ports to form a decentralised industrial estate known as Isithebe. Mdlalose said that the economic activity in the corridor would have an impact on the most densely settled parts of the region.

The third, the Richards Bay-Maputo corridor, will connect KwaZulu Natal to Maputo and, ultimately, to East Africa.

Mdlalose said that the corridor, together with the proposed airport at La Mercy and the ports of Durban and Richards Bay, would position KwaZulu Natal as a gateway to Africa for countries from the Indian Ocean Rim and the Far East.

"The cost of shipping one container by sea from a country in the East to the seaboard of southern Africa compares favourably with the cost of shipping that same container by road from Durban to Gauteng," Mdlalose said.

"It is surely a matter of time before core industry sectors look to coastal based economic regions as being more and more attractive. Why should manufacturers locate their plants so many hundreds of kilometres from strategic ports?"

He said that the next five years would be characterised by infrastructural development driven by the private sector and facilitated by the provincial government.

The premier said that KwaZulu Natal had taken the lead in the industrial development drive. "Over the past year a total of 33 new foreign investment projects have been secured for the region. These on-the-ground endeavours have resulted in more than 94 000m² of lettable factory space being taken up, the creation of more than 4 680 new jobs and an influx of over R176 million in new monies.

"Between August 1991 and April this year, the Board for Regional Industrial Development approved 319 foreign industrial projects, in terms of the government's regional industrial programme, for establishment in South Africa. Of these, 116 were established in KwaZulu Natal, giving our province a most pleasing market share of 36,4 percent.

"Of course, this barometer is not necessarily an indicator of all investments, as equity and other commercial investments are not included in these figures and are not included in the statistics of the Regional Industrial Development Programme Incentive Scheme.

"So, although our province is a leader in the industrial development drive, there is no room for complacency. We clearly have further room for improvement and to achieve such improvement must address key problem areas such as the threat of violence and criminality," Mdlalose said.

On the issue of the proposed international airport at La Mercy, Mdlalose re-iterated that recent studies had clearly demonstrated the economic benefits the development would hold for the region.

He said that these benefits included the creation of more than 11 500 new formal-sector jobs in the greater Durban area and a further 22 000 new formal sector jobs in the region as a whole; an increase of more than R900 million in the annual gross geographic product; an improvement of R134 million in the country's balance of payments and the generation of R90 million in additional tax revenue.

Mdlalose also said that the province's tourism industry had been boosted by the entry of the international Hyatt and Hilton hotel chains and the development of a resort infrastructure along the north coast between Umdloti and Port Zimbali.

Optimism 'growing' in Natal

(49D) BD 19/6/96

Nicola Jenvey

DURBAN — The strong demand for industrial property in KwaZulu-Natal over the past six months is a fundamental indication of confidence in the region, says Propco director Grant McLeod.

After negotiating sales and new developments valued at R32m since December, McLeod said that despite the lingering political uncertainties, there was a growing optimism among investors and end users.

Most of the demand had been pent up, as industrialists had held back in the hope of more peaceful trading conditions. "If the local government elections are a prelude to lasting peace, we can look forward to even greater demand for industrial property," he said.

McLeod said there had been significant take-up of space within the small to medium-sized properties as businesses expanded. Larger sites were attracting institutional interest for development in the medium to long-term.

New industrial developments were also being triggered off by expansion and the need for more cost-efficient operations. One was the Mahogany Ridge development, which housed the operations of Graphtec Holdings.

Graphtec had considered purchasing the site, but it was bought by Southern Life Properties, and Graphtec held a 15-year lease with options.

Propco had concluded several other deals including the sale of a redundant steel plant in Prospecton for R5m. It also negotiated the sale of a 1ha site, with a factory, in Jacobs for R3,7m.

Business is booming amid the violence

(49D) M+G 10-16/5/96

Eddie Koch

DURBAN must qualify as South Africa's capital of paradox.

Thousands of residents celebrated a week of political crisis in the city — shootings outside the civic centre by armed marchers, threats to bomb the truth commission hearings and talk of escalating civil war over local government elections next month — by heading to the beachfront to see some of the babes from *Baywatch* who have arrived for an international lifesaving competition, or camping out under tropical trees at the Botanical Gardens to catch Chris de Burgh singing anti-war songs and other hits at his *Beautiful Dreams* concert.

Hotels were chock-a-block as hundreds of delegates poured through the airport gates to attend the Indaba, South Africa's biggest tourism exhibition, on the morning that KwaZulu-Natal Finance Minister Senzele Mhlungu told the provincial legislature in his budget speech that the industrial region around Durban had experienced an economic growth rate higher than the rest of the country.

Army patrol: Soldiers on the alert to prevent further violence in KwaMashu

The statistics and the upbeat mood at the tourism expo ("it's the biggest and busiest we've had so far with just under 100 delegates from all over the world") contrasted grimly with the rings of yellow chalk on the pavement outside the centre hall which detectives left to mark the position of bodies from Saturday's shooting, and also the agonising testimony presented at the commission in the Durban Jewish Club about how trade unionist Professor Sibankulu was murdered and mutilated in 1992.

One of the delegates from Mozambique's tourism authority remarked on a bus drive through the city that the palm trees on the beach front and flamboyants growing in between high rise buildings made him think a little of Maputo. It would appear, however, the similarity stops there. For the city, despite being surrounded by civil war and endemic violence of the type that wracked Mozambique's economy, appears to be going through boom times.

Across the way from the travel exhibition in the Durban CBD, construction teams are busy building one of those barometers of international business confidence: a Hilton hotel. A consortium of investors from Pacific Rim countries is pouring money and concrete into a new development on the north beach called the Pavilion Site. The Malaysian corporate giant, Renong, is bidding desperately against British capital to build the city's version of Cape Town's Waterfront.

Plans have been approved for a half-a-billion-rand golf course and lodge development in a dune forest at Zimbali further up the coast while construction teams are busy putting up new office blocks in nearby Umhlanga Rocks and Ballito Bay. The provincial government had approved R25-million to upgrade the Durban International Airport as a short-term measure before construction of a new facility for jumbos begins at La Mercy on the North Coast.

> **'Generally business sees the violence as a spat between rival power groups'**

Official statistics show that the finance minister was probably close to the truth in his budget speech. Economic vibrancy in the city centre is apparently reflected in the rest of the economy. Official statistics show the KwaZulu-Natal Central Coastal Area, the industrial hub of the province, grew at a rate of 2,69% — higher than the national average of 2%. Central Statistical Services figures show the province attracted a large chunk of new investment in the country: a 0,1% growth per annum compared to minus 0,1% for the country as a whole.

Out at sea, large freighters queue up on the horizon. Plans are afoot to expand the harbour, to the chagrin of environmental groups who are worried about the way this will impact on the already strained ecology of the Umgeni estuary. Engen is expanding its refinery at the industrial complex surrounding the harbour while Toyota has just announced it will upgrade its car manufacturing plant.

What explains this apparent breach of a simple economic lesson that political violence scares off foreign investment and economic growth?

The obvious reason is that, except for Saturday's violence in the city centre, the trauma of KwaZulu-Natal's political violence is mainly confined to the province's rural areas. The low-intensity civil war has created about half-a-million internal refugees in a province of nine million people. Many of them can be seen sleeping under plastic bags on the streets or begging to wash your car on the promenade. But mostly these people keep their presence, and their stories of extraordinary pain, to themselves. The crime rate has jumped a little but it is nowhere near the level of Gauteng or the Cape Peninsula.

"It is an anomaly," says John Bryce, director of the Durban Chamber of Commerce. "But basically what we are seeing is the decline of the gold-mining industry in Gauteng and a revival of the manufacturing sector which is attracted to Durban and the province by its excellent port facilities and a relative abundance of fresh water in rivers, the shortage of which is a real constraint on the Highveld.

"The irony is that there is mostly a normal state of affairs. Life on the streets of the city is not tense despite the violence. Even if you go into the city hall (where the weekend shootin[g] took place) you will find ANC and I[FP] councillors joking with each other a[nd] teasing each other," says Gary Cull[inan], regional director of the National B[usi]ness Initiative.

He believes the province's busin[ess] men have become highly pragmat[ic], adapting to the violence so the[y] take advantage of the province's economic attractions. "There a[re a] couple of business leaders who [sup]port the provincial government's fe[der]alist agenda and are opposed to ce[ntral] government hegemony, but gener[ally] business sees the violence as a s[pat] between rival power groups, and th[ere] is a general feeling that it is the po[liti]cans who must get their act togethe[r."]

There are some countervaili[ng] winds though. This week Presid[ent] Nelson Mandela was in Maputo [to] support the expansion of that city [harbour] and endorse Transport Min[ister] Mac Maharaj's ambitious trans[port] corridor to link Gauteng industry to its expanded export facilities. The development poses no immediat[e] threat to Durban and Richard's Ba[y's] ability to handle 80% of the count[ry's] harbour traffic, mainly becau[se] Maputo's port is too silted and shal[low] to take big containerised cargo shi[ps].

But sources in the trade a[nd] industry ministry say the co[rri]dor is being pushed as an ins[ur]ance policy against the prospect o[f a] secessionist province, and there a[re] signs that central government [is] encouraging new capital investme[nt] projects in areas outside KwaZul[u-] Natal. Alusaf, for example, is look[ing] at a major new smelter in Mapu[to] instead of Richards Bay where [it] already has a state-of-the-art alu[]minium plant.

"There is more economic activity in KwaZulu-Natal than any other part of the country," says Bryce. "But the violence and political instability here must be unsettling to business. If I were sitting in London with a bit of money to invest and like KwaZulu-Natal because of its traditional ties with England I would probably wait and see what happens here. It is possibly what people are doing."

Natal's four-year plan for growth is launched

(49D) BD 12/4/96

Nicola Jenvey

DURBAN — KwaZulu-Natal economic affairs and tourism minister Jacob Zuma yesterday officially launched the province's growth and development strategy for the next four years, aimed at achieving high employment and a balance between growth and redistribution.

Zuma told the KwaZulu-Natal economic development summit that developing the provincial strengths in agriculture, industry and tourism would stimulate employment levels, improve access to services among the poor and bring about an improved quality of life.

However, violence coupled with a failure to build partnerships between business, government and labour and a drain of investments to other areas in SA posed potential problems, he said.

Community committee chairman Msongi Tembe said rural communities were still marginalised when government tenders and RDP contracts were awarded. He asked Zuma to scale down tenders to promote rural employment.

Jon van Coller, the business committee chairman, said business and labour could either accept the inflexible European labour relations model, and export jobs, or accept the Pacific Rim's model which created employment through co-operation.

Mel Clark, the labour committee chairman, said business should be forced to plough resources into job creation.

Kwazulu Natal plans investment

(4.9D) CT(PR) 7/3/96

BY DAVID CANNING

Durban — Kwazulu Natal plans to maintain the edge it has built in winning a major share of inward investment, particularly in manufacturing.

Strategies to maintain or improve the rate of investments were devised at a think tank organised this week by the KwaZulu Marketing Initiative (KMI). Some of the province's leading players in government and business contributed to the forum.

In the past year, 33 new factories were established under the regional industrial development programme. That beat the target of 30 set in the previous strategic plan. The new arrivals invested R176 million in the province, against the target of R120 million.

They created 4 886 new jobs and occupied 94 802m² of factory space.

The plastics sector proved to be the biggest attraction. It drew 14 projects worth R38 million. It was followed by factories in the clothing, textile, wood and paper and fabricated metal industries.

Peet Marais, the KMI chairman, said though the province won 38 percent of all applications approved under the programme, most financial and commercial investments were made in Gauteng.

He said Taiwan remained the biggest investor in KwaZulu Natal, accounting for 21 of the 33 projects. The rest flowed from Singapore, the Benelux countries, China, India, Malaysia, Thailand and the United Kingdom.

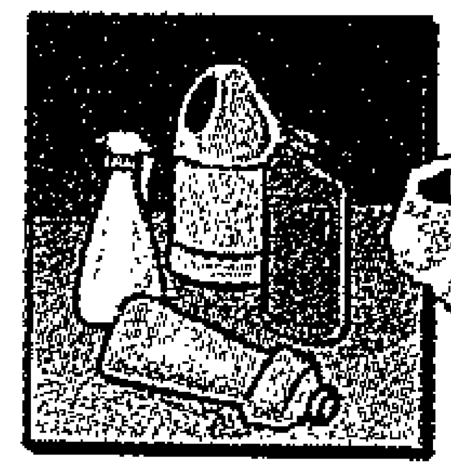
The forum identified challenges to future investment initiatives. The foremost threat was the negative image created by high levels of political conflict and crime.

Other challenges were issues such as the abolition of Gatt, tax rates, information technology and labour.

PROPOSED KMI TARGET SECTORS FOR 1996/97

Textiles

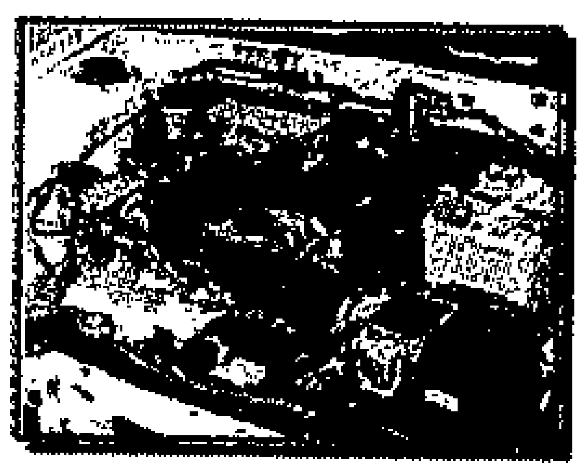
Clothing



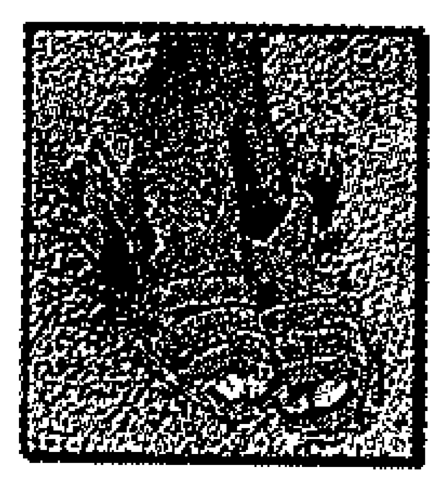
Plastic Products

Chemicals

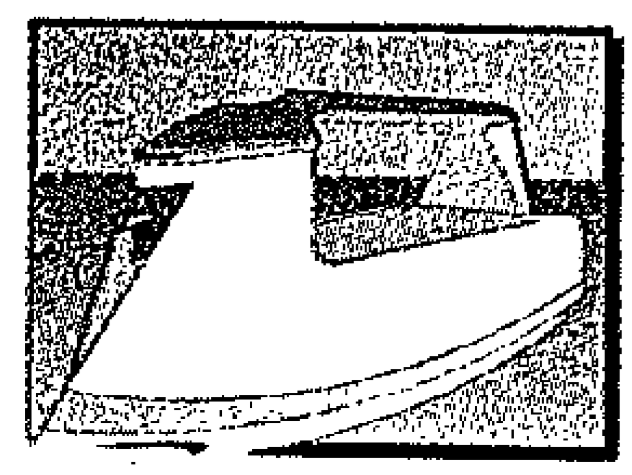
Fabricated Metal Products



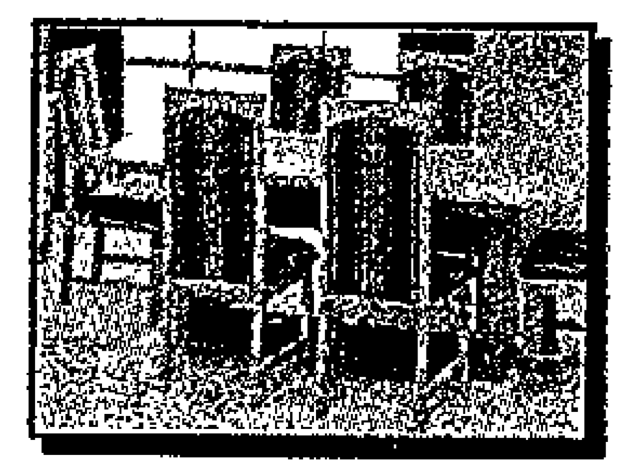
Automotive Components



Footwear



Machinery and Appliances



Wood and Wood Products

The new legislation on labour was going to be central to winning foreign investors to South Africa, the forum said.

The province's marketing body was investigating the development of "core competencies" to meet the challenges. They included an Internet page and a resources centre, improved local and international connections, stimulating investment in tourism infrastructure and acquiring a better knowledge of the global economy.

Market sectors identified for investment included aluminum, tourism, entertainment, clothing, textiles, petrochemicals and steel-related products.

Countries such as India, the United States, Europe, Malaysia and the Indian Ocean rim countries would be targeted as investors. The KMI would investigate developing an industrial strategy.

A provincial government paper available at the conference said "areas of focus" for KwaZulu Natal's industrial strategy should be agro-industry, industrial chemicals, non-ferrous metals, clothing, motor vehicles including parts and transport equipment, non-metallic products and construction, electrical and non-electrical appliances, and textiles.

It said agriculture offered diverse potential for development. The key areas were sugar, horticulture, timber, red meat, poultry and food field crops.

The report said development should reinforce growth in the Durban region, along the coastal corridor from Port Shepstone to Richards Bay and inland to Pietermaritzburg, and along a development corridor to Gauteng.

Industrial growth would be encouraged on the metropolitan edge in industrial clusters in the north, in Pinetown on the west, and in Prospecton-Umbogintwini in the south.

Other large-scale developments would reinforce nodes outside the centre along the west and northern corridors.

Durban's city centre and central area should retain their importance as the commercial core of the province.

The report expressed concern about potential threats to "secondary towns" such as Newcastle, Ladysmith and Vryheid. These included areas that have grown rapidly in the past decade, diversifying from an earlier reliance on a single sector.

"These centres are currently vulnerable to, and may in the future be undermined by, inter alia, sectoral decline or South Africa's increasing economic openness," it said.

The report stressed that aspects of these town's economies should remain stable and that continuing growth would be an important component of the industrial strategy.

An economic workshop in Durban will work on the strategy in April.

Hawking is arguably the nation's biggest employment programme

Street sellers outperform formal sector

By Ross Herbert

CT(BR)23/1/96

Johannesburg — Streetside hawkers, with their wares arrayed on overturned cardboard boxes, blankets and milk crates, may appear to be on the lowest rung of South Africa's economic ladder. But if the earnings they claim is any measure, many hawkers are substantially outperforming formal-sector workers.

No studies confirm it, but central Johannesburg seems to be experiencing a rapid rise in streetside hawkers. The streets of the Johannesburg central business district seem to grow narrower daily with the arrays of tomatoes, bananas, sweets, knick-knacks and roasted mealies.

The business is huge and is arguably the nation's biggest employment programme. Street hawkers sell goods worth an estimated R500 million a year in central Johannesburg and earn R100 million a year in profit, according to the Central Johannesburg Partnership, which focuses on street trade.

According to the government White Paper on small business strategy published last March, there were about 800 000 small, medium and micro enterprises and an estimated 3,5 million people involved in some type of "survivalist enterprise".

Who is really better off, formal-

☐ Continued on Page 16

BANANA KING *Joseph Manjati and his partner sell 200 to 225 bunches of bananas a day for R2 each. Take home pay is R1 430 a month each, better than most formal-sector jobs offered him, with no hard work*

Cosatu attacks tax proposals

From Reuter

CT(BR)23/1/96

Cape Town — The Congress of South African Trade Unions (Cosatu) yesterday accused the state-appointed Katz commission of placing an increasing burden of taxation on the poor while benefitting the rich.

In a submission to the parliamentary joint standing committee on finance, the country's largest trade union federation attacked the recommendation to abolish VAT on some items and place new taxes on retirement funds.

It calculated that these and other recommendations, such as a possible increase in VAT, could raise an additional R5,6 billion in tax, mainly affecting the poor.

Cosatu was concerned that none of its submissions to the commission appeared to have been accepted. It suggested that the parliamentary committee consider an alternative approach to VAT, including the extension of zero-rating and capping rates.

Earlier, commission chairman Michael Katz said the commission stressed that any review of VAT had to be considered alongside poverty-relief programmes. It also had to be sensitive to the effect on the poor.

Boost for jobs in Durban with development of industrial site

CT(BR)23/1/96 (49D)

By Jon Beverley

Durban — Work has begun on a 65-site industrial township south of Durban to be developed at a cost of R35 million by Umlazi Industrial Park — an AECI subsidiary. It will be known as Southgate Industrial Park.

"There has been no development on this scale south of the Umgeni River in the past 20 years," said Simon Noyes-Lewis of AECI.

Some of the stands will be ready for occupation next January, but the company has already sold or reserved about one-third of the 47ha area prior to any concerted marketing effort.

The park is about half the size of Prospecton, the industrial area next to Durban's international airport. A second phase is envisaged once the initial set of sites has been sold.

Noyes-Lewis says the initial phase of clearing about 1,7 million square metres, which is now underway, will create 120 jobs, rising to around 3 500 for the construction of the park.

Over the next five years some 10 000 permanent jobs are expected to be created as office blocks, warehouses and industrial development takes place.

A new township, Lovu, is being developed a short distance away to accommodate workers.

Noyes-Lewis said that while the land was originally available for any sort of industry, he was conscious of the existing AECI factories and had decided Southgate would be subject to special conditions including a prohibition on noxious industries.

He said environmental reviews had been carried out and discussed with local authority representatives.

JOB CREATION *Part of AECI's Umbogintwini site is making way for an industrial park set to provide employment for about 10 000 people*

Durban complex to create 10 000 jobs

(49D)

Robyn Chalmers

BD 23/1/96

MORE than 10 000 permanent jobs could be created in a huge industrial complex being built south of Durban.

Developer Umlazi Industrial Park, an AECI subsidiary, said yesterday the planned Southgate Industrial Park was the first significant industrial development in the region in 20 years.

The total investment on the 127ha estate is expected to run into tens of millions of rands.

AECI representative Simon Noyes-Lewis said the first phase was made up of 47ha with 65 stands varying in size from 1 100m² to 7,5ha. Umlazi would spend about R35m over the next few months on earthworks, roads, security, fencing and services. It had already awarded the R19m bulk earthworks and stormwater contracts.

Noyes-Lewis said 120 jobs would be created in the initial construction phase, but this would rise to 3 500 as building got fully under way. More than 10 000 jobs would be created over the next five years with the construction of factories and warehouses.

KwaZulu-Natal faces budget crisis

Farouk Chothia

20/6/2/96 (491)

DURBAN — There would be a shortfall of about R195m in the operating budgets of KwaZulu-Natal's local authorities during this financial year, provincial local government MEC Peter Miller said in Newcastle last night.

Speaking at a meeting organised to inject new life into the Masakhane campaign, Miller said he would not be disclosing a state secret by pointing out that the campaign had been "something of a disappointment". He believed that the hands-on management of the campaign needed to be devolved to provincial and local authorities.

This would make "a great deal of sense as the essence of the Masakhane message is, after all, to empower local communities to take responsibility for determining their own future". Provincial governments could assist local authorities to implement the campaign but ultimately grassroots issues such as the improvement or urban and rural living environments were third-tier government functions.

Miller said the newly established transitional local councils in KwaZulu-Natal were already faced with "something of a financial crisis". They were struggling to balance their budgets against the backdrop of ever-increasing demands to improve the quantity and quality of services. The pressure on budgets was likely to increase when new councils were elected on May 29.

Miller said local authorities would have to make themselves financially viable and solvent by breaking the "boycott mentality" still gripping their areas.

He said the days were "long gone" when local authorities could expect central government to foot bills arising from shortfalls, and when those authorities that had balanced their budgets had been "penalised" by not qualifying for additional intergovernmental grants.

Under the new dispensation, each local authority "would have the responsibility of managing its own affairs in a responsible and businesslike fashion".

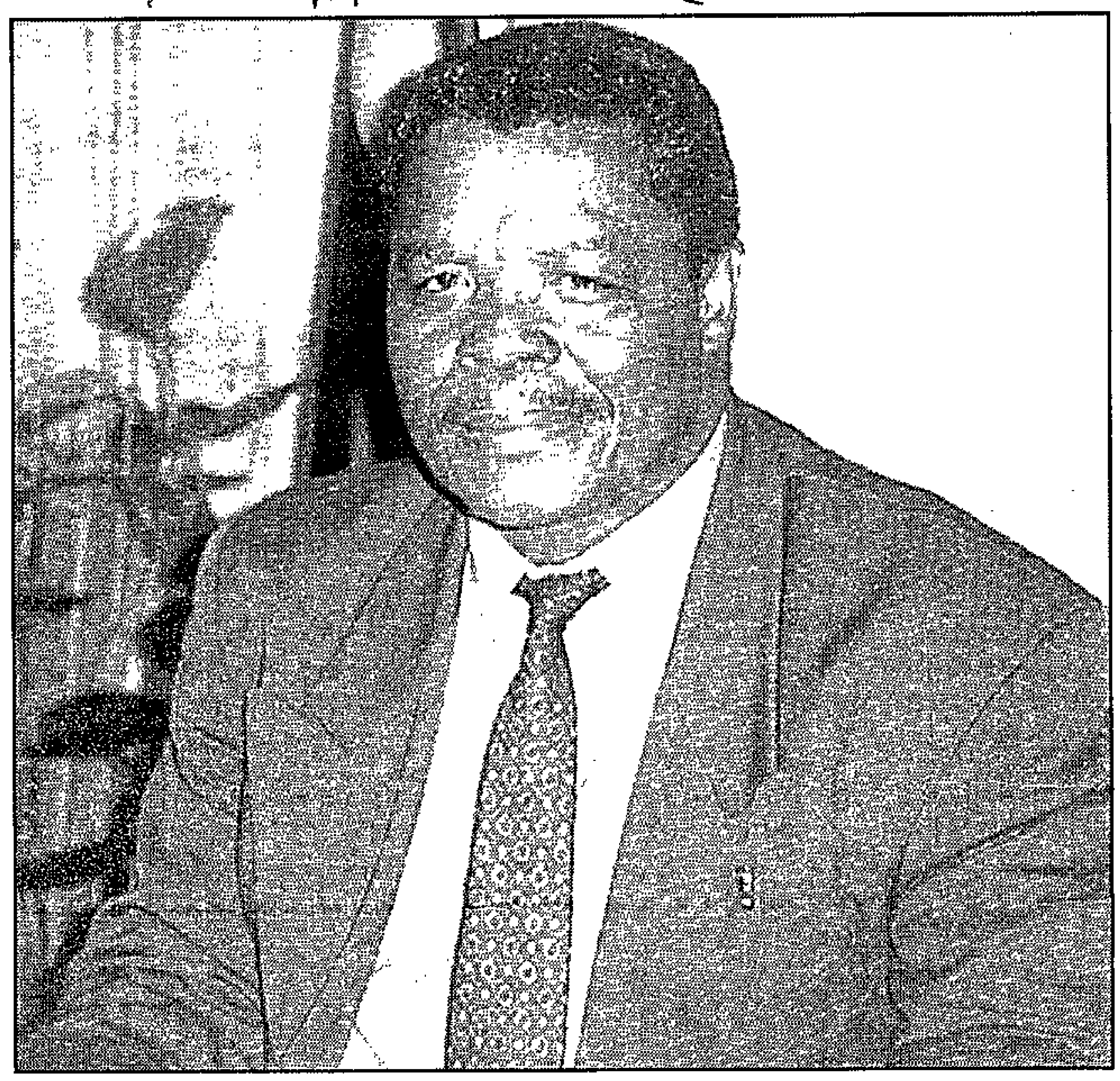
EDUCATION AFRICA
Incorporated Association not for gain
PRESIDENTIAL and PREMIER EDUCATION AWARDS

BP Sowetan Focus On Education

KwaZulu-Natal – creating meaningful participation

Sowetan 18/9/96 (49D)

This week sees the beginning of a 12-week series on education in South Africa. The first nine weeks will cover education at provincial level, followed by national policy. The last two weeks will cover the Education Africa Presidential and Premier Education Awards to NGOs and business. Writer: Gwen Watkins, Layout: Henk Botha. Editor: Sydney Mathaku



Minister of Education and Culture in KwaZulu-Natal, Dr Vincent Zulu.

KwaZulu Natal is the second most densely populated province in South Africa, after Gauteng. Covering an area of 91 481 km², the province has a population of 8 650 000 or 94,6 people per square kilometre. Of this population, 4 252 000 are children under the age of 16. Education is therefore a priority in this province, particularly in view of the fact that amongst the adult population (over 16), 12% have never had any schooling and only 8% have matric with a further 13% having a post matric qualification.

The Sowetan Education Africa feature will interview each Provincial Minister of Education and cover such topics as goals, problems and successes.

The KwaZulu-Natal Minister of Education and Culture, Dr Vincent Zulu gave these replies to the Sowetan's questions:

What are the Province's educational goals and objectives for the immediate future?

The short-term objectives of the Provincial Department of Education and Culture are:

- To reduce teacher-pupil ratio to an acceptable 1:30 in post-primary schools, and 1:35 in primary schools within the next two years.
- To improve the quality of rural education by encouraging qualified teachers to fill vacant posts in these communities, and by providing necessary facilities, and equipment within the means of the Department's capabilities.
- To provide a differentiated education that will meet the needs of individual learners and their life work, the demands and challenges of their communities and the country as a whole.
- To provide an adult education service geared at improving life-skills of the adult population, and providing the basis for further and life-long learning.
- To create meaningful parent, community, student and pupil participation in education.
- To establish a pre-school service that will enable children to commence their schooling on a firm basis.

What are the long term goals/objectives?

The Provincial Department has set itself the following long-term goals:

- Well balanced children and young adults
- Satisfied and involved parents and communities
- Young adults capable of making worth-while contributions in their communities and the country as a whole.
- Young adults capable of taking their place in a compatible world.
- Consistently good scholastic results.

What problems are being encountered along the way and what is being done to overcome them?

The main impediment to progress in the provision of education is the gross inadequate funding for the Department. Persistent appeals are being made to the National Department for funding proportionate to the provincial school-going population and concomitant need and requirements. Politicking and political games have continually been deliberately brought into education, resulting in the disruption of services and retardation of progress. To cope with this problem, the Department has adopted an open, honest consultative approach.

Gangsterism is increasingly rearing its ugly head, resulting in losses of life and property, with resultant educator strike action. We recently had one in KwaMashu. This being a safety and security problem, the Department has enlisted the support of the SAPS to do regular school patrols in support of school guards in affected communities. We are presently putting in guards in schools in KwaMashu. Part of the problem is that this violence is seen as an educational issue when it is in fact a community and police problem.

What successes have been achieved thus far?

The Community College concept has grown immensely in stature. The Provincial Task Group charged with this project is fast proving a model for the rest of the country in the establishment of community colleges in South Africa.

We have the first model college at Esikhawini.

A Community College is a tertiary system that is established in an area to take care of the needs of that particular community. If there are businesses in that area, then children are trained into the business life, if there are farmers, then they are trained in farming. The College goes on providing what the community wants its children to be trained in.

All is set for the first ever common Standard 10 examinations in the province. KwaZulu-Natal Department of Education and Culture is probably the only one to have taken the initiative to provide Standard 10 pupils with specimen examination question papers.

Since we are writing a unified system, we are aware that in some areas facilities and resources were not the same and that some children will not have been exposed to the material. So we are setting up specimen question papers so that both teachers and children will get an idea of what to expect at the year end and can write a trial exam, this will better prepare them for the end of year exam.

In the course of this year, the following senior positions have been filled in head office. Deputy Director-General, planning, development and support services, Deputy Director-General, Administration, Chief Director, Sport and Recreation, Directors, Examination and finance management.

We are still awaiting the appointment of the Regional Chief Directors, which will place our province in good stead. At the present moment there are Acting Chief Directors.

Eighty-two subject-advisers have already been appointed and orientated and are out in the field providing sorely needed teacher-support services. They will play a major part in assisting with the trial papers and final matric examinations.

Are there any exiting, innovative projects currently on the go which have made a positive impact on education in the province?

The establishment of the eight regional offices, slotted evenly over KwaZulu-Natal, is being viewed with great excitement by both educators and communities, because we are getting to the communities and devolving problem solving. Each region has districts, with Chief Superintendents in charge. This is seen as a giant leap forward in the decentralisation of education in the province.

KwaZulu-Natal Department of Education and Culture was justifiably proud at being the first province to host the SANGALA Games of South Africa on 22nd August 1996 in Margate. The day proved to be tremendous fun and entertainment for people of all ages.

SANGALA (South African National Games and Leisure Activities) is an undertaking, facilitated by the Department of Sport & Recreation, to involve 4 000 000 South Africans in some form of recreational activity by 1997.

It is seen as an RDP project and the games seek to involve all the community in fun team games, from the old to the young and including the handicapped.

Some of the historically disadvantaged communities in the province, are being provided with a variety of sport and recreation facilities, some of which have already been completed and are soon to be presented to the respective communities.

In arts and culture, we have a subject called uBuntu-Botho in schools and we run cultural competitions in the schools. These competitions run at circuit, regional and provincial levels and the final competitions are run at Ulundi in September.

In May of each year we have a cultural festival in the City Hall in Durban. This year different artists in the province went to London for a cultural programme known as the Village Festival. Each year a country is selected to participate and this year it was South Africa. Of the 50 participants, KwaZulu-Natal sent 22.

Other artists will be going to Mozambique very soon. In KwaZulu-Natal we have the KwaZulu-Natal Arts and Culture Council which is also doing a lot of work in the arts. Our department is also working very closely with the Playhouse Company to promote the arts.

Finally our mission is to provide life skills through good management, relevance and quality education.

CORPORATE VALUES

KwaZulu-Natal Department of Education and Culture

We, the educators and administrators of the KwaZulu-Natal Department of Education and Culture believe:

- That our department exists in order to satisfy our clients' needs.
- That we are professionals.
- That the focus of all our activities is the learner.
- That our job is to develop the learner and, through him, the nation.
- That we are caring, empathetic and supportive – Ubuntu
- That we are committed and involved.
- That we get things done and produce results.
- That when resources are inadequate or non-existent, we are innovative.

Call for new financial body

(49D) BD 11/9/96

Nicola Jenvey

DURBAN — The KwaZulu-Natal finance committee yesterday criticised proposals by provincial economic affairs and tourism MEC Jacob Zuma to spend R1m to reshape the recently restructured KwaZulu-Natal Finance and Investment Corporation (KFC).

Zuma, who is to present the strategy for provincial government approval today, said the province needed to establish a new provincial development financial corporation.

The new corporation would evaluate the KFC before the two were merged. Private sector consultants would be hired to oversee "transparency", Zuma said.

But the finance committee said only minor adjustments to the KFC were needed to convert it into an acceptable provincial rural development body.

"National guidelines need only be applied to the KFC rather than reinventing the wheel," John Aulsbrooke (IFP) said.

Council to reshape KwaZulu finances

BD 16/9/96 (263)(49D)

Farouk Chothia

DURBAN — The KwaZulu-Natal cabinet had decided to establish a budget council to reprioritise departmental objectives for the 1997/98 financial year, provincial finance MEC Ben Ngubane said yesterday.

The council's formation comes against the backdrop of central government's decision to cut provincial budgets to reduce public debt to a manageable level. Ngubane said he understood the constraints facing central government and accepted that KwaZulu-Natal would not have a growth budget for 1997/98.

He said the council would meet in Maritzburg for a week from today to advise the treasury on adjustments to ensure that the needs of the majority of people were addressed.

A cabinet source said the decision to form the council was taken at a meeting last Wednesday after MECs expressed anger over the treasury making arbitrary cuts. MECs felt they needed to give the process "political direction".

Ngubane said he would be the council's chairman, but he wanted economic affairs and tourism MEC Jacob Zuma (ANC) as co-chairman. The legislature's finance portfolio committee would have two representatives, and the secretaries of the finance department and treasury would also serve on the council. The finance committee decided last week that its ANC chairman, Dumisani Makhaye, and the IFP's John Aulsebrook would represent it.

NP provincial finance spokesman Gordon Haygarth said all political parties should be represented on the council, as it would be responsible for making decisions. The budget could not be altered when it was presented to the legislature in May, and the views of all had to be taken into account now.

Haygarth said one way to do so was to have two representatives from each portfolio committee represented on the council. But Ngubane ruled out all-party representation, saying the council would be "executive-directed". He and Zuma would be the "main actors".

The council might be enlarged to include economic affairs and tourism portfolio committee representatives.

Ngubane said the council would catch the tail end of the 1997/98 budget cycle, but it would play a full role in future budget cycles. Negotiations with departments on the 1998/99 budget would start in November.

Acting finance committee chairman Mike Sutcliffe (ANC) said the council was the first step towards achieving a zero-based budget.

Sutcliffe said departments which argued against cuts were being asked to produce business plans to show how they planned to use funds.

Ngubane said the "right-sizing" of the public service was a priority.

Natal nets R181m in new foreign investment

Nicola Jenvey

DURBAN — The KwaZulu-Natal Marketing Initiative helped attract R181m in foreign investment into the region in the 1995/96 fiscal year, chairman Peet Marais said this week.

But the organisation, part of the KwaZulu-Natal Finance and Investment Corporation, would probably miss its R240m investment target this year, restrained by foreign nerves about SA's crime rate, Marais said. He told the organisation's AGM that foreign investors were also concerned about the uncertain relationship between government and labour.

Current indications were that the organisation would attract new projects worth about R150m for the year to March 1997.

Marais said the initiative had direct involvement in establishing 31 projects during the year, including 20 investments from Taiwan, two each from the People's Republic of China, Singapore and India and one each from Thailand, Hong Kong, Russia, Italy and Canada.

The organisation had elected to focus on defined target markets, with initial priority given to textile and clothing and alloy metals.

Trade missions would also market the province's advantages more aggressively.

BD 25/9/96 (49D)

Development initiative launched

BD 6/11/96 (49D)

Nicola Jenvey

DURBAN — Major long-term economic developments aimed at injecting more than R320m into the Maritzburg CBD and creating 2 000 permanent jobs was announced at yesterday's launch of the Midlands Black Business Caucus-Stocks & Stocks partnership.

The partnership — the first of a series of initiatives to link white developers and black business organisations — followed months of talks about the new urban renewal and city regeneration programme.

KwaZulu-Natal economic affairs and tourism MEC Jacob Zuma said extensive deliberations on the project — the Brookside Gardens shopping centre sited in the city centre — and the overall development of the city's economy had been undertaken.

"Historically Midlands Black Business Caucus members and Stocks & Stocks come from opposite poles of the SA economic sphere, but both ... recognise that the current business generation demands commercial unity to realise goals," he said.

Midlands Black Business Caucus general secretary Maggs Naidu said that the partnership agreement meant members would be awarded subcontracts during the construction phase and supply goods and services for the new centre. About R130m could be accrued to black business via the deal.

The Midlands Black Business Caucus is made up of 14 member-based business organisations operating in and around Maritzburg.

Its main aim is to move black business from the fringes of the economy.

Naidu believed the caucus could negotiate similar working agreements with other project developers to ensure that black business gained access to industrial developments, tourism and trade.

Stocks & Stocks KwaZulu-Natal property development director Murray Thalrose said that the project enabled the group to transfer skills to caucus members during the construction of the centre.

Thereafter, members could participate in daily operations of the centre.

R20-billion needed to put KwaZulu on sound footing

(49D) Star 27/2/97

By Jovial Rantao
Political Correspondent

Stellenbosch – The KwaZulu Natal provincial government estimates that at least R20-billion will be needed to meet backlogs in housing, infrastructure and other community facilities such as clinics, post offices, police stations and schools.

Serious attention also needs to be given to low-income housing and roads, telecommunications and electricity.

These revelations were made this week by outgoing KwaZulu Natal Premier Dr Frank Mdlalose as he unveiled the province's bold plan to overhaul its economy in order to create jobs and improve the lives of its inhabitants.

Mdlalose said tourism, agriculture, industry, and harbours formed the cornerstones of the KwaZulu Natal government's plans to implement its provincial growth and development strategy.

"Through these key sectors of economic activity we will seek to achieve above average growth in employment, higher levels of productivity, an acceptable living wage for all, and development-oriented initiatives."

In close collaboration with the private sector, the province would also seek to promote a competitive and entrepreneurial environment which would attract new business and investment to the province.

"Our growth and development strategy is based on three fundamental propositions, namely: jobs, a sound national macro-economic policy, and the redistribution of goods and services." He said KwaZulu Natal's strategy further identified key economic opportunities which needed to be unblocked. These included:

- Improved commercial, financial and service sectors through the integrated development of ports, airports, roads and rail infrastructure.
- Growth in exports through the province's ports and airports.
- The promotion of the province's tourism potential.
- The economic upliftment of the small and medium-sized business sector.

"In particular, our growth and development strategy proposes to promote KwaZulu Natal as the gateway for international trade and tourism, specifically with regard to the Indian Ocean rim countries," Mdlalose said.

He said plans were afoot to develop the new King Shaka airport north of Durban and for the development of the Tugela Basin as an industrial heartland.

The province had also proposed seven development corridors – modelled on the Maputo development corridor – which would involve Mpumalanga, Gauteng, Free State and the Eastern Cape, as well as Lesotho and Mozambique.

KwaZulu Natal plans industrial parks to support corridors

CT(BR) 11/3/97 (49D)

STUART RUTHERFORD

Durban — The KwaZulu Natal government is planning to set up several industrial parks in the province which will cater for the textile, clothing, leather and motor sectors and seek to promote business linkages.

Speaking at the Izandla Ziyagezana Expo in Durban yesterday, Jacob Zuma, the KwaZulu Natal economic affairs and tourism minister, said these parks would be located around several industrial nodes and would support the development corridors in the province.

He said they would aim to increase exports from the ports of Richards Bay and Durban and that the details would be announced later this year.

Each park would be dedicated to a certain sector and be underpinned by a variety of co-operative and interactive relations between small and large firms.

"These include devolution of a number of activities by large firms to smaller ones through outsourcing of production and services, subcontracting and other licensing and franchising practices."

The government would also seek to provide specialised infrastructure and advisory services at the parks and utilise the supply-side incentives.

Zuma said they would be talking to the Development Bank, the Industrial Development Corporation, Portnet, Transnet and other interested parties about the nature and financing of the parks.

During his address on linkages, he said that to promote small and medium enterprises, his department had been considering plans for the extension of the local business service centres and the establishment of satellite service-centre networks in all seven administrative regions.

"Perhaps the most serious challenge for local business service centres is not so much to develop the capacity of the emerging entrepreneurs to access tenders, but more importantly, to raise their capacity to deliver on the contracts."

Zuma said his department was also involved in a joint project for the establishment of a manufacturing advice centre in the province.

AIRLINES

FLY IN THE OINTMENT?

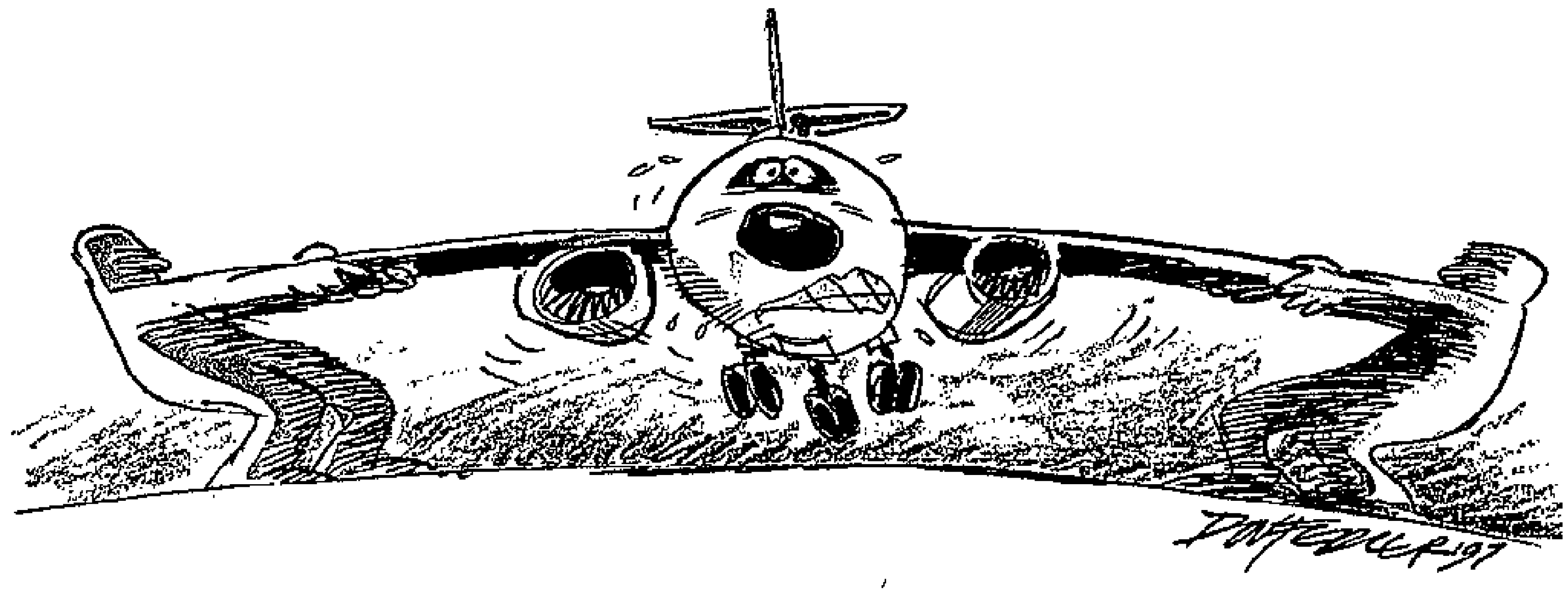
SA Airways is at the centre of an international tug of war that threatens to undermine a global alliance of nine airlines.

The airlines are anxious to counter a proposed tie-up between British Airways (BA) and American Airlines which would create the world's biggest and most powerful partnership. United Airlines of the US, Lufthansa and Scandinavian Airlines (SAS) are leading the opposition, which is expected to include SAA, Air Canada, Varig Brazilian Airlines, Thai International, British Midland and All Nippon Airways. These airlines account for about 13% of all international passenger revenue.

SAA already has a formal link with Lufthansa. Unfortunately for the alliance, it also has one with American Airlines, in the form of a codesharing agreement on flights between SA and New York and Miami. Though SAA is the only one to fly the route, the agreement allows passengers to book through either airline. Once in the US, the same agreement allows passengers to book American Airlines flights to destinations around the country. SAA recently signed a new deal on flights to 16 US cities from Miami.

At the time of the deal with Lufthansa, SAA CE Mike Myburgh said that "alliances aren't set in stone." State Enterprises Minister Stella Sigcau wants to sell a strategic stake in SAA as part of her privatisation programme and there is a strong rumour that BA wants to become that strategic partner. If that happened and BA and American Airlines were to gain a foothold in the nine-airline alliance, SAA would probably be expelled.

"I find it unfortunate that we already have legs in both camps," says Myburgh, "through our alliances with Lufthansa and American Airlines. I appreciate we'll have to restrict ourselves to one of the big camps. Those alliances will become cohesive. They won't allow marriages outside the family, but we can't make a choice now. In the foreseeable future, maybe in the next nine to 12 months, Sigcau could call for an investor which may come from one of the camps."



When SAA and Lufthansa announced their alliance on June 14 1995, they had joint co-operative agreements with Thai, Ansett and Canadian Airlines. Lufthansa also had agreements with United, Varig, Scandinavian, Finnair, Lauda and Cargolux. The only two foreign airlines with which SAA had its own agreements, apart from Lufthansa, were American and British Midland. At that stage American was unaligned.

The BA-American alliance isn't likely to get official approval before the end of the year. A formal announcement about the creation of the nine-member alliance is expected in May.

However, according to European press reports, Lufthansa executive vice-president Friedel Rodig let the cat out of the bag in his airline's internal newsletter when he said Lufthansa had to assume the BA-American pact would happen. "To withstand its impact, we must continue even more determinedly on the course we adopted, to transform existing bilateral partnerships into multilateral alliances."

Alliances allow partners to cut costs and operate more efficiently. They can share airport lounges, use common ticketing procedures and maintenance facilities, marketing and advertising, and introduce common frequent flyer programmes.

They codeshare — sell tickets on one another's flights — which increases their destinations and, instead of two airlines using their own aircraft on routes where they compete, one provides the aircraft and both sell seats on it. That reduces the aircraft in use and increases load and yield factors. *David Pincus*

TIMBER

HE CAME, HE SAWED

An Isle of Man-registered industrial group has ordered SA equipment worth hundreds of millions of rand to launch a logging and forestry operation in Zaire.

Despite the bitter Zairean civil war, Israeli-born CE Gil Gotfried says the Gotvil Group is confident its hardwoods operation will succeed. He is even talking of a potential JSE listing to fund expansion.

He says subsidiary Gotvil Timber Africa would use the proceeds to increase the scope of its Zairean operation — run by its affiliate Black River Enterprises in the Lake Mandombe region, about 500 km upstream from Kinshasa in northern Zaire — over the next three years.

Gotfried predicts annual export revenues of about US$120m/year. "We have already ordered 16 river barges and eight push tugs from a Richards Bay-based shipyard to transport the cut and sawn mahogany logs — harvested by our two new sawmills — downriver for export to the European, North American and Far Eastern furniture markets."

Gotvil Timber Africa also bought 157 forestry machines and trailers from Richards Bay-based Bell Equipment. Bell marketing manager Diane Fahn calls it "the largest single African deal for Bell Equipment."

These purchases, as well as Gotvil's pine plantation project in Madagascar, have been co-financed by Standard Corporate & Merchant Bank (SCMB) by about \$53m, confirms SCMB emerging markets director Johan Smit. Both deals have been underwritten by Credit Guarantee Insurance Corp, confirms Credit Guarantee projects division manager Madeleine Louw.

"Listing plans are well advanced and, if the second and third phases of the group's operations in Madagascar and Zaire prove successful, there is little limit on the group's growth potential," says Smit.

In Madagascar, Gotvil bought a 23-year-old pinewood plantation from the government, with a 300 000 m³/year sawn timber capacity and export value of about \$30m/year. Main market is the Far East. "We also aim to strongly expand operations here," says Gotfried. Orders have been placed with Bell Equipment for more forestry harvesting machines. According to Fahn: "A deal, larger than the Zairean one, is in progress for a project in Madagascar."

Gotfried adds: "We have already obtained about \$20m finance from SCMB for the \$35m Madagascan operation. The combined, confirmed local equipment purchases for the Zairean and Madagascan operations so far total about R320m and we could well push this towards R1bn once our expansion projects are all under way."

With growing global demand for timber and shrinking supplies of tropical hardwoods, Gotfried is bullish about future prospects for his company's twin projects. "We do not enter into forestry, logging and sawmilling operations unless we can look towards a minimum 30%-40% profit on turnover."

Gotfried says the company recently sold most of its 800 000 m³/year Russian timber operation and — apart from sawmilling operations in Rumania and in Turkey — is now focusing new business on the southern African arena.

Arnold van Huyssteen

NORTHERN CAPE (49 b)

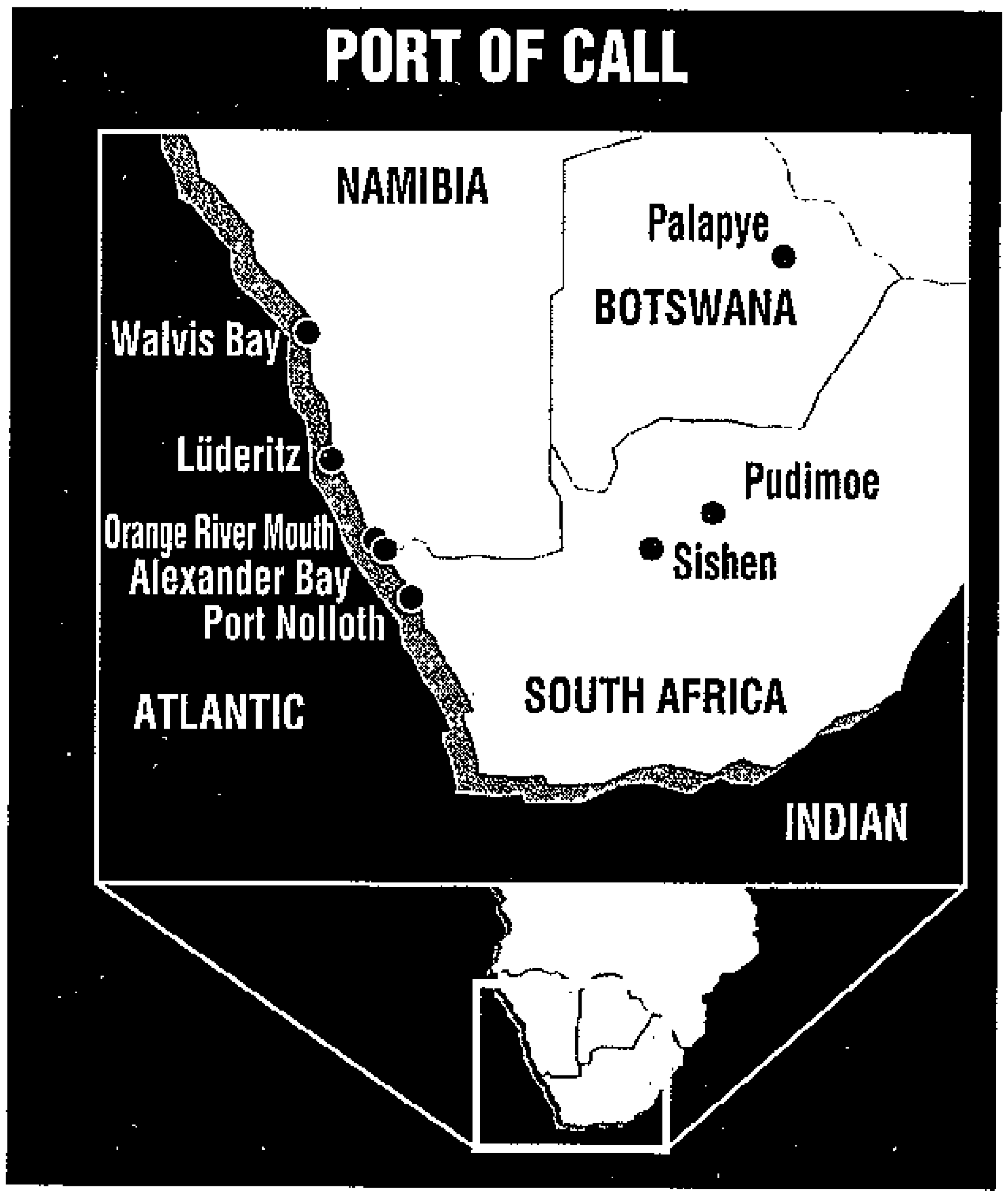
HARBOURING AMBITIONS

fm 4/4/97

Portnet has appointed maritime consultants to investigate a new deep-sea mineral export harbour on the north-western Cape coast, near the Namibian border.

Three sites, between Alexander Bay and Port Nolloth, will be investigated — Buchu Bay, Doring Bay and the Holgat River mouth. The harbour may be coupled with commercial port facilities. Depending on the extent of development, costs are estimated at R750m-R1,5bn.

Chris Matlhako, spokesman for Northern Cape premier Mannie Dipico, says



the province wants to use gas from Namibia's offshore Kudu gas field in a proposed R1bn, export-focused iron reduction plant near the mouth of the Orange River.

He says port facilities would have to accommodate ore carriers of up to 250 000 t deadweight, needing a draught or sea gauge of about 24 m at the quay and 26,5 m in the waterway. The province also wants to develop new road and rail facilities to link the port with Botswana.

"This could then accommodate export coal from eastern Botswana coal mines as well as other mineral exports from south-central Africa," says Matlhako.

The eastern Botswana coal fields — a cross-border extension of Iscor's Waterberg fields — have lain dormant because of lack of transport infrastructure.

A provincial government memorandum on what it calls the Namaqua Development Corridor says port and ancillary transport links would encourage further mining of minerals in the northern Cape, development of low-grade ore deposits in southern Namibia and mineral exports from as far afield as Zaire, Zambia and Zimbabwe.

Rail upgrading would be important. "To transport coal from Palapye (in Botswana) via Pudimoe, Sishen and Kenhardt to the coast, the 630 km railway line between Palapye and Pudimoe should be upgraded." A 1993 survey put the cost at R950m.

"A new, roughly 200 km, line must be built between Pudimoe and Sishen (estimated R470m) and the track between Sishen and Kenhardt should be supplied with more crossings," says the report.

It adds that "a further 480 km new line must be built from Kenhardt to the Namaqualand coast." In 1993, the estimated cost of this section was R1,4bn.

All three potential harbour sites are natural deep-water ports. Harbours to the north, at Lüderitz and Walvis Bay, are not deep enough, say consultants. A previous UK study declared it was not feasible to transport coal from Botswana to Namibian ports.

Matlhako says the Portnet study is the first real step in developing the proposed Namaqualand Corridor. He says Dipico has already held informal talks with Kudu field lead manager Shell Namibia.

The next step is a feasibility study looking into the technical and financial requirements of the proposed gas-fired plant. Matlhako says the Industrial Development Corp (IDC) has shown interest in the proposed gas reduction iron plant "provided we can first prove its commercial feasibility." Dipico was meeting IDC officials this week.

Mining groups, Shell and others have been invited to a meeting next month to discuss plans to develop the region. A pre-feasibility study is expected to cost R3m and last 10 months.

One consultant says that if the developments go ahead, they could threaten the future of another harbour project, at Coega outside Port Elizabeth. Zinc destined for Coega's main industrial project is mined near the Namaqualand site.

Arnold van Huyssteen

CT (BR) 22/4/97

Lubombo corridor to get its day in the sun

(490)

SHIRLEY JONES & CHRIS JENKINS

Durban — Billions of rands of investments in tourism, agricultural and infrastructural development along the Lubombo corridor in northeastern KwaZulu Natal were announced yesterday at a Lubombo spatial development initiative workshop in Richards Bay.

Jacob Zuma, the provincial minister of economic affairs and tourism, said some lead investment projects had been identified to kickstart the development initiative between South Africa, Mozambique and Swaziland launched last October.

The first step would be the construction of a R150 million Maputaland Maputo highway. The road, on which construction would begin in August, had been designed with feeder routes to create new areas of economic activity.

Zuma said the key anchor project would be the development of the Greater St Lucia region, envisaged as a large-scale private/public sector joint project designed to establish Maputaland as a major tourism destination on a par with the Kruger National Park and the Western Cape.

The Greater St Lucia Wetland Park would be managed by an investor-friendly state-controlled institution that would enter into partnerships with the private sector for land management and development of tourism facilities. Zuma said the project should create an additional 5 000 tourist beds and attract private sector investment of R300 million against a small initial state investment.

"At maturity, the project has the capacity to generate an estimated gross revenue of R600 million a year. This will provide the engine for the emergence of a regional cluster that will have knock-on effects throughout the economy," he said.

Durban frames 25-year plan to boost tourism in the region

(49D) CT(BR)22/4/97

Shirley Jones

Durban — Durban's local government, the heads of tourism bodies and business leaders met at the weekend to start up a 25-year plan to manage and grow the city's R8 billion tourism industry.

The tourism strategy document — the first of its kind in the country — was likely to be finalised in the second half of the year, according to members of the Durban metro council.

Delegates included Renong, the Malaysian property developer that is behind the multibillion-rand Point Waterfront development, the Hilton Hotel and Portnet.

Geoff Austin, the chief executive of the city's tourism marketing body, and others, said the city was not prepared to sit back and lose market share.

Although figures recently released by the tourism body Satour showed the city was still the leading domestic destination, it was clear that high-income earners were being replaced by visitors from lower-income groups, translating into a large revenue loss for the city.

According to Satour, KwaZulu Natal has a 24,6 percent share of the domestic tourism pie, representing 32 percent of the total value, followed by Cape Town with 13 percent of domestic tourism, or 24 percent of total value.

Viv McMenamin, the head of the city's recently established economic urban strategy unit, said for the first time local government had a clear mandate to be directly involved in tourism. She said the council invested R18 million directly in tourism — far in excess of other cities.

However, Nick Webb, a spokesman for Durban's physical environmental service units, said there was an urgent need to create a "must see" attraction or tourist icon for the city. He said the controversial idea of a bridge across Durban harbour from the Ocean Terminal to Pier 1 had not yet been put to bed. He said to restore gloss to the beachfront, the area would have to be managed like a private resort.

Similarly, the central business district, because of its proximity to the beachfront and crucial tourist attractions such as the Victoria Embankment and the International Convention Centre, would now have to be managed like a regional shopping mall.

Webb said Durbanites and visitors were only now rediscovering the harbour. He said more ferry boats were needed to link attractions, and infrastructure was necessary to accommodate cruise liner traffic.

Development corridor projects tabled

Nicola Jenvey

RICHARDS BAY — Ecotourism, agricultural and infrastructure projects worth several billion rands had been tabled for the Lubombo spatial development corridor linking SA, Swaziland and Mozambique, KwaZulu-Natal economic affairs and tourism MEC Jacob Zuma said yesterday.

Construction on the government-led R150m national road project through the area would start by August. Private sector investment proposals for the lead projects — including a beach resort, several small hotels, game lodges and cultural tourism projects — would coincide with the R300m Greater St Lucia Wetland Park launch later this year.

About 5 000 short-term construction and 2 000 long-term tourist-based jobs would be created by the venture, while gross revenue from the completed project was estimated at R600m a year.

Zuma said the Greater St Lucia Wetland Park was a public asset that needed a state-controlled institution to consolidate its land and regulate development.

KwaZulu-Natal premier Ben Ngubane said the formal presentation on the Lubombo spatial development proposals would be made to the SA, Swaziland and Mozambique governments on May 16 after which tenders bids from private investors would be called for and time frames for the development corridor finalised.

Zuma also highlighted the agricultural potential for the region, with the Jozini Dam capable of developing 30 000ha of farmland under irrigation.

BD 22/4/97 (49D)

KwaZulu Natal to invest millions in Lubombo plan

CT(BR) 24/4/97 (49D)

SHIRLEY JONES
KWAZULU NATAL EDITOR

Durban — Hundreds of millions of rands would be ploughed into agricultural development within north-eastern KwaZulu Natal as part of the Lubombo Spatial Development Initiative (SDI), Jacob Zuma, the provincial minister of economic affairs and tourism, said this week.

This includes R370 million in irrigation infrastructure for the Makhathini Flats, the country's only truly tropical farming region, and the Railway Valley, Zuma said.

Key start-up projects identified by Zuma included the establishment of core commercial farms or agri-businesses, with strong extension projects to facilitate the introduction of new crops and technology.

He said projects would concentrate on the production of high-value crops for the export market, especially soft fruit such as granadillas, mangoes, oranges, lemons, papayas, guavas and bananas.

He said, initiatives would look at increased sugar production for sugar juice, which would act as a feedstock for fruit juice blends and the chemical industry.

He said that this would require more processing and purification facilities. Integrated handling, containerisation and processing systems on core farms in the region for export products would be created as well as cooled atmospheric containerisation facilities at Richards Bay and on reefer ships, he said.

Overall, Zuma said the Lubombo district had significant agricultural potential, especially because of its tropical climate, high rainfall and good soils.

Despite its immense potential, he said, KwaZulu Natal had the lowest stake in South Africa's agricultural production.

The province's output was dominated by forestry and sugar, with KwaZulu Natal sugar farmers contributing 85 percent of the national output.

'Seedy' Durban takes steps to create a new, vibrant image

(49D) CT (BR) 24/4/97

SHIRLEY JONES
KWAZULU NATAL EDITOR

Durban — Durban is losing its dominant slice of the domestic tourism pie, slipping from 32 percent in 1994 to 28,8 percent last year, statistics released by the KwaZulu Natal tourism board showed this week.

Market research released a few days ago by the city's tourism marketing body, Tourism Durban, and its recently appointed advertising agency, Matthews and Charter, also painted a picture of Durban as a tired and dishevelled city.

Durban's tourism leaders said they were aware of the general belief that the city was "going to seed". Couples interviewed in Gauteng described the vibrant, upbeat tourism destination of the 1950s and 1960s as a downtrodden, pot-smoking old pal rattling around in an ancient car — a friend with whom they were still comfortable despite his jaded appearance, John Charter, the agency head said.

Far from being horrified by this revelation, both Charter and Geoff Austin, Tourism Durban's chief executive, welcomed it. They said their challenge was to recreate Durban's image with a promotional budget which had been increased by a massive 200 percent by the local council.

The strategy being proposed has never been tried before in South Africa. It will see Durban as a destination being branded much like a soap powder, toothpaste or a pack of cigarettes.

Austin said the branded promotion of Durban — including a bold and upbeat television commercial — would be aimed at the domestic market, the source of 75 percent of the city's tourism revenue.

This time the approach was to be radical. The campaign, modelled on one which changed perceptions of Miami from a seedy city into one with a "slick and with-it image", would make Durban a talking point, they said.

Austin and Charter are all too aware of Durban's notoriety for "pie-in-the-sky tourism projects" and its inability to deliver on feasible ones. The difference is that this time they intend harnessing the creativity behind the ideas instead of lapsing into maligning the city.

Gautengers see Durban as a downtrodden, pot-smoking old pal in an ancient car

The approach is also far more competitive than in the past.

"Cape Town is almost European, with very few months of pleasant weather. Johannesburg has no major tourism attraction. Durban has an African carnival feel, a lushness. It also has a rich tapestry of diverse cultures," they said.

They believe Durban can deliver the fundamentals — a warm ocean, good weather all year and the International Convention Centre, due to open in August.

The two intend pushing the Point waterfront development, the forthcoming Wilson's Wharf development and the La Mercy airport project, which Austin said was pivotal to the region's tourism development.

Austin said that although Durban needed to have its head among the stars, it also had to keep its feet on the ground, ensuring a high percentage of innovative projects materialised and did not die on the launching pad.

Charter said the key to rejuvenating Durban's image was for the city to live up to the image created.

LIFE'S A BEACH *Durban's tourist board wants to restore the city to its former glory as a sought-after holiday destination, when it attracted huge crowds of sun worshippers to its warm seashore*

The scramble for investment

(49D) MtG 25/4-1/5/97 (BM)

A frenzy of activity around the Lubombo development in KwaZulu-Natal signals a drive to boost employment ahead of the 1999 elections. **Jim Day** reports

THE need to show progress on one of the largest development proposals in Southern Africa has Cabinet ministers, the premier of KwaZulu-Natal and the MEC for economic affairs and tourism, all scrambling to secure investment and build infrastructure ahead of the 1999 elections.

The Lubombo Spatial Development Initiative (SDI), an ambitious programme to develop tourism and agricultural projects in north-eastern KwaZulu-Natal, southern Mozambique and Swaziland, was given a jumpstart this week when Environment Affairs and Tourism Minister Pallo Jordan, KwaZulu-Natal Premier Dr Ben Ngubane and MEC Jacob Zuma met in Richard's Bay to go over the scope of the project.

While it is clear that the key reason for the recent "frenzy" of activity surrounding the Lubombo SDI is to provide jobs and improve the infrastructure in one of the nation's poorest regions, insiders say there is added pressure to show on-the-ground progress in anticipation of the approaching elections.

The Lubombo SDI project calls for government to provide planning and infrastructure to lure private investment into specific tourism and agricultural projects. A key is construction of the proposed R155-million tarred road along the coast from Hluhluwe, near Lake St Lucia, past Kosi Bay near the Mozambican border and on to Maputo.

Construction on the South African side is set to begin in August, and sources say the Mozambican government has secured funding for its portion.

That road and the feeder routes will open access to dozens of proposed farming operations and tourism developments centred around game reserves and the region's unspoiled beaches.

"It is no use growing exotic papayas if they will simply lie and rot in the fields because there is no way of getting them from Makhathini to an export port," said Zuma. "It is no use having a beautiful beach lodge on the coast if it requires a fancy four-by-four vehicle to get there."

On the Mozambican side, United States billionaire James Ulysses Blanchard III is already moving forward on his $800-million plan to build "Club Med-type" resorts, hundreds of exclusive beachfront homes, game lodges, golf courses and possibly casinos, said development consultant Eugene Gouws, who is employed by Blanchard.

That project alone is being billed as the largest tourism venture in Southern Africa.

In South Africa, the largest single component of the SDI is at the Greater St Lucia Wetlands Park, which officials believe has the potential to become a tourist attraction on a par with Kruger National Park. Within six years, they hope to attract R300-million in investments to provide 5 000 tourist beds.

Studies have shown this could produce 2 000 long-term jobs and generate gross revenue of R600-million per annum.

Tempting tourists: A US billionaire is moving ahead with resort-building in Mozambique

PHOTOGRAPH: SIDDIQUE DAVIDS

Smaller developments have been proposed for Kosi Bay, Lake Sibaya, Sodwana Bay and at the nearby game reserves.

The agricultural projects focus on 30 000ha below Jozini Dam, particularly on the Makhathini Flats, where irrigation possibilities and the tropical and sub-tropical climate offer the potential of developing valuable fruit and vegetable crops.

Officials are focusing their development efforts on the Lubombo SDI not only because of the good prospects for profitable businesses, but also because of the dire need in the area — 90% of the households in several districts have average incomes of less than R800 per month, and it has the lowest literacy and highest unemployment levels in KwaZulu-Natal.

But the hurdles to attracting investment are enormous. Apart from the lack of infrastructure, many of the areas face complex questions of conflicting land claims and how tenure issues can be resolved. Until investors can be sure they will legally own the land they want to develop, they are not about to put any money on the table, SDI officials admit.

"The potential of northeastern KwaZulu-Natal is legion, but the realities are harsh," said Ngubane. "[The SDI] is a development strategy that can unlock the wealth and jobs that are waiting to be developed in this land."

KwaZulu Natal to get new projects worth billions

(49D) CT (BR) 30/4/97

Shirley Jones
KwaZulu Natal Editor

Durban — A range of industrial developments costing billions of rands have been earmarked for Durban, Richards Bay and Pietermaritzburg, Jacob Zuma, the KwaZulu Natal tourism and economic affairs minister, said yesterday.

Speaking at a conference on the state of transformation in South Africa, Zuma said billions of rands in joint-venture capital would be needed to fund industrial projects developed as part of a second spatial development initiative, which would follow the recently announced Lubombo initiative.

Zuma said that in Durban the key focus area — the southern industrial basin — would extend from the port to the site of the international airport.

Projects would include a R1 billion new container terminal, a passenger terminal, a shipping services centre, tourism and commercial ventures along the Victoria Embankment and an industrial development zone in the Bayhead area following the relocation of the marshalling yards.

"A special dispensation would cover this (zone). It would be run by a company offering state-of-the-art infrastructure, quick labour mediation and union recognition and a minimum of red tape in accessing duty rebates and other supply side measures."

The provincial government also had to look at future options for the existing international airport site once agreement was reached on the new King Shaka airport on the north coast, he said. Ideas include a deep-water container hub port, further expansions for the liquid fuel industry, a new R8 billion petrochemical cracker plant and the creation of a mixed-use business district.

"One of the central issues we will have to resolve is whether the port has the space to become a trans-shipment harbour."

Zuma said the KwaZulu Natal government also intended developing the port and infrastructure in Richards Bay. Projects under consideration include container, sugar and passenger terminals, an atmospheric warehouse for exporting soft fruits and an industrial development zone aimed at building on the hot aluminium from the Alusaf smelter.

He said that in Pietermaritzburg the aim was to develop further the evolving aluminium cluster.

There was significant potential for downstream investment and discussions with potential investors were under way.

KwaZulu-Natal's growth hoists GDP

(49D) Sowetan 5/5/97

By Isaac Moledi

KWAZULU-NATAL'S manufacturing output has grown more rapidly than it has in the rest of South Africa recently, making it the second province after Gauteng in terms of its contribution to the country's Gross Domestic Product.

This was said by provincial premier Mr Ben Nugabane in an address to the Kwazulu-Natal congress of the South African Chamber of Business at the weekend.

"Our province has the potential to narrow the existing gap even further. We owe this to our people, who are poorer than those in Gauteng and who are fundamentally dependent on jobs created by industry," he said.

Coordinated system

He said all the provinces operate within a nationally coordinated system of policy and priorities and provincial premiers cannot, for example, formulate a provincial strategy for investment incentives and judicious tax concessions.

"We cannot have our own Labour Relations Act. I can give many examples which you are also aware of," Ngubane told the business people.

He said for the most part, provincial leaders' capacity to facilitate investment lay in the following:

- Giving serious attention to the development and the maintenance of improved and efficient transportation and communications infrastructure;
- Helping to coordinate interests and initiatives in the private sector with those in the public sector and negotiate adaptations to national regulations to suit conditions in the province;
- With the assistance from parastatal development agencies, set up services for commerce and industry, making provisions for Local Business Service and Technology Centres, to support particularly the small and micro enterprise sector in gaining access to professional and technical expertise;
- Improve the marketing of KwaZulu-Natal as an investment location and as a tourist destination; and
- To exercise leadership influence on constituencies as well as influencing the climate of labour relations in the province.

"It is particularly important to help cities and towns coordinate strategies among themselves and with the provinces. Local coordination is an essential part of our provincial growth and development strategy," said the Premier.

In terms of job creation and general upliftment of the population, Ngubane sees industrial and commercial development as the key solution but as a medium to long-term strategy.

IN BRIEF

R55m to be spent on 3 000 new small enterprises

(49D)

PROVINCIAL development finance agency KwaZulu-Natal Finance and Investment Corporation would spend R55m establishing nearly 3 000 new small, medium and microenterprises during the current financial year, the organisation said yesterday. BD 16/5/97

Corporation business loans executive Robert Ngcobo said continuing interest by emergent entrepreneurs in this sector was "a small business renaissance" after a recent and prolonged difficult period when political and other violence meant new business establishments declined.

He was greatly encouraged by the announcement of economic affairs and tourism MEC Jacob Zuma, during his parliamentary budget speech, that a trust fund for emergent entrepreneurs previously affected by violence was being established.

The corporation had aimed at providing loan finance to 2 100 entrepreneurs during 1996/97, but this figure increased to 3 839, translating into 14,5 new enterprises each working day. Ngcobo said this had been the result of an unprecedented demand for micro business loans.

CT(BR) 3/6/97

Industrial surge for KwaZulu Natal

(49D)

Shirley Jones

KWAZULU NATAL EDITOR

Durban — At least 60 new industrial enterprises, including 20 overseas investments, were earmarked for the KwaZulu Finance and Investment Corporation's estates and business parks this year, Peet Marais, the corporation's group executive, said yesterday.

He said this was despite continued low investor confidence in South Africa and the downward trend of the manufacturing production cycle.

The corporation, which is KwaZulu Natal's development finance organisation, was confident it would meet its ambitious targets, including R46 million in capital investment in its industrial properties programme.

Marais said the organisation's target of establishing or expanding 60 industries this year was a realistic one.

"We have shown this sort of target is attainable, having established and expanded 66 industrial enterprises in KwaZulu Natal during the past 1996-97 financial year."

Marais said the organisation's factory space available for letting had grown by 42 676m² to more than 1 000 000m² last year and had resulted in the creation of almost 2 000 new jobs in the province.

He said he expected the economy to remain lethargic, with growth continuing at between 2 and 3 percent this year.

The production cycle was still in a downward trend since reaching a peak in mid-1995. But the fall in production levels did not spell recession, he said.

The organisation aimed to bring a further 91 000m² of industrial production space on stream this year in its three estates in Isithebe, Ezakheni and Madadeni, as well as in its business parks in the greater Durban/Pinetown, Pietermaritzburg and Richards Bay areas, Marais said.

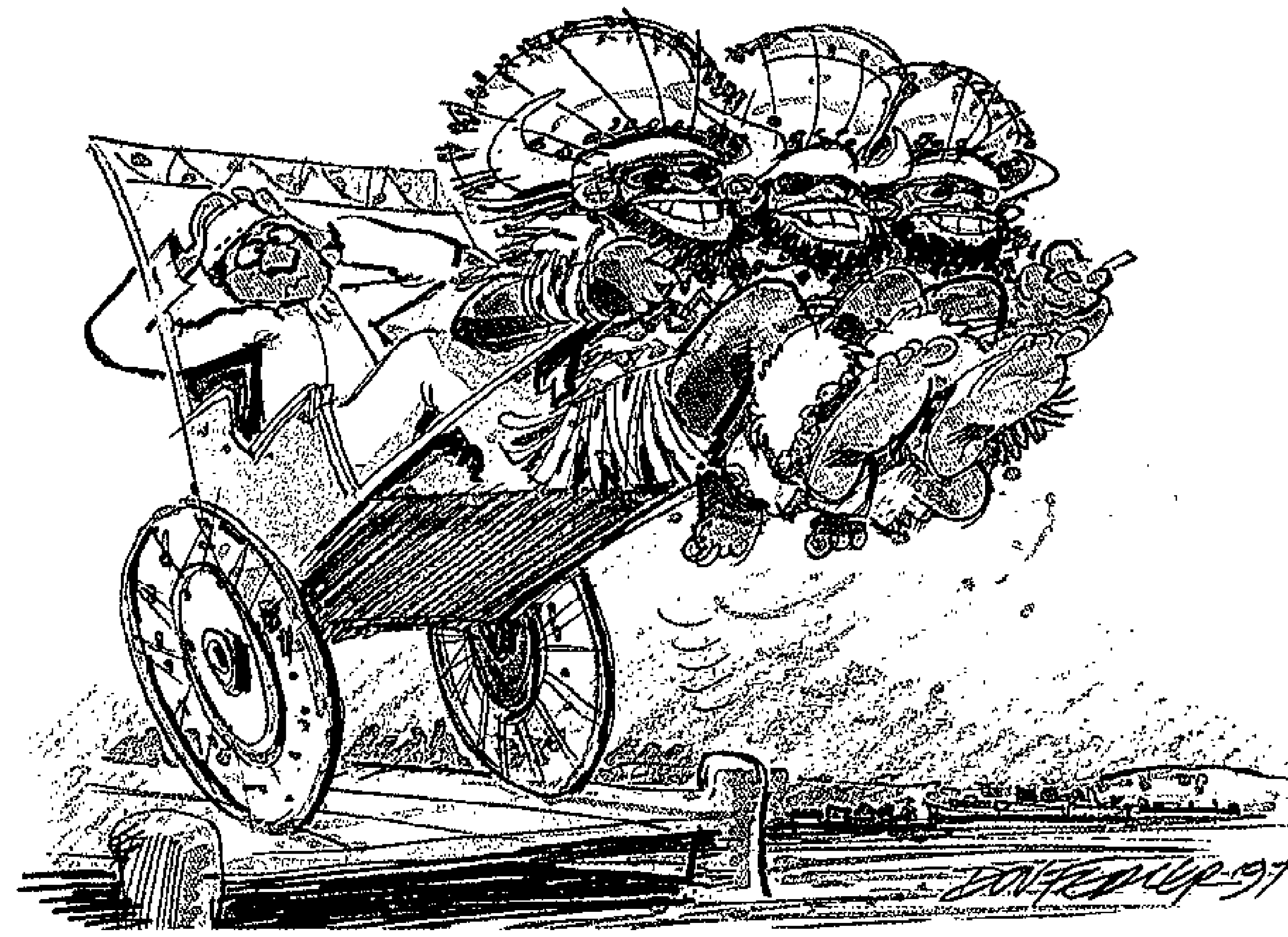
He also said R31,8 million had been budgeted as loan finance for industrialists this year, reflecting a 36 percent increase over last year.

DURBAN DEVELOPMENT 49D

Waterfront almost sunk

FM 20/6/97

A bureaucratic farce got no laughs from a major foreign investor



Malaysian developer Renong came close to cutting its losses and pulling out of Durban's 55 ha, multibillion rand Point Waterfront development because of public-sector bungling and bureaucratic delays.

The problems now seem largely to have been resolved, but a start to major-capital parts of the development could still be up to two years off if the development plans have a rough passage through the public approval process.

If not, implementation could begin early next year.

So says Bheka Shezi of Roc-Union — a joint venture with Vulindlela Holdings (a group of black Durban businessmen) established to carry out the development.

Many hoped private-sector drive and investment would get the long-stalled project under way when Portnet agreed to sell its surplus land between Durban's South Beach and the north side of the harbour to Renong for about R80m in 1995. Instead, nothing happened.

Shezi explains: "The pre-planning land-assembly process has been slow and the delays have cost Renong millions of rand in land-holding costs. There were times when the investors seriously considered withdrawing from the scheme."

He says that, though the development company thought it would deal with just one company, Point Waterfront — established by Portnet, Durban Metro and other stakeholders to oversee the project development — it found it had to negotiate separately with each interest group.

The process was then further confused when some of the land which Renong intended buying from Portnet was released only on a long lease because Portnet thought it might one day be needed for widening the harbour mouth.

And even more bizarre, Renong had to renegotiate the purchase of a small plot of land in Escom Terrace — which it and Transnet believed were part of the original sale — when it emerged that the land was only on loan to Transnet from the Public Works Department.

The Malaysian company also had to negotiate the purchase of a 9 ha parcel of council-owned land, which was sold subject to the development conforming to the Point Protocol — a pre-1994 agreement which sets out empowerment, affirmative action and capacity building criteria for the project.

"Though we are adhering to the protocol, we had to go through it in detail because of several ambiguous clauses. That process is now complete and a price, together with the developer's contribution to infrastructural costs, has been agreed. The deal now just needs council sanction," says Shezi.

He adds that with this purchase the developers can start producing a framework development plan for Point which must be submitted for council approval within six months of the sale agreement.

"Work began when Renong first entered the project, but was stalled when it became clear that negotiations were going to be protracted. It was restarted a couple of months ago as negotiations drew to a close."

The result, he says, is that the proposals, which will include rezoning applications, could be submitted for approval in September or October.

Once they have gone through the approval process, including publication for public scrutiny, work can begin in earnest. "The intention is to create a truly vibrant African entertainment complex," says Shezi.

Herb Payne

R4,3bn for KwaZulu projects

49D

Nicola Jenvey

DURBAN — The KwaZulu-Natal Finance and Investment Corporation (KFC) coupled with corporate business had invested R4,3bn into capital projects since 1979, and direct capital investment from the provincial development agency was budgeted for R394m in the year to March 1998, KFC executive director finance Shabir Chohan said.

At a KFC-hosted dinner earlier this week, he said the organisation had invested R281m during 1996/97, funded through savings deposits, borrowings, share capital allocation and its own cash generation. The 1997/98 investment would be funded in the same way.

Chohan said share capital as a percentage of total funding had decreased significantly since the organisation's inception and constituted only 25,6% of funding.

KFC corporate relations manager Mandi Gwele-Maepa said that investment arm KwaZulu-Natal Marketing Initiative had attracted 35% of the medium and large-scale investments approved by the Board for Regional Industrial Development to the province.

The organisation was being restructuring and executive director Marius Spies said the new regional finance body would be responsive to the needs of KwaZulu-Natal so as to achieve a positive contribution to the economic and social well-being of the province. "The future should therefore bring with it self-development, enlightenment and the socioeconomic empowerment of the historically disadvantaged people of KwaZulu-Natal."

BD 31/7/97

NE

Mandela launches Lubombo initiative

CT (Bdr) 25/8/97 (490) (318)

CHRIS JENKINS

Empangeni — The first stage of the Lubombo Spatial Development Initiative, a R180 million highway that would link Maputaland in northeastern KwaZulu Natal and Maputo, the Mozambican capital, was officially launched on Friday by President Nelson Mandela.

The road, the key infrastructural component of the initiative, is intended to unlock the economic potential of the Maputaland region; improve access in the northeast region for local people, tourists and commercial activities; and provide a direct link between northern KwaZulu Natal and Mozambique.

In the presence of Goodwill Zwelithini, the Zulu king; Mac Maharaj, the transport minister; Mangosuthu Buthelezi, the home affairs minister; other cabinet ministers and their counterparts from Mozambique and Swaziland, Mandela turned the first sod for the construction of 156km of road between Hluhluwe and Ponta do Ouro.

Completion of this section is scheduled for mid-1999, while the section to Maputo is still in the planning and design stage.

Mandela said the governments of South Africa, Mozambique and Swaziland recognised improved access between the three countries was critical for enhancing their investment potential.

He said the Lubombo Spatial Development Initiative's success depended on the project's ability to consolidate partnerships between different levels of government, between government and the private sector and between government, investors and communities.

"The road will be like a thread onto which beads of existing and potential activities will be strung," Mandela said. "It will provide access to as many people as possible, including communities previously isolated.

"We are launching a major investment project which is designed to promote our broad vision of reconstruction and development."

PLAN TO CREATE 40 000 JOBS

R300m to be spent on fighting rural poverty (490)

THREE MAINLY rural provinces will be the principal beneficiaries of a plan to fight poverty. **CHARLES PHAHLANE** of the Parliamentary Bureau reports.

A PLAN to fight poverty and create jobs in largely rural areas — to be funded from R300 million set aside in this year's Budget — was unveiled yesterday by Finance Minister Mr Trevor Manuel.

He said R85m would be allocated to the Public Works Department, R150m to Water Affairs, R50m to Welfare and R15m to Health.

"The government has increasingly sought to make available funds for infrastructure so that there can be an increasing shift away from consumption to capital spending," Manuel said.

Public Works would concentrate mainly on three mainly rural provinces selected in a poverty indicator. Eastern Cape would get 38%, KwaZulu-Natal 33% and Northern Province 29%.

Public Works Minister Mr Jeff Radebe said the projects would be run in close consultation with local governments, which would facilitate them and, in the process, build their own capacity.

The Water Affairs Department would also concentrate its funds in the three provinces, with particular attention to Northern Province, where severe drought is expected this summer. About 40 000 jobs would be created.

"The funding will mean that the number of projects we are involved in will nearly treble to 100," Water Affairs Minister Mr Kader Asmal said.

About 10 800 new jobs would be created in KwaZulu-Natal, 7 700 in Eastern Cape, 5 400 in Western Cape, 4 900 in Northern Province, 3 600 in Mpumalanga, 2 800 in Northern Cape, 1 800 in the North West, 1 200 in Gauteng and 1 000 in Free State.

The Health Department will use the funds for its nutrition programme to extend feeding to families. Health Minister Dr Nkosazana Zuma said any attempts at poverty elimination would help fight malnutrition and disease.

Various projects, chiefly for rural women would benefit from the Welfare Department allocation.

WAR ON POVERTY: Cabinet ministers came out in strong support of a national campaign to eradicate poverty in South Africa. Attending yesterday's launch of War on Poverty were Water Affairs Minister Kader Asmal, Public Works Minister Jeff Radebe, Finance Minister Trevor Manuel and Health Minister Nkosazana Zuma.

PICTURE: THEMBINKOSI DWAYISA

KwaZulu gets R330m investments

BD 10/12/97 (49D)

Nicola Jenvey

DURBAN — KwaZulu-Natal has attracted new, direct foreign investment projects worth nearly R330m in the nine months to December.

KwaZulu-Natal Marketing Initiative (KMI) vice-chairman Arnold Griesel is confident this figure will be boosted substantially before the organisation's March year-end.

This compared with the province attracting 17 new projects worth R176m in the year to March.

Griesel said China and Taiwan vied for new investments and although the SA government had switched allegiance, Taiwanese businesses were still clambering to establish in KwaZulu-Natal.

The body would retain its office in Taiwan and there was still scope for more ventures from that country.

However, there was a trend developing whereby more Chinese investors approached the initiative for investment prospects than Taiwanese businesses and he believed this would continue in the longer term.

Griesel said nine new projects — three each from China and Taiwan and one each from Indonesia, the UK and SA — had been established in KwaZulu-Natal since March.

A 10th project had been signed last week and there were 37 possibilities in the pipeline.

Looking to 1998/99, Griesel said the quasi-government organisation wanted to raise the volumes of investments entering the province. However, this demanded resources not currently available and the body was waiting for the provincial government to give an indication of its new budget allocation.

Should sufficient funds be forthcoming, the organisation wanted to spearhead investment missions to the US, concentrating on attracting investments from the world's largest direct foreign investment player.

"US investors have centred their investments on shares and joint venture schemes to SA and the next step is direct foreign investments. The KMI wants to be at the forefront of these initiatives," Griesel said.

The investments included Coastal Clothing, Hydro Aluminium, Zhejiang Juashan Cosmetics, Shanghai Yaming, Ebica Textiles, Sapintra, Luka Textiles, Jin Awang Pin, and Auto Belt.

Lubombo plan draws on region's potential

(49D)

NCABA HLOPHE

CT (BR) 15/12/97

Johannesburg — The tourism-based Lubombo Spatial Development Initiative in northeastern Kwazulu Natal was expected to generate an estimated gross revenue of R600 million a year and create over 2 000 direct jobs, Andrew Zaloumis, the project director, said last week.

The initiative is a partnership between the governments of Mozambique, Swaziland and South Africa and would boost the tourism potential of the Greater St Lucia Wetland Park as an anchor project.

It follows other initiative launched this year including the Maputo Development Corridor, and the Fish River, Wild Coast and Western Cape projects.

The project would be linked to the construction of the Main Road 439 between Hluhluwe and Ponta do Oura in Mozambique at an estimated cost of R180 million and scheduled for completion by mid-1999.

The road would serve over 75 000 people and 78 tourism projects, and boost health, safety and education for communities within 5km of it.

Zaloumis said the initiative was expected to unleash over R300 million private-sector investment to maximise the potential of its heritage sites, game reserves, natural coastline, cultural traditions and plant and animal species of interest.

"The initiative would provide a framework to consolidate land to develop over 5 000 additional tourist beds spread across at least 18 different accommodation categories and 13 developments nodes," Zaloumis said.

But the pace of the project would be determined by outstanding land claims that have been made to parts of the park and the need to put an institutional framework to manage it on conservation imperatives.

The Lubombo initiative steering body has recommended setting up a statutory authority to oversee an integrated development and management plan for the park and a community trust to represent local communities.

More Asian input is urged

Nicola Jenvey (4.9D) BD 13/1/98

DURBAN — Durban's Asian businessmen must play an increasingly active role in the Durban Chamber of Commerce and Industry to allow local business to capitalise on their wealth of experience, chamber president Mac Mia said at the weekend.

Incorporating the Asian business community into the chamber had been one of his goals during his term of office, which lasts until March. Although there had been a growth in Asian membership recently, there was still resistance to joining the movement or to members becoming active within committees.

Mia said in the light of the diminishing relevance of the Consultative Business Forum — an Indian business chamber established after the new government took office which was intended to promote the demands of the Asian business community during the five-year transitional period — the business expertise in the Asian community should be more broadly utilised.

The chamber was still perceived as essentially white, even though there was a growing number of traditionally non-white businesses entering its ranks. Mia acknowledged that many Asian and black businesses were one- and two-man shows in which the entrepreneurs did not have the time for committees and outside interests.

The Asian community was perceived as being "closed and reticent", but the businesses remained committed to social responsibility. Charitable work and community development were business principles.

KwaZulu-Natal entrepreneurs remained "lackadaisical" about the work environment, which presented a negative appeal to potential investors.

This was despite the benefits the province held in port accessibility, sound infrastructure and transportation and sufficient labour.

The manufacturing industry's Christmas shutdown effectively lasted six weeks from the end of November to mid-January. International investors may demand higher productivity.

He believed this lackadaisical image was not portrayed among Gauteng and Western Cape businesses and that KwaZulu-Natal was "not yet hungry enough" to maximise its investment potential.

increase in VAT-related fraud have ... man would create new business

Lubombo tourism plans key to region's growth

CT (BR) 18/2/98 (49D)

RAVIN MAHARAJ

Durban — The promotion of tourism projects in the Lubombo spatial development initiative (SDI) would unlock millions of rands in investment in northern KwaZulu Natal, but such projects would have to be undertaken in an efficient and sustainable manner, industry leaders said yesterday.

Graham Muller, a researcher involved in planning for tourism development on behalf of the KwaZulu Natal Tourism Authority, said the vision for the area was to "develop and market the Lubombo SDI as a sustainable world-class African eco and cultural tourism region with local ownership and participation".

He said KwaZulu Natal dominated the domestic tourism market with a market share of about 30 percent, and the Lubombo SDI had the potential to enjoy a growing share of that market.

"However, the prime growth segment for the future is the foreign market, and the potentially larger economic benefits."

The SDI planning process is a joint initiative of the national departments of transport and trade and industry which aims to unlock inherent and underutilised economic potential in specific spatial locations.

State funding would be used as a stimulus for private and public sector partnership investment in anchor developments.

The Lubombo SDI stretches northwards from Richards Bay to the Mozambique/Swaziland border, and lies between the N2 national route in the west and the Indian Ocean in the east.

Muller said findings have revealed that St Lucia would be the hub of the Lubombo SDI. He said a provincial database of all tourism assets had indicated that of the total number of assets identified in the Lubombo SDI, 43 percent were found to be in the St Lucia-Mtubatuba area.

Some specific opportunities identified include the St Lucia Gateway Project, which involved satellite development of tourism nodes, the extension of the World Heritage Site concept, and the consolidation and redevelopment of facilities at Sodwana Bay.

He said developments in the region were "both feasible and realistic". But projects could only succeed if environmental sustainability was maintained, and small, medium and micro enterprises were promoted.

Muller said there were also tourism development opportunities in the Southern SDI, west from Durban metro to Pietermaritzburg/Howick, and north to Richards Bay/Empangeni.

that Kluever ... Cabinet had decided some years ago

Chamber profits from challenges

Nicola Jenvey (49D) BD 10/3/98

DURBAN — The Durban Chamber of Commerce and Industry posted a R252 261 profit (1996: R454 311 loss) in the year to December, a period characterised by changes and challenges, president Mac Mia said yesterday.

Releasing the annual report, Mia said 1997 was a year of progress aimed at gearing the chamber to unity with other business organisations, while reinforcing co-operation with the local councils and provincial authorities.

One of his goals during his year-long term of office had been to draw various broadly based business organisations closer together, while accepting that industry-specific associations had "a unique role" to play.

The chamber has accepted responsibility for operating the newly formed KwaZulu-Natal Chamber of Commerce and Industry. The organisation includes chambers affiliated to the SA Chamber of Commerce (Sacob) as well as other business groupings in the commercial community.

KZN retains highest budget allocations

~~(364)~~ (490) ~~(364)~~

DONWALD PRESSLY

CT 12/3/98

KWAZULU-NATAL receives the second highest percentage increase after Gauteng, but retains the overall first place in provincial budget allocations.

And the good news for the province is that its allocations are set to increase proportionally more than the other eight provinces over the next five years.

The provinces' slice of the R201 billion national budget amounts to R88,14bn, up 6,5% on last year's figure of R80,805bn for the last financial year. This year KwaZulu-Natal receives R17,628bn, up from R15,759bn last year.

This compares with the other provinces' budgets (with last year's in brackets) of: Eastern Cape R15,016 billion (R13,802bn); Gauteng R14,095bn (R12,932bn): Northern Province R11,066bn (R10,386bn); Western Cape R9,492bn (R8,779bn); North West R7,216bn (R6,797bn); Free State R6,003bn (R5,556bn); Mpumalanga R5,507bn (R4,811bn); Northern Cape R2,064bn (R1,979bn).

KwaZulu-Natal's slice is made up of R15,508bn in the "provincial equitable share", which is based on provinces' demographic and economic profiles, R562 million in supplementary allocations, R729m for health services and R592m allocation for local government.

A further R238m is also allocated for "other" expenditure, which is largely composed of the primary school nutrition programme.

The share formula draws on the recommendations of the Financial and Fiscal Commission and has been updated to reflect new census data.

While KwaZulu-Natal received 19,1% of the budget share, this is set to rise to 20,3% by the financial year 2002-03.

The province's allocation for health services forms part of a R4,434bn budget for all nine provinces. According to the budget review R300m of this is for hospital construction in the Eastern Cape and KwaZulu-Natal and R53m is to promote tertiary health services in provinces lacking such facilities.

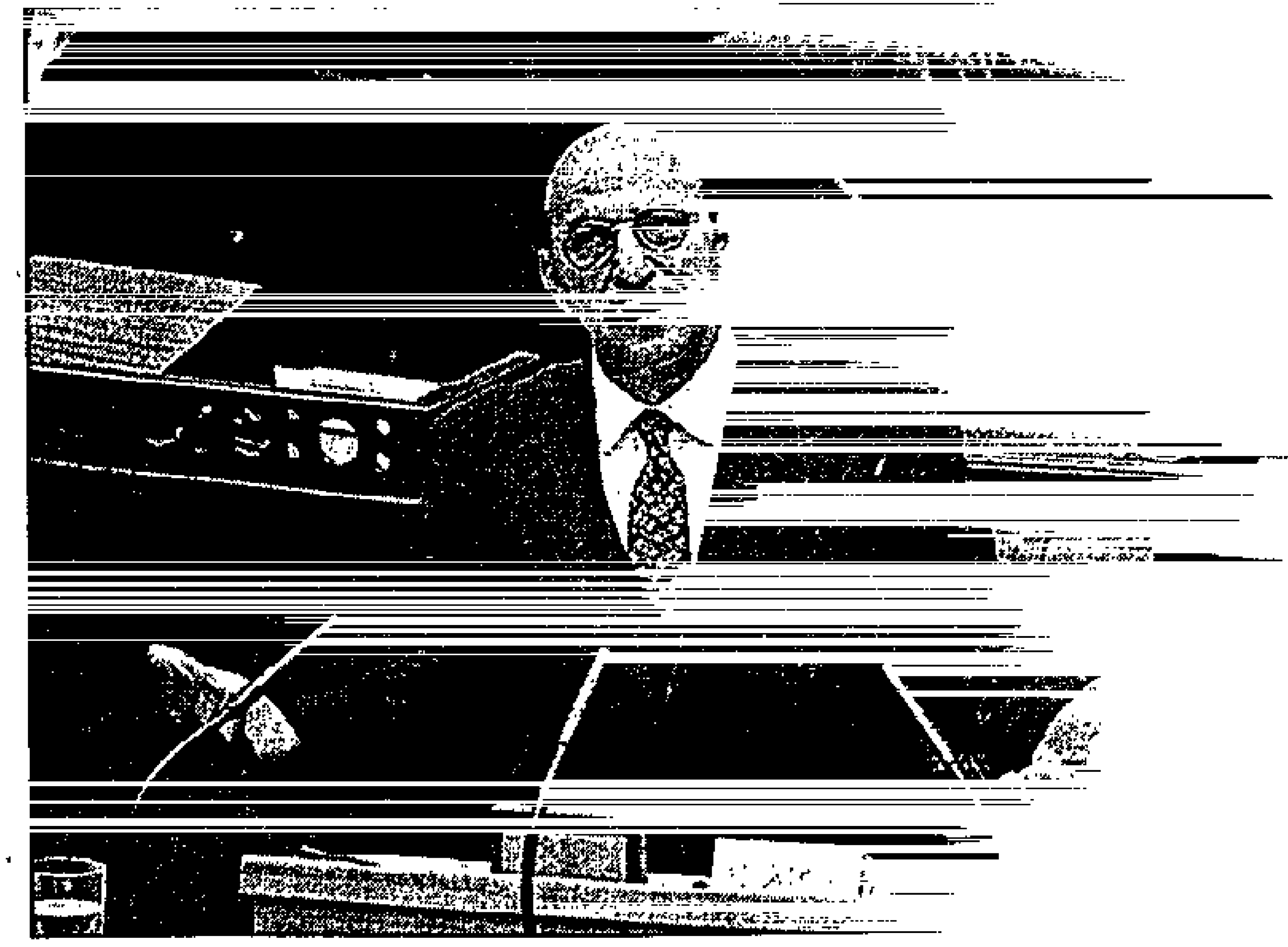
The bulk of this allocation — R 3,021bn — is for central hospitals in four provinces and R1,060bn to support medical training.

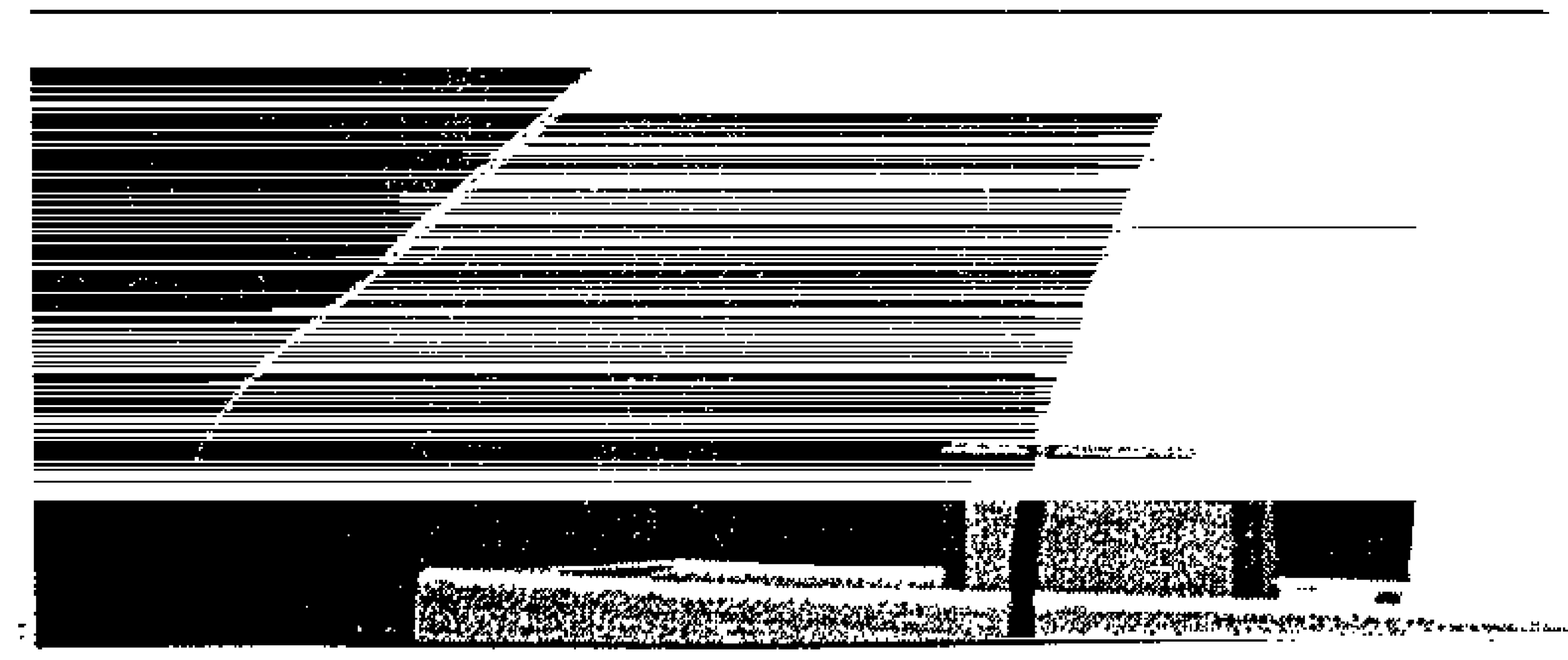
The supplementary allocation of R2,8bn for all provinces is conditional on the "enactment of credible budgets conforming to national legislation and treasury norms and standards".

The local government allocation of R1,132bn to the nine provinces is composed of R951m to fund provinces, including KwaZulu Natal, with the so called R293 (former bantustan) towns and R181 million "to deal with municipalities experiencing transitional difficulties as a result of the phasing in of the new local government equitable share formula".

KwaZulu-Natal's school nutrition programme budget forms part of a R657 budget for all nine provinces. It, therefore, receives the highest slice.

● Last year's equitable share ratio for KwaZulu-Natal was 19,1%. This will rise to 20,3% in the 2002-2003 financial year. This compares with forecasts for 2002-03 of (with last year's proportion in brackets) for the other provinces: Eastern Cape 16,9% (17,9%); Free State 6,6% (6,9%); Gauteng 16,2% (14,8%), Mpumalanga 7,6% (6,3%; Northern Cape 2,3% (2,6%); Northern Province 12,5% (13,6%; North West 8,2% (8,7%) and Western Cape 9,6% (10,1%).





Zuma predicts Maputo corridor trade boom

(49D) CT (PR) 27/3/98

RAVIN MAHARAJ

Durban — Recent economic initiatives between South Africa and Mozambique would result in a trade boom between the two countries, Jacob Zuma, the minister of economic affairs and tourism in KwaZulu-Natal, said at the weekend.

He told the Trade Africa conference that the Maputo development corridor — which will link Gauteng and Mozambique — would generate about R26 billion worth of investment.

He said the Lubombo spatial development initiative (SDI) would also result in key investment opportunities.

The SDI stretches northwards from Richards Bay to Mozambique's border with Swaziland, and lies between the N2 national route in the west and the Indian Ocean in the east.

"The SDI will strengthen economic linkages with Mozambique and make this coastline one of the most competitive in southern Africa," Zuma said.

Co-operation so far had resulted in opportunities for both in agriculture, tourism and industry.

South Africa's economic future was closely linked to that of the southern African region, he said.

Pursuing a regional economic integration strategy, within the framework of the Southern African Development Community (SADC), was a priority for the South African government.

Zuma said South Africa's admission into the SADC had not automatically resolved acute imbalances and problems in neighbourly relations created by the country's economic domination of the region.

He said the government was approaching regional trade integration as a way to foster industrial development and diversification rather than merely as a way to enhance trade flows between countries.

He also told the conference that both Mozambique and South Africa were strategically located in relation to the global economy.

Mozambique had an estimated gross domestic product purchasing power of $12,2 billion and an estimated growth rate of 7 percent, he said.

Co-operation, economic integration and regional specialisation had to be encouraged and consolidated if southern Africa wanted to succeed in the global economy.

He said access to larger markets enabled countries to exploit economies of scale and develop industrial capacity.

Fernando Sumbana, the director of the Mozambican Promotion Centre, a government body, said economic co-operation between both countries would create opportunities in downstream and service industries.

Rural poor buy into KwaZulu ecotourism venture

(49D)

Nicola Jenvey

DURBAN — Northern KwaZulu-Natal's first community-based tourism and conservation project has been launched, coinciding with the start of construction on the R180m tarred "tourism road" through Maputoland.

The region forms part of the government-identified spatial development initiative for northern KwaZulu-Natal, southern Mozambique and eastern Swaziland.

The R4m, 40-bed Sibaya Lake Lodge is a joint venture between private enterprise and an impoverished rural community and is financed by developer Island Rock, a Danish investor and the KwaZulu-Natal Finance and Investment Corporation.

Sited in a 250ha community conservation area, the project lies on the KwaChitumuzi peninsula on the northern shores of Lake Sibaya, the country's largest freshwater lake.

Island Rock has established a community trust, which the provincial government has issued with permission to occupy to give the trust tenure.

The Manzingwenya community, which owns 50% of the lodge, will share proportionately in the profits and benefit from job creation both during construction and once the resort opens.

Island Rock director Carl Schutte said the project launch was the culmination of five years of talks with stakeholders and extensive capacity building in a community which previously had few job opportunities.

He said due to the private Danish investment, the development had arranged Danish government support for further training and capacity building for the community.

The lodge aimed to offer international service standards with local skills.

He said the intention was to outsource services to the community.

While direct employment accounted for about 25 jobs, he believed there would be numerous smaller businesses mushrooming around subsidiary services, including cleaning, reserve management, guiding, maintenance and transport.

The lodge will be completed by the end of the year and once fenced, the reserve will be stocked with game.

BD 17/4/98

R396m plan for KwaZulu Natal

(49D)

RAVIN MAHARAJ

CT (BR) 20/4/98

Durban — The KwaZulu Natal Finance and Investment Corporation (KFC), the development agency, had launched a R396 million capital investment programme for its 1998-99 financial year, Marius Spies, the executive director, said at the weekend.

The programme represents a 40 percent growth in investment over the previous year's investment. The KFC's provincial government allocation dropped by 49 percent in the past year.

Spies said that the corporation would realign the organisation this year to become more business-focused, ensuring its future financial sustainability without dependency on government funding. But in order to adopt a more businesslike approach, it was vital that the agency addressed the issue of reducing vacancies and outstanding arrears to acceptable levels to improve profitability and efficiency ratios, Spies added.

In addition, the KFC had used significant resources in resolving many of the housing bond boycotts, together with increased provisions for bed debts within the business loans department, in the quest to achieve financial sustainability without government support, Spies said.

Taiwanese threaten to pull out

(49D) CT(BR) 21/4/98

RAVIN MAHARAJ

Durban — A group of Taiwanese businessmen has threatened disinvestment and embarked on a rent boycott of the KwaZulu Natal Finance and Investment Corporation (KFC) in protest against crime in Isithebe, the industrial node north of Durban.

The KFC development agency operates an industrial estate with 160 factories at Isithebe.

The Association of Taiwanese Businessmen in Isithebe yesterday warned that thousands of job losses could follow if the situation did not improve. The association, which represents about 4 000 workers of the 25 000-strong workforce in Isithebe, believes criminals in the area have targeted Taiwanese businessmen.

It has asked the South African Police Service to step in, but the SAPS has said there was a crippling shortage of manpower.

On Friday, Neng-Shih Wang, the owner of Chinatown Garment Manufacturers, was shot dead by intruders at his office. There has been an increase in robberies, and attempted hijackings, according to industry leaders.

The association has written to the KFC saying that "in spite of numerous complaints to the KFC, there has been little or no concern shown to general security".

Jan van Niekerk, the properties executive of the KFC, said it was working in conjunction with crime specialists, Business Against Crime and the police on a plan to combat violent crime.

He said rent boycotts were not the answer, and the partners concerned needed to embark on a "workable security plan in the absence of effective SAPS policing".

Taiwanese firms protest against crime

(97D) (23)

Dustin Chick

BD 21/4/98

ABOUT 26 Taiwanese companies in KwaZulu-Natal had started a rent boycott and threatened to disinvest if the crime situation there did not improve, Taipei's liaison office said yesterday.

The office said it was shocked by the shooting of businessman Neng-Shih Wang on April 17. Wang was shot after an attempted robbery at his company, Chinatown Garment Manufacturers.

The office claimed there was "continuing murder of Taiwanese industrialists" which had prompted the companies to start the protest.

The Association of Taiwanese Businessmen said it was deeply distressed by the murder and it seemed as if criminals were targeting Taiwanese businessmen.

KwaZulu-Natal premier Ben Ngubane said he was appalled by the murder of Wang, whose death meant about 400 jobs would be lost. Ngubane said the murder was "another nail in the coffin of business confidence" in SA. Violence was unacceptable and every effort would be made to bring the attackers to book, he said.

The liaison office said investors in KwaZulu-Natal were particularly concerned about security at the Isithebe industrial park, where Wang was murdered.

☐ DEVELOPMENT (49D) CT (MR) 23/4/98

KFC to give industry a R30m boost

The KwaZulu Natal Finance and Investment Corporation (KFC) would inject R30 million into industrial development in the province, which was emerging as an important growth node in the country's manufacturing sector, Jan van Niekerk, the properties executive, said yesterday. The investment was made despite rising industrial vacancy levels since 1995, which coincided with a fall in the volume of manufacturing production, Van Niekerk said. The move was intended to create 68 big new industrial enterprises and 220 small businesses.

The announcement follows the release of the KFC's R396 million capital investment programme for 1998-99 earlier this week. Van Niekerk said the main objective of its industrial development programme was to create formal, full-time employment opportunities to help alleviate unemployment in KwaZulu Natal, which was at 24 percent. — *Ravin Maharaj, Durban*

Sunday Times Business Times
May 3 1998

Lubombo plan lays trail from SA's Hluhluwe to Maputo

(288) ST (BT) 3/5/98

(49b)

INVESTMENT

By JUSTIN ARENSTEIN

A R30-MILLION hotel overlooking Kosi Bay lagoon and five multimillion-rand resorts at St Lucia are some of the anchor projects set to be unveiled at the launch of the Lubombo Spatial Development Initiative in Durban this week.

The initiative, due to be opened by President Nelson Mandela and two neighbouring heads of state on Wednesday, plans to transform KwaZulu-Natal's poorest and most neglected area into an international tourism destination.

The SDI, which straddles South Africa's international borders with Mozambique and Swaziland, will offer a combination of beach, mountain, game reserve and cultural tourism products.

Although only the third of SA's eight planned spatial developments to get started, the Lubombo SDI is already being touted as the best-researched and packaged initiative of its sort, focusing exclusively on new tourism and agricultural development.

Proposed anchor projects, all on state or tribal land, include a possible R50-million resort flanked by four smaller luxury hotels in the St Lucia Wetland Reserve.

Similar staggered developments are planned for Lake Sibayi and Kosi Bay, where the Crane Hotel Group has just had the go-ahead to construct a luxury R30-million, 40-bed hotel.

Related developments have also been designed for the renovated Mozambican holiday town of Ponto do Oura, where a Club-Med style resort will serve both Kosi Bay and a new planned game reserve just north of the town.

All developments are expected to be private sector-driven and the SA government has pledged only to build the transport infrastructure and bulk services necessary.

Construction has already begun on a R180-million road along the coast from Hluhluwe to Ponto do Oura and on to Maputo city.

The road has opened up secondary tourism and agriculture opportunities, including cashew nut, palm wine and citrus estates, said to be worth some R935.7-million.

Lubombo project manager Andrew Zaloumis stresses that interested investors will be able to register only for pre-qualification selection for the SDI's anchor projects at Wednesday's launch.

Detailed pre-qualification documents will be released for the first selection of bidders in June. Two months will be allowed for investors to consider the projects until early August, when a bidders' conference will be staged and full tender documents launched.

"We've deliberately opted for a more cautious approach than in the Wild Coast and Maputo Corridor initiatives to avoid raised expectations," says Zaloumis.

"We're putting more preliminary planning into our proposals and including specifically packaged opportunities for investors."

However, the SDI's multi-national character is also its weakness.

Mozambican planners are hamstrung by tight budgets and have not yet been able to begin construction on the Mozambican leg of the planned highway.

Mozambique industry and commerce minister Oldemiro Baloi conceded last month that alternative funding models such as toll roads or donor grants would have to be looked at.

Swaziland has not yet begun any concrete infrastructure projects. — *African Eye News Service*

Govts attempt to free potential of beautiful region

The Lubombo spatial development initiative has just been launched. **Nicola Jenvey** looks at what the project is designed to achieve

BD 8/5/98 (490)

THE breathtaking ecological heritage mingled with the tragedy of poverty-stricken and neglected communities in northern KwaZulu-Natal, eastern Swaziland and southern Mozambique has prompted the three governments to co-operate in boosting the economic potential in the region and creating an attractive and stable investor climate.

Yesterday, Mozambique President Joaquim Chissano, Swaziland's King Mswati and President Nelson Mandela jointly launched the Lubombo spatial development initiative (SDI) — an area encompassing the subtropical plains and coastline that surround the Lebombo mountains — at the annual Tourism Indaba in Durban. A major investment conference will follow later this year.

This development programme, the first ever to involve co-operation at this high level between the three countries, aims to promote economic growth through tourism and agriculture by commercialising many of the region's game parks and attracting significant local and foreign investment.

SDI project manager (SA) Andrew Zaloumis said that underlying the initiative was the creation of small businesses, meaning that outsiders would form joint ventures with local businesses and communities.

The region spans from the Umfolozi River near Richards Bay northwards along the coastal plain to Maputo in Mozambique. It then stretches westwards to the Lebombo mountains in eastern Swaziland and the surrounding lowlands, which run north-south through the three countries.

The region has six major interlinking ecosystems and is internationally renowned for its plant diversity, game reserves and unspoilt coastlines. Zaloumis said this asset mix was well placed to stimulate competitive tourism and agricultural industries.

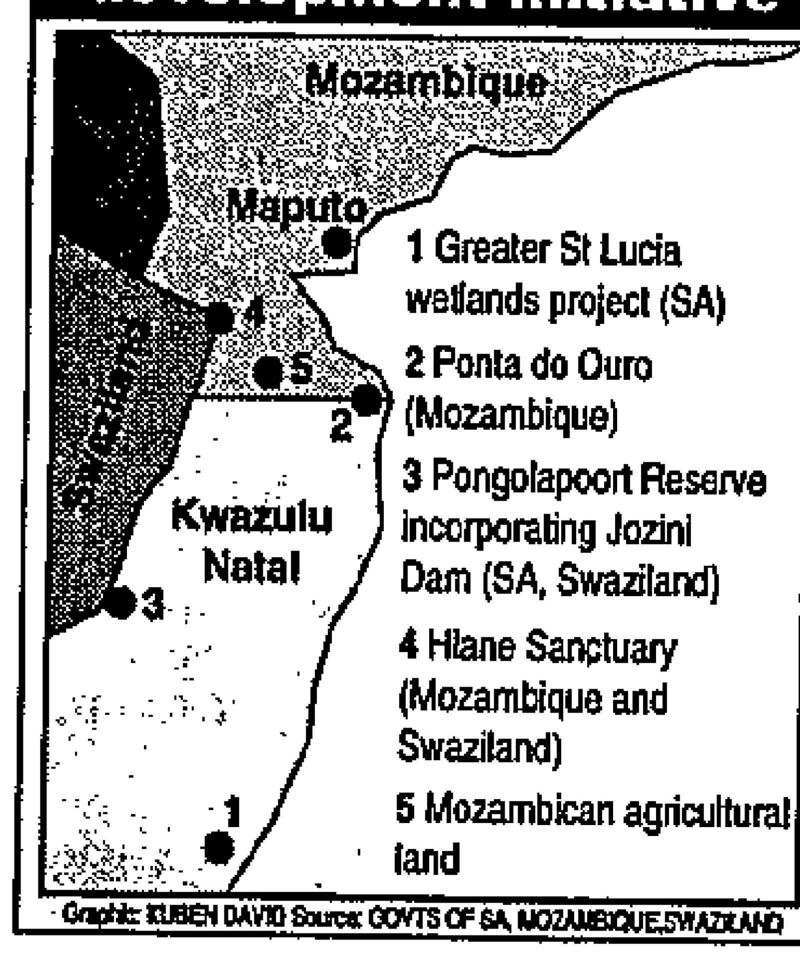
However, the inadequacy of road infrastructure had hindered development. Besides the N2, which links Richards Bay with Swaziland and Mpumalanga, there are only minor and often untarred roads.

Access to Mozambique is restricted to 4x4s because roads are limited to beach sand tracks. The 30km from the border to Ponta Malongane takes nearly an hour, while the 150km to Maputo takes about five hours.

The SA government has begun construction of a R200m road, while the Mozambique government has given its assurance that the upgrade of infrastructure is a priority.

However, SDI co-ordinator (Mozambique) Albino Mahumane said that just converting to gravel, thereby reducing the travelling time to Maputo to 90 minutes, would cost R40m. This is money the government does not have.

Lubombo spatial development initiative



Since the civil war, Mozambique has enjoyed increased investor confidence on the strength of a stable exchange rate. In 1996, gross domestic product growth was 6% and inflation only 16,6% compared to 54% in 1995.

The country's tourism policy defines strategic zones for development to enhance its feasibility and economic growth. The policy reduces possible conflicts between economic activities and avoids environmental damage.

"This, together with stability, creates a context in which tourism can thrive," Mahumane said.

In Swaziland, the Tourism Development Agency is still being set up but SDI co-ordinator (Swaziland) Sindi Mabuza said this agency would represent a cross-ministerial partnership with the private sector and be responsible for a national marketing strategy.

Zaloumis said to unblock the region's economic potential, the SDI would also:

- ☐ Ease border controls and trans-frontier movement;
- ☐ Provide bulk water, telephones and electricity;
- ☐ Establish government protocols around conservation and health issues; and
- ☐ Resolve land conflicts and tenure arrangements for investors.

A ministerial delegation from each country will embark on a joint international marketing and investment mission next month to sell the initiative to the world.

The three governments are committed to social upliftment and reform, but the success of this project depends on the recognition by the private sector of the inherent business prospects.

Government wants a tenfold contribution from business for every rand invested into infrastructure and that demands that sound policies and structures are in place to catch the prize.

Durban council faces R150m budget deficit

Nicola Jenvey (49D) BD 13/5/98

DURBAN — The Durban metropolitan council expects to invest R792m (1997/98: R948,9m) in capital projects in the 1998/9 financial year, but faces a potential R150m deficit to its operating budget, which needs a medium-term restructuring programme in order to resolve.

City treasurer Mike Turrell said yesterday the council had virtually completed prioritising the capital budget and believed the lower spending was "more in line" with the capacity in the metropolitan region for development.

The council had struggled to use fully the current year's capital budget allocation.

During 1998/99 the council would allocate R234m or 29,4% to providing sewerage and water, while another R490,7m or 62% was dedicated to roads, electricity, transport and refuse collection. Health, safety and security had a 4,4% allocation and social services and recreation 4,1%.

However, Turrell said the council faced a potential R150m deficit on the operating budget, which had to be financed from metropolitan services levies — money usually allocated to smaller rural and semi-rural capital projects. The deficit might be boosted by another R17m-R18m if measures taken over the past few weeks did not curb the deficit being incurred in the current year.

The combined efforts of decreasing passenger figures and government subsidies meant the transport services division faced a R60m operating deficit in the year to June next year compared with the budgeted R44m deficit.

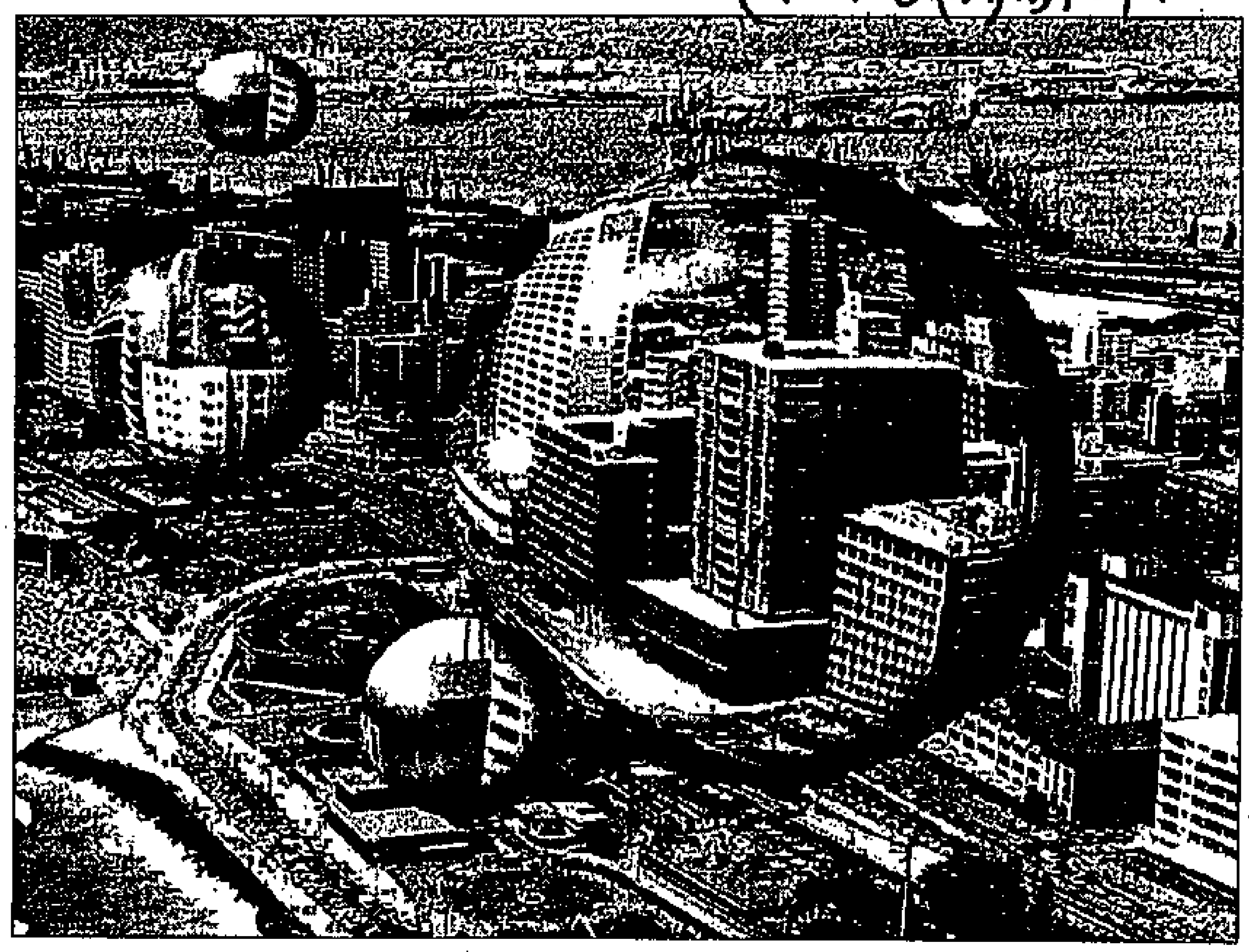
Turrell said the council had initiated a five-year plan to resolve having to use metropolitan services levies in the future.

DEVELOPMENT

Durban in search of the Holy Grail

(49D) (?) 23/6/98

ADELE SHEVEL



Durban is searching desperately for a catalyst to spur development and tourism. Recently plans for a replica of the Titanic were put forward. Prior to that a looming statue of Shaka was tabled for the waterfront, whose lagging development has fanned speculation about its very existence.

To top the list of waning hopes, the relocation of Durban International airport to La Mercy, which has been in the pipeline for about 20 years, was abandoned last week.

At the port, internal strife, such as strikes, has underscored its ineffectiveness and its attempts to become competitive. Bax Nomvete, Durban's port manager, resigned last week amid Portnet's restructuring.

Yet the intention to resuscitate the city is tangible. Durbanites are baying for the return of the old Transvaal cars that used to congest their roads.

The country's second largest city has been sitting back for several years with a lacklustre profile on the South African landscape. Cape Town is the uncontested doyenne of that elusive quality of lifestyle, while Johannesburg remains the place where business throbs and money beckons.

Durban's local council, tourist arms and businesses are fed up with the city being a non-contestor, and are busy with initiatives to invigorate the area's profile. They spend R12 million a year on marketing Durban, more than double that of any other city in the country, yet have not captured as much development or tourist rands as other centres.

The metropolitan council is launching a roadshow on September 23 to attract Johannesburg businesses to KwaZulu Natal. The harbour, the port and its developments, and the northern corridor are included in the sales pack. The abandoned La Mercy airport was to have been a major selling point.

Viv McMenamim, the director of economic development in Durban metropolitan council, says there is a poor perception of Durban because it is associated with crime and grime. But she says the statistics prove otherwise. "We think that in terms of South Africa opening up to trade, Durban is a natural choice, especially in terms of manufacturing and exports."

Others say this notion has been bandied about for well over a decade but has yet to emerge into some reality.

"Durban has not marketed itself as it should have," says Bheka Shezi, the director of Rocpoint, the developers of the Point waterfront in Durban.

He says political problems and an initial lack of co-operation between the ANC and IFP created difficulties for the area. But he says they have now put the province first.

Certain initiatives have proved successful. Commercial, industrial and residential development has sprung up along the coast north of the Umgeni river. Co-ordinated developments along this stretch indicate a growth area that has been targeted by investors and developers in KwaZulu Natal.

Over the past four years, 70 factories and 5 000 jobs have been created north of the Umgeni river. Nearly half a billion rand has been invested in factory developments.

The International Convention Centre that opened about a year ago at a cost of more than R250 million has received positive feedback and is hosting some of the largest conferences held in this country.

Buyers of residential property have also committed to the north coast region. Moreland, the property division of the Tongaat-Hulett group, has sold over 200 residential plots ranging from R250 000 to R1 million in Zimbali, on the north coast, over the past three years.

Visitors comment on the face of the region, which is developing rapidly. Building plans passed within the north local council area of jurisdiction, spanning all forms of development, grew from R5 million in 1993 to R95 million in 1996 in Mount Edgecombe, and from R40 million to R156 million in Umhlanga in the same period.

There is a sense of fresh vistas and opportunities as the region rearranges itself. A new business node is being developed in Umhlanga called the Umhlanga Gateway New Town Centre, comprising retail, civic and office space. The 100 000m² La Lucia Ridge office estate is also being developed nearby.

The industrial belt under development inland echoes other developments along the coast.

Two years ago, Old Mutual purchased 19 hectares of land in Mount Edgecombe in the largest single industrial land purchase in Durban in the past 25 years.

In addition, it is reported to be sinking about R800 million into the Gateway shopping and entertainment development in Umhlanga.

Does all this development mean that Durban's central business district (CBD) will suffer the aches of empty offices akin to Johannesburg?

Jeff McCarthy, a research professor in urban and regional development at the University of Durban Westville's Graduate School of Business, says that the developments in the north must be seen as supplementary to the CBD.

He maintains the north coast has several factors that point to economic growth for the region. "It has Africa's busiest port by value to the south of it and its biggest port by volume to the north." Durban's port handles about 65 percent of the country's trade in terms of value.

He notes that the north coast is one of two spatial development initiatives in the region — the other being the Lubombo initiative. These have been identified by the trade and industry department as areas in which to crowd investment.

"Cape Town has a superior record of international A-grade tourism but its disadvantage is that it is not perceived to be African," says McCarthy.

Yet according to airport statistics, the number of passengers through Cape Town and Johannesburg airports has risen, while Durban has stagnated.

Roy Alderdice, the managing director of Alliance Property Group, says it is vital for the region to change its mindset and "stop being so coastal".

Durban council passes 'sound and solid' R4,3bn budget

BD 30/6/98 (49D)

Nicola Jenvey
and Farouk Chothia

DURBAN — The Durban metropolitan council yesterday passed its balanced R4,3bn budget for 1998/99, helped by borrowings from business levies to offset deficits expected from the transport and electricity departments.

All six parties in the African National Congress-controlled council voted in favour of the budget, which included an operating expenditure of R3,6bn, with the Democratic Party describing it as "sound and solid".

Council corporate finance head Mike Turrell said the inherent deficit — which touched R130m for the new year — had grown annually over the past decade, driven by dramatic government subsidy cuts and a series of low rates increases in the '80s.

The transport service was shown to be the major loss contributor with the city's bus fleet expected to run at a R67,6m deficit in the 1998/99 budget. This was more than R20m higher than in the current year.

Turrell attributed this to the dramatic fall in passengers coupled with significant transport subsidy cuts. The council would look urgently at loss-making routes in conjunction with moves to privatise city transportation.

Turrell said the council had to introduce structural changes to the operating expenditure base to prevent siphoning funds from business levies — formerly joint service board levies — in future budgets. A five-year debt reduction policy would come into effect from 1999/2000 to lower interest payments.

The council has budgeted for a R12,4m deficit for Durban Metro Electricity given that operating losses from the Electricity For All campaign launched in 1991 were about R150m a year.

To reduce costs, a programme had been introduced to check for bypassed electricity meters and impose strict penalties. New connections would be provided only where economically viable.

Meanwhile, the council's R821m capital budget was R101m lower than in 1997/98.

Council executive committee chairman Margaret Winter said this figure was a more realistic expectation of the council's ability to spend. Basic services, including water, sewerage, refuse, drainage and transportation accounted for 89,9% of the expenditure. Social services and health and security shared the remains.

Durban's rates and service charge arrears stood at only 3,4% of the total annual budget, much lower than the national norm of 11% to 15%, Winter said.

Record year for finance body

(4-9D)

Nicola Jenvey BD 30/7/98

DURBAN — The KwaZulu Finance and Investment Corporation created nearly 10 000 new jobs, established more than 3 000 business enterprises and achieved a record 39,1% increase in investments for development projects last year.

These results, coupled with the posting of net income of R6,3m for the year, were achieved in the face of dwindling provincial government funding, indicating that KwaZulu-Natal's development finance corporation had taken a major step towards financial independence.

Executive director Marius Spies said it had been forced to depend less on government funding.

KwaZulu-Natal getting finances into shape

(49D)

Farouk Chothia

MARITZBURG — The KwaZulu-Natal government seems to be succeeding in its efforts to knock its finances into shape — a report released yesterday shows expenditure for the current fiscal year is within budget so far.

The provincial finance department said in a report presented to the legislature's finance committee that 29% (R5,27bn) of the total budget of R17,93bn had been spent by the end of last month, when a third of the financial year elapsed.

Finance MEC Peter Miller said there had been an overall saving of about 5% on the personnel expenditure budget, previously seen as primarily responsible for overexpenditure.

The saving could be attributed to several things, including a decision to leave certain posts unfilled.

There had been a saving also in the education department, but a decision had since been taken to re-employ about 419 teachers and 175 administrative staff required to monitor schools, Miller said.

KwaZulu-Natal ran up a deficit of R1,9bn last year. Miller predicted in April that there was likely to be overexpenditure this fiscal year also, but said yesterday he was reasonably confident this would be avoided.

He warned, though, that remaining within budget would come at "considerable cost to the quality and scope of services" provided by the government.

There would be no capital expenditure once contractual obligations inherited from the past were met.

The report showed that at the end of last month expenditure in most departments was between 26% (transport) and 34% (premier's office) of their total budgets for their year.

The problematic education department reported expenditure of 33% (R2,23m).

Another problematic department, welfare, reported expenditure of only 20% (R793 633) but committee members said they did not believe it had spent so little.

Finance department deputy director-general Sipho Shabalala conceded that "something is wrong" in the welfare department. A finance department team had moved into welfare to address problems.

Committee members voiced concern that the works department also continued present problems, reporting the highest expenditure (56%). Shabalala said the figure was so high because funds were going to the building of the academic hospital in Cato Manor, Durban.

Miller was critical of the department, saying it had not used its budget soundly.

It had previously allocated R40m for minor maintenance work, but spent R20m on houses for staff in Ulundi.

BD 6/8/98

KwaZulu development body's revamp on track

BD 13/8/98 (49D)

Nicola Jenvey

DURBAN — The Provincial Development Finance Corporation, given the task in 1996 of finalising transformation of the KwaZulu Finance and Investment Corporation, has approved draft legislation and regulations to govern the changed provincial development agency.

Announcing the decision yesterday, Jacob Zuma, provincial economic affairs and tourism MEC and steering committee chairman, said that this was "a most significant step" towards finalising transformation needed in the corporation.

The process would ultimately provide the corporation with a new mandate, name and corporate identity with which to launch a concerted attack on KwaZulu-Natal poverty.

Zuma said the draft legislation would be submitted immediately to the state law adviser before being presented to the provincial cabinet.

It would be tabled before the provincial parliament in the October session, after which it would follow the normal channels through to the implementation phase.

Zuma said that the process of transforming the corporation had been protracted, but he was sure the province would "reap the rewards" of seeing the process through.

"Organisational trans formation is the vehicle best suited to meeting the challenges in our new operating environment," he said.

R33bn equals 5 500 Richards Bay jobs

CT(BR) 17/8/98 (49D)

RAVIN MAHARAJ

Durban — About 25 industrial projects worth over R33 billion and with the potential to create 5 467 jobs were announced by the Richards Bay Spatial Development Initiative at the weekend.

The industrial projects were identified by the Industrial Development Corporation and included opportunities in the iron, steel, motor vehicle, chemicals and fertiliser industries. Negotiations are also under way for building a container terminal at Richards Bay harbour that will facilitate exports by these industries into world markets.

But Claudia Manning, the project manager of the SDI, said only R6 billion had been collected for the projects so far. The planned R550 million Mondi expansion, the R1 billion South Dunes coal expansion and other capital projects were proceeding, she said.

Glen Martin, the port manager of Richards Bay harbour, said construction of the $146 million dry dock, proposed about three years ago, would go ahead.

Final option packages relating to finance were being signed and, barring any problems, construction was due to start early in 1999.

Portnet, the state's port authority, and Rowdock, the Richard Bay-based dry dock operator, had already reached a compromise regarding the site of the long-awaited dock.

Martin said the dock would be among the top 10 in the world. It would attract secondary industries into the area, and each would create 300 to 500 jobs in the construction phase and 2 000 sustained jobs.

There were also many proposals for a major upgrade of key transport and municipal infrastructure projects in the Richards Bay area. Five new tourism projects had been completed, Martin said.

He said the port would call for proposals in mid-September for a passenger terminal and development of the naval island.

The R100 million marina development would be launched when these proposals were called for, Martin said.

"The projects are detailed in our investment prospective and will be presented to local and international investors. There is already a great deal of interest. We expect to see a steady flow of new investment over the next few months," Martin said.

Richards Bay's industrial initiative takes shape

(49D) BD 17/8/98

Nicola Jenvey

RICHARDS BAY — Details of 25 industrial projects worth R33bn and with the potential to create about 5 500 jobs have been released by the Richards Bay spatial development initiative.

Concrete investments worth R6bn have already been tabled including the Portnet and Mondi expansions and new a dry dock facility.

Richards Bay development initiative project manager Claudia Manning said details of the projects were in the investment prospectus and would be shown to local and international investors.

She expected a "flood" of new investments to the region over the next nine months, aided by the Richards Bay Investment Centre, which opens in October as a one-stop shop to assist companies setting up in the region.

The industrial projects were identified by the Industrial Development Corporation (IDC) and include opportunities in the iron, steel, vehicle and chemical and fertiliser industries.

Negotiations are underway to build a container terminal in the port to assist the firms with exporting their products.

Manning said Richards Bay was the gateway to the tourist haven of Libombo in northern KwaZulu-Natal. The harbour was less than an hour's drive from the game parks and the potential existed for a passenger terminal in the harbour.

Richards Bay development initiative chairman Glen Martin said proposals for the terminal would be called for in October, while Transnet was considering developing Naval Island as a tourist attraction. "It is hoped that the growth of tourism and light manufacturing industries ... will provide opportunities for small, medium and microenterprise companies in the region," Martin said.

A study to secure financing for the upgrade of the John Ross Highway, which links Richards Bay and Empangeni with Durban, is near completion. Other infrastructure projects include the construction of an industrial development zone, a regional solid waste site and the upgrade of the airport. Construction on a R30m police station has begun.

KZN 'surplus' is creative accounting

MHG 12-18/2/99

(49D)

Amanda Fitschen

The recent announcement by KwaZulu-Natal's MEC for Finance Peter Miller that his province had managed to turn its financial situation around to register a surplus for the current financial year, compared to a deficit for the previous year, must have startled even the least cynical individual.

Some may even have asked why all provinces had not adopted KwaZulu-Natal financial management practices to avert current financial nightmares.

The Free State is negotiating a R200-million bail-out with the national Department of Finance to rescue it from financial ruin and evidence from the Eastern Cape suggests that health services are under pressure as a result of the lack of finance and poor financial management.

Unfortunately, closer scrutiny will indicate that Miller's claims are not cause for unbridled celebration. One issue is relevant: what is the nature of the "surplus" which Miller is referring to?

Each province is allocated its share of revenue. The budgeting process occurs with provincial policy objectives in mind and within the constraints of allocated revenues and national policies.

The 1997/98 financial year also saw the introduction of three-year budgeting. Multi-year budgeting is seen to enhance the achievement of policy goals, especially where policies have medium-term financing implications.

In addition to budgets for a subsequent financial year, when drawing up budgets, government entities are now required to set out revenue and expenditure projections for two additional years.

During the 1997/98 financial year, KwaZulu-Natal recorded an approximate R1,9-billion deficit on the provincial books. The national Department of Finance provided a R900-million lifeline to the province to ease its financial burden and invoked Section 100 of the Constitution. This section allows the department take the steps appropriate to ensure the fulfilment of legislative and constitutional duties by the province.

The province was, however, left with a debt of about R1-billion, which the department agreed could be redeemed over three years, starting in the 1998/99 financial year.

Therefore when Miller announces that his province has a surplus, one has to look at the nature of the "surplus". Provinces have not all dealt with their debt redemption in identical means on their budgets.

The Western Cape elected to "top slice" the amount required to redeem debt in the current financial year from allocated revenues before budgeting for the current year; KwaZulu-Natal did not. KwaZulu-Natal included in its budget an amount of R400-million to redeem debt. Unfortunately the surplus Miller spoke of is not money in the provincial pocket, it has effectively already been spent. It will be used to redeem debt and in so doing conform to budget.

Statements of this nature made by the KwaZulu-Natal MEC should be understood in the context of the specific province's budget.

Citizens of KwaZulu-Natal could justifiably ask "why so?" when health or education service deliveries are cut after the provincial leader has announced a surplus. The announcement may have been interpreted as money in the bank, when in effect it is money to pay creditors who are awaiting repayment.

Amanda Fitschen is a lecturer at the University of Cape Town's school of economics

KwaZulu social services will get more

(49D) BD 25/2/99

KWAZULU-NATAL

Pule Molebeledi

ULUNDI — Education, health and social welfare received 86,8% of the R18,8bn Kwazulu-Natal budget presented yesterday by provincial finance MEC Peter Miller.

Allocation to social services would witness a steady increase, but at a decreasing rate over the three year medium-term fiscal period.

Miller said the province's own revenue sources had declined steadily from R921,5m in 1995/96 to R410m at the end of January this year. Revenue from interest and dividends which used to contribute more than 30% of the total own source revenue ceased to be an important source, due to the inability of the province to maintain positive balances in its bank.

The other problem was the delay and failure of the province to collect own source revenue.

Social services was allocated R15,880bn for 1999/2000, an increase of 3,7% over the 1998/99 allocation.

The education department received 4,6% more — R7,188bn — while the health department registered a 9,6% increase, taking it to R4,894bn. Though it registered a 4,7% decrease, the social welfare department received R3,797bn.

Miller said the budget showed the extent to which the finances of the province had stabilised, permitting them to establish a proper balance between recurrent and capital expenditure.

Capital expenditure would not expand more because cutting recurrent expenditure would mean cutting maintenance.

Miller said underfunding of recurrent expenditure in the health and education sectors may represent an important disinvestment in human capital. "The strategy we have developed is therefore to undertake a gradual and systematic restructuring of recurrent spending so that any consequential savings arising would be shifted into capital expenditure."

The finance department believed a significant contraction in expenditure could only be achieved in the medium term through the reduction in personnel numbers.

This could be done in the education and health departments, with a complete overhaul of the programme of social grants administration and payments.

Referring to the budget as one of "hope and inspiration", Miller said KwaZulu-Natal was a laughing stock among many in the country because its finances were in a state of flux.

"However with determination, vision and the will to succeed we have turned around our finances."

The 63,8% increase in the premier's budget was mainly due to a function shift, with information technology and the provincial service commission moving to his office. The premier's budget is R83,596m.

An amount of R50,464m was given to the provincial legislature, representing a 15,1% increase, while agriculture was handed R337,487m, a 39,1% increase. Economic affairs and tourism received a 29,5% increase in its allocation, to R83,461m. Transport's budget increased by 56,7%.

Meanwhile, KwaZulu Natal's legislature appeared headed for conflict with Premier Lionel Mtshali last night after he refused to give his state of the province address during the time allotted.

Industry leaders set up tourism business council

Leading members of the tourism industry yesterday established the KwaZulu Natal Tourism Business Council in an attempt to counter poor marketing of the province and the inefficient use of resources. Hester Steyn-Sammon, the interim chairman, said the council would represent the tourism business sector, communicate unified views of the industry and address past shortcomings. In addition, Steyn-Sammon said government recognition of the council would allow it to have a strong influence over the expenditure of provincial funds allocated to marketing and tourism development. Board members included Jabu Mabuza, the managing director of Tsogo Sun, Golden Malinga, a director of Afrisun KZN, and Allan Gooderson, the chairman of Gooderson Leisure Corporation. – *Staff Reporter, Durban*

CT (BR) 20/4/99 (49D)

KZN economy boosted with Lotus

By STEVE DLAMINI

(49D) CP 9/9/99

THE R12-million invested in Lotus 2000 Limited by a leading Singapore company this week in the form of share holder's funds, could mean eradication of unemployment and poverty in KwaZulu-Natal.

Southern Africa Investment Pty Limited (Sail), a subsidiary of the multinational Tolaram Group of Singapore, and the Industrial Development Corporation of South Africa Limited (IDC), have announced the R12 million foreign equity investment into Lotus 2000, in which they currently own 60 percent and 40 percent respectively.

IDC also made an additional R12 million available to Lotus 2000 earlier this year.

Lotus 2000, based in Hammarsdale, KwaZulu/Natal, are the manufacturers of short staple acrylic yarns, polypropylene carpets and woven rugs.

They currently have 667 employees including 540 workers manufacturing the products.

Speaking at a press briefing at the Lotus 2000's plant in Hammersdale, Alec Erwin, Singapore minister of trade and industry, said: "The investment means that more people could be employed here."

"This investment captures what has been happening with the South African government's five year financial plan. Based on that we had to make a difficult and correct choice to invest even the country's economy is unstable," Erwin said.

He said the Singapore government hoped to improve South Africa's economy.

Durban repositions its tourism assets

(49D) CT (PR) 10/5/99

Ravin Maharaj

Durban – Durban Africa had no illusions over the challenge to "re-establish (the city) as South Africa's favourite", Hixonia Nyasulu, the executive chairman of the new body, said at the weekend.

The Durban Metro Tourism Marketing Authority late last week relaunched itself as Durban Africa, together with a new image and branding, which is hoped to boost much-needed tourism repositioning in the city.

Durban is on a massive drive to regain its former glory as the preferred tourist destination of South Africans by building on inherent tourism assets.

Nyasulu said Durban Africa would endorse the city's quintessential "Africanness", particularly when compared with Cape Town and Johannesburg.

Tourism Durban, the tourism marketing authority at present, would terminate operations as a legal entity on June 30.

Nyasulu said until then, the two structures would co-operate to ensure a smooth transition to the new organisation.

Nyasulu said 54 applications had been received for the position of chief executive officer (CEO) of Durban Africa, and three candidates had been shortlisted. The new CEO would be in place by August 1.

The interests of the metro tourism industry and Durban's image had to be carefully considered and safeguarded during this interim period.

A preliminary strategy, focusing on the short to medium term, had been developed to highlight key events which had brought in millions in revenue over the years.

Key events this year included Indaba 1999, which is on at the moment, Ocean Action, the Commonwealth Heads of Government conference and the city's millennium celebrations.

Britain to give a R6m boost to development in KwaZulu-Natal

(49D) BD 25/6/99

DURBAN — The KwaZulu-Natal provincial administration will get more than R6m from the British international development department, provincial director-general Otty Nxumalo said yesterday.

Nxumalo said in Durban the donation would help to promote growth and economic development in the province by improving government efficiencies.

Under an agreement reached at a meeting on Monday, the support would be provided for the next 18 months, Nxumalo said. "An option to extend this assistance package over a five-year period is likely, subject to satisfactory progress being made with the identified projects."

He said the British government was planning to support the development of a service delivery programme in the social welfare and population development department. This could be transferred to other departments. The UK would also assist in reviewing the provincial growth and development strategy, which Nxumalo said needed to be updated, and in streamlining implementation processes and structures.

He said the British department would help to plan and implement an integrated human resource management and development strategy and promote alternative service delivery models that would encourage public and private partnerships and finance initiatives.

"We ... intend to build on this relationship to ensure that this province is able to benefit from such resources wherever possible," Nxumalo said. He urged the private sector, national government, regional councils and non-governmental organisations to work together to alleviate poverty in rural areas. — Sapa.

KZN shown as SA's tourist mecca

(288)
(49D)

By Mongwadi Madiseng

SOUTH Africa's capacity to attract foreign and domestic tourists will depend largely on how it sells itself to the outside world.

This was said by the KwaZulu-Natal Tourism Authority (KNTA) which, despite difficult financial constraints such as the 55 percent reduction in budget, has managed to deliver appropriate services in the province.

In its annual review, KNTA said despite the setback the board and its management restructuring has been successful.

"Apart from improved institutional relationships, public sector tourism in the province has still not fully established an effective communication systems," the report said.

Headed by Lindilizwe Magi, the tourism authority believes that the province's domestic tourism market is worth more than R4 billion.

In a survey conducted by Decision Surveys International for KNTA, almost 30 percent of all overseas and African air arrival tourists visiting South Africa have visited KwaZulu-Natal.

The survey also revealed that the province has a dominant share of the country's domestic tourism market.

It is estimated that more than 1,5 million overseas and African air tourists visited South Africa in 1998.

This was marginally higher than the previous year, but the recent economic recession has been blamed for the unsatisfactory results.

The foreign tourists predominantly emanated from markets which include the United Kingdom which accounted for 21 percent, Germany 12 percent, North America nine percent, the Netherlands five percent and France four percent.

Business' strategic vision for Durban gets the go-ahead

CT (BR) 18/8/99 (49D)

MARGIE INGGS

Durban – The "Strategic Business Vision" for Durban was given unqualified backing yesterday by Mike Mobuyakhulu, the KwaZulu Natal minister for economic development and tourism.

John Barton, the president of the Durban Chamber of Commerce and Industry, said the next step would be to present the vision framework to a full meeting of the provisional cabinet.

"The chamber will then present a summarised, revised version to national government by the end of September, to gain ministerial support for key economic projects to grow Durban's $16 billion economy," Barton said.

The Durban-based business initiative's projects include the Point Waterfront, the relocation of Durban International Airport to La Mercy, casino complexes and a crime prevention strategy. There are also expansion plans for the port and the southern industrial corridor, which generates 10 percent of South Africa's gross domestic product.

"The proposals have clear strategic regional and national implications and the potential to enhance Durban's global competitiveness and attract investment and generate employment," he said.

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Artists craft a route to rural prosperity

(49D)

The Midlands Meander is owned, run and marketed by its 130 member businesses, writes **Nicola Jenvey**

DURBAN — Businesses in the successful Midlands Meander in KwaZulu-Natal turn over more than R200m a year between them and provide about 500 jobs in the predominantly rural area.

Loosely termed an "arts and crafts" route, the trail takes in small country industries and enterprising community ventures at more than 130 venues.

The Midlands Meander started in 1985 when six local artists, weavers, potters and sculptors formed an informal marketing alliance.

"Sales had not been good and these creative refugees from the city realised that by pooling their resources, they could achieve greater things than as individuals," said former Midlands Meander chairman Simon Kerr.

The route, launched over an Easter weekend, has inspired a spate of copycat trails around SA.

The 130 members are "an interesting mix of perennial hippies, hoteliers and jaded Johannesburg executives who accepted packages and are now working harder than before," says the venture's brochure.

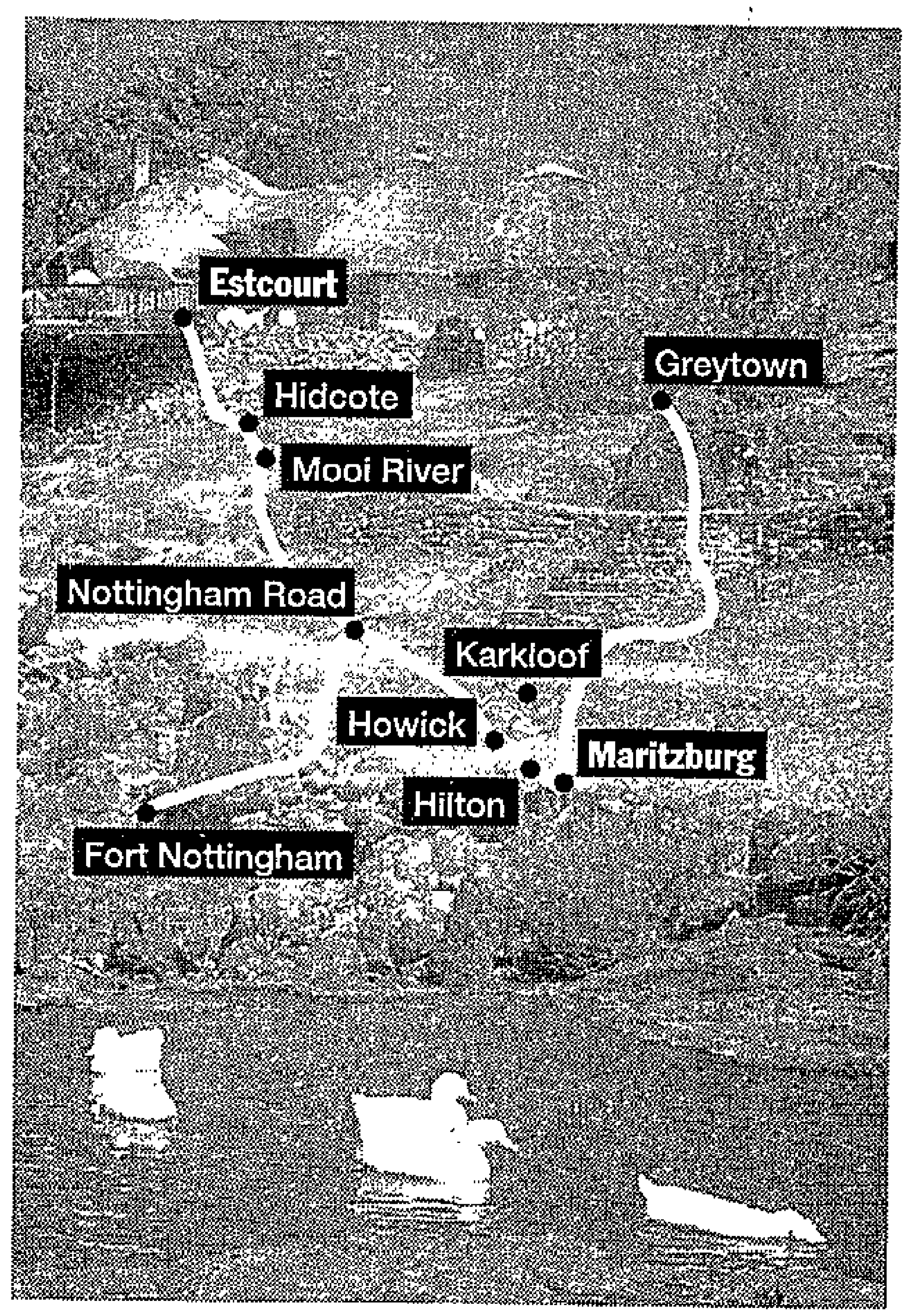
Meander chairman Jeff Lawrence said that in an economy where an increasing number of businesses are folding, many meander outlets are reporting growth in sales and jobs.

He attributed this to the route attracting higher levels of visitors who would "normally holiday overseas but are being curbed by high exchange rates".

Lawrence said the Midlands Meander association controls its own marketing funds and is owner-driven.

He said as the meander grew, local authorities and regional councils became tourism partners.

The Midlands Meander and the department of transport have designed tourist-



Charming settings, novel arts and crafts — all at a profit.

friendly road signs, and ensured an infrastructure of tarred roads.

Lawrence said other attractions in the region were its history and fishing. In 1889, a £500 government grant was used to buy 30 000 trout eggs from Dumfries, Scotland, for Boschfontein farm. Many of the eggs hatched and in May 1890 the first 1 500 trout were released into the Bushmans, Mngeni and Mooi Rivers.

In those days the main thoroughfare to the Reef from Durban and Maritzburg passed through Howick and Currys Post. However, the inns were mostly poor and at one stage government was forced to turn host and erect roadside mud huts.

The situation improved over the years and the Midlands has good roads, some of the country's leading hotels and country houses and a variety of bed and breakfast establishments.

Lawrence said it was hard to say exactly how many jobs had been created because of the meander, but there was no doubt that it has upgraded the economy of the KwaZulu-Natal Midlands. Its success will continue promoting the region as a tourist attraction for the province, he said.

Visions for Maputaland

(49D)

Dave Larsen

Maputaland is one of the most underdeveloped regions of South Africa with 80% of people receiving no income. One in three people have only primary education, or no education at all. This once forgotten region, however, has become the new eldorado for development initiatives.

This is hardly surprising since Maputaland, in northern KwaZulu-Natal, is rich in natural resources, boasting a pristine stretch of coastline with the southernmost extent of coastal coral reefs on the continent. The numerous game parks in the area host Africa's big five, and whales, dolphins and whale sharks migrate along the shores.

Over 400 bird species occur in the six interlinking ecosystems and the coastline is a paradise for game fishing and diving. World-renowned archaeological sites are to be found in the Lubombo mountains on the western boundary of the region, and the largest estuarine system in Africa, the St Lucia lake system, already recognised as a wetland of international importance under the Ramsar Convention (1971), was recently proclaimed a World Heritage Site.

Into this situation of natural wealth and human poverty has stepped a transnational development plan, the Lubombo Spatial Development Initiative (LSDI). The agreement treats southern Maputo province in Mozambique, eastern Swaziland and Maputaland as a single unit for the purposes of development.

Signed in 1998 between the three governments, the LSDI is an umbrella body with the purpose of co-ordinating efforts to unlock the region's potential as an agricultural powerhouse and an international tourist destination on a par with the Kruger National Park.

In order to do this, however, the LSDI has to overcome several significant challenges. While these splendid natural resources are central to what gives the initiative hope, they are also its Achilles heel. Because of its natural beauty, the former apartheid government cordoned off large tracts of land in Maputaland as conservation areas that were managed in a protectionist manner.

This was to such an extent that the Tembe-Thonga people lost 70% of their arable land without compensation. It is not surprising then that there is a history of poor relations between the conservation services in the area and the local people.

With the advent of the African National Congress-led government, the land claims process was initiated to deal with these historical problems, but delivery has been slow and groups in various areas have become impatient.

In November last year, the *Mail & Guardian* reported on a spark that ignited the tinder of discontent near Ndumo Game Reserve when a KwaZulu-Natal MEC for traditional and environmental affairs attempted to bypass the land claims process, offering communities in the Mbangweni corridor land within the reserve for planting crops.

This incident was indicative of widespread frustration among the Tembe-Thonga. Local communities have also become impatient with the rhetoric which has for some time promised benefits from tourism, with little delivery. Unless adequate compensation can be agreed upon, with land claims in every one of the game parks in the region, the LSDI's vision for development could be severely retarded.

There have, however, been positive signs. Recently a claim by the Mbuyazi people for land on the eastern shores of St Lucia was settled amicably in a manner which benefits the local community, conservation and tourism.

Maputaland's obvious potential has also led to numerous development strategies jostling for position. Perhaps the longest running was between environmentalists and Richards Bay Minerals over an application to mine the sand dunes near Cape Vidal on the eastern shores of St Lucia for titanium deposits.

The issue was resolved in 1996 when the government ruled in favour of tourism as the primary land use for the area. The ongoing Dukuduku forest conflict is another example where local communities, wanting land for the expansion, have faced opposition from environmentalists wanting to maintain the pristine nature of the area.

Recently, plantations on the western shores of St Lucia have become the site of a conflict between government departments. The Department of Water Affairs is arguing for the privatisation of state forests in the area that will provide immediate employment opportunities. On the other side, the departments of trade and industry and land affairs are arguing the forests are detrimental to the St Lucia estuarine system and the removal of the forests would pave the way for the realisation of long-term benefits of tourism.

At the heart of the numerous conflicts are differing visions of how best to use the natural resources to the benefit of the local people, the country as a whole and the aims of conservation. In such a situation, the need for an umbrella body such as the LSDI to co-ordinate the vision on a macro level is obvious.

The LSDI, however, has itself been drawn into disagreements. One source claimed relations between the LSDI authorities and another development agency, the Isivuno Trust, have become strained.

The Isivuno Trust was set up by the former KwaZulu bureau of natural resources to pave the way for partnerships in conservation areas between private enterprise, the conservation agency and local communities, a role the LSDI, with the backing of the national government, has largely usurped.

Another independent observer said he had mixed feelings about the LSDI. Where Isivuno is planning upmarket, low-impact developments along the coast south of Kosi Bay, the LSDI is planning a large-scale 300-bed development at Island Rock, incompatible with the adjacent upmarket developments at Rocktail Bay and Mabibi.

The LSDI's task then, is mammoth. Not only must it overcome past abuses, but it must also effectively co-ordinate a multitude of differing visions for the region. If it is going to succeed it must not only bring local communities on board, but also numerous government, corporate and private stakeholders. It may only accomplish this if it makes every effort to maintain its neutral position as facilitator of development.

Added to these problems are the challenges of working transnationally with governments in Mozambique and Swaziland that are cash-strapped and unable to contribute to the process.

In partnership with local entrepreneurs, the LSDI is building a new road through the region from the northern KwaZulu-Natal town of Hluhluwe to the Mozambiquan capital, Maputo. Two of the four phases on the South African side are nearing completion, while nothing has been done on the Mozambican side.

It is more than likely that the wide, tarred LSDI highway will literally run into the sand as soon as it crosses the border at Ponta do Ouro, leaving Mozambique's southern Maputo province accessible only by four-wheel drive.

In spite of these challenges, the LSDI has made significant headway in several areas. Although the LSDI road may not reach all the way to Maputo in the near future, it will have a significant impact in Maputaland placing 50% of people in a high-risk malaria area within 3km of an all-weather road.

It will also provide ready access to 47 schools, 78 existing and planned tourism projects, and 75 000 people who live within 5km of it. The LSDI has also embarked on a R40-million programme to significantly reduce the incidence of malaria — a major obstacle to development. It has also played a significant role in marketing the region, encouraging moves to have the Greater St Lucia Wetland Park proclaimed a World Heritage Site. To coincide with the announcement of heritage status, the LSDI has had a hand in initiating the St Lucia Wetlands Festival to be held on St Lucia beach from December 15 to 16, which, it is hoped, will draw large numbers of tourists to the region.

Even if the LSDI can overcome the conflict that has become endemic in the region, and get all stakeholders to work towards a common vision, huge challenges still remain. To turn an area with a large unskilled, poverty-stricken population into a region that can compete in highly competitive world tourism and agricultural markets is no small feat. And nobody knows for certain whether the goose of eco-tourism will actually lay enough golden eggs to go around.