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Economy - W. Cape

1994

MAY - DEC.

## Cape scheme <sup>B Day</sup> for planning

EDWARD WEST

CAPE TOWN — The Western Cape Development Forum and the Peace Committee's socioeconomic reconstruction development programme have launched a scheme to secure wider involvement in economic development planning. 16/5/94

A pilot programme for 33 representatives from public service and other organisations was launched on Saturday (14/5/94)

Western Cape Development Forum co-ordinator Howard Gabriels said the programme was an attempt to build consensus on economic development goals.

Forum deputy chairman John Nells said there were big expectations from political empowerment, but economic reconstruction and development would require proper planning.

# CBD — the place to be

## We'll be the greatest when the District Sixers return — city planner

DALE KNEEN  
Weekend Argus Reporter

IF the central business district becomes a place where people of all races work, shop and live, then Cape Town could easily become one of the world's greatest cities

That is the view of Cape Town's new city planner, David Daniels, who at the beginning of the month took over from Neville Riley as head of the city planning department and its 800 staffers

In an interview with the *Living City Campaign* he said the city council's immediate priority was the upgrading of townships and the provision of housing and jobs

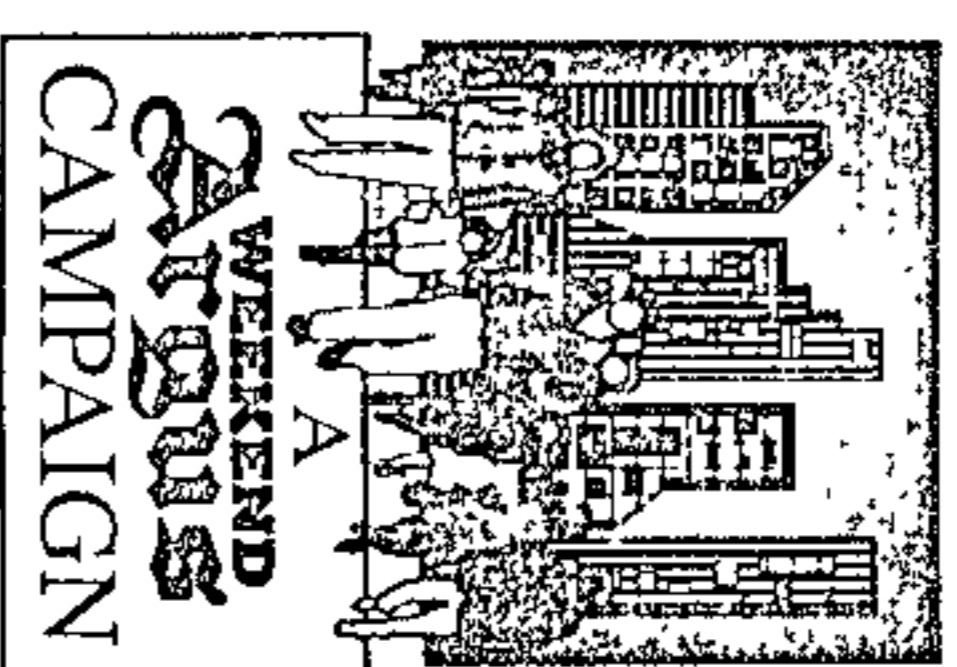
The central business district, however, was an important component in the drive to improve conditions on the Cape Flats as it was the city which provided the impetus for economic growth he said

"Investors tend to look at the CBD when they make their decision to invest or not and it's therefore important that the city — and the region — be seen as an attractive area to invest

Mr Daniels said that in time it would be necessary to develop a "residential component in the CBD, as this would improve retailing possibilities in the city and make it safer and more vibrant at night

"The greatest cities all over the world have people living in them in a city like New York, for example many buildings have multi-

### LIVING CITY



uses People have apartments in the Grand Central station building

One of the 'greatest tragedies' was the past government's decision to move large numbers of people away from the city. Areas like District Six helped sustain retailing in the city

"We will see people starting to move back into the central business district, but it will happen from the periphery. There are plans for residential areas at the Waterfront District Six and Culmborg

The city planning branch initiated a City Bowl growth and management strategy in April last year to guide and encourage growth in the city bowl the area closest to and including the CBD

To facilitate an effective process of public participation, an inter-city task group

THE ARGUS 21/5/94

■ The decline of the central business district as a prime retailing area will be reversed when the people who were forcibly removed from residential areas close to the city start moving back.

was set up — chaired by Revel Fox — under the auspices of the urban development commission of the Western Cape economic development forum

This task group represents the views of metropolitan and other organisations including business, civic, labour, professional and service organisations, government bodies and political parties

Mr Daniels said he would like to see the city council entering into joint projects with commerce to improve the inner city in order to make it a "more friendly place for pedestrians and possibly inhabitants"

A major focus of this would be to find ways of linking the city to the sea, possibly by building over and under the highway. Buildings on the water's edge would be "low-slung", unlike the high-rise buildings on the Foreshore.

It was also important to provide citizens with convenient public transport and in so doing cut traffic congestion in the CBD, said Mr Daniels



□ **LOOKING AHEAD:** Cape Town city planner David Daniels believes shopping and entertainment in the central business district will be revived as soon as people start living in and around the city again.

Picture DOUG PITHEY Weekend Argus

# W Cape could take lead in improved economic growth

SITimes CC Imetoj

By FRED ROFFEY

2215/94



**AGILE CAT ...** The Caterpillar turbo all-wheel-steer 438 backhoe is able to work in extremely confined spaces

THE Western Cape could lead the way for improved economic growth for the rest of the country thanks to the region's long history of stability and political tolerance, says Barlow chairman Warren Clewlow.

Interviewed at an outdoor demonstration of the latest range of Caterpillar earthmoving machines on the grounds of Lanzerac in Stellenbosch, he said the Western Cape's big housing, construction and agricultural projects represented a major market for the machines.

(49A)

His company knew of cases where developers had moved from the Transvaal to the Western Cape to take advantage of growing opportunities.

The region's established infrastructure was a big attraction, he said.

"All round, the Western Cape is one of the best regions for Barlow," said Mr Clewlow.

Referring to the large group of contractors and engineers who braved the rain to attend the demonstration, he said: "These are the youngish entrepreneurs who represent the market of the future in the new South Africa. They are doers who often run small and medium-sized businesses involved in township, housing, industrial and agricultural schemes."

ARG. 8/6/94 (474)

# Upswing begins

BRUCE CAMERON, ALIDE DASNOIS and  
MARC HASENFUSS Business Staff

**T**HE Western Cape is showing the first timid signs of economic growth, as consumers cautiously spend more of their hard-earned incomes.

A mixed picture emerged from an Argus survey of the state of the regional economy but the successful conclusion of the elections has appeared to signal the start of growth.

The region is heavily dependent on consumer goods such as food and clothing, which are generally sensitive to economic swings.

Boland Bank economist Francois Jansen pointed out that the Western Cape had been cushioned from the worst effects of the recession.

This was because of the diversified nature of the regional economy. Industry contributed 22 percent to the regional economy, agriculture 8,5 percent, commerce and catering 17 percent, the financial services sector 22 percent and personal and social services 16 percent.

Though the clothing sector had suffered badly from the recession, the big financial institutions, which have their headquarters in Cape Town, had taken on more employees during the downturn.

Mr Jansen said unlike the Transvaal, the Western Cape was not dependent on mining, which was sensitive to outside factors like a fall in the gold price. Agricultural production in the region had not been affected by the drought of 1992.

The result was that the Western Cape had probably performed better than most other regions during the hard times.

With only 10 to 11 percent of the South African population, the Western Cape contributed about 14 percent of national product.

First National Bank regional general manager for the Western Cape Stan Powell said demand for credit was growing but the large corporates seemed to be holding back until after the budget and there was more clarity on regional politics.

The Argus surveyed sectors of the Western Cape economy. These included:

#### ■ Clothing:

Clothing Manufacturers Association chairman Johann Baard said there was an upswing in demand but so far it was confined to quality goods.

"We're also seeing good growth for niche manufacturers on the export market. And generally winter goods are selling well."

But, Mr Baard said, the higher demand had not yet translated into an increase in employment.

With 44 810 people in the work force, the employment level in the industry last month was still

7,4 percent down on a year ago.

Imports of cheap and second-hand clothing were still hurting the industry, he said. "There's still leakage through the customs net, though it's much less than last year."

The greater sophistication of informal sector clothing manufacturers who could now supply boutiques and even retail chains, might be another reason why employment in the formal clothing sector had not increased yet.

#### ■ Engineering:

The engineering industry is starting to take on employees, according to the deputy director of the Cape Chamber of Industries Colin Boyes.

"The economic mood among industrialists is generally buoyant," he said. "Some companies are also getting back up to 100 percent capacity."

But there was still some hesitancy because of a lack of certainty about future government economic policy.

#### ■ Commerce:

Alan Lighton, Chamber of Commerce executive director, echoed the general optimism. "There has been quite a lift in the regional economy as sentiment has improved in the wake of the peaceful transition. Judging by the mood of our members and the success of the recent Design for Living exhibition, consumer spending in the region could show an improvement."

#### ■ Retail:

Pick'n Pay joint managing director Rene De Wet reported a "flickering in spending" in the Western Cape. Turnover figures in the region in the past three months were up 13 percent compared to 9 percent for the country as a whole, he said, though these figures included the opening of a new store in Somerset West.

Shoprite/Checkers marketing manager Brian Weyers said sales had increased faster than for most other parts of the country. Reasons included a more buoyant local economy and less pre-election instability. He was optimistic about prospects for the rest of the year.

Clothing retailer Pep Stores had experienced a "dramatic surge in sales nationwide" but public relations manager Hennes Schreuder said the Western Cape had lagged behind the other regions until last month. Now sales were running ahead of budget.

Woolworths, in both clothing and food, is recording an improvement on last year. Assistant managing director Brian Frost said his Western Cape stores were generally performing better than other regions but part of the improvement could be attributed to the local introduction of its charge card.

# I'm furious about this proposal, says Kriel

CLIVE SAWYER

Weekend Argus Political Staff

MOVING parliament to the Transvaal will worsen imbalances between provinces, says Western Cape premier Henus Kriel.

Mr Kriel said he was furious at the proposal to shift parliament from Cape Town.

The cost of building a new parliament up north would be unacceptable in a time when the money was needed for urgent upliftment projects.

He rejected claims it was impractical for Cabinet ministers to bring up to 12 staff from their Pretoria base to Cape Town for each parliamentary session.

The claims were based on the old system which had been superseded by technology.

Faxes and cellular phones made it unnecessary for phalanxes of bureaucrats to travel to and fro between the legislative and executive capitals.

Mr Kriel said the Western Cape economy would be hard-hit by the loss of parliament.

Spending by MPs on domestic items and accommodation, and the economic benefits of foreign delegations visiting parliament should not be relinquished.

"Already we have an imbalance of the income of provinces, and to move parliament will worsen this imbalance," he said.

There was another factor, hard to define.

The Cape was, well, *different*.

The Cape was the home of moderate sentiment, and had historically had a calming influence on politics.

Meanwhile, the National Party has accused African National Congress Western Cape provincial ministers of trying to prevent the devolution of power to the region and to discredit Mr Kriel.

The statement read in part: "It's noteworthy that this action has been launched while Dr Boesak is in America, blissfully unaware of his three ministers who, according to their interpretation, have not been consulted.

"It would be profitable for Dr Boesak to establish discipline among his members."

# 10 000 farmers to get state land

FILE 14/6/94

**MICHAEL MORRIS**  
Political Correspondent

**THOUSANDS** of black and coloured farmers are to be settled on state land in the Western Cape in a major small-farms scheme that will dramatically change the face of agriculture in the region. And wine estates in the historic Stellenbosch area, with the exception of a few showpiece farms, will make way for a "radical" shift in farming patterns in years to come as the vegetable pantry of the Cape moves north from the Cape Flats, Western Cape Agriculture Minister Lampie Fick has announced. Open land on the Cape Flats will be used for housing.

## THE CHANGING SOUTH AFRICA

About 200 000 hectares of state land in the province, supplemented with private property to be bought in a combined state/private sector thrust to boost small-scale agriculture, is to be used to settle 10 000 small farmers over the next 10 years.

These far-reaching announcements by Mr Fick coincided with his two-hour tour of township "farms" in Khayelitsha and Crossroads yesterday.

He told the newly formed African Farmers' Association at a meeting in Tembani, Khayelitsha, that his officials were investigating legislation to revolutionise small farm finance. This would create a system of finance that was "modern, effective, fast and which is adapted to the needs of small farmers who do not have enough fixed assets to give in bond".

Mr Fick also announced that the Elsenburg Development Institute near Stellenbosch would become the head office of the Western Cape Department of Agriculture and that a small farmer development unit at the college to provide training and support for new farmers would be expanded.

He told township farmers. "The profile of the Western Cape farming community will change dramatically during the next 10 years."



**FARMERS' TALK:** Western Cape Minister of Agriculture Lampie Fick chats to Khayelitsha farmer Mpati Nodolo. Looking on, left, is general secretary of the African Farmers' Union, Dan Fletcher.

Picture: OBED ZILWA, The Argus

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He told township farmers: "The profile of the Western Cape farming community will change dramatically during the next 10 years."

The settlement of 10 000 small farmers in this period means that 20 000 new jobs could be created.

The economic prospects for farmers will be rosier.

The population in the Cape metropolitan area is expected to rise from 2,5 million to 4 million by 2010 and the market for agricultural products will increase by between 50 and 70 percent.

Small farmers will also be well-placed to enter the export market which holds "vast opportunities" for new entrants into the field.

Mr Fick said population pressure would inevitably mean the vegetable pantry of the Cape would move away from the Cape Flats.

"For this reason, a radical change in the traditional character of the Stellenbosch district should be expected during the next two decades.

"Only a few wine estates adding specific value would probably be left.

"Wine production can be expected to shift more towards Paarl, Worcester, Robertson, the Olifants River valley and even the Elgin/Grabouw area."

Mr Fick said he would be ready "within weeks" to submit a structural framework for agricultural development in the province to the executive council.

A draft framework had already been drawn up in consultation with the mainstream, formal agribusiness sector and the informal small-farmer new-entrant sector.



**FARMER'S TALK:** Western Cape Minister of Agriculture Lar is general secretary of the African Farmers' Union, Dan Fletc



# Farm settlement 'not a free-for-all'

By BARRY STREEK  
Political Staff

THE possible settlement of 10 000 new small farmers in the Western Cape was not a free-for-all, Western Cape Agriculture Minister Mr Lampie Fick said yesterday.

"Farming land will have to be bought. Even if it is state land it belongs to the taxpayer and should be bought at an equitable price," he said.

The project should encourage people to make profits by producing the quality the market demanded.

"If the discipline of a profit and loss account is not the underlying philosophy the project of small farmer settlement cannot be successful."

Private ownership, backed by training, technological support and financial assistance adapted to the specific needs of new entrants without assets,

should be the guiding principles of the programme, he said.

The wine industry was not likely to disappear from Stellenbosch to make way for vegetable and fruit farming,

KWV said yesterday.

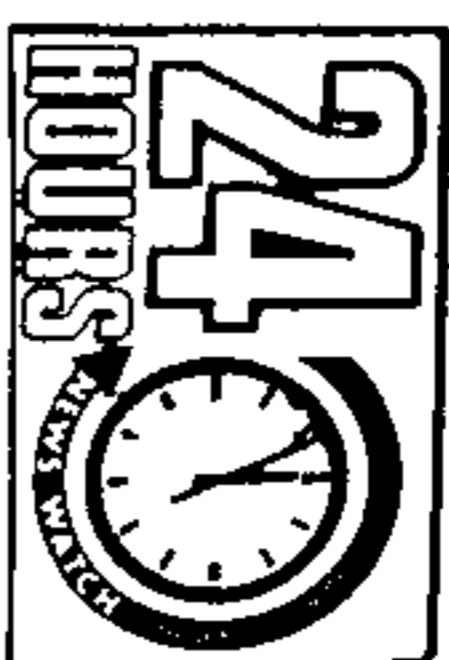
KWV was reacting to a statement by Mr Fick, who said the Cape Flats "vegetable pantry" would be forced to move to Stellenbosch because of pressure for housing on the Flats.

"Quality wine production is a particularly good earner of foreign exchange and is linked to certain micro-climates and soil. That is why we still have top wine estates in densely populated areas like Constantia."

A spokesman for Stellenbosch Farmers' Winery said France had had vineyards for thousands of years which no amount of residential pressure had forced them to uproot

TOWNSHIP TOUR

# Af(farm)ative action



Western Cape Agriculture Minister Lampie Fick shed his jacket and trudged through the dung and dust of township kraals this week to bring a message of hope to the "farmers" of Khayelitsha and Crossroads. Political Correspondent MICHAEL MORRIS and photographer OBED ZILWA trudged along too.

49A

ARTS 15/6/94

**D**EEP in the shack-packed sprawl of Khayelitsha, there are dairies selling fresh, creamy milk by the litre, and the mug.

Crookedly constructed pens between the houses are home to the fat-uddered cows that are servicing a growing, if unconventional agro-industry.

Incongruous as these "farms" may be in the treeless, litter-strewn landscape, their profitability is a sign that the men and women who run them have found their proverbial niche.

They charge anything from R1,60 to R1,80 a litre — more than most shops, yet clearly within the limits of their own market.

But the fact remains that these "farmers" face almost impossible odds.

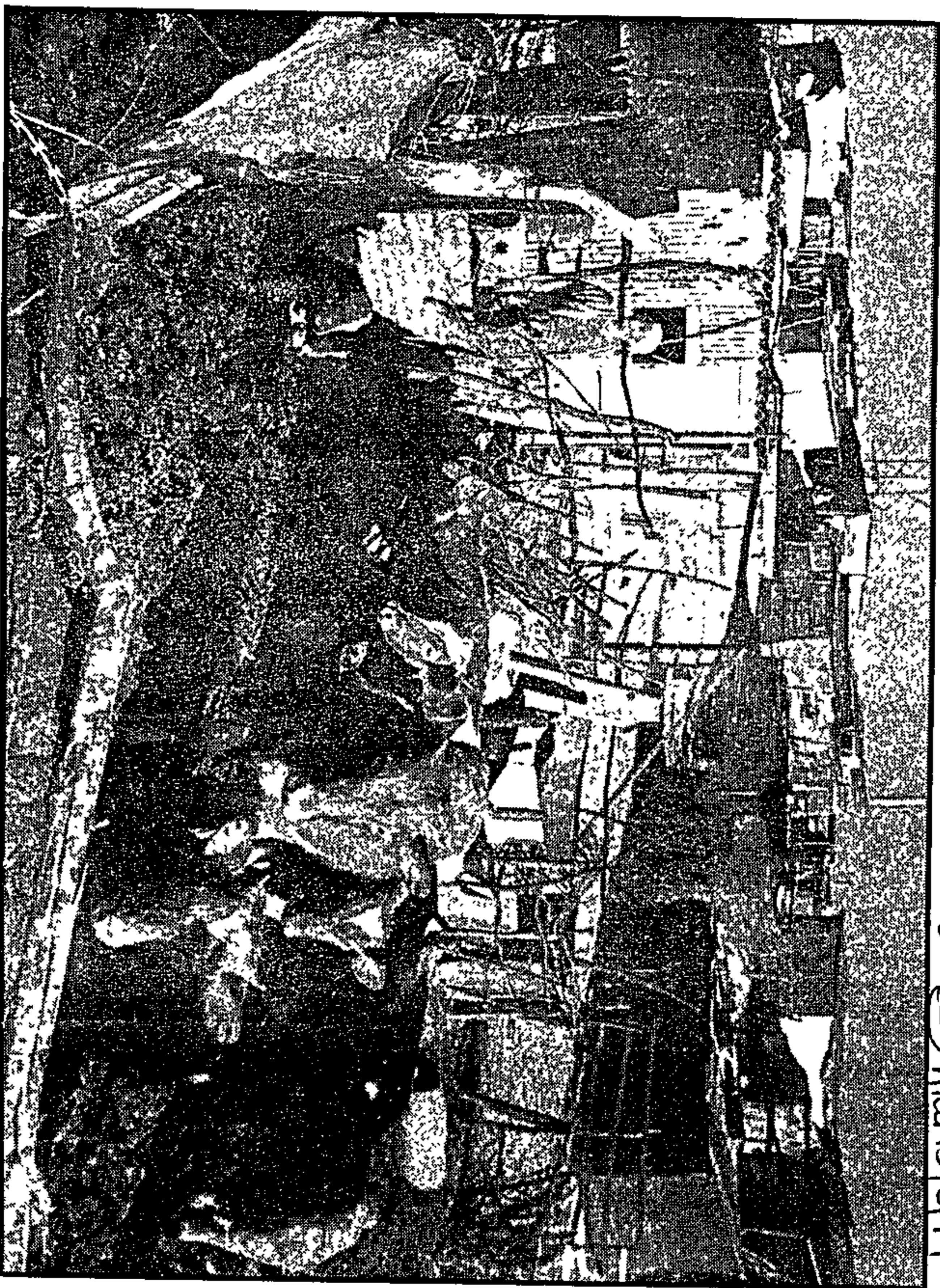
They have no grazing other than the verge of the N2 — a perilous paddock, for farmer, cow and passing motorist — or the odd patch among the shacks and houses of the township.

They have virtually no technical know-how, little or no training, no credit or financial backing and a very limited future.

What they do have is the desire to farm.

And Lampie Fick, a former dairy farmer in his old constituency of Caledon, detected this the moment he embarked on his two-hour tour this week.

"This, you see, is the resource," he told The Argus as he surveyed a kraal staked



prodding and patting as he went, and discussing the arcane science of udder and rump. Dairy owners-cum-farmers like M... ..



**DOWN ON THE FARM:** A cattle pen in the middle of Khayelitsha is hemmed in by shacks.

Alfred dreams of a herd of his own . . .

**F**OR as long as he can remember, Alfred Plaajies has wanted to be a farmer.

A Laingsburg childhood, almost constantly within earshot of the barking flocks of vast Karoo sheep farms, instilled in him this simple pastoral ambition.

But, as the years went by, it seemed it would remain just a dream.

After all, coloured people didn't really become farmers, even if they wanted to.

Yet, today, the 40-year-old Black-health dispatch clerk believes his time has come.

The secretary of the newly formed African Farmers' Association, he joined about 50 other aspirant agriculturists at a house in Khayelitsha this week for talks with Western Cape Agriculture Minister Lampie Fick.

Mr Plaajies, and thousands like him, are preparing to change their jobs and their lives . . . and the landscape of the Western Cape.

His heart is set on being among the first of the 10 000 small farmers the Western Cape government will help to establish in the region in the next decade.

"I am very excited about all these new things."

"I grew up in Laingsburg and farming's in my blood. Once you get something in your heart, you can't let it go."

Married, with two children, Mr Plaajies realises he cannot be rash.

"What I really want to do is farm with cattle. I would like a herd."

"But I think I'll have to start off with cows with me . . ."

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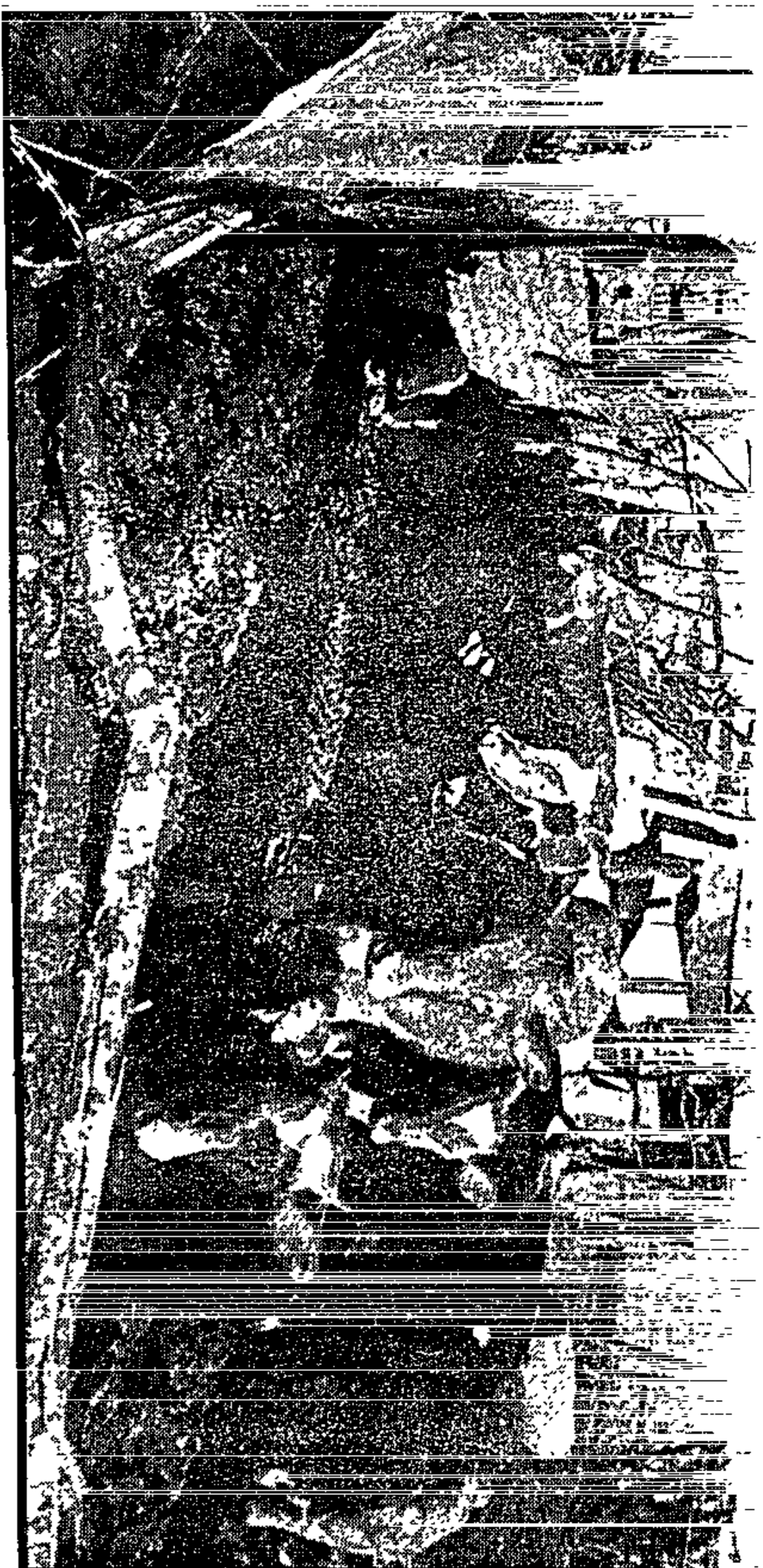
"This, you see, is the re-  
source," he told The Argus as  
he surveyed a kraal staked  
out between the shacks.

"It is the farmers them-  
selves. That is the asset. They  
have no other assets to speak  
of, and we must find a way of  
financing that recognises that  
it is the human resource that  
is the asset."

Mr Fick's visit to the town-  
ships signalled a dramatic  
shift in the province's agricul-  
tural policy, which now for-  
mally acknowledges the role  
of small farmers from popu-  
lation groups denied land  
rights under apartheid — and  
is geared to providing oppor-  
tunities for them.

Among the delegation were  
general secretary of the Afri-  
can Farmers' Union Dan  
Fletcher, chairman of the af-  
filiated African Farmers' As-  
sociation, Chief H Nyembe,  
and head of the small farm-  
ers' support unit at Elsenberg  
agricultural college, Ben  
Saaman.

Mr Fick clearly won the  
trust and the hearts of the  
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dently among their cattle,



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Dairy owners-cum-farmers  
like Mpati Nodolo and Ken-  
neth Ndayi had never imag-  
ined a Minister of Agriculture  
would express a personal in-  
terest in their herds.

And Mr Fick probably nev-  
er imagined he'd ever get to  
sample a homegrown town-  
ship carrot proffered by Site  
C greens grower Zigebe  
Tshayingwe, who stood proud-  
ly at the gate to his luscious  
four-by-two metre garden of  
spinach, potatoes and toma-  
toes as the visitors filed down  
the sandy path to his door.

Earlier, at 10 Peach Close  
in Tembani, an affluent sub-  
urb of Khayelitsha, Mr Fick  
drew laughter from his audi-  
ence of eager farmers when  
he closed his speech with the  
observation that "we must be  
careful we don't become like  
rich farmers... they talk a  
lot, and work a little. We  
must stop talking and get to  
work".

The township farmers are  
not rich, nor particularly  
talkative, but they are keen  
to get the chance to show  
what they are worth on land  
they can call their own.



**DOWN ON THE FARM:**  
A cattle pen in the mid-  
dle of Khayelitsha is  
hemmed in by shacks.

□ □ □  
Pictures:  
OBED ZILWA,  
The Argus  
□ □ □

**PUMPKIN PATCH:**  
Proud Khayelitsha vege-  
table grower Zigebe  
Tshayingwe, left, shows  
some of his produce to  
Western Cape Agricul-  
ture Minister Lampie  
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"But I think I'll have to start off  
with crops, with vegetables probably,  
because then you can be sure of a har-  
vest every three months or so. And  
you need that for cash flow.

"The thing with cattle is that it  
takes time to get a return. But I'll get  
on to cattle eventually."

Mr Plaaitjes is particularly keen on  
farming in the Malmesbury district.

"But capital is the problem. You've  
got to get finance, that's the thing."

Vice-chairman of the African  
Farmers' Association, Toto Ntsohi,  
wants to farm vegetables... and to-  
bacco.

"I have been living in Khayelitsha  
from the start, and I haven't had the  
chance to farm, but I really want to.

"Things are very encouraging now,  
and if we can just get some help with  
land and finance, we can start."

Mr Ntsohi wants to farm in the  
Stellenbosch district.

"The township will be our market  
and we'll set up our own place to sell.  
We'll sell direct, to cut out the mid-  
dle-man."

He speaks highly of technical assis-  
tance given so far by Elsenberg agri-  
cultural college and the Western Cape  
Agricultural Union in Paarl.

"These are our sister organisations  
because we realise we cannot operate  
in isolation," he says.

# Frick's legal eagles lock vegetable store

**CLIVE SAWYER**

Political Correspondent

**WESTERN** Cape agriculture minister Lampie Fick says legal action will be used to protect Phillippi — vegetable pantry of Cape Town — from urbanisation.

Farmers are furious at landowners who have built houses and small businesses on precious land meant for crops.

But, he said, agricultural expansion elsewhere in the metropole will diminish the Cape Flats' importance in the fresh vegetable market.

Phillippi vegetable farmers met Mr Fick this week to seek reassurances after reports that the area — the last remaining island of agriculture in the metropole, — could be lost to

housing.

Population expansion in the Western Cape and a huge housing backlog is likely to create enormous pressure for residential development in "vacant" areas in the Peninsula.

Mr Fick said any decision by the provincial government on the future of Phillippi would be made only once a regional planning department had been set up.

He said action was needed by the provincial government to use the law to prevent misuse of agricultural land.

The government would not succeed in this without help from the community, he said.

Farmers' representatives Anton Hörstmann and Callie Bröcker seemed only too willing to give assistance, judging by their remarks at a Press conference.

Both expressed frustration at landowners who allowed informal settlement on their land.

Another problem was illegal dumping of household refuse, because the nearest dump — Vissershoeek — was too far away for the convenience of most in adjoining residential areas.

Mr Bröcker reeled off statistics to prove the vitality of Phillippi as inner-city farmland. More than 80 farmers use 1 400 hectares to produce vegetables, sometimes up to three harvests a year.

More than 1 500 people are employed on the farms, and the farmers warned their futures would be in jeopardy if the land was "lost" to housing.

Mr Bröcker said Phillippi was more competitive than farther-flung Cape farmland because it was a half-hour's

drive to main markets and distributors.

The sandy soil and plentiful underground water made it a better proposition than elsewhere.

Mr Hörstmann said Cape Town medical officer of health Michael Popkiss had said the land was unsuitable for housing because the high water table meant a risk of tuberculosis, already a scourge of low-income communities in the Western Cape.

He said the problem of land not being used for agricultural settlement dated from the era of apartheid, when group areas laws forced people into the area in search of land for housing.

Mr Fick said the importance of Phillippi to the Cape Town fresh produce market would diminish with the expansion of

agriculture elsewhere.

He said he had met the provincial roads engineer this week to discuss plans to extend the R300 freeway through the area.

"The engineer gave me the assurance nothing will be done without the community being fully consulted."

Spoornet had given similar assurances about plans to expand the rail network.

Mr Fick said he would contact other parties to seek assurances about procedure in planning the future of Phillippi.

Phillippi was developed as farmland by 19th-century migrants from northern Germany who were meant to settle in the then war-torn eastern Cape but were diverted "temporarily" to the Cape Flats.

Most farmers in the area are descendants of these settlers.

# Small-farmer scheme a joint venture

MICHAEL MORRIS

Weekend Argus Political Correspondent

**F**MERGENT farmers will have to pass a thorough selection process before joining the provincial government's far-reaching small-farmer programme.

But, the process would not be designed or driven unilaterally by the Western Cape department of agriculture, said provincial agriculture minister Lampré Fick.

It would be a joint venture, involving the government, local communities and organisations such as the African Farmers' Union.

New farmers would be closely advised and helped by agricultural experts from the Eisenburg Agricultural Development Institute.

He also emphasised that rural development policy would not be planned in isolation and would have to mesh with urban planning.

Mr Fick was speaking yesterday at a briefing at the Eisenburg Agricultural Development Institute at which a map showing how all State land in the province was to be released.

The map shows State land totalling about 1,4 million hectares, but which includes nature reserves such as Cape Point, as well as mountain reserves and forestry areas. Conservation areas will not be exploited.

Within the tracts of State land are pockets of arable land, or grazing — amounting to about 200 000 — which are earmarked for small-farm development.

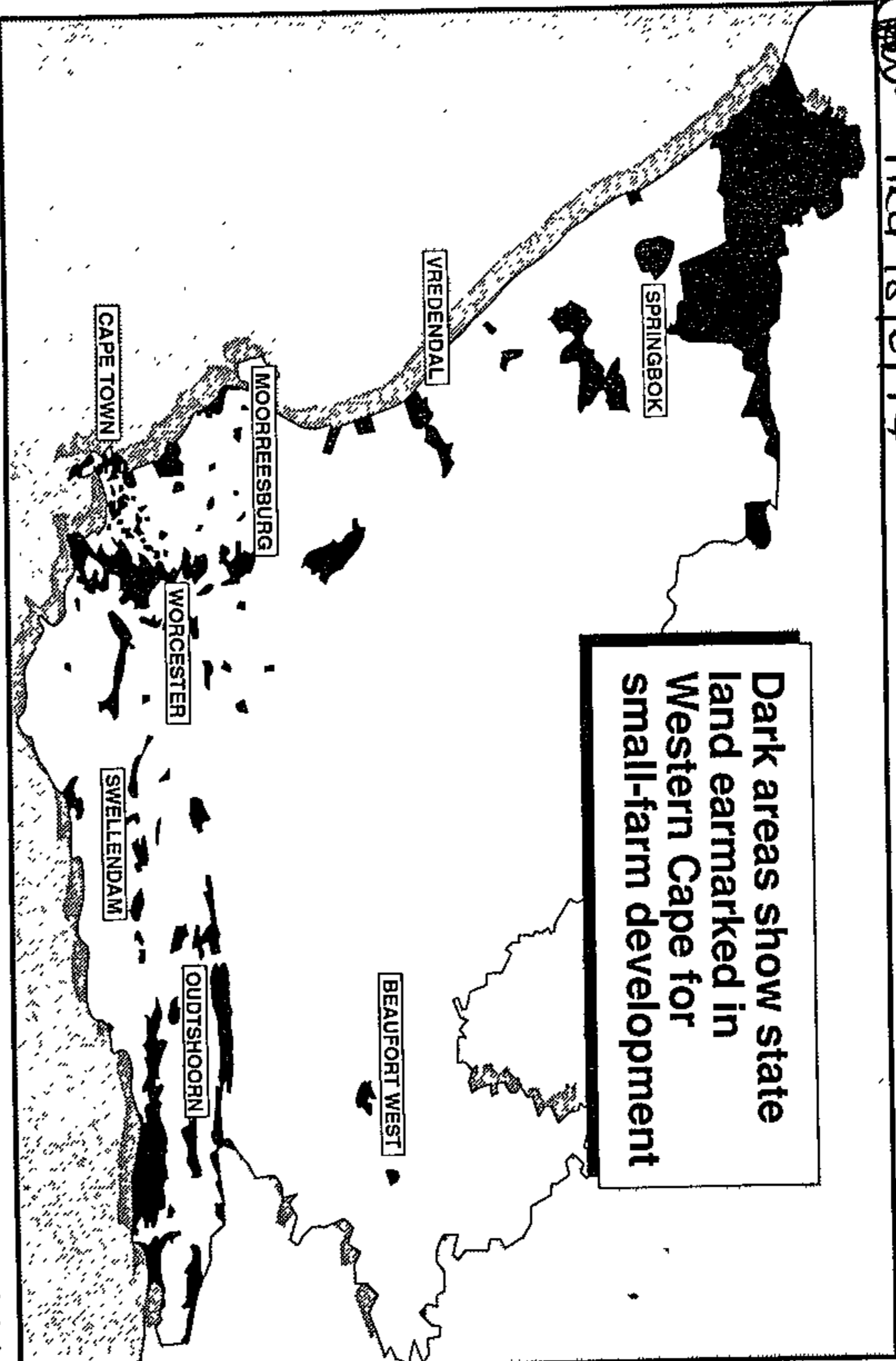
Director of the Eisenburg institute, Dr Johan Burger, said the small-farmer scheme was not simply the "brainchild" of the department of agriculture, but was "a joint effort between us and the small farmers themselves".

Greater attention would be paid to determining the "profile of the men and women who want to farm... their aspirations, level of training, abilities and needs".

A survey was being conducted to achieve this. It would also help to find out how many potential small

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**STATE LAND:** This map shows all the State land in the Western Cape. Of the total of 1,4 million hectares, about 200 000 hectares have been identified as suitable for settling new farmers.

farmers there were in the province. Both he and Mr Fick stressed that there would be no "hand-outs".

A financial scheme to suit the project — aimed at making it easier for small farmers to get land — was on the drawing board.

There was no question of the State simply "taking" land from property owners or farmers.

Dr Burger said that in many cases, land ownership was not a priority because people were more interested in entering into partnerships in agricultural enterprises.

Acquiring land was not the only element of the scheme. It was aimed as much at existing farmers in communities like Saron — and those in the former "coloured reserves" north of Springbok. For them, it meant having access to

technical and advisory support services.

Mr Fick said the settlement programme would be based on applications from aspirant farmers who would be selected according to strict criteria. These had yet to be drawn up, but would cover the financial and agricultural viability of the proposed farming operation, as much as the suitability of the applicant.

He favoured a system of financing that meant "investing in personal capital, the quality of the individual applicant".

It was vital that communities endorsed the criteria he said. "The element of empowerment — of communities and not necessarily only individuals — is a key aspect of this."

Asked about the awareness among new farmers of the sensitivity of the environment and the importance of conserving natural resources, president of the African Farmers' Union, Evan Mathews said: "Everything we do is done in consultation with Eisenburg."

"We are not scientists, but in the resettlement programme, we have formed partnerships with the department and have weekly meetings with experts from Eisenburg."

Mr Fick said: "We do not have all the wisdom (on small farm development), but as a result of the proactive work by the department and at Eisenburg, we have a lot of basic information, and the groundwork to get this programme to work."

# Fick on farms: 'I was quoted out of context'

(49A) ARG 18/6/94

**JOHN VILJOEN**

Weekend Argus Reporter

THE state has no plans to appropriate Stellenbosch wine-lands and hand them over to small-scale black and coloured farmers, Western Cape agriculture minister Lampie Fick has said.

Mr Fick met Stellenbosch wine farmers face-to-face yesterday, days after reports that he had said a radical shift in farming patterns toward vegetable production would see the demise of some wine farms.

He told a meeting of the Stellenbosch Farmers' Association, attended mostly by winefarmers, that any attempt to take private land would be unconstitutional.

Mr Fick said he had been quoted out of context. The state had no plan of action to change the nature of farming in the Stellenbosch area and believed in free-market forces, he said.

But, it was only realistic that market forces would affect the character of Stellenbosch farming over the next 20 years, he said.

Some farmers might decide voluntarily to diversify and use some of their land to grow vegetables to improve their profit margins, he believed.

During the meeting, wine farmer Jan Boland Coetzee said Stellenbosch farmers should be the ones to decide on

the future of agriculture in the district — not politicians.

Although he agreed with Mr Fick's view on market forces, Mr Coetzee said Stellenbosch had been a successful wine producing area for about 320 years and was likely to remain so for the next 20.

Frans Malan of Simonsig Estate said Stellenbosch was the country's champion region, but not all farms produced great wines. If farmers were going to survive, they would have to produce quality wine.

Mr Malan also said he was concerned that squatters had moved on to "some of the best agricultural land in the country" near the Khayamandi township.

He called on Mr Fick to guarantee that the government would not allow good farming land to be used for housing.

Mr Fick responded by saying he would not formulate any agricultural policy without consulting the farming community.

He had erred in saying earlier this week there were plans to establish 10 000 new farmers in the Western Cape, said Mr Fick. The 10 000 was a national figure, but still meant a few thousand new farmers for the region, he told farmers.

The small-farmer's scheme was not "socialist", he said. Each of the farmers allocated land would be expected to farm for a profit.

Business Report

# 2 industrial parks planned for W Cape

By MAGGIE ROWLEY  
Property Editor

PROPNET is launching two prime industrial parks in the Western Cape — one in Montague Gardens and the other in Bellville — which could see industrial developments totalling around R25m emerging in the short term.

CE Ruzz Loubser said that the developments would be totally market-driven and would not take place on spec.  
"We will build according to tenant needs in

both projects and, if the market demands, will either consider joint developments or subdividing the sites and selling portions off."

Project manager Jan van Dijken said the 5,8ha site at Montague Gardens was at the very heart of the industrial area and was accessible to rail and all major road routes to the harbour.

While units would be tailored to tenants' needs, the board provision would range from 200m<sup>2</sup> to 6 000m<sup>2</sup>.  
"Rail siding facilities are to be an integral

feature which will make the site highly attractive to industrialists handling rail-based goods. Because of its unique location, leases will be negotiated with those prepared to enter into transport contracts for their goods with Spoornet."

He said the Propnet development team would provide technical assistance to tenants. A new commuter station could possibly be built adjacent to the site if the Atlantis-Cape Town goods line was upgraded to a commuter line.

Van Dijken said the second industrial park would be sited on an 8ha site at Triangle Farm in Bellville and was being released for industrial development in conjunction with Derek Chittenden & Associates.

"This development will incorporate a Storm Water Detention Pond on a portion of the land Propnet has sold to Bellville Municipality which will provide an attractive 'green lung' within the industrial zone which will be landscaped and possibly include a soccer field."

CT1/7/94

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# New Cape chamber opens its doors

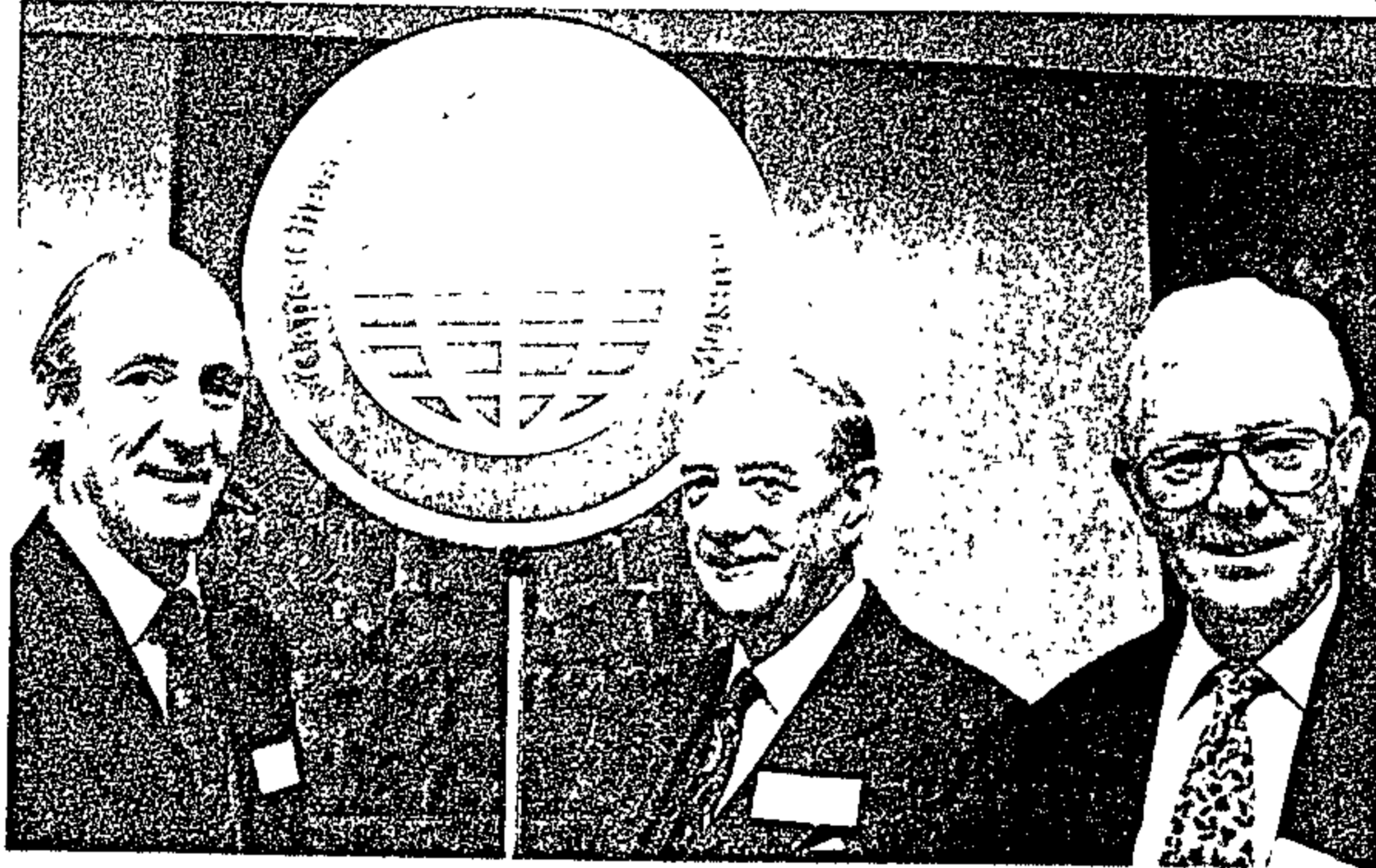
CT 1/7/94

By **AUDREY D'ANGELO**  
Business Editor

A NEW organisation has been formed to represent the interests of commerce and industry in the Western Cape. The Cape Chamber of Commerce and Industry, with more than 3 800 members, is open for business today at offices in Louis Gradner Street on the Foreshore offering a wider range of services and facilities than either of the two older organisations, Cape Town Chamber of Commerce and the Cape Chamber of Industries.

Its first president, Ernest Wilson, said yesterday that it would lobby and work closely with the new Western Cape regional cabinet, which would clearly have far greater powers than the old Provincial authority, and with the metropolitan authority.

In his inaugural speech at the Walburg Conference Centre Wilson said: "The new chamber is not a mélange of the two founder chambers. It is a de novo concept of an organisa-



**NEW BEGINNINGS** ... The new Cape Chamber of Commerce and Industry, formed from amalgamating Cape Town Chamber of Commerce and the Cape Chamber of Industries, came into being last night. Its first president, Ernest Wilson, (centre), stands in front of its logo with Roland Hudson-Bennett (left), outgoing president of the Chamber of Commerce, and Michael Stekhoven (right) outgoing president of the Chamber of Industries. The chamber has already moved into its new premises in Louis Gradner Street on the Foreshore.

Picture: ALAN TAYLOR

tion ready and well-equipped to represent every facet of every business in the Western Cape.

"The door is open to all other business organisations in our region to join us, affiliate to us or simply come and ob-

serve us in action.

"The challenges for us in the business sector regionally, nationally and internationally are significant, with seemingly more potential threats than opportunities.

"It is time for business to really get its act to-

gether. It must promote organised business in unison rather than a confusing spectrum of special interest groups."

Michael Stekhoven, outgoing President of the Cape Chamber of Industries and vice-president of the new cham-

ber, said it was "remarkable how painless the (amalgamation) process has been, how comfortable both parties are with the new structure and how little overlapping of services there was.

"This bodes well for the new chamber — so important for business in this region in the future."

Stekhoven said the chamber of commerce and chamber of industries had been "two of the strongest chambers in SA terms of membership and finance.

"However the changing political and economic climate in SA caused the executive committees of both chambers to recognise that, at the regional level too, the single strong voice and 'unity is strength' concept might apply to organised business in the Cape too."

John Malone, first vice-president of the chamber of commerce, will be the other vice-president of the new chamber.

Alan Lighton, former director of Cape Town Chamber of Commerce, is its executive director. Colin McCarthy, director of the Cape Chamber of Industries, is retiring.



# 'Welfare bonus' to W Cape

By CHRIS BATEMAN  
Political Staff

HALF of the national welfare budget before the April election went to coloured people in the Western Cape. Mr Ebrahim Rasool, local Minister of Health and Social Services, told University of the Western Cape students yesterday.

He told the winter school at UWC's Mayibuye Centre that this "state of affairs" had greatly influenced the Western Cape election outcome.

Many coloured people had "lived off the state", and this "untenable situation" had to be urgently brought to an end.

Mr Rasool, who was the ANC's election Western Cape co-ordinator, was speaking on the implications of the election.

He said that only since he had settled into his new portfolio had he realised the extent and scope of these allowances.

Welfare allowances for coloured families were allocated on a "per child" basis

49A CT 13/7/94  
while black families received only one allocation.

This had encouraged some coloured women to remain unmarried and have children in order to claim benefits from the system.

The ANC's astonishment at the NP's apparent largesse in giving them the welfare portfolio turned to cynicism when they realised "they had landed us with a hot potato" and wanted the ANC to correct matters, he claimed.

# W Cape 'will need external cash to grow'

By ARI JACOBSON

THE Western Cape economy will have to rely on allocations from the central government and foreign investors to raise the necessary capital for the region, Western Cape Minister of Finance Mr Kobus Meiring said last night.

However, speaking at the SA Institute of Internal Affairs in the city, he said "the Western Cape has

the potential to become an economic powerhouse".

Mr Meiring said the present provincial budget carried "no fat" and only took care of basic requirements.

He said additional funds would have to be found "for the great needs of (regional) housing, health and job creation".

Mr Meiring mentioned an interna-

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tional survey, World Link, which placed the Western Cape second in the world for attracting "potential foreign investment" and, based on gross regional product, the Western Cape ranked second behind the PWV region, he said.

The Western Cape provided 14,1% or R44,5 billion of South Africa's gross domestic product, said Mr Meiring, who added that the region was also the metropolitan area with

the "fastest economic growth over the past 10 years".

Still, he said, "the most important characteristic of the Western Cape economy is its relative balance and diversity".

There was also "retail, wholesale, import/export — and a promising tourism sector", he added.

The best way to build the region was through "productive savings" that would be used to stimulate eco-

nomie growth. Furthermore, "the public sector must not dictate to the private sector".

"We have various choices for the Cape, either the 'Rio option' — a laissez-faire attitude allowing the region to be inundated with un-planned swamping, or the 'Singapore option' — where the way to success was embedded in the partnership between the private and public sector."

# Boesak outlines W Cape investment potential

By AUDREY D'ANGELO

THE French Minister of Economic Affairs, Edmond Alphandery, told an audience of business people last night that France would contribute to GSP trade incentives of R450m from the European Union to SA exporters.

He promised his personal support in urging the meeting of G7 ministers in Naples next week to help SA. He was in favour of the GSP system being adapted to this country's situation.

And he said that investment by 80 French companies already providing 18 000 jobs was "an honourable performance but not good enough now I have seen the opportunities this part of SA offers."

Alphandery was speaking at a reception organised by Wesgro at the Cape Trade Centre at which he met the Western Cape Minister of Economic Affairs, Allan Boesak and local members of the recently formed French Investors Club. Boesak said the partnership be-

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tween France and SA. Thanking France for the part it had played as a consistent ally of freedom in the dark days of apartheid, he said freedom was meaningless if it was not accompanied by economic empowerment. France had an important role in helping South Africans to achieve this, SA would benefit from access to French technology and investment in productive capacity. Pointing out that the French electricity parastatal had been a

partner in the project to instal electricity at Khayelitsha, Boesak said he hoped French investment would continue and there would be a strong bilateral relationship between France and the Cape. It was his intention to do all in his power to create a favourable climate for investment in the Western Cape. Steps were being taken to promote small and medium business and, in particular, joint ventures between overseas investors and black business people.

Listing the advantages of the Western Cape, Boesak pointed out that Cape Town was an ideal place from which to export to French-speaking West Africa. Alphandery said SA was returning to the community of nations at a time when an economic recovery was taking place in most industrialised countries. In France, the government had launched a major programme to support growth and reform the labour market.

Just one Steady c

By AUDREY D'ANGELO  
Business Editor

THE Western Cape "is truly the premier region of SA" according to advertising group Young & Rubicam, in a report looking at this country from a marketer's point of view.

The group's monthly newsletter, "Media Matters," says that in general people in the Western Cape "live longer, have a higher standard of living and are better equipped for the battle of unemployment that rages in SA."

In contrast it identifies the Northern Transvaal as "the black sheep of all the provinces" with imbalances in education and the lowest average disposable income.

It says personal income in SA is expected to total roughly R340bn this year, including earnings by the informal sector and income in the form of goods and services such as free housing and food for farm workers.

"Of the total, R44,3bn (13%) will be paid to the state, mainly in the form of income tax, so that just over R295bn remains for the consumption of goods and services — or to be saved.

"The total household expenditure for 1994 is estimated at R287,8bn."

Looking at the Western Cape, the report says the province has the highest literacy level with 71,9% over the age of 13 having reached Standard 5 at least.

The Cape Peninsula is its major eco-

# Marketers rate W Cape 'top region'

CT 30/7/94 (49M)  
economic centre and is expected to account for 7,3% of total employment in SA until 1995.

"The area is also expected to experience a 10,1% share in total employees' remuneration," Young & Rubicam say.

"The Western Cape commands 15,3% of personal disposable income. With an annual average disposable income per capita of R12 387 it ranks second out of all the provinces in terms of income

But although the average white disposable income per capita of R28 084 is about 4,4 times that of blacks, the disparity is less than for SA as a whole in which the average white disposable income is 7,5 times that of blacks.

The Western Cape is characterised by the third highest household expenditure of 14,6% of the total of R287,8bn."

The PWV has the highest personal disposable income with "a 39% cut from the national pie."

Its average per capita income is the highest of all the provinces at R16 570 a year.

# Economic advisory body to aid Boesak

Political Correspondent

AN economic advisory council of Western Cape business and labour leaders is to be set up to assist provincial economic affairs minister Allan Boesak.

And development agency Wesgro is to undergo far-reaching restructuring to serve the entire province, rather than just metropolitan Cape Town.

Legislation is to be submitted to the provincial parliament to set up a Black Business Investment Corporation.

These announcements were made by Dr Boesak at a Wes-

gro breakfast today.

Dr Boesak said he had initiated a process of consultation with all economic role-players in the province. The first of a series of "consultative gatherings" had taken place.

Without strategies to broaden the participation of black businesses in the economy, there could be no prospect of sustained economic growth.

He said the restructuring of Wesgro had been agreed to by the agency at its recent annual general meeting.

The board of Wesgro would

be restructured to represent business and sub-regional interests of the whole province.

The provincial government would become an "active funder" of the new agency, and legislation to provide for this was being prepared.

Dr Boesak said the economic advisory council would involve leaders of big and small business and labour in assisting him with formulating policy, strategies and legislation.

Board members' names would be announced on August 30.

ARG 19/8/94 (49A)

# Cape plans White Paper on RDP — Kriel

THE Western Cape Legislature would draw up a White Paper on Reconstruction and Development as soon as possible, Premier Mr. Hennis Kriel said at the opening of the legislature in the city yesterday.

He said he was also looking for the right candidate to head the provincial development bank, which could play a hugely stimulating role in housing and small business development.

Some R20 million would be requested to develop District Six and return it to the people. He was awaiting an announcement from President Nelson Mandela on this. Mr Kriel announced plans for a commission that would examine ways to reduce red tape.

Mr Kriel criticised the central government for a reluctance to transfer outstanding powers, and gave his 276 local government bodies a September 2 deadline to set up their required Transitional Local Councils (TLCs).

He told them he would take stringent steps unless they stopped dragging their heels in reducing the 276 bodies to just 82 TLCs. However, he added, half the potential forums in the province had been set up.

Mr Kriel said that with only an old CPA budget to work with, fiscal planning was almost impossible. "We have money for Community Services, Works and Roads — but there's nothing for Housing, Education, Economic Affairs, Police, Agriculture and Tourism and Sport," he said.

The province was expected to build an average of 36 000 houses a year, but this would be impossible in the first year of the five-year programme.

However, the National Housing Fund had already approved R163 million for the Western Cape, which would deliver about 4 000 houses in the present financial year. — Political Staff, Sapa

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CT 16/8/94

# Wesgro calls for bold growth plan

STimes [Cape Town]

A BOLD co-ordinated "go for growth" strategy for tackling economic stagnation and poverty in rural Western Cape needs to be developed quickly by organised labour, formal and informal business sectors, agricultural interests, local authorities and provincial government departments.

(49A)  
This is urged by Wolfgang Thomas, economic development co-ordinator with Wesgro, the association for the promotion of the Western Cape's economic growth.

By FRED ROFFEY

"The economic dominance of Cape Town and 'visible poverty' in the metropolitan squatter areas makes it easy to overlook poverty and human suffering in remote rural areas and small towns," he said. 2118194

"Metropolitan Cape Town has a population of about 3.2-million compared to 4.2-million for the province, and its population share of about 75 percent is matched by an approximate 78 percent share of the 1993 gross regional product of R45.5-billion.

"But the need to create jobs and expand growth sectors is, relatively speaking, as serious in the platteland as it is in metropolitan Cape Town

"The challenge now lies in the co-ordinated stimulation of specific sub-sectors or niches in each sub-region, small town or cluster of towns.

"In some, tourism is likely to dominate in future, whereas others rely more on agriculture, food processing and related industries.

"Also, attempts to diversify agricultural activities have to directly involve farming communities and should place major emphasis on export promotion."

Mr Thomas said the following aspects were critical:

- Establishing sub-regional offices by the dominant development agencies in at least three or four of the small-town clusters — Southern Cape, Worcester, Vredenburg/Vredendal and Caledon/Bredasdorp.

- Setting up sub-regional development frameworks to determine priorities, opportunities and bottlenecks.

- Co-ordinating development where growth sectors have been identified in each sub-region, such as furniture and timber processing in the southern Cape, fruit and vegetable production in the Boland, and flowers in the Overberg.

- Taking "determined steps" to strengthen transport, communication and other links between the platteland and the Cape Town metropolis "to overcome the crippling isolation of rural areas".

Mr Thomas emphasised that for these steps to succeed it was essential to get the effective participation of all the "stakeholders" in rural growth.

Help is also on its way in the form of a US Development Aid assessment team, which will visit South Africa in October to offer financial aid and agricultural expertise.

US deputy secretary for international affairs Dallas Smith told the National African Farmers' Union that the US could help South Africa with nutritional programmes for children and pregnant women, a special farm credit programme, and technical assistance to farmers.

# Black business body for Western Cape planned

CAPE TOWN — Provincial legislation would be drawn up for the Western Cape government economics department to help create a black business corporation, the province's economics minister Allan Boesak said last Friday. <sup>B/Nay</sup> 22/8/94

Boesak said Wesgro — the Cape-based business promotion agency funded by local authorities — would be restructured and expanded to become a development agency for the entire province.

He said the provincial government would become an active funder and participant in the new Wesgro.

Black business had not been able to compete with white-dominated large, medium and small business for finance and market share, Boesak said, because it had been denied education, opportunities and assets.

The province's economics department had contacted business, commerce and labour representatives to serve on an advisory board to assist in the formulation of policy, strategy and legislation to stimulate economic growth in the region.

Sapa reports Boesak briefed community organisations on the region's reconstruction and development plans on Saturday.

The RDP must be community driven and people should be told to identify the basic needs in their areas. Outlines had been given on how to go about drawing up localised plans and how to implement them, he said.

Guidelines were also given on how to co-ordinate efforts, liaise with the government and obtain money.

EDWARD WEST

Many of the immediate RDP needs could be launched immediately, such as clean-up campaigns and the upgrading of schools.

Another meeting is scheduled in about six months' time but the groundwork was laid for regular report-back procedures to the economic affairs office.

"A lot of useful suggestions on the use of existing resources were made and will be followed up," Boesak said.

"We will look at ways of using academic institutions and try to pool or extend resources where we can.

"Suggestions were also made on getting the more affluent communities twinning with some of those more disadvantaged."

An RDP meeting had been held with black business leaders and meetings were planned with non-governmental organisations on August 30 and with other business leaders on August 31.

Cape Town was to host a conference of potential US investors in SA soon.

This conference follows a recent visit to Colorado in the US by Boesak, who addressed a conference of the US National State Retirement Pension Fund Association on investment in SA. (49A)

"These were the same people that signed a sanctions agreement in 1985 not to invest in SA. They took a decision to adhere to sanctions to bring about change in SA and now want to help this country realise its upliftment goals," said Boesak.



# Cape provinces will share R819m shortfall

By CHRIS BATEMAN  
Political Staff

A DEFICIT of R818.9 million in pensions and health would have to be shared between the Cape's three provinces, Western Cape Finance, Expenditure and Service Commission Minister Mr Kobus Meiring warned yesterday.

Addressing the provincial legislature, Mr Meiring said "warning

lights" were flickering because the CPA budget catered only for very basic needs and services.

Provisional estimates revealed a shortfall of R383.9m for hospitals and a deficit of R435m for pensions for the entire region.

"It is clear that we have very little money and thorough, careful and good planning is absolutely necessary," Mr Meiring told the house. He said yesterday's debate could

not be termed a budget debate because it was about money available from the old CPA which had yet to be divided among the local regions.

This central kitty came to R6,997 billion, of which R1,525bn had already been spent between April 1 and June 30 this year.

This left just R5,472bn for division between the new provincial administrations. His job had been to determine the

maximum amount available for distribution among the administrations and to provide them with interim working figures.

Until these negotiations had been concluded in a fair and just manner to the satisfaction of all parties he could not provide further details.

Mr Meiring said. The Western Cape exco had been hampered by the failure of the central government to transfer powers

such as economic affairs, education, policing, urban transport, tourism, agriculture and housing to the province.

"We are still in the dark with regard to the funding of these powers and the financing thereof," he said.

Mr Meiring "urgently appealed" for the Financial and Fiscal Commission to get established "so we can plan ahead properly".

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CT 25/8/94

# Western Cape shown to be the richest province in SA

(49A)  
ANDREA WEISS, Staff Reporter

ARG 26/8/94  
**T**HE Western Cape comes up as the richest province in terms of what people own and their access to housing, water and sanitation.

The only area in which it is clipped is by the PWV, where the average monthly household income is higher — R3 442 compared to the Western Cape's R3 234.

Average per capita monthly income reflects the same trend, with the PWV having a R1 296 income compared to the Western Cape's R1 095.

The most impoverished province — the Northern Transvaal — records an average per capita monthly income of only R294.

This information emerges from the statistical report *South Africans Rich And Poor: Baseline Household Statistics*, the result of a nine-month household survey in the run-up to the election.

Households in the Western Cape are shown to own more motor vehicles, bicycles, stoves, TVs and telephones than their counterparts in other parts of the country.

Conversely, Western Cape households own the least Primus cookers — reflecting its better status with regard to electricity.

In a separate report focusing on water supply and sanitation services, compiled by Tony Emmett and Sylvester Rakgodi of the Human Sciences Research Council, the Western Cape has the best profile of all the regions in South Africa.

Data shows that 74 percent of the urban population has water piped into houses, against a national urban average of 59 percent.

Also, 86 percent have waterborne sewerage against the national average of 64 percent.

The Western Cape is shown to have the lowest percentage of population without access to adequate sanitation — 13 percent as opposed to 23 percent. It also has a very low percentage of population using pit latrines — although the growth of spontaneous settlements has led to increasing use of the bucket system.

The region is described as having a strong health infrastructure, a high literacy rate, as well as the longest life-expectancy of all the regions.

With 89 percent of the population functionally urbanised, it has the second highest rate of urbanisation.

The region also records the second-lowest unemployment rate.

Unlike other regions, there are no homelands, placing it in a much stronger position than its other eight counterparts which will have to make up for the neglect of the past.

Other interesting data highlighting the apartheid legacy of the Group Areas Act is how long it takes people in different race groups to get to work.

In the Western Cape, African respondents averaged 54 minutes to work, compared to 36 minutes for their coloured, and 22 minutes for their white counterparts.

Similarly, many of the Western Cape's glowing figures broken down into race categories reveal that the poor are very much a part of the province. For instance, the average per capita income for Africans in the region is R414 compared to R533 for coloureds, and R2 172 for whites.

Also, 12 percent of people living in the region have to do so in shacks, 26 percent of Africans in the region use bucket toilets and a further six percent have no sanitation at all.

Where Africans in the province spend an average of R116 a child a year on tuition, whites are spending R1 021 a year. Average non-tuition fees are R357 for Africans compared to R875 for whites.

People in the Western Cape also report that they feel less safe than five years before, with almost 13 percent reporting that they have been the victims of crime.

About 40 percent of those living in the region felt satisfied with their quality of life and about 27 percent said they were dissatisfied.

Africans are revealed to be the most impoverished racial group in the country, but are, as yet, under-represented in the Western Cape, making up only 17 percent of the population. Coloured people form the majority at 45 percent with whites coming a close second at 38 percent.

This profile is set to change dramatically over the next few years. Predictions in the regional report, *Dimensions Of Poverty In The Western Cape Region*, edited by Belinda Dodson and Neil Dewar, show that the African population is set to double from its 1995 figure of just over one million.

# Survey shows Cape poverty

Staff Reporter

ONLY 37.3% of black households in the Western Cape have access to piped water and the region has the highest percentage of black households with bucket toilets, a study on living standards has revealed.

The survey of 9 000 households across the country was conducted by the South Africa Labour and Development Research Unit at the University of Cape Town.

It showed that 100% of white households in the Western Cape have internal piped water and flush toilets, but only 67% of black households have flush toilets. Over 25% of black households in the Western Cape have bucket toilets and 6.3% have no toilet facilities at all.

Only 53.6% of South African households have access to electricity — 36.5% of black; 86.2% of coloured; 100% of Indian and 99.8% of white households

Nearly 43% of all South Africans aged between 16 and 64 are employed — 35.4% black, 54.6%

## Dramatic differences between race groups

coloured, 54.1% Indian and 71.1% white.

The average monthly household income for blacks is R1 005, coloureds R2 057, Indians R4 009 and whites R6 394. The average monthly household expenditure is R1 111 for blacks, R1 854 for coloureds, R3 306 for Indians and R4 742 for whites.

Whites spend 20.3% of the household budget on housing, blacks 9.9% and coloureds 13.7%.

Over 50% of the black household budget is spent on food, while this figure is 22.1% for whites.

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248  
49A  
Whites spend 3.2% of their budgets on holidays and jewellery, and blacks spend 0.6%. Almost 10% of the white household budget is spent on insurance, but this is only 0.9% of black budgets.

The survey showed that whites spend 8.4% on personal expenses including cigarettes, alcohol, entertainment and newspapers, while blacks spend 6.7%, Indians 8.8% and coloureds 9%.

The survey showed that 45.6% of blacks aged 14 and older have completed standard six, 64% of coloureds; 81.4% of Indians and 89.7% whites. Figures revealed that 27.3% of blacks aged 16 plus have completed standard eight, 37.2% of coloureds; 63.9% of Indians and 83.4% of whites.

But only 11% of blacks aged 18 plus have completed standard ten with 15.5% of coloureds, 40.1% of Indians and 61% of whites.

The survey also showed that 16.7% of blacks and 9.3% of coloureds between the ages of 15 and 19 were pregnant, but no whites sampled in this age-group were pregnant.

# First RDP projects revealed

By BARRY STREEK,  
Political Staff

THE first concrete Reconstruction and Development Programme (RDP) projects, totalling R59.42m, were disclosed by the Department of Water and Forestry Affairs on Friday.

The RDP presidential projects will go to 12 water provision projects in rural and semi-rural areas in different parts of the country. The total cost of the projects, when completed in four years time, will be R284.4m.

The department's announcement follows a statement in Parliament this week by Water Affairs and Forestry Minister Prof Kader Asmat. He said the cabinet had approved 12 of 16 RDP projects his department had submitted.

This follows findings that 7.7% of rural Africans had piped water and that white and black rural people regarded the supply of clean water as the most urgent priority after jobs.

It was also found that 14.3% of rural Africans got water from rivers or streams.

# Survey shows

# Cape poverty

Staff Reporter

ONLY 37.3% of black households in the Western Cape have access to piped water and the region has the highest percentage of black households with bucket toilets, a study on living standards has revealed.

The survey of 9 000 households across the country was conducted by the South Africa Labour and Development Research Unit at the University of Cape Town.

It showed that 100% of white households in the Western Cape have internal piped water and flush toilets, but only 67% of black households have flush toilets. Over 25% of black households in the Western Cape have bucket toilets and 6.3% have no toilet facilities at all.

Only 53.6% of South African households have access to electricity — 36.5% of black, 86.2% of coloured, 100% of Indian and 99.8% of white households.

Nearly 43% of all South Africans aged between 16 and 64 are employed — 35.4% black, 54.6%

## Dramatic differences between

## race groups

coloured, 54.1% Indian and 71.1% white.

The average monthly household income for blacks is R1 005, coloureds R2 057, Indians R4 009 and whites R6 394. The average monthly household expenditure is R1 111 for blacks, R1 854 for coloureds, R3 308 for Indians and R4 742 for whites.

Whites spend 20.3% of the household budget on housing, blacks 9.9% and coloureds 13.7%.

Over 50% of the black household budget is spent on food, while this figure is 22.1% for whites.

CT 29/8/94

(49A)

Whites spend 3.2% of their budgets on holidays and jewellery, and blacks spend 0.6%. Almost 10% of the white household budget is spent on insurance, but this is only 0.9% of black budgets.

The survey showed that whites spend 8.4% on personal expenses including cigarettes, alcohol, entertainment and newspapers, while blacks spend 6.7%. Indians 8.8% and coloureds 9%.

The survey showed that 45.6% of blacks aged 14 and older have completed standard six; 64% of coloureds; 81.4% of Indians and 89.7% whites. Figures revealed that 27.3% of blacks aged 16 plus have completed standard eight, 37.2% of coloureds; 63.9% of Indians and 83.4% of whites.

But only 11% of blacks aged 18 plus have completed standard ten with 15.5% of coloureds; 40.1% of Indians and 61% of whites.

The survey also showed that 16.7% of blacks and 9.3% of coloureds between the ages of 15 and 19 were pregnant, but no whites sampled in this age-group were pregnant.

# Plea for development timetable

(49A) CT 31/8/94  
By CHRIS BATEMAN

PLEAS to avoid turning Western Cape rural towns into "cinderellas" and to set a specific timetable for RDP goals were directed at local Economic Affairs Minister Dr Allan Boesak yesterday.

The pleas were made by local businessmen after Dr Boesak gave them an overview of pro-

gress in his portfolio, and RDP plans for the region were sketched by his acting director-general Mr Tony Ruiters.

Mr Ernest Wilson of the Cape Town Chamber of Commerce and Industry said he would like to see a timetable of where the RDP expected to be year by year over the next five years so that chamber members could plan within a framework.

Mr John Phillips of the Paarl Business Forum said towns like his were "depleted" of industries drawn to other areas where "special dispensations" had been given under the previous central government.

Mr Peter James of Safmarine drew smiles from the minister and his aides when he asked what kind of money companies would be expected to "put

aside" for RDP projects.

Mr Ruiters said there would be no such intervention.

● Dr Boesak said negotiations with investors over the science and industrial park near Muizenberg had been concluded. He expected to be making an announcement over the starting date of the project "very soon".

# Ready, steady, GO!

## for Guguletu centre

A new sports complex in Guguletu is set to open its doors. **ADELE BALETA** reports.

**A** R1-million indoor sports complex, which will serve over 80 000 people from four communities, opens its doors in Guguletu in a week's time.

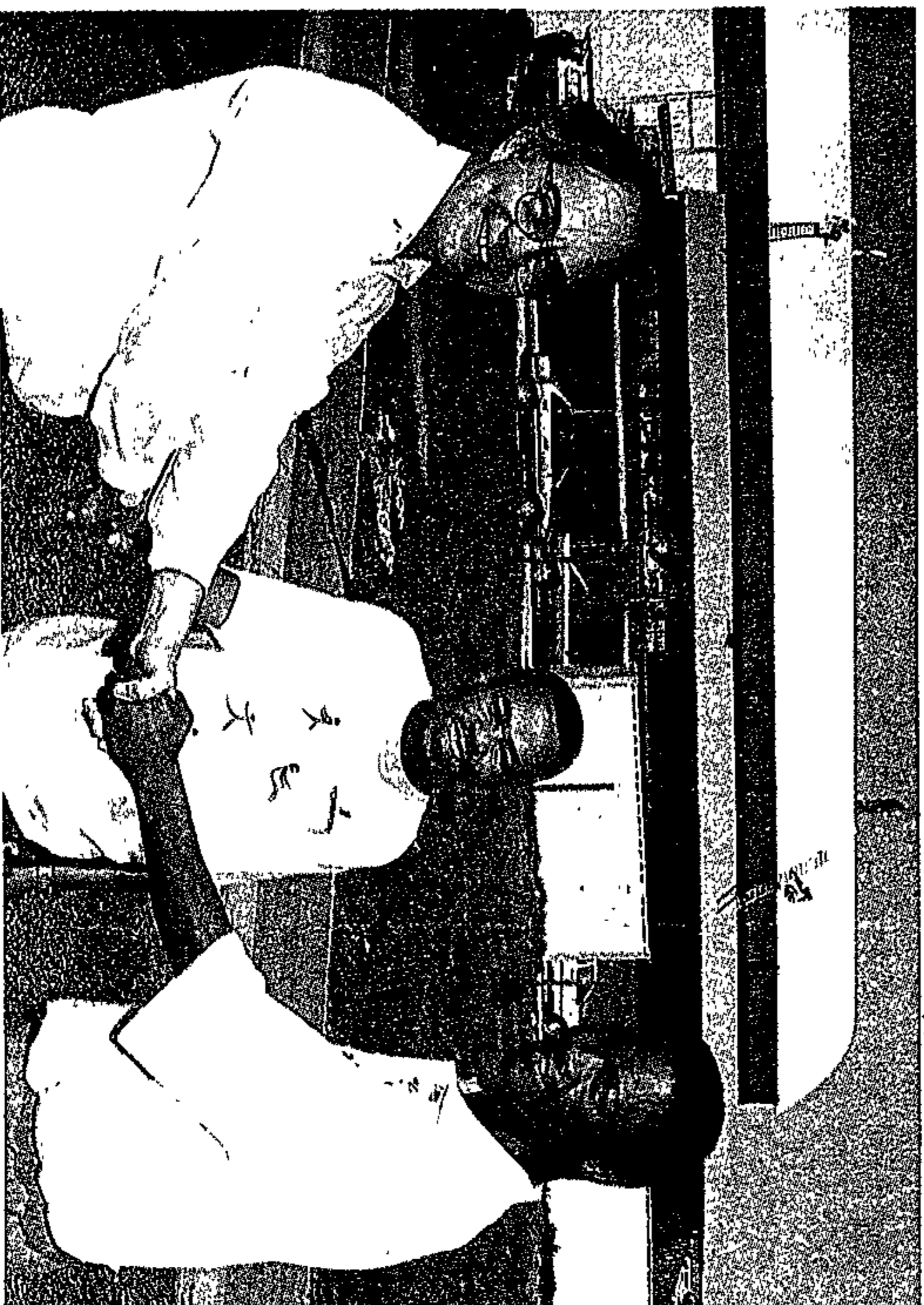
Not bad, says Joe Noero, consultant architect for the National Sports Congress, "when you think that some people pay more than R1 million for a house on the Atlantic seaboard in which only two or three people live".

The multisport indoor complex is a joint initiative between the NSC, TV 1 Top-sport Victor Awards and other parties and will be opened by Sports Minister Steve Tshwele.

It is designed to cater for eight sports codes as well as community functions such as weddings.

World Boxing Organisation flyweight champion Baby Jake Matlala is scheduled to run boxing clinics at the complex. Other sports catered for are basketball, badminton, volleyball, gymnastics, karate and table tennis.

The centre, resplendent in African National Congress colours, is equipped with seating for 600 spectators, change rooms, tuck shop, public toilets and committee rooms. It will serve Guguletu, New Crossroads, Nyanga and



Picture: OBED ZILWA, The Argus.

**SHAKE ON IT!** Consultant architect for the National Sports Congress Joe Noero, left, Guguletu Sports Council general secretary Mphumlelo Mqingwana, centre, and council member Christopher Zamva join hands outside the new sports complex in Guguletu.

KTC. Guguletu sports council general secretary Mphumlelo Mqingwana believes the centre will provide a focus for marginalised township youth.

"This is a positive way of

keeping the youth busy and lessens the temptation to hang around and get involved in crime and violence." Council member Christopher Zamva adds: "There is also a pressing need to address the untapped sports po-

tential in our community." There are plans to approach the iKapa Town Council for funding to develop the ground on which the complex is situated.

"We want to build four tennis courts, four netball courts,

two squash courts and we hope to have a soccer field," says Mr Zamva.

The complex is a first for the country and Cape Town, says Mr Noero. "It's a prototype. The thinking behind the plan is to use sophisticated steel technology. We did not buy into the idea of third-world development — meaning that whatever is built will be cheap and nasty."

"We have a cost-effective structure. Most sports complexes cost in the region of R2- to R3-million.

"There also has been a commitment to use local contractors. In line with this, skills have been upgraded. There has been a transference of skills as well as capital."

The dome-shaped roof was constructed first to give the community visual evidence that things were being done to upgrade living standards.

"These people have waited for almost 12 years for this centre and have had to exist on promises, promises and more promises," says Mr Noero.

He describes the building as didactic in nature.

"We wanted to build something with which residents found easy to engage. The building shows how things are put together. People can learn from the structure itself," he says.

AR 6/2/9/94

49M

# Boesak planning black business investment fund

SI Times [Cimetro]

4/9/94

By JEREMY WOODS

A NEW investment vehicle attracting foreign funds worth hundreds of millions of rands is being set up solely for the upliftment of Western Cape black businessmen. (49A)

The new fund will be aimed at investing in small-to-medium sized black businesses, and could even provide funds to bid for a JSE listed company.

The new company is being put together by Dr Allan Boesak, provincial minister of economic affairs and members of his staff, who will be enlisting advisers to help decide which companies to invest in.

"For many years black businessmen in the Western Cape have not been able to share in the economic prosperity of the region and so we are setting up this investment fund solely for the upliftment of the black business community," said Dr Boesak.

"Much of the funding for the new venture will come from significant overseas investors who have approached us for our views on the best way to achieve investment in black businesses," he said.

Expanding on details of the scheme, Mr Norman Michaels, a spokesman for Dr Boesak, said a number of funding approaches had been made by overseas institutions and it had been decided to set up one vehicle to channel investment funds into black business.

## Formal

"We are not looking to back the informal sector with this scheme. It will primarily be aimed at small-to-medium companies in the manufacturing and tourism sectors of the economy," said Mr Michaels.

"But really, we are striving to make capital available to black businessmen in the Western Cape and to that end we would look carefully at any sensible business proposition."

Asked if funds might be available for takeovers of a listed company on the JSE, Mr Michaels said: "It is possible. If it was a black entrepreneur trying to enlarge an existing business or something of that nature, we might look at it."

In another move, Dr Boesak announced earlier this week that Wesgro, the Western Cape growth organisation, would also become the marketing arm for Western Cape business.

DEVELOPMENT

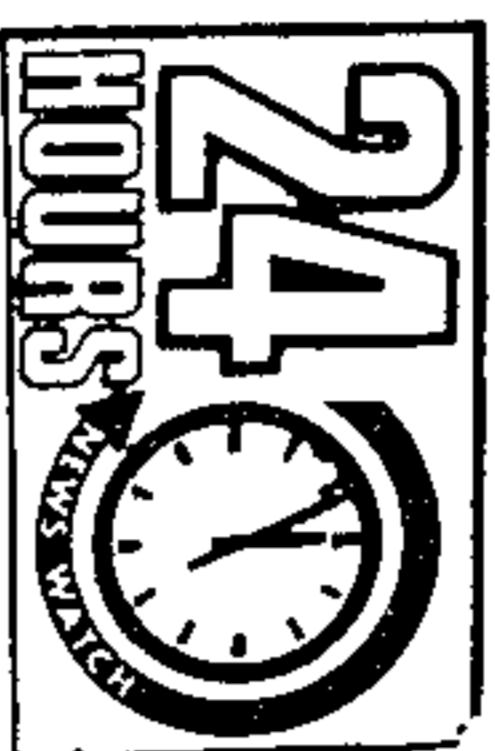
# From slum . . . to model suburb?

ARG 7/9/94

49A

49B

Gangsterism and poverty have united the Manenberg community to the extent the area is being toured by regional governments as an example to other Western Cape communities. Now Manenberg is poised to become an early beneficiary of the government's Reconstruction and Development Programme. Staff Reporter **ROGER FRIEDMAN** reports.



**T**HE Manenberg Development Forum will have completed the framework for the area's five-year reconstruction and development plan by the end of November — the most advanced community in Western Cape province.

The provincial co-ordinator of the reconstruction and development programme, Tony Ruiters, told the Manenberg Development Forum workshop yesterday it was an example to other communities of the "inclusive process" and encouraged Manenberg to take the lead in assisting in the formation of other RDP forums in the region.

"We are extremely encouraged by developments in Manenberg because the RDP's success lies within the various communities, not with the government.

"We are also encouraged to find that where other communities are still struggling to get the necessary players together, you already have everyone on board," Mr Ruiters said.

He was addressing representatives of more than 30 community organisations and institutions including political parties, schools, police, churches and mosques, health agencies, sporting bodies, non-governmental organisations and gangs.

Even the warring School Boys and Dixi Boys gangs turned out in a massive display of community strength at the Shawco Community Centre yesterday.

The Development Forum

first met in March but proceedings were disrupted by gang-warfare and the election battle.

In response to rampant crime, community leaders established an anti-crime forum in May which continued the process of uniting a bitterly divided community.

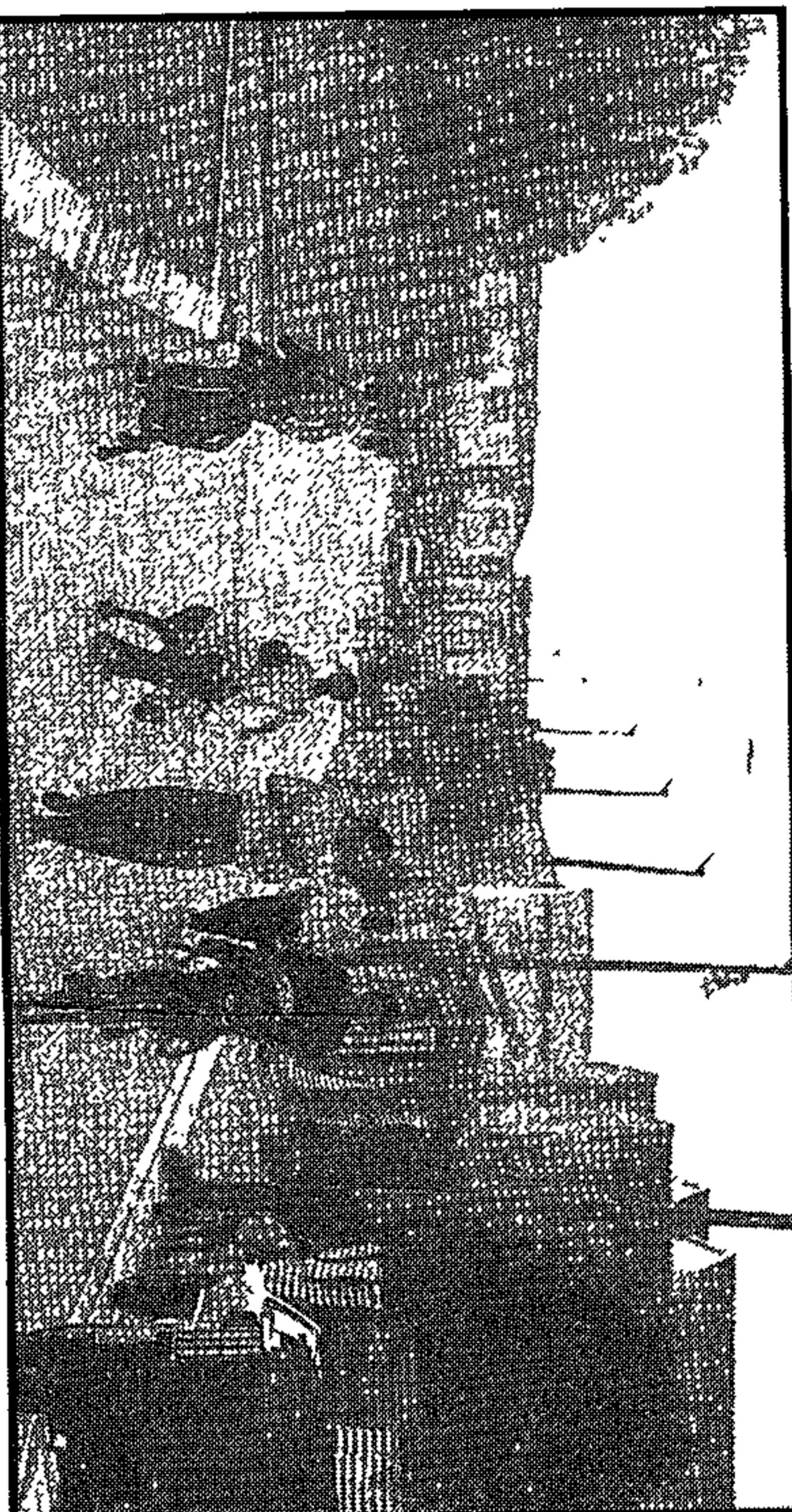
Yesterday the two forums ceased to exist as separate bodies, joining forces to steer the impoverished community in a "new direction".

"The community is serious about changing the culture of life in Manenberg," said workshop organiser Irvin Kines of Nicro.

"The workshop is the culmination of a series of concerted efforts by members of the community to steer Manenberg in a new direction.

At the workshop the community was divided into 13 "commissions" each charged with identifying needs and coming up with proposals to address them.

Commissions included education, health, crime, transport, welfare, peace, housing, job creation, youth development, and sport.



**HAPPENING:** Manenberg is where it's happening, was the title of the album that rocked acclaimed jazz pianist Abdullah Ibrahim to fame in the 1970s. Now things are really happening as the community gears itself up to become an early beneficiary of the Reconstruction and Development Programme.

Support Centre after interviewing thousands of the community's unemployed on their basic needs.

Out of the community profile will come a development framework, a five-year reconstruction and development plan to present to government.

Mr Ruiters said Manenberg's self-propelled initiative was exactly what the government had in mind when structuring the RDP.

"The government's style is different now. We will not determine the needs of a community, local forums must tell us what their priorities are.

"But the major criterion before funding or acceptance of a community's reconstruction plan must be proof that all major players in the community are involved.

"We have been to Khayelitsha, Mitchell's Plain and the

rural areas . . . we have already launched 20 RDP Forums . . . but we use Manenberg as an example of the inclusive process.

"The first task of the Manenberg Forum will be to put a five-year plan on paper ensuring it links the various elements of development.

"Its second task will be to produce a budget broken down into yearly allocations," Mr Ruiters said.

The social audit already produced in terms of the pillars of the RDP — basic needs, human resources, building the economy and democratising institutions — was a major advantage to Manenberg.

"Having completed an audit makes them the most advanced RDP forum in the region."

Mr Ruiters said local government budgets would be shaped by each community's five-year plan.

"If there's a shortfall of money local government can apply for provincial and national funding. That's where (Minister without Portfolio) Jay Naidoo's RDP fund comes into play."

He suggested Manenberg should not waste time in starting to negotiate with present local government — the Cape Town City Council — over community priorities.

For example, if the community felt roadwork was unnecessary and an extra clinic a priority, this should be negotiated with local government immediately.

Mr Ruiters said RDP forums should overcome "the geography of apartheid" and speak to other neighbouring forums.

"We are encouraging Manenberg to start speaking to Guguletu and Heideveld . . . we are encouraging Manenberg to take the lead in calling RDP forums together."

The government is to spend more than R2 billion this year on 18 projects to uplift the living standards of poverty-stricken South Africans.

Yesterday Minister Without Portfolio Jay Naidoo said the projects — announced on the eve of the presentation to the cabinet of the White Paper on the Reconstruction and Development Programme — could also launch the long term transformation of the entire society.

In line with the RDP, all the projects would be required to produce a business plans and train people, involve small businessmen and uphold affirmative action principles.

Some of the projects are:

- Urban renewal projects totalling R304,6 million, which include repairing damaged houses and township infrastructure, and upgrading hostels in areas such as KwaZulu/Natal, Port Elizabeth and the Free State;
- A R26,6 million land reform pilot scheme designed to develop and support integral, sustainable rural development in nine provinces;
- A R23,8 million land restitution scheme, to be implemented before the end of the year, in 10 communities in five provinces;
- The R472,9 million primary school nutrition scheme, which is aimed at contributing to the improvement of education quality and general health development of about 3,8 million pupils at 50 schools in nine provinces;
- The R59,5 million rural water provision scheme with 12 projects in seven provinces including in Natal, Eastern Cape and Northern Transvaal. Another R135,4 million is budgeted for next year;
- A R500 million programme that will, among other things, improve the provision of municipal services and facilitate the democratisation of local government. It is hoped this will lay basis for the sustained payment of rent and service tariffs by local communities.

Other projects included a national literacy programme that would be donor-funded to 1997 and Aids awareness and prevention campaign which would be departmentally funded.



□ Chief planner says only fully integrated growth management plan can save city from ruin

# Cape Town 'faces' crisis'

49A AR4 8/9/94

JOSEPH ARANES  
and ANDREA WEISS  
Municipal Staff

CAPE TOWN is in a crisis and only a fully integrated growth management plan can save it from ruin.

This was the view today of the city's chief planner, David Daniels, at an international conference on growth management for cities in crisis being held in Sea Point.

Also today, Ikapa commissioner Wallace Mgoqi said the culture of non-payment for services would have to be addressed "boldly and up-front" if local authorities were to remain viable — but this could only be done when inequities had been addressed.

Mr Mgoqi was speaking at a Press conference to announce the appointment of a special investigations team to improve the financial management of the local authority which serves Langa, Gugulethu and Nyandaga.

"If the government is to be supported properly, there has to be payment, but of course conditions must be changed so that people see something happening in their communities."

At the conference on cities in crisis, Mr Daniels described Cape Town as a city on the brink of collapse.

"Cape Town is seen as a city of opportunity by many people who migrate here daily — but those of us who live here know it is in a crisis.

"About 120 000 families live in conditions I can only describe as pathetic. Official figures put the unemployment rate at around 50 percent — but

speak to the people in Hanover Park and they will tell you it's closer to 50."

"The poorest of the city's poor get no municipal services because of the breakdown of the black local authorities serving their communities, and the health of the people is deteriorating daily."

He said the metropole had the highest population growth rate of any city in the country and that between 3 000 and 4 000 people migrated to the city every month, adding to the problem.

"Traditional planning like that practised under apartheid, where authorities reacted to problems and sought guidance from central government, can be blamed for a lot of the problems we are facing today."

"But if we can integrate all aspects of society like the economy, environment and development into a long-term strategic growth management plan, we will be able to rectify the problems of the past."

"We need to move beyond vision-speak and mesh the city council's plan for the city, Vision 2 000, with the government's Reconstruction and Development Programme and use the city's Olympic bid as a catalyst in developing the metropole."

● The Strategic Management Plan for Ikapa has appointed a Nigerian-born town engineer to oversee work in the stricken townships it serves.

The appointment of civil engineer William Obsanya, an American citizen, was announced at the same time as that of a special investigations team which is to look into the administrative flaws of the council, which has been the subject of a commission of inquiry.



THE NAKED PRINCE: Front page of the German tabloid newspaper Bild which carried a nude photograph of Prince Charles.

## Charles is 'hunky' like Greek statue'

LONDON. — The bad news for the Prince of Wales is that the nude pictures of him splashed across Europe yesterday and today are due to reach Britain tomorrow. The better news is that his physique is being compared to Michelangelo's David.

A blurred photograph in

## 'Lack of progress in school education slammed

JOHN WILLOEN  
Education Reporter

THE Western Cape education ministry under Martha Ockers today came under attack from teachers, pupils and the National Education Co-ordinating Committee.

Anger and frustration at the lack of progress in reforming education had reached "explosive proportions", said NECC regional secretary Shile Moon.

"We have been telling people to be patient. We refuse to play that role any longer. Pupils see no changes in their daily lives."

"Stronger action" — to be decided by teachers, pupils and communities — would have to be taken, Mr Moon said.

The Congress of SA Students and the SA Democratic Teachers' Union joined the





# US firm invests <sup>99A</sup> R130m in Atlantis <sup>CT 16/9/94</sup>

By MAGGIE ROWLEY  
Deputy Business Editor

A US-based company Diamond Electronics is investing R130m in Atlantis where it is opening a factory to manufacture charges for cellular phones for the export market.

This was announced yesterday at the opening of the Atlantis Business Information Centre, an initiative by the Atlantis Industrialists' Group (AIG) and the Atlantis Forum, a community organisation representing church, residents and political bodies to draw investment to the area and boost economic and social upliftment.

MP Danny Oliphant, a former shop steward at Atlantis Diesel Engine, and an executive member of the Forum, said in an interview that Diamond Electronics, a black-owned business based in Minnesota, was already operating out of one of the factories that had been vacated by business in recent years and was employing 50 people.

"They have done their test runs and met the required standards and lead times for their export contracts," said Oliphant.

He said employment at the factory should be boosted to around 500 people by the end of this year, to 1 500 by the end of 1995 and ultimately 2 500.

This, he said, would go a long way to alleviating the chronic unemployment levels in the town, currently running at 46%

## To boost jobs, barriers must go

BARRIERS to entry had to be removed to encourage potential entrepreneurs if the country's unemployment problem was to be addressed, Minister of Trade and Industry Trevor Manuel said at the opening of the Atlantis Business Information Centre yesterday.

Manuel said government was grappling with how to stimulate new business venture.

"One thing we don't have is money. We could print it but we won't, or we could borrow it and face the consequences down the line. So we are faced with the challenge of doing so within our current means, and reshaping the way we approach this."

He said they had called together private sector shareholders of the Small Business Development Corporation who had agreed that the SBDC should not be competing with financial institutions by assisting only those bankable entrepreneurs who had the ability to devise good business plans and charts. Small and medium enterprises which included concerns had been shown to be the greatest job creators.

"We are in the process of drafting a White Paper looking at ways of addressing business opportunities.

"However, we are choosing a different route to law making and it will form rather a draft or policy document which, with the involvement of provincial parliaments, will be tested by the people directly affected. We will then go back and take accounts of their views and feed it into the process," he said.

"Atlantis with its unemployment and social problems is a microcosm of South Africa and the success of this venture will mean a lot not only to the community but the rest of the country."

of the 25 000 economically active sector of the 65 000 population.

Besides creating employment, Diamond Electronics was planning a housing programme for as many of its employees as possible, he said.

Oliphant said they were presently assessing about 50 other applications for business to locate in Atlantis, which he said had become a white elephant of apartheid ideology.

"We are going to turn this around but will be very selective about which businesses we al-

low in. In the past, the previous government dumped business here. We do not want any fly-by-nights coming in and further destabilising the community as has happened in the past. Between 1989 and 1991, 21 factories were closed in Atlantis and 2 000 industrial jobs lost."

Oliphant said Atlantis had originally been conceived in 1979 as a town for 170 000 coloured people in an attempt to curtail coloured people in Cape Town.

"But this is gradually changing and 2,5% of the

population is now African and a number of white families are moving in. We aim to attract all groups and make this a model town for South Africa," he said.

The Atlantis Business Information Centre is designed to showcase the products of Atlantis to the country and provide a permanent exhibition of all that Atlantis' 100 businesses can offer.

Fritz Korte, MD of Atlantis Diesel Engines which has been involved in setting up the centre said the Industrial Development Corporation had committed a substantial amount, believed to be in excess of R5m, to develop entrepreneurial skills in Atlantis.

He said the IDC and the industrialists of Atlantis believed the region could become a mini-powerhouse and the money earmarked by the IDC will be used to set up a programme of mentoring, whereby potential local businessmen will be provided with the training and skills to set up a small business that could service the area and possibly also the national market.

Steps were already in place to compile a broad financial study to determine the profitability, funding requirements and possible structure of this new venture.

"We will identify suitable investors and mentors, draw up business plans, determine training needs and present proposals to financial institutions," he said.

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# Fighting Atlantis on the rise

**JOHN VILJOEN**

Weekend Argus Business Staff

WHEN Trade and Industry Minister Trevor Manuel spoke of an Atlantis "fightback", there was plenty of evidence to back his words.

According to 1975 plans, Atlantis was to be home to 170 000 coloured people in an attempt to curtail the growth of Cape Town's coloured population.

Between 1989 and 1991 things started to go awry. Twenty-one factories closed and 2 000 industrial workers lost their jobs.

Health workers reported an increase in poverty-related health problems, characterised by thousands of tuberculosis cases.

But this week, as Atlantis celebrated the opening of an impressive permanent showcase for its industrial capabilities, there were the first signs of major foreign investment.

A United States electronics company is to spend more than R100 million on a plant to manufacture cellular telephones for the export market.

Eventually, the factory will employ 2 500 people.



**Trevor Manuel**

Atlantis is a community which is pulling itself up by its bootstraps. As Mr Manuel put it, the people of Atlantis are "fighting their way out of the quagmire".

"The people of Atlantis have come through a very, very difficult time," Noel Williams, head of the Atlantis Development Forum, said.

But he is optimistic. "This is not the lost city. It is a youthful community with tremendous potential."

"People who invest in Atlantis will be investing in quality."

More than two years ago the forum, formed in December 1991, began an ambitious programme to rejuvenate Atlantis.

"The only way to resolve the problem of Atlantis is if the people of Atlantis do it themselves," Mr Williams said.

The forum has set out to tackle the community's social problems:

A community centre with training facilities and a library is planned, while another possibility is a motor mechanic centre, enabling backyard mechanics to become business people. (49A)

The forum's planning and environmental arm is planning the revitalisation and upgrading of the Wesfleur town centre.

Meanwhile, the Atlantis Business Information Centre, which Mr Manuel has opened, is designed to attract business and investment and ensure that the town becomes the growth point it never was under apartheid.

ARC 17/9/94

# Tourism

## boost

*S. Times*  
for the  
[Cape] economy

By JEREMY WOODS

THE current economic upswing should gain momentum during the rest of the year and the Western Cape should show four percent real growth in the next 12 months, says Wesgro in its latest annual review.

"The backbone of such growth is expected to be a significant upswing in tourism activity and in local consumer spending," say Wesgro, the Western Cape growth organisation. 18/9/94

Further help to the upswing should come from progress with clothing and agricultural exports and the effects of increased social development spending, as well as a number of larger projects coming on stream.

### Uncertainty

Wesgro say the tourism industry may soon be the single most important sub-sector in the regional economy as its direct and indirect contribution to regional output is approaching 10 percent.

"Political uncertainty, the spectre of widespread violence, and economic recession in other countries, have been factors preventing a more significant increase in tourist arrivals." (499)

But currently, says Wesgro, the signals for a revival in the tourism industry are strong with widespread expectations that the recovery phase will lead into an upward shift in the level of tourism activity in the region.

# US firm in jobs bonanza for Atlantis

SITimes (Cimetro)

By JEREMY WOODS

**US-BASED Diamond Electronics is setting up a manufacturing operation in Atlantis that will export R230-million worth of cellular telephone chargers a year and provide 2 000 new jobs.**

Diamond Electronics will assemble the charger-unit for Motorola cellular phones. The electronic units are used to recharge the batteries of cellular phones.

Production of chargers will be targeted at 250 000 chargers a month, from four production lines.

If the operation goes well, Diamond Electronics is considering relocating a factory in Mexico to Atlantis, says Wesgro, the Western Cape growth organisation.

The planned location of the new

R130-million manufacturing plant in Atlantis, which will lead to a massive jobs bonanza for the area, follows a fact-finding mission to the Western Cape by Mr Ronald Burrell, an African American and partner in Diamond Electronics. 25/1/94

Employment is planned to start in November and the plant should be in production by Christmas.

Mr Burrell says he will have 750 people on the payroll by the middle of next year, and 1 200 a few months later. Medium-term plans, say Wesgro, show employment rising to 2 000 people by 1996. (1994) (1994)

A test programme using relatively inexperienced people produced 500 units and was extremely encouraging.

A test programme producing 500 units to establish productivity and defect rates in the Atlantis factory has already been completed by relatively inexperienced people.

"The test results were extremely encouraging as the defect rate did not rise above 0,2 percent during the test," says Mr Burrell.

"Many of the new jobs will go to women as they demonstrated the necessary dexterity to mass assemble the delicate electronic components of the charger-unit," says Mr Burrell.

"Diamond Electronics will also consider building houses for their employees to rent and enter into an agreement with them that ownership of the house eventually passes to the employee after a certain period of time with the company."

Mr Burrell says if everything goes according to plan, Diamond Electronics would "seriously consider closing its Mexican assembly line and relocate the factory to Atlantis."

# Boost for W Cape as Wesgro expands

**JOHN VILJOEN**  
Business Staff

INVESTMENT and development in the entire Western Cape province is set to benefit after a decision by Wesgro to formally expand its area of interest.

Wesgro members adopted resolutions broadening the organisation's objectives and increasing representation on its board at the agency's annual general meeting in Cape Town yesterday.

The agency would in future promote new investment into the province as a whole, and not only promote the Cape Town metro-

politan area, executive director David Bridgman said.

Wesgro would aim to identify the structure, prospects and threats major Western Cape business sectors faced.

This would involve a partnership between industry, business, labour, government and training bodies.

Areas of focus would be promoting exports from the region, training to strengthen the labour force and efforts to assist disadvantaged groups.

"We intend this economic development agency to play a sincere and necessary role in promoting the balanced development

of the province as a whole," Dr Bridgman said.

Wesgro had approached the Development Bank of South Africa and the Independent Development Trust for assistance to pay for its increased activity.

Wesgro had re-worked its core investment guide, the cornerstone of its work in promoting the province, and this process would continue.

The Wesgro board was to be expanded to be more representative of the entire province and to reflect changing political and demographic trends, agency chairman Anthony Coombe said.

(49A) ARG 27/9/94

# '2% of RDP funding for W Cape this year'

(49A)

ARC 29/9/94

□ Meiring: Only R50 m for pressing projects

**MICHAEL MORRIS**  
Political Correspondent

WESTERN Cape Reconstruction and Development Programme projects identified so far will require spending of just over R3 billion — but the region can expect "no more than about two percent of the funding this year".

Western Cape Minister of Finance Kobus Meiring told the Institute of Bankers today that he estimated the province would receive only about R50 million for pressing RDP projects at this stage.

For this reason it was important to "temper" expectations and to tackle economic reconstruction "in the same spirit and with the same innovativeness as we addressed our political problems".

Expectations were not un-

reasonable, but the country had limited resources.

He said it was vital to acknowledge that the RDP was not a cure for South Africa's economic ills and that benefits to disadvantaged communities would be "slow in developing".

The RDP had the potential to "increase the output in all sectors of the economy, and by upgrading our infrastructure and human resource development, our export capacity will also be enhanced".

But if this was to be effective it would be necessary to "acquire the necessary strategies and commitments quickly", said Mr Meiring.

A priority was to negotiate a "comprehensive policy framework... to avoid divisive policy disputes and consolidate international confidence".

South Africa would also have to tackle its economic weak-

nesses, including low investment levels, high costs, low productivity, low and inappropriate skill levels, declining employment, capital outflows, low exports and high imports.

Sustained economic growth would depend on developing a manufacturing sector "that makes greater use of our own raw materials and minerals".

Mr Meiring said: "There is no instant solution. Real wealth comes only through hard work, greater efficiency, improved productivity and by being more competitive than other nations."

This would take decades rather than years to achieve, and could only be maintained in an environment of "overall social, political, financial and economic stability".

If South Africans were prepared to put self-interest aside and work towards a common goal, a bright future lay ahead, he said.



# How indices are born

4911  
 TOM'S UNIT TRUSTS  
 (021) 658 7866

Now a new one for Cape-based companies

ARL 8/10/94

**Business Editor**

STOCK market performance indices have been used in South African since the 1960's.

David Sylvester, private client advisor at stock brokers Frankel Pollack Vinderine, says that in South Africa indices were pioneered by the now defunct Rand Daily Mail (RDM) in the early seventies.

The Johannesburg Stock Exchange Indices followed on November 1, 1978. Historical data back to 1960 was calculated and linked to the RDM Indices in use at the time.

"The JSE Equity Indices are calculated every two-and-a-half minutes during the trading session and an official close is calculated once the closing prices are available.

"These statistics are made available to financial Press and information services and receive wide exposure in the Press, radio, and on television."

Mr Sylvester said that internationally the general public had long taken an interest in indices.

The Financial Times (FT) 30, in Britain and the Dow Jones in the United States were well

known examples.

When a new generation of indices were introduced, comparatively recently, the FT Actuaries (UK) and the Standard and Poors (US) were welcomed by institutional investors.

But they did not gain the same immediate acceptance among the general public as the recognised barometers of the markets.

**A historical performance of the Western Cape Index is currently being calculated to show how it would have performed in relation to the JSE overall index for the past five years. The performance will be published later this month.**

Mr Sylvester said a similar situation was averted in South Africa as the new JSE Indices were linked to the popular RDM Indices and were also weighted in terms of market capitalisation.

"The major objective in an index is to provide a standard or gauge against which portfolio performance can be mea-

sured objectively.

"It also provides a description of the market at any point in time in terms of price levels, while a historical record of the market as it changes over time can be constructed.

"The index can tell an investor whether the market is cheap or expensive historically, and thereby help in deciding whether to buy or sell."

The objective in creating the new Weekend Argus, Frankel Pollak Vinderine Cape Index, in part experimental: "Is to track the performance of Cape-based companies in relation to the overall index, the gold index, and the industrial index of the JSE.

"Clearly the Cape is not a microcosm, or proxy, for the rest of the country and the new index will have no constituents from the mining sector. It will be dominated by insurance, industrial holdings, beverage and leisure, and stores (retail)."

Mr Sylvester said it could be anticipated that in times of high precious and base metal prices the index would underperform the gold and mining indices.

Company	Sector	Market Cap	Weight
Trans Hex Gropup	Diamonds	R339 million	0,56
The Board of Executors	Banks & Financial	R368 million	0,61
Boland Bank	Banks & Financial	R202 million	0,33
Santam	Insurance	R870 million	1,43
Southern Life	Insurance	R5,7 billion	9,34
Metropolitan Life	Insurance	R2 billion	3,23
Lenco Holdings	Industrial Holding	R1,1 billion	1,76
Rembrandt Group	Industrial Holding	R12,4 billion	20,39
Safren	Industrial Holding	R5,8 billion	9,58
Distillers Corp	Bev, Hotel & Leisure	R980 billion	1,65
KWV Beleggings	Bev, Hotel & Leisure	R409 million	0,67
Stellenbosch Farmers' Winery	Bev, Hotel & Leisure	R490 million	0,81
Spur Steak	Bev, Hotel & Leisure	R199 million	0,33
Engen	Chemicals	R5,8 billion	9,47
Searde Investments	Clothing, Footwear & Textiles	R146 million	0,24
Rex Trueform "O"	Clothing, Footwear & Textiles	R53 million	0,09
Rex Trueform "A"	Clothing, Footwear & Textiles	R31 million	0,05
Bonnita	Food	R483 million	0,79
Langeberg Holdings	Food	R720 million	1,18
Irvin & Johnson	Food	R1 billion	1,66
Bowler Metcalf	Paper & Packaging	R77 million	0,13
Aries Packaging	Paper & Packaging	R31 million	0,05
Harwill Invests	Paper & Packaging	R43 million	0,07
Medi-Clinic Holdings	Pharmaceutical	R197 million	0,32
Nasionale Pers	Printing & Publishing	R2,2 billion	3,67
Pepkor	Stores	R3,6 billion	5,98
Pick 'n Pay Holdings	Stores	R1,6 billion	2,68
Wooltru Ltd "A" & "O"	Stores	R6,2 billion	10,22
Foschini	Stores	R4,5 billion	7,35
Clicks	Stores	R600 million	0,99
Trencor	Transportation	R2,7 billion	4,42

**COUNTRY CASES**

ANNUAL INCOME GROWTH%	INFANT MORTALITY (/000)	PRIMARY ENROLL. RATE %	YEARS
			1960-80
			1972-84
			1963--82
			1973-88



**IT'S TRADING:** Constructors of the Weekend Argus/Frankel Pollak Vinderine Western Cape Companies Index, Glenn Moore, David Sylvester and Deane Moore making the final selections.

# Western Cape's 4% growth 'to be maintained'

CAPE TOWN — The Western Cape's 3% to 4% economic growth this year, slightly up on forecasts for the rest of the country, was expected to be maintained next year because of the absence of any significant downturn in its primary sectors.

Wesgro economic development coordinator Wolfgang Thomas said the various sectors contributing to the growth of the Western Cape economy were showing sustained growth, with tourism and agriculture showing potential for growth above 4% in 1995.

EDWARD WEST

Projects which would affect the region's economy included Mossgas, Capricorn Technopark and Namakwa Sands. 28 Jul 94

Factors expected to boost the Western Cape economy next year were tourism, foreign and local investment, exports, public sector infrastructure spending and promotion of small and medium-sized businesses, Thomas said. (499)

The fact that the region had shown

higher economic growth than others during the recession had proved its resilience, which it derived from a well-diversified base, he said.

Western Cape economic affairs department head Tony Ruiters said his department was confident of reasonable economic growth in the province next year. The stimulation of small businesses and reconstruction and development programme projects relating to housing, tourism, public works programmes and training would boost the economy further.

# Wesgro shifts <sup>49A</sup> emphasis

## Business Editor

THE emphasis has shifted to encouraging new entrepreneurs to open manufacturing businesses rather than the retail and service operations favoured in the past, says Wolfgang Thomas, Wesgro economic development co-ordinator.

But the success of this policy will depend on how much help comes from the private sector in terms of subcontracting work out to small business, entering into partnerships or associations or offering training.

Thomas thinks there will be no "blanket grants" and the Small Business Development Corporation will have funding from the government only if it goes in this direction.

"The government will give some — but not spectacular finance."

He expects the necessary help to come from the private sector. "On the whole the response has been positive.

"I think white-owned companies will scramble for black partners, to look kosher. Some of them may help skilled employees to set up on their own and subcontract work out to them."

Thomas points out that although a discussion paper issued by the Department of Trade and Industries (DTI) covers a wide range, going far beyond the manufacturing sector, "there can be no doubt about a fundamental change in approach in the government's support for small enterprises. This is reflected most strongly in the foreword and first two parts of the document."

These, within a broad framework, spell out a national support structure for small manufacturers.

"The ball is now in the court of organised business, industrial subsectors and the small and medium enterprises (SME) support agencies to pick up and run with, with the full assurance that the government is keen to co-operate within its financial and human resource constraints."

# M Plain sets priorities

Staff Reporter

MITCHELLS PLAIN organisations have insisted that no development continue there without the building of a school, library, clinic and police station being included in the plans.

This was decided at the first meeting of the Mitchells Plain Reconstruction and Development Forum held on Saturday, secretary Mr Jeremiah Thuynsma said.

He said the forum, which represents over 100 community groups, had also decided to campaign to improve the image of the police among residents

Mr Thuynsma said the campaign would include a drive for more staff and vehicles for police

He said health priorities for the area would be decided at a workshop later this month. 49A CT17/10/94

## DEVELOPMENT

### Marketing drive

*For 4/11/94*  
**Western Cape** has become the first province since the general election in April to set up a fully representative agency to promote trade and industry in the region.

The transformation of Wesgro, which previously focused on marketing the Cape Town metropole with financial support from local authorities and the private sector, is seen as a major boost for the RDP in the province.

*(49A)*  
The bulk of funding is now expected to come from the provincial government. Wesgro executive director David Bridgman believes the new agency will need an annual budget of R16m-R20m to be effective. In terms of the interim constitution trade and industry promotion is a provincial responsibility.

The new Wesgro board will include representatives of organised business, labour, provincial and local government and private sector leaders.

The new agency could serve as a model for other provinces and is prepared to help them define similar structures for their own economic development. Bridgman says there are thousands of economic development and investment promotion agencies in the world and all successful countries have them. In the US almost every state and city has one.

Wesgro will promote investment by, for example, providing comprehensive and relevant information to potential investors, promoting the growth of industry sectors.

## CURRENT AFFAIRS

*For 4/11/94*  
maximising inward investment, strengthening export performance and encouraging black economic advancement in the formal economy.

A significant aspect of the restructuring is that Wesgro's efforts will now be spread throughout the province. Its head office will remain in Cape Town but regional offices will be opened elsewhere. This will enable smaller towns to be active in developing their own resources and promoting investment potential.

Bridgman says strong growth in trade and industry in the Western Cape offers one of the best opportunities for sustainable job creation, black economic advancement and, by increasing production, for generating higher income and tax revenues.

In its latest annual report Wesgro says the Western Cape economy grew by about 2.4% in the year to June and is expected

to grow by 4% in the coming 12 months.

*(49A)*  
Growth is expected to be based on increased tourism, local consumer spending, improved clothing and agricultural exports and the effects of RDP spending. Wesgro says specific industry opportunities in the province include food processing, wine, beer and soft drinks; tourism, clothing, textiles and footwear; oil, petrochemicals and plastics; pharmaceuticals, metal products and hi-tech R&D.

Bridgman is confident Cape Town can become "one of the most dynamic business locations in the southern hemisphere," based on the infrastructural development that will follow Cape Town's bid to host the 2004 Olympic Games, increased international tourism, strengthening trade ties with the rest of Africa and the establishment of a democratic government. ■

# Cape Town in battle for cash

ARGUS 11/94

49A

■ Arthur Wienburg says the government owes Cape Town R36 million and he accuses it of sharing the culture of non-payment affecting many parts of the country.

**DAVID BREIER**  
Weekend Argus Political Staff

THE government has been accused of short-changing Cape Town millions of rands by unilaterally changing its debts to lower amounts.

A furious Cape Town exco chairman Arthur Wienburg accused the government of joining the culture of non-payment of debts gripping many parts of the country.

This follows a vain bid by the city to collect more than R33 million underwritten by the government as part of the debt owed by black local authorities.

Mr Wienburg disclosed that he had sent city treasurer Eddie Landsberg to Pretoria to collect R33 million — but Mr Landsberg returned with a cheque for only R11 million.

This meant the government owed Cape Town the balance of R22 million — plus R14 million which Mr Wienburg says the state owes in rates — making it R36 million the state owed the city.

This forms only a small part of about R250 million in arrears owed to the city council.



Picture: LEON MÜLLER, Weekend Argus.

□ **WE WANT OUR MONEY:** Arthur Wienburg insists the government pay its debts.

"Somebody is playing games," Mr Wienburg told Weekend Argus. He said the situation had become "totally unacceptable".

Mr Wienburg has written an angry letter to Roelf Meyer, minister of provincial affairs and constitutional development who is also responsible for local government.

"One expects the central government to set an example in paying its debts, and to do so timeously, rather than setting an example for those who embrace the culture of non-payment," Mr Wienburg wrote in his letter.

But Mr Meyer has written

back a standard letter acknowledging receipt and saying the matter would be looked into in due course. Mr Wienburg said Cape Town deserved better than being "fobbed off" in this way.

Mr Landsberg gave Weekend Argus details of his frustrating meeting in Pretoria with officials of Mr Meyer's department.

He said the state was obliged to pay R33 387 774 for arrears for service payments in Ikapa, Lingeletu West and Mfuleni.

He said this sum consisted of R21,3 million for the supply of water and R12 million for oth-

er services such as sewerage, fire protection, community health and refuse disposal.

But Mr Landsberg said he found the previous director-general of the department, Louis Koch, had "changed the figures (pertaining to water arrears) without reference back to ourselves".

The city treasurer explained there were various agreed water tariffs for different areas, depending on reservoir surcharges and distribution charges. "That is because the infrastructure is not all the same," he said.

"Because Louis Koch did not understand the cost structure, he chose the lowest tariff and changed 11 tariffs which were higher to equate with the lowest tariff.

But things got even worse when he asked why Cape Town was not being paid for the other services. He was told there was no record of this in the file to back the claim and therefore it could not be dealt with.

Mr Wienburg told Weekend Argus the R33 million the government was supposed to pay Cape Town was in terms of the agreement between President Mandela and the then President De Klerk on January 20 this year, to write off black service arrears.

A spokesman for Mr Meyer confirmed the letter from Mr Wienburg had been received and said it was being given "the appropriate attention" and this had been conveyed to Mr Wienburg.

# W Cape holds its own in Top 300

By MAGGIE ROWLEY  
Property Editor

WESTERN Cape industrial companies retained 51 positions in the Top 300 list for 1994 in the 12 months to end December.

According to an analysis of the Financial Mail's top 300 industrial companies by Anglo American Property Services (Ampros), the major strength of the Western Cape province, which has 17% of the country's top industrial companies, continues to be in clothing, footwear and textiles, a sector which it dominates with nine or 33% of the 27 companies to make the list.

It also boasts 33% or 14 of the country's top retailers and wholesalers just behind Gauteng's 15 and way ahead of KwaZulu/Natal and Eastern Cape which have four and one respectively.

Other leading Western Cape industrials, whose performance tends to be linked to geographic and climatic conditions, include fishing with one of the top three companies and the food sector with five of the top 18.

While regions are not strictly comparable with previous years

CT 19/1/95  
due to the new provincial demarcations, Gauteng continues to retain the greatest concentration of industrial power in the country in spite of being geographically the smallest province with only 1,5% of the total surface area of South Africa.

With 206 or 68,7% of the national total situated in this region and 38 of the Top 50 companies, it is home to 100% of the country's top print and publishing companies, 66% of the top beverages, hotel and leisure companies and 84% of building and construction. Other sectors in which it is dominant include industrial holdings with 79% of the top companies, engineering (91%) and electronics (100%).

Of the top companies in this region, 147 or 71% fall in the greater Johannesburg area.

KwaZulu/Natal has the third largest concentration of industrial clout with representation in the Top 300 remaining constant at 26. While sugar dominates with all three top companies in this sector situated in the province, other regional strengths include tobacco and match, clothing footwear and textiles (26%) and fishing (33%).

49A  
The Eastern Cape which now re-incorporates the Ciskei and Transkei is fourth in line with six of the companies in the Top 300 list with clothing footwear and textiles being the major contributor from this region where the main economic base rests in the motor industry.

Fifth in line is the North West province with four companies listed in the Top 300 — two in investment and one each in furniture and household goods and in engineering.

Eastern Transvaal has two, the North West has four and the Northern Transvaal one. Neither the Orange Free State, which include Qwa Qua and Thaba Nchu, nor the Northern Cape, which is the largest province, have a single company listed in the Top 300.

Four of the Top 300 companies have their head office located in areas outside the boundaries of South Africa — three in Namibia and one in Detroit, USA.

Ampros says that although the total assets of all the 300 industrial companies grew by only 8% during 1994, it was hoped that 1995's list would reflect the benefits of anticipated economic growth.



# Wesgro plans to launch further survey of Cape firms' prospects

(49A) ARGUS 3/12/94  
COLIN DOUGLAS

Business Staff

WESGRO has undertaken an expanded survey of Western Cape businesses, with the object of gauging "underlying growth forces and business expectations" in the province.

Questionnaires have been distributed to over 5 000 businesses. While previous surveys focussed primarily on small and medium sized enterprises, the new survey includes businesses of all sizes.

"The survey will capture expectations about the 12 months ahead as well as the next three years, which should provide a firm basis to assess how business is facing the challenges of an economic upturn," Wesgro said.

The questionnaire asks businesses to indicate:

- Their expectations about the turnover, profitability, labour conditions, and export success of their own businesses.

- Their expectations about conditions in their business sub-sectors, including their views on the impact of technological change and foreign competition.

- The main problems experienced by both businesses and sub-sectors.

- Action which should be taken by businesses and authorities to address these problems.

For further information call Kate Sherwood at Wesgro ☎ 461 6161.

Meanwhile a bureau to promote links between formal and informal businesses has been opened by the Western Cape Economic Development Forum in Cape Town.

The Business Opportunities Network (BON) offers to:

- "Facilitate networking and co-ordination between all participants" in the small business field.

- Assist with "capacity building".

- "Develop and initiate manufacturing concerns where needed".

- Assist with "equity buy-outs and joint capital ventures".

- Provide exhibition and meeting facilities.

While its initiators concede that the BON's establishment was "not fast-moving", they are certain that "the BON will play an important and constructive role within the development of the Western Cape economy".

For further information call Daniel Malan ☎ 419 9641.

# Call for 'partnership' to train youth

Staff Reporter

**UNEMPLOYMENT** in the Western Cape, which tops 42%, cannot be beaten unless all interest groups form a broad-based partnership to bring skills and opportunities to the region's 250 000 unemployed youth.

This was the message to both formal businesses and community organisations which attended the Careers Research and Information Centre's (Cric) seminar on youth, work and reconstruction in Athlone yesterday.

Unless all sectors pulled together and extra

efforts were made to provide opportunities for the so-called lost generation, "we are all going to sink together," said Mr Herbert Hirsch, co-chairman of the Western-Cape Economic Development Forum.

Cric manager Mr Greg Erasmus urged local firms to conduct work preparation programmes as the first step to providing seemingly unemployable and unschooled youth with the skills required in their fields of interest.

Regional Economic Affairs Minister Mr Chris Nissen, of the ANC, said a "massive increase" in

human resource development was needed to create economic growth and employment for the region's 668 000 unemployed.

Public works programmes would provide thousands of temporary jobs and basic skills training to the youth.

However, the Reconstruction and Development Programme relied on the creation of partnerships between business, labour, community, youth and civic organisations to tackle long-term job creation, he said.

# Shot in arm for West Cape

SI Times EC [metro]

**A PLAN to unlock a R140-million venture capital fund for black-owned business could make the Western Cape the fastest growing region in the country.**

Details of the plan, which will be a major boost for the regional economy, were unveiled this week by the acting head of economic affairs in the Western Cape, Tony Ruiters.

Plans were already well underway to release funds tied up in a US-based venture capital fund, earmarked for black business projects which could see millions of rands beginning to flow into the Western Cape from early next year.

The massive fund will make money available to black-owned business to give them the financial muscle to compete with large white-owned business on an equal footing.

The idea for a fund aimed at developing the Western Cape was originally mooted by former ANC Western Cape economic affairs head Dr Allan Boesak during a trip to the United States.

The administration of the R140 million was placed under a cloud in August when questions were asked in parliament about Dr Boesak's handling of the trip to the United States.

The American aid agency US-Aid footed a R75 000 bill for the three week fund-raising trip to the United States.

Dr Boesak was attacked by both the DP and the NP for raising funds over which the re-

By GARY COLLINS

18/12/94

gional parliament had no control.

However, Mr Ruiters emphasised: "The fund is not a charitable handout. It is a purely business-oriented venture capital fund.

"The aim is to let black enterprises enter into partnerships with large business — but this time black business will have something to bring to the table."

"We are not asking white business to give handouts to black businessmen or compromise their management styles," said Mr Ruiters.

"The venture capital fund will put black business on an equal footing with large companies to develop new markets and explore joint venture partnerships."

Mr Ruiters said plans were also afoot to restructure the Small Business Development Cor-

poration (SBDC) nationally and to support and train the black business sector in finance, marketing and general business skills.

Mr Ruiters said the boost from RDP projects, a growing export and tourist market and the R140-million fund could make the Western Cape the fastest growing region in the country.

Some RDP projects have already kicked off with a R17 million allocation for housing and construction on Olympic projects were due to begin next year, he said.

"The luxury clothing industry is experiencing a mini-boom while fruit, canning and wine exports are soaring," he said.

The \$35 million (R122 m) fund was kicked off by two New York-based investment firms with funds from the small but influential African American and minority business sector.

ECONOMY - WESTERN CAPE

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Speaking in Parliament Justice Minister

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# Wesgro to get new legal edge

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CT 24/11/95

By CHRIS BATEMAN

TRADE and investment promoter Wesgro is to become a statutory body to enable hard-hitting, integrated and aggressive investment promotion for the Western Cape — with full local government backing.

Wesgro's chief executive Dr David Bridgman confirmed this after the Cape Times learnt of a lengthy meeting between him, Premier Mr Hernus Kriel, Economic Affairs Minister Mr Chris Nissen, Minister of Finance Mr Kobus Meiring and most major local economic players yesterday.

## Legislation

Acting head of economic affairs and local RDP co-ordinator Mr Tony Ruiters said legislation enabling Wesgro to remain independent and to appoint a fully representative board was expected by March this year.

"With the Olympics looming and each one of 60 trade delegations who've visited here showing interest because of it, we must seize the chance to get our act together or we'll all suffer economically," he warned.

He said one of the major differences in the new Wesgro would be that it

would cover the entire Western Cape with provincial, local government and labour members on its board and full federal government support.

Approached for comment, a relieved Dr Bridgman said: "At last we're putting in place a sound structure on which to build economic growth in the province.

"Having established ourselves as an effective and respected organisation, Province have decided to use us as the trunk around which to build its development agency. This is a very significant decision," he added.

He said Wesgro had sought advice from other developmental agencies, including the World Bank and was confident that the move was appropriate and "of considerable assistance in further strengthening our economy".

He said Wesgro's articles of association were changed in September last year to enable provincial participation and his board would meet later this week to thrash out legislative principles to put to Province.

Premier Mr Hernus Kriel said last night that "important decisions" were taken at yesterday's meeting and that a statement would be released, "as soon as we've put flesh to the skeleton".

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# Cape can become real 'powerhouse'

(49A)

ARG 27/1/95

## □ Tourism industry continues to show growth

**TOS WENTZEL**  
Diplomatic correspondent

THE Western Cape has the potential to become the economic powerhouse of South Africa, but hard work was needed to realise this, regional minister of finance Kobus Meiring said.

Addressing a seminar in Bantary Bay on trade and investment possibilities with Chile, he said the Western Cape's economic growth recently outperformed that of other regions.

Indications were that it could grow by more than 3,5 percent this year against an expected average of three percent for the country as a whole.

The region also had a well balanced and diversified economy

with agriculture contributing 6,1 percent, manufacturing 23,5 percent, financial and business services 16,6 percent, commerce, catering and accommodation 20,9 percent and personal and social services 18 percent.

The region had only 10 percent of the country's population and 10,3 percent of the labour force, but its contribution to South Africa's gross geographical product was 14,2 percent.

Mr Meiring referred to the "very promising and important tourism sector", the fourth largest industry in South Africa. In 1993 there were 622 000 overseas visitors which earned the country R6 billion in foreign exchange.

"We have the potential, especially in the Western Cape, to increase this dramatically.

"Tourism currently contributes

five to six percent to the gross regional product and this should increase to eight to 10 percent over the next five to seven years."

There were problems, however, including:

- Clean water had yet to be supplied to many, while sanitary services would have to be improved and extended;

- The huge housing shortage had to be addressed urgently;

- Health services had to be improved and extended;

- Widespread poverty had to be addressed, the disadvantaged uplifted and living standards of many in rural and informal settlements improved;

- Education and training had to be improved as it was also a critical factor in improving productivity.

# W Cape growth poised for boom in 1995

4914  
ARL 31/1/95

## □ 'Tourism, property, foreign trade'

**COLIN DOUGLAS**  
Business Staff

**ECONOMIC** growth in the Western Cape is poised to outstrip the national average this year, thanks to a boom in tourism, property and foreign trade.

This was the buoyant view of most panelists at a top-level development conference held by Cape of Good Hope Bank and development organisation Wesgro in the city yesterday.

"The Western Cape economy is very well placed to grow in excess of the South African average," said Syfrets economist Elmien de Kock.

"The province's export growth rate is higher than that of South Africa as a whole."

Economic growth of 3,8 percent for the province this year, up from 2,8 percent last year, was predicted by Wesgro in a set of "highly tentative estimates" of economic prospects.

"There can be little doubt that the region has the potential to significantly expand gross regional product, employment and investment on a very broad base," Wesgro's study said.

Tourist numbers, already up 22 percent in 1994, will boost growth prospects with a further increase of 28 percent this year, Wesgro suggested.

"The mood in the tourism industry is fantastic," said Protea Hospitality Corporation chairman Otto Stehlik.

"We've just had the busiest Cape Town tourist season that I have seen in 25 years in the industry."

"In November and December, the hotel industry was running at near 100 percent occupancy."

Exports from the Western Cape to foreign markets will increase by 6,2 percent this year, Wesgro estimated.

Manufacturers confirmed Wesgro's export growth optimism.

"Our order book is several times what it was last year," said Ewalt Wessels, chairman of Cape Manufacturing Engineering.

Clothing Federation vice-president Bernard Richards said: "Our goods are of high quality and are well accepted overseas."

"There's a positive mood in

the clothing industry — we're employing 4,5 percent more people this January than last January."

Property markets are expected to boom this year, Wesgro said, with residential property prices surging eight percent ahead of inflation and the vacancy rate for commercial and office premises falling three percentage points to six percent.

But several panelists, including provincial economics minister Chris Nissen, warned that increased growth in the region was not assured.

"If we don't get social and economic stability, we've got no chance of growth," Mr Nissen said.

"There's no way government and business can escape the responsibility of securing the social climate."

University of Cape Town economics professor Brian Kantor said the Western Cape administration would need to secure as much fiscal power as possible from the national government if long-term growth in the province were to become a reality.



# W Cape region's potential discussed <sup>(49A)</sup> CT 31/1/95

By AUDREY D'ANGELO  
Business Editor

THE need for transparency in local government expenditure and in the granting of casino licences, the possible effects of easing import tariffs and prospects for tourism were among matters discussed at the first meeting of a Western Cape Business Development Panel organised by the Cape of Good Hope Bank and Wesgro yesterday.

The panel, composed of business people representing major local industries and some of the country's leading economists, pin-pointed the region's advantages and some of the difficulties ahead.

Chairman Mike Thompson, MD of the Cape of Good Hope Bank, said it had intended to play a key role fostering development in the Western Cape. It would publish four economic monitors a year aimed at stimulating development and helping business to plan ahead.

The basis for discussion was a draft paper prepared by Wesgro and edited by economist Wolfgang Thomas, which forecasts high growth in tourism, exports, personal disposable income, gross regional product, property turnover and residential property prices.

But it notes that because of lower unemployment and better education facilities in comparison with other regions, the Western Cape is likely to receive less funding from central government — and to be a magnet for jobseekers from other parts of the country.

The mood was buoyant as discussion began. Bernard Richards, joint MD of the Seardel Investment Corporation and vice-president of the National Clothing Federation, said the industry now employed 4,5% more people than in January last year.

The high quality clothing made in

the area was well received internationally.

Otto Stehlik, executive chairman of the Protea Hospitality Group, which manages 76 hotels throughout Southern Africa, said the recent tourist season was the busiest in Cape Town for 25 years. Without any special events, hotels had enjoyed 100% occupation rates.

He thought this was a window of opportunity which could last for five years. But people in the Western Cape must become more tourism-orientated. The industry could be the jump-start for the Southern African economy.

The potential was enormous. Australia had more than three million tourists a year while SA had between 400 000 and 500 000 if border crossings and people visiting friends and relatives were eliminated.

Discussing the need for more hotel beds, Stehlik called on financial institutions to be more ready to invest in hotels and tourist infrastructure. And he emphasised the need for staff training, particularly of professional waiters like those in Europe.

Syfrets economist Elmien de Kock, commenting on Wesgro's forecast of a 6,2% rise in exports this year, warned that the exchange rate would affect this and that the easing of protective import tariffs could hit employment in some industries.

Brian Kantor, professor of economics at the University of Cape Town, said the policy of building up industry behind protective tariffs had been "a disaster". Tariffs and import restrictions were not effective in keeping competitive imports out — they were easily evaded.

Kantor urged the Western Cape regional government to secure as much autonomy as possible, particularly in the collection of taxes and spending of revenue.

# Nissen meeting the people

## Business Staff

**CHRIS Nissen**, Minister of Economic Affairs in the Western Cape, is visiting local factories to acquaint himself with the problems of local industry, and to encourage management and workers to appreciate each other's point of view and work together to improve productivity.

He said in an interview

yesterday that he was also concerned that the idea of affirmative action was being distorted, in a way that drove a wedge between two previously disadvantaged communities. (4917)

It was intended to benefit everyone who had been disadvantaged under apartheid.

Summing up at the end of the panel discussion

organised by the Cape of Good Hope Bank and Wesgro he said the economic empowerment of black people, and of black women in particular, must be taken very seriously. ET 31/1/95

Any discussion of the Western Cape economy could not concentrate on the metropole alone but must also include the rural areas.

# Bottlenecks as training plans crash

**COLIN DOUGLAS**

**Business Staff**

A SEVERE shortage of apprentices threatens to derail economic growth in the Western Cape — but businesses and politicians in the province are scrambling to solve the problem.

The number of apprentices in the metal industry in the Western Cape has halved from 972 in 1990 to 497 late last year, said Ewald Wessels, chairman of Cape Manufacturing Engineers and a panelist at this week's meeting of the Cape of Good Hope Bank/ Wesgro Business Development Panel.

"Instead of three artisans to every technician, there is only one — there is a massive shortage, which is causing bottlenecks in industry."

Dr Wessels called for the establishment of a regional training centre by Western Cape business and government, to be funded by a levy on all employers of artisans.

Provincial Economics Minister Chris Nissen, who attended the panel's meeting, has instructed his staff to conduct a full and urgent investigation

into the matter, ministry official Tonie Botha said.

The problem lay with the State-regulated training system, which left apprentice training to the private sector but lumped each individual company with massive disincentives to engage recruits, Dr Wessels said.

No company was obliged to train apprentices, but those that did were required to engage them for a three or four year period, during which they were permitted to perform only about R10 000 worth of revenue-earning work.

It costs a manufacturer between R90 000 and R120 000 to train the apprentice, excluding capital costs, and only R10 000 is refunded to the firm if the trainee passes State examinations.

But newly qualified artisans are regularly "poached" by companies which have no training programmes of their own.

"Companies typically train for less than their own needs, and never for new entrants," Dr Wessels told the panel.

"Even though there are plenty of suitable applicants, the

system has created a built-in shortage of apprentices."

Atlantis Diesel Engines MD Fritz Korte, also a panel participant, warned he would be forced to close his training centre if a solution was not found.

Cape Chamber of Commerce and Industry deputy director Colin Boyes said: "If the economy takes off and demand for skilled labour increases, we could face a crisis because you can't just turn out artisans overnight."

The industrial council system could help fund a regional training initiative by spreading the cost of apprentice training across all manufacturers, "not just a few noble companies", Mr Boyes said.

■ Focussing attention on the apprentice shortage could be a first direct hit for the Business Development Panel, which aims to make Cape business leaders more active in regional economic policy formation.

The Panel, composed of 16 business leaders and economists, would not be a mere talkshop, said Cape of Good Hope Bank MD Mike Thompson, who chaired this week's meeting.

ARLT 4/2/95

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478

49A

# W Cape set to thrive

ARGUS 4/2/95

(49A)

■ A series of mega-projects are set to boost the Western Cape economy — including the informal sector.

## DAVID BREIER

Weekend Argus Political Staff

**PLANS** for a vast colourful African-style market that sells everything under the sun are being mooted for the Cape Flats as one of several mega-projects planned to boost the Western Cape economy.

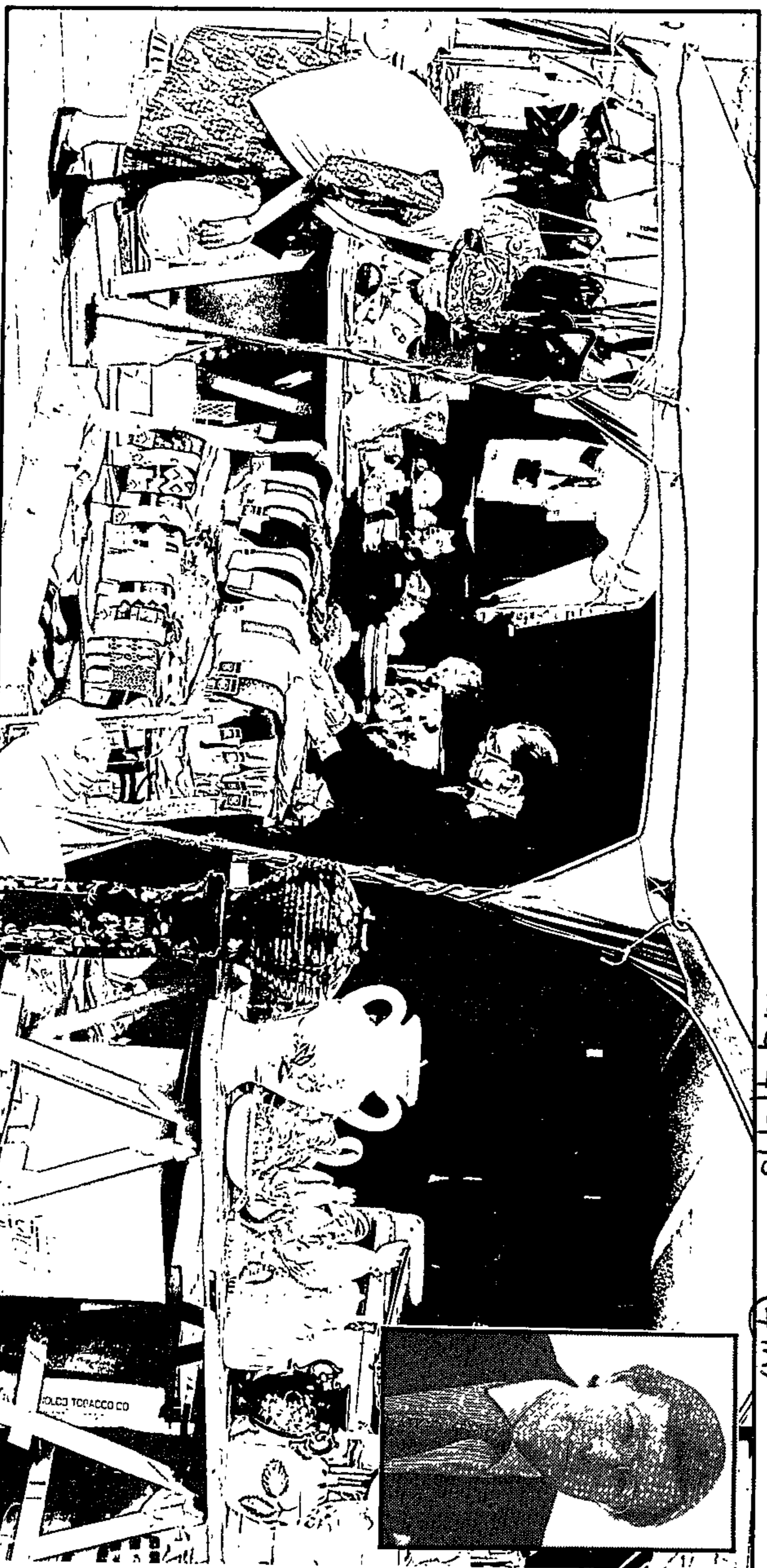
The gigantic new African market is due to play a major role in developing the informal sector in the Western Cape in tandem with exciting plans for the formal sector.

The African market plan is being planned for the Phillip-East/Mitchell's Plain/Khayelitsha area, according to background information at the province's first business development panel meeting organised by Wesgro and the Cape of Good Hope Bank and chaired by the bank's MD, Mike Thompson.

The huge African-style informal market is being designed to rival the famous colourful markets in countries to the north, and become a major magnet and tourist attraction, overtaking fragmented hawkers' stands and flea markets that dot many townships.

It is likely to be developed by the new Cape metropolitan council and its sub-structures which will take office after the elections due in October.

A background Wesgro document edited by the development body's economic co-ordinator Wolfgang Thomas, states that the planned African market would be a catalyst in mobilising, upgrading and devel-



□ **GOODS FOR AFRICA:** A new, massive, African-style market will play a big role in developing the Western Cape's informal sector. **INSET:** Mike Thompson, Cape Of Good Hope bank's MD.

oping the "huge informal sector in the south-east of the metropolitan area".

Wesgro reports that the direct capital cost of such a project could be modest compared to other mega-projects in the Western Cape. "The organisational, negotiating and managerial challenge, on the other hand, makes it a mega-project of a special "third world" type," the Thomas report states.

"Such an initiative should be accompanied by intensive training and mentoring efforts in all the relevant entrepreneurial and skill disciplines," the

report adds.

■ Among other mega-projects earmarked for the Cape, the 2004 Olympic bid stands out as the most exciting, even if the city fails to win the bid in 1997. As reported in Weekend Argus last week, nearly R1 billion is to be spent on infrastructure and sports facilities in the next two years to back the bid.

Should the bid be successful, Wesgro says investment strategy in the region will be dramatically influenced in the next seven years leading up to the event.

■ Another spectacular pro-

ject on the drawing boards is the 25-year project to build the Capricorn Research and Industry Park east of Muizenberg which is in the early planning stage.

This hi-tech park is aimed at attracting high value and low mass "clean" industry to the region, linked with the research and technology available at the three universities and two technikon in the area as well as existing hi-tech industries and institutes.

■ The Namakwa Sands project on the West Coast is a relatively modest mining and mineral processing and export

project. But Wesgro sees it as only the start of a new phase of low grade ore extraction along the West Coast — with strict control of environmental hazards.

■ The R3,6 billion Iskor steel plant at Saldanha is seen as a first step in bringing heavy industry to the Western Cape.

■ The restructuring of Moss-gas which now has Taiwanese interest, could turn the controversial R11 billion project which overran costs horrendously, into a regional asset rather than a liability, Wesgro believes.

■ A convention centre for

the Greater Cape Town area, likely to be linked to a casino, is on the cards. Sol Kerzner's Sun International is known to be planning such a project on the scale of the Lost City hotel. Several sites are under consideration including the Goodwood Showground, Green Point Stadium, Customs House, the Culemborg goods yards and the ICS site near the Waterfront.

Local economists expect the Western Cape to grow at a faster rate than the rest of the country. Last year the gross regional product grew by an estimated 2,4 percent and this year it is expected to grow by about 3,8 percent.

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# Plan drafted to uplift city's poorer areas

(49A) ARG 4/2/95

**JEAN LE MAY**  
Weekend Argus Reporter

A MASTER plan for the city of Cape Town and for the Cape Metropolitan area is being developed by a firm of city planning consultants, in co-operation with the City Council and the Western Cape Economic Development Forum.

A draft plan was presented on Thursday at the orientation course held this week for metropolitan councillors.

"For our part, we're in a state of paralysis until the new council takes office," one of the city planners told Weekend Argus yesterday. "We are at the point where a draft is being circulated to all departments, but we know that the plan being prepared by the Development Forum is more advanced than we are."

"Information documents" will be made available, possibly within the next 10 days, he said. There would be requests for input from the public. After the necessary and probably interminable delays, the horse-trading would start.

By all accounts, the Development Forum plans start from the assumption that priority must be given to lifting poor areas up to the level of rich areas.

The council's approach is more restrained, since it has to watch its tax base.

David Shandler, a facilitator for the forum, gave Weekend Argus a rough outline of the thinking behind the metropolitan "spatial development plan".

"There is a lot of concern with the way in which the needs of the formerly deprived will be met in terms of spatial structuring," he said.

Asked to explain what this meant, he said it meant "where things were going to go", such as commercial outlets, institutional facilities such as clinics, hospitals, schools, and transport links.

He gave the southern suburbs railway line and the main road alongside it as an example to follow.

"What is needed is integrated urban development in place of the dissipated development which has been inflicted by apartheid," he said.

"We know it can't happen overnight. The southern suburbs railway line was built almost 100 years ago.

"But, we should know now where we want to go with spatial planning."

The area where new development would be concentrated was the south-east — the Cape flats townships as far as Mitchell's Plain.

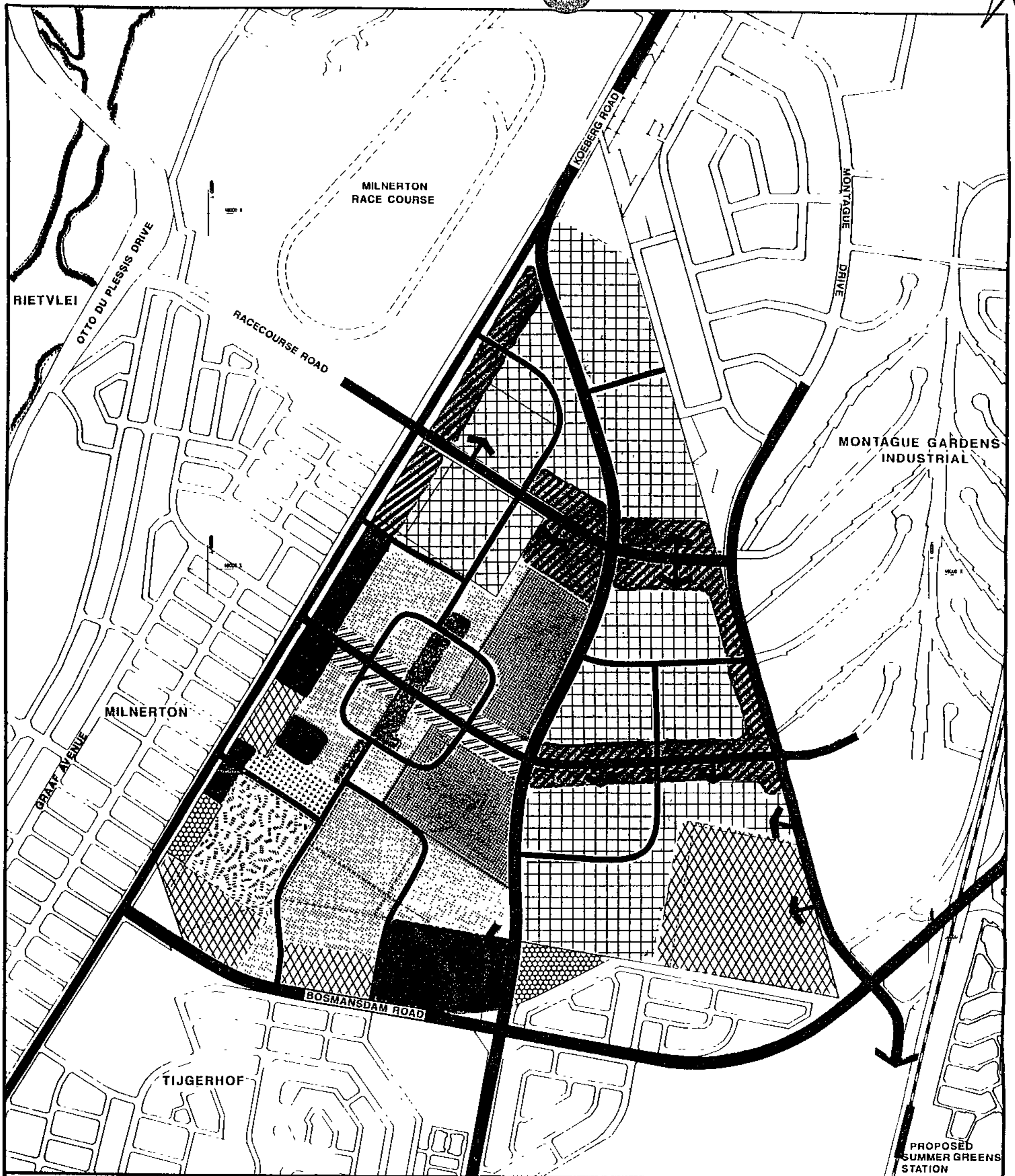
"There are huge areas of the present townships which are mono-functional. We want to plan so that people who live in those areas can be given urban opportunities.

"This can be achieved by attracting industry to the area so that people will have employment. A critical issue here is transport, so that people will have access to those jobs."

"All it needs is a few catalytic projects in the area, in which we expect the private sector to be deeply involved."

The idea of a master plan was thought up at a conference in Caledon in 1991. For the first time, a planning conference was thrown open to "all stakeholders" and independent groups were invited to take part.

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	RESIDENTIAL		SPORT
	RESIDENTIAL/COMMERCIAL		DETENTION POND
	INDUSTRIAL		GOVERNMENT
	INDUSTRIAL/COMMERCIAL		CLASS II ARTERIAL
	OFFICE/COMMERCIAL		CLASS III ARTERIAL
	RETAIL		CLASS III ACTIVITY
	TELKOM		CLASS IV
	SCHOOL		ACCESS POINT
	PUBLIC OPEN SPACE		SOCIAL HOUSING

**□ BIG PLANS:** This map shows the proposed layout of the Marconi Beam industrial/business and residential areas. A R150 million housing project, a R60 million shopping centre and bulk services worth around R20 million will be undertaken this year, in addition to the R212 million Nasionale Pers development announced this week. The projects are expected to boost the regional economy and provide wide ranging opportunities for light industry and commercial ventures.

Observation 1373

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Observation 1376

4 Special Section of Weekend Argus, February 11/12 1995

Obs **R442-m shot in arm  
for Western Cape** 49A

ARG 11/2/95

Obs **JOHN VILJOEN**  
Business Staff

THE first projects in the R1,5 bn Marconi Beam development at Milnerton this year will provide a R442 million injection to the Western Cape economy.

Obs A R150 million housing project, a R60 million shopping centre and bulk services worth around R20 million will be undertaken this year, in addition to the R212 million Nasionale Pers development announced this week.

Obs The projects are expected to boost the regional economy and provide wide ranging opportunities for light industry and commercial ventures.

Mike Thompson, Cape of Good Hope Bank/Wesgro Business Development Panel chairman and bank MD, is among the latest to praise the development.

Obs "A R1,5 billion development which links the Milnerton area with the city is very, very significant, but its impact cannot be measured immediately," he said yesterday.

Importantly, developers, major corporations and role players were combining on a project with industrial, commercial and residential objectives

Obs "Most importantly it's rewarding to see progress on a RDP

project almost entirely funded by the private sector," Mr Thompson said.

The developable portion of the land — some 200 hectares — will be fully utilised during the six year project. The site borders on Montagu Gardens, regarded as one of the best located industrial areas in the Western Cape.

The development's job creation potential was in line with the objectives of the Reconstruction and Development Programme, said Rabie Cavcor's Leslie Viljoen.

"We are looking at about 400 jobs in the initial stages. That is in the short term and will be for the building and construction industry."

Eventually, the development could provide employment for several thousand people. "It's no use if you build homes and there are no jobs," Mr Viljoen said.

The developers had done extensive research in an effort to match the eventual profile of industries and businesses at Marconi with the need to provide employment for those living there.

A breakdown of specific allocations released by project facilitators the Rabie Cavcor Consortium, shows 80 hectares adjoining Montague Gardens and a section

abutting on Koeberg Road allocated for industrial and commercial purposes.

"The business potential of this area is enormous," Mr Viljoen said.

"The creation of new roads linking with existing highways will open the area thereby maximising and facilitating access to the N1, N2, harbour and city centre and relieving existing bottlenecks," he said.

A 15 000m<sup>2</sup> shopping centre is to be built on a prime, high-visibility nine hectare retail site at a cost of R60 million.

Nasionale Pers is to relocate its foreshore printing operation to the Marconi Beam site and expects its new printing press to be in operation by mid 1997.

Construction of the social housing, to occupy 15 of the 60 hectares set aside for residential use, will start in August.

Provision will be made for facilities such as a junior school, creches and churches, as well as sports and playing fields.

"A number of important public transport proposals for the greater Milnerton area will have an advantageous bearing on Marconi Beam. One of these is the proposed Summer Greens station," Mr Viljoen said.

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xgen	2		15	gender_c	F

Observation 1437

hhid	243012	pcode	7	mcode	1
age	14	xage	13	gender_c	M
xgen	1				

Observation 1443

# W Cape faces crisis over budget cuts

49A  
49B

ARG 28/2/95

□ *Kriel: 'Most basic needs cannot be met'*

**MICHAEL MORRIS**  
Political Correspondent

TOP-level discussions are under way to head-off a financial crisis in the Western Cape government caused by massive cutbacks in central government funding, premier Henus Kriel told the provincial legislature.

Opening the first 1995 session yesterday, Mr Kriel said it was clear the province "will not have enough funds to meet the most basic needs".

Though he understood the "strong fiscal policy" of the national government, "it is my view that we are facing serious under-funding or lack of funding".

Departments which, at this stage, were in line to receive no funds included economic affairs, tourism, sport and recreation, the service commis-

sion, public protector and treasury, while education, health and housing faced the prospect of being "totally under-funded".

However, top-level discussions were under way with minister of finance Chris Liebenberg and his deputy Alec Erwin, and education minister Sibusiso Bengu and his deputy Renier Schoeman.

At the heart of the problem, though, lay the "unattainable political dream" of achieving socio-economic parity in the province within five years.

"This is financially impossible. It will take at least 10 to 15 years, if we have strong economic growth. It is a fallacy that one can simply transfer wealth. New wealth must be created if we are to achieve the goal of parity."

Highlighting problems in fi-

nancing health care, he warned that the Reconstruction and Development Programme priority health programmes had "put tremendous pressure" on the system.

The education budget was also "a source of concern" because it showed a shortfall compared to last year's funds.

Nevertheless, Mr Kriel said 1995 "must become a year of action" in which deeds matched promises.

Part of this was the challenge of creating a province which was socially and economically stable and attractive to investors.

Mr Kriel said it was unfortunate that, for millions of South Africans, the free market economic policy had not brought rich rewards.

"This is the last chance we have to ensure the system is not only for the 'haves'."

## Handing power to regions is 'urgent'

**MICHAEL MORRIS,**  
Political Correspondent

THE Western Cape should consider asking the Constitutional Court to force the central government to hand down provincial powers if there is no progress on this soon, the Democratic Party has said.

DP regional leader Hennie Bester was reacting to premier Henus Kriel's opening speech in the provincial legislature, which dealt in part with delays in handing down powers.

Mr Bester noted the "disturbing tendency" of the central government to "usurp" powers granted to provinces by the constitution instead of devolving them to the provinces.

The DP was concerned about this, he said, suggesting that if there were further delays "the possibility of an application to the Constitutional Court must be seriously considered".

Mr Bester said he believed Mr Kriel's failure to refer to the "growing crisis" over local government elections was a "serious omission", warning that "decisive measures, particularly regarding voter registration, are called for".

Mr Bester also called for the setting of expenditure priorities in the province in the light of the financial dilemma facing the administration.

## 'Large screw loose' at national level

Political Correspondent

CENTRAL government is deliberately dragging its feet — for ideological reasons — in handing down police powers to the Western Cape, premier Henus Kriel has charged.

Acknowledging this was a controversial suggestion, he said in his opening speech in the provincial parliament yesterday that he was "extremely worried" about the delay.

"There is clearly a large screw loose in (the national) department," he said, adding pointedly: "The 'brain drain' which has occurred is disturbing."

Mr Kriel said the Western Cape had the capacity to run its own police department and "we demand that the powers we are entitled to in terms of the constitution be granted".

He added: "We cannot tolerate much longer a situation in which the provincial police minister (Patrick McKenzie) must endure criticism while the responsible minister (Safety and Security Minister Sidney Mufumadi) is sitting in Pretoria."

● Mr Kriel disputed suggestions that crime was on the increase in the Western Cape, claiming that the success of community involvement meant more crimes were being reported than in the past.



**WESTERN CAPE**

**W Cape must levy  
own taxes — Kriel**

ART 3/3/95

(4917)

**Political Correspondent**

THE Western Cape government must be allowed to levy its own taxes, says Premier Hernus Kriel.

It simply could not continue relying on Pretoria to provide, he said at the close of debate on his opening address in the Western Cape legislature.

A prominent feature of his opening speech — and the debate — has been the threat to provincial services as a result of budget cuts caused by reductions in funds from the central government's coffers.

Mr Kriel said that while the Western Cape considered itself very much a part of South Africa, "we want to remain a part of the whole on a federal basis". This was in line with a worldwide trend towards federalism.

In a broad-ranging speech in response to the three-day debate, Mr Kriel also:

- Challenged the African National Congress to work more closely with the NP within the government of provincial unity rather than to pursue its aims through the politics of protest "which are the politics of desperation".

- Appealed to the leaders of all parties to do all they could to stop acts of terror against political opponents, and emphasised the need for restraint and tolerance in curbing racism.

- Ruled out the prospect of legislation to limit the influx of newcomers into the Western Cape.

# Locals set investment trend

CT 9/3/95 (49A)

Increased investment by South African companies is encouraging foreigners to invest here, David Bridgman, chief executive officer of Western Cape development agency Wesgro, said yesterday.

He told an Institute of Personnel Management seminar in Cape Town that the shortage of hotel rooms in the Western Cape area should be seen as a healthy sign rather than an indication that it could not cope with an increase in tourism.

"In June last year there were nights when hotels like the Cape Sun and the Mount Nelson had only four rooms let."

In such circumstances it would not have been reasonable to expect companies to invest in new hotels.

It was a very capital intensive industry with a long lead time.

Now, with the quadrennial 16-nation World Cup rugby tournament about to bring thousands of visitors at a time when the season was normally over, "things will really begin to move in that industry", Bridgman said.

In the same way, he added, foreigners coming to look into the investment potential of the Western Cape a year ago had asked him why South Africans were not investing.

At that time the answer was that South African firms already had a great deal of spare capacity.

Capacity was fully taken up as the upsurge in imports of capital goods, together with mega-projects in the pipeline, showed that local firms were investing. — Staff Writer

# Bright future for investment

(49A)

(74C)

ET 10/3/95

**AUDREY D'ANGELO**  
BUSINESS EDITOR

INCREASED investment by South African companies was encouraging foreigners to invest here, Wesgro chief executive officer Mr David Bridgman told an Institute of Personnel Management seminar yesterday.

And, he said, a shortage of hotel rooms should be seen as a healthy sign rather than an indication that the city could not cope with an increase in tourism.

"In June last year there were nights when hotels like the Cape Sun and the Mount Nelson had only four rooms let."

In such circumstances it would not have been reasonable to expect companies to invest in new hotels.

Now, with the Rugby World Cup about to bring thousands of visitors at a time when the season was normally over, "things will really begin to move".

In the same way, Mr Bridgman said, foreigners coming to look into the investment potential of the Western Cape a year ago had asked him why South Africans were not investing.

At that time the answer was that South African firms already had a great deal of spare capacity.

Now capacity was fully taken up and the upsurge in imports of capital goods, together with mega-projects in the pipeline, showed that local firms were investing.

Pointing out that the latest official statistics available for the Western Cape, which showed its economy lagging behind the rest of the country, were 10 years old, Mr Bridgman said information from local firms showed the reverse was the case. "In fact the Western Cape economy is growing faster than the rest of South Africa."

The Western Cape was fortunate in that its economy was well diversified compared with that of Gauteng, which boomed when the gold price was high but stayed in the doldrums when it was low.

On the threat of losing Parliament to Gauteng, Mr Bridgman said that although only 5 000 to 6 000 jobs would be lost immediately, a move would be disastrous in the long term. Companies with head offices here would gradually move to Gauteng.

# Network to aid emerging businesses

BY FRANCOISE BOTHA

CT(BR)15/3/95 STAFF REPORTER

The Western Cape Business Opportunities Network was launched in Cape Town yesterday to link emerging businesses to aid the formation of local partnerships.

Established through financing from Engen and SA Nylon Spinners, the network aims to establish links via a computer support network between emerging businesses, established businesses and government institutions.

With the support of the ministry of trade and industry, the network aims to empower emerging businesses, providing opportunities for the transfer of technology and skills.

Alistair Ruiters, special advisor to the minister on small and medium enterprises said: "The support of the 18 founder members which include Eskom, Engen, SAB and Foschini amongst others, has been essential to the establishment of this non-profit organisation and indicates corporate South Africa's willingness to support these partnerships."

The initiative aims to streamline the system of subcontracting by providing a referral service which will identify the needs of entrepreneurs and put them in touch with the right people to form local partnerships...

# R7,5m quota for W Cape

**BARRY STREEK**

CF 16/3/95

(49A)

THE Western Cape is to receive R7 509,6m from the central government during the 1995/6 financial year.

The nine provinces were allocated a total of R66 393,2m in yesterday's budget, an increase of R8 586,3m on the 1994/5 financial year. The Western Cape's allocation rises from the R6 920,3 million allocated in the 1994/5 year.

The province has been allocated R3 115,5m for education and R1 993,3m for health. The provincial budgets are to be tabled in the different provinces on April 1.

# W Cape gets 8,7% rise

**BY DONWALD PRESSLY**

POLITICAL STAFF

JUST over half the total national budget for 1995/96 is devolved to the nine provinces — with a total of R66,3 billion earmarked for the regions.

The two regions controlled by opposition parties to the ANC — the Western Cape and kwazulu/Natal have both received allocations ahead of the pace of inflation.

The transfers from central government have increased by 11,5% on last year's figure of R57,8bn — and for the first time the former

self-governing territories and independent homelands fall under their provincial budgets.

NP-controlled Western Cape has been given an allocation of R7,5bn — 8,7% up from R6,9bn last year.

## Smallest hike

IFF-controlled kwazulu/Natal, with about 25% of the total population of the country, receives the highest allocation of R13bn — up 12% from R11,6bn last year.

Gauteng received the smallest budget increase, of 2,06% — R9,9bn, up from R9,7bn.

CF 16/3/95

(49A)

The Eastern Transvaal receives a 16,8% hike from R2,2bn to R3,8bn. North West province receives the second biggest hike, from R3,8bn to R5,4bn.

The poorest province and the largest in terms of land area, the Northern Cape, enjoys a budget hike for the next year to R1,5bn — up from R1,4bn.

Budget allocations for the remaining three provinces are as follows:

- Northern Transvaal R8,3bn (5,06% up from R7,9bn)
- Eastern Cape R11,5bn (15% up from R10bn)
- Free State R3,8bn.

# W Cape expects budget deficit of R1-bn - Meiring

(49A)

(213)

ARLT 28/3/95

## Political Correspondent

URGENT action is needed to forestall a budget crisis in some provinces, the parliamentary joint committee on finance has found.

In its report on this year's budget, tabled in parliament today, the committee said it had heard complaints from provinces that they were underfunded.

Western Cape Minister of Finance Kobus Meiring told the committee a budget deficit of R1 billion was expected.

A similar deficit is expected in Gauteng.

The committee said it was worrying that there were signs some provinces were budgeting for a deficit without making any provision to fund it.

Provinces by law could not borrow to fund recurrent expenditure.

"The effect can only be to create a situation in which the government of national unity is faced with a choice of allocating additional funds later

in the year or dealing with the consequences of potentially destabilising curtailments in services as funds dry up."

The committee said it expressed no view on whether any or all of the provinces in fact were underfunded.

"Provinces should, like national government departments, be expected to reprioritise expenditure."

Because of the potential seriousness of the situation, the committee said the department of finance and the fiscal commission should continue to examine the issue closely "and, if necessary, present an adjustment budget in advance".

The committee's report said procedures for allocating funds to the provinces were still being developed.

Arrangements in the current budget were transitional.

The finance and fiscal commission had been appointed too late to influence this year's budget.

The commission hoped by the middle of next year to put forward "tentative" proposals for a formula.

# Blacks are on the breadline in the Western Cape

THEO RAWANA

MORE than 78% of black households in the Western Cape earn less than R800 a month, and only 9,8% earn more than R1 000, the Black Township Market Review says. **BD 28/3/95**

The survey on black township demographics, published last month by research consultant Group Marketing, says 72% of the 91 000 black dwelling units in the Western Cape are informal (shack) dwellings.

The total annual income of all black households in the Western Cape is projected to grow from R1,24bn in 1994 to R1,32 in 1995.

The four black townships in the province are located in the four magisterial districts of Wynberg, Paarl, Stellenbosch and Kuils River.

The review provides provincial, regional and township data on the population from 1989 to 2010, age/sex profiles and the number of dwelling units/households. It gives information on household densities, monthly/annual household income levels, total annual expenditure levels and annual expenditure per head/adult.

Researcher Bill Donald says his company provides commerce and industry with "a competitive edge" by identifying the real needs of the marketplace, isolating the key strategic issues, translating these into practical and "actionable marketing programmes", and by harnessing company resources to maximise the identified marketing potential.

The review says the black population in the Western Cape is projected to increase by 62% (413 000) from the present 669 000 to 1,08-million between 1994 and 2010, with the prime population growth pressure point being Wynberg. Ninety-four percent of the present provincial population lives in the Wynberg magisterial area and no significant distribution change is forecast.

The average population density per black household in the province has been put at 7,7 people — with Stellenbosch reflecting the highest average density factor at 11,3 people per household.

# West Cape business shake-up coming

CT 29/3/95

CHRIS BATEMAN  
POLITICAL STAFF

A MAJOR community-led shake-up of unfair business and trading laws in the Western Cape will begin next week following President Nelson Mandela's handing of Business Act powers to the province a fortnight ago.

Anomalies and inequities in the Business Act and the administration of the Liquor Act plus "grossly ignored" protection of consumer rights are now the direct responsibility of Economic Affairs Minister Mr Chris Nissen. Yesterday he announced a series of community meetings to re-draft existing Business Act laws and to enable provincial input to the central government on the Liquor Act. The campaign is also aimed at raising public awareness of consumer rights.

The acting head of the regional Trade and Industry department, Mr Tonie Botha, said fairer trading hours, re-evaluations of restrictions on all legal business and better co-operation between formal and informal traders were among proposed changes to the Business Act.

## Complex

Long-standing imbalances in liquor trading practices would be redressed in a new national Liquor Act which would be partially drawn up by the Western Cape.

Mr Botha cited the Victoria and Alfred Waterfront — which had 14 million visitors last year — being unable to sell wine legally on a Sunday while wine farms traded at will.

Complex liquor laws, especially those applying to shebeens, were "impossible" to police, he said.

He had no intention of closing township taverns and shebeens, which he said would just force more drinkers on to the roads as they travelled longer distances.

"We don't want to be restrictive. We want to know what communities want, not sit in our ivory towers and make laws," Mr Botha said.

He can be contacted at 483 3841.



# Education, health care under huge pressure (49)

**E**DUCATION and health services in the Western Cape are under intense financial pressure, provincial Finance Minister Kobus Meiring warned in his budget speech. *ARC 30/3/95*

The province is expecting a shortfall of R600 million in education, and R170 million in health services.

These amounts, together with a rolled-over deficit on health services from last year, will probably result in a R1 billion deficit at the year end.

Mr Meiring said the drop in the amount allocated for education meant there was enough to pay salaries only, with nothing left for any other education spending.

The situation was "so severe that the salary bill of all staff in service this April exceeds the entire allocation for education for the remainder of the year".

"There is not a single cent available to provide any additional service once salaries have been paid. Not a cent for text-books, stationery, electricity, telephones, postage, and maintenance of buildings, let alone any money to overcome backlogs in classrooms and the creation of more favourable teacher/pupil ratios," he said.

The only way the province could keep within its budget would be to cut staff, but this was not possible given President Mandela's recent undertaking that no teachers would lose their jobs.

"There are only two ways of balancing the education budget — either allocate more money, or reduce staff.

"We wait in keen anticipation for central government to respond."

Mr Meiring added that even if central government provided the necessary funds to retain all teachers, "we would still have to re-prioritise all services and cut back in several areas".

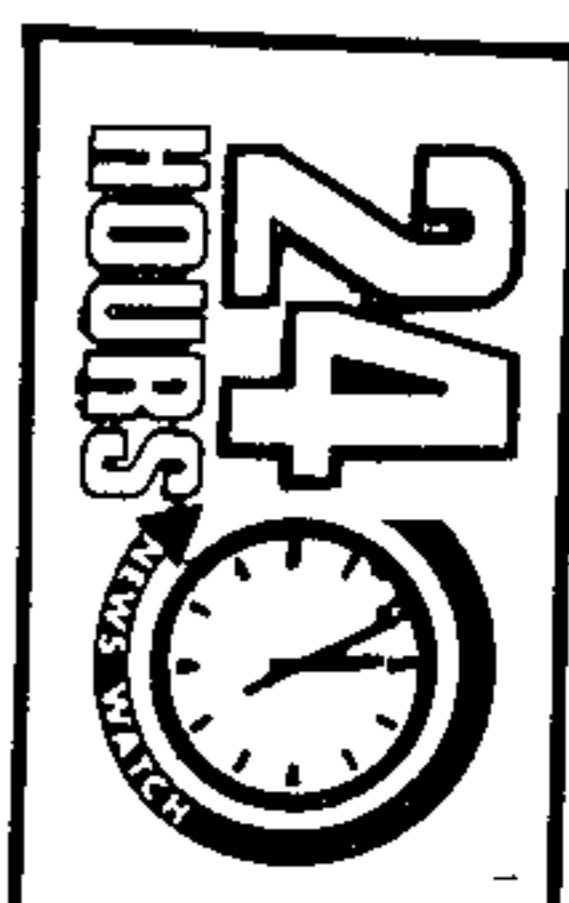
On health services, Mr Meiring said cut-backs already introduced had had a profoundly negative impact on patient care, particularly in emergency medicine.

Free medical services for pregnant mothers and children under six had compounded the problem.

He said that had the province kept within last year's budget, it would have had to retrench 4 000 staff.

The province had also been asked to cut back health spending by a quarter — R600 million — in the next five years.

"This is simply not possible without massive retrenchments and service closures. It will be socially disruptive and costly, will reduce the national capacity to train health care workers and will significantly curtail patient services."



# Looming cash crisis threatens jobs in Cape

ARL 30/3/95 (49A)

Political Correspondent MICHAEL MORRIS reports on the provincial budget.

**D**ESPERATE efforts are expected in the next few months to pare Western Cape government spending to bare essentials, find new revenue sources, and beg central government for more funds to avert a financial crisis.

This emerged from Finance Minister Kobus Meiring's budget speech, in which he warned that "without urgent help from central government, we are facing an unprecedented crisis, and even bankruptcy".

Critical services such as health and education were so severely underfunded that if the province attempted to balance its books, thousands of employees would have to be laid off.

But President Mandela's recent undertaking that no teachers would lose their jobs in the Western Cape "while I am president" effectively meant the province's hands were tied... and it faced ending the year with a staggering R1 billion deficit.

But Mr Meiring said the province "cannot just look at the dark side... we have to look at possible solutions" to meet needs with the 1995/96 allocation of R7.9 billion... and to head off the anticipated R1 billion shortfall.

Urgent attention would be given to:  
● Reviewing spending within departments through



**KOBUS MEIRING: The province needs help.**

- long-term — five-year — programmes.
  - Seeking new sources of revenue, including gambling.
  - Putting in bids for RDP funds from central government.
  - Seeking extra allocations from central government.
  - Taking out loans, but "only as a last resort".
- The solution "probably lies in a combination of all five", he said.

## Western Cape betting on new levies or taxes

**T**HE Western Cape is counting on gambling and possibly new provincial levies or taxes to help relieve its acute financial crisis.

Draft gambling legislation has been drawn up, but no funds filip can be expected from this quarter until the gaming issue has been settled at national level.

A government commission has yet to complete its report, and a national law will have to be passed.

The province hopes to get at least four casinos and believes gambling will play a significant role in boosting revenue.

Finance Minister Kobus Meiring said in his budget speech it was essential that provinces, which had little scope for raising ex-

tra funds themselves, "should be made more financially independent".

This year only five per cent of budgeted income was from the Western Cape's own revenue sources.

The main ones are motor vehicle licence fees (R185,1 million), hospital fees (R161,7 million), horseracing (about R26 million), education (R12,4 million) and housing and local government (R32 million).

Revenue collection in these departments would have to be improved.

Mr Meiring noted that legislation to allow provinces to raise taxes, levies and duties had yet to be tabled in parliament and the prospect of new taxes "is still some way off in the future".

The provinces also did not yet have the power to raise loans, as they were entitled to do in terms of the new constitution.

Legislation to allow this was due this year.

Even so, Mr Meiring warned that "provinces will have to take great care that such loans are strictly controlled and used only for capital expenditure, otherwise they will fall into the same trap as the old TBVC (Transkei, Bophuthatwana, Ciskei and Venda) states".

He added: "If a person uses his overdraft facilities for food and normal household requirements he is heading for problems. The same will happen to a province if borrowed money is used for current expenditure."

Emphasising the overall goals of uplifting people and narrowing the gap between "haves" and "have-nots", he said reconstruction and development (RDP) projects were paramount because this was critical to the fu-

ture of the province. Outlining the Western Cape budget for this year, he pointed out that while the provinces were in effect the "line functionaries" in the vanguard of reconstruction and development, they

were being severely underfunded.

The Western Cape's own revenue amounted to only five per cent — R396,5 million — of the budget and it relied on the central government for the rest.

The bulk of the budget — R7,4 billion, or 94 per cent — would be spent on running costs, while only six per cent, or R491 million, was available for capital projects.

This — coupled with the fact that provincial services were highly labour intensive, with a salary bill accounting for 53 per cent of running costs — meant it was difficult to cut spending without cutting jobs.

Also more than 90 per cent of the spending was in the social, welfare and upliftment sector: 40 per cent (R3,1 billion) was earmarked for education, 25 per cent (R1,9 billion) for social services, 24 per cent (R1,8 billion) for health and 2,4 per cent (R195,5 million) for housing, local government and development. (The bulk of funds for housing came out of national coffers.)

The balance, about nine per cent of the budget, had to cover 13 other departments, including agriculture, tourism, nature conservation, economic affairs and sport.

African National Congress finance spokeswoman Tasneem Essop reacted by praising Mr Meiring for his "constructive" approach, but criticised his "blaming the national government for the underfunding" since the ANC-dominated central government had "inherited a bankrupt economy" and spending patterns that left little room for manoeuvre.

# R1bn budget deficit could throw Western Cape into funding crisis

CAPE TOWN — The Western Cape's estimated R1bn budget deficit in 1995/96 — representing 12,6% of its R7,9bn budget — could throw the province into a serious funding crisis later in the year, finance minister Kobus Meiring said yesterday.

He said in his budget speech if the underfunding continued, the Western Cape was heading for a severe crisis and even possibly bankruptcy. "I shudder to think what is happening in other provinces. This is a direct result of underfunding of the provinces relative to more generous allocations for central government departments."

At a briefing before delivering the budget, Meiring said a possible solution to the funding crisis was reprioritising spending, particularly in health and education. Another solution was exploiting other income sources such as gambling and levies, but the province lacked the necessary powers. There were also fears that central government might appropriate gambling revenue from provincial budgets.

Of the R7,9bn budget, 95% would be derived from central government and 5% or R396m from the province's income sources, consisting mainly of about R160m

EDWARD WEST

from health fees, about R190m from vehicle licences and less than R30m from horse racing. About 93% of the budget was directed towards social upliftment, including R3,13bn to education, R1,96bn for welfare and R1,87bn for health.

The education salary bill for personnel in service now would exceed the entire education allocation for the financial year. Education personnel could not be retrenched as President Nelson Mandela had promised no teacher would lose his job,

and an estimated shortfall of R639m was expected by the provincial education department this year.

The health services' estimated budget shortfall was R170m which, together with the expected rolled-over deficit on health services from 1994/95, would bring the total provincial deficit to R1bn.

"Had the province remained within its health budget for 1994/95, it would have had to retrench about 4 000 of its total of 37 000 staff members and close approximately 400 hospital beds," said Meiring. Plans to address budgetary require-

ments were at an advanced stage. To offset proportionately high spending on academic hospitals — 60% of the health budget — a long-term plan to combine academic hospitals into a single training platform should reduce expenditure significantly. The housing department's budget was estimated at R40m, lower by a third from R60,6m last year, but R40m would also be made available through the reconstruction and development programme for the Serviced Land Project, a housing, commercial and community development project on the Cape Flats.

## *W Cape 'is headed for bankruptcy'*

**Cape Town** — The Western Cape was headed for bankruptcy and "an unprecedented crisis" unless it received urgent government assistance of R1-billion, Finance MEC Kobus Meiring warned yesterday.

Just 5% of the R7,906-billion budget was generated from own income as his government still had no taxation powers.

Illegal casinos had drained horseracing income by R14-million and he was worried by "rumours" that Pretoria might reduce provincial funding by an amount equal to that generated by legal local casinos, Meiring said. <sup>Own</sup> Correspondent. (49A)

30/3/95 SPAN

# Western Cape fruit, veg and flowers seek R250-m European market boost

~~THE~~ ARG 11/4/95 (49A) ~~THE~~ ~~THE~~  
BETTER access to European markets is worth up to R250 million a year for the Western Cape's fruit, vegetable and flower exporters.

According to Unifruco chairman David Gant, this is what exporters pay in tariffs to the European Union every year

He describes the figure as

'preposterous', particularly since duties of more than 20 percent are paid on items such as grapes and apricots, which reach Europe at a time when European produce is not in season.

Agricultural exporters, says Mr Gant, reaped no benefits from the Generalised System

of Preferences (GSP) offered by the European Union last year and are hoping for better things from the current negotiations.

Unifruco has promised that part of any tariff savings will be paid to the Small Farmers' Development Corporation, of which he is chairman.

# You won't get a cent more, Cape government told

ST 2/4/95

(49A)

By JACOB DLAMINI

**STATE finance officials have ordered the Western Cape to stick to its budget and have told the province it will not get a cent more if it runs into debt.**

The curt announcement comes in the wake of a warning by Western Cape Finance and Expenditure Minister Kobus Meiring that the province may face a R1-billion deficit.

Mr Meiring said cutting down on spending would lead to massive retrenchments in the public service and accused the national government of underfunding provinces.

The Western Cape's refusal to work within its budget has set the tone for an ugly showdown between regions and the central government.

The NP-controlled province faces a R639-million shortfall in education and a salary bill for personnel which exceeds the entire budget allocation of R12,404-million.

The region has a deficit of about R200-million from the last financial year.

More than 6 000 Western Cape teachers stand to lose their jobs if the province keeps within the allocated budget.

"The picture is a little sombre," Mr Meiring said.

In addition, Mr Meiring has been told to cut back his health budget by R600-million over the next five years in an attempt to shift the emphasis from costly curative measures to preventative and primary health care.

But the Western Cape administration expressed reluctance, saying the move would destroy national institutions such as academic hospitals and would be "socially disruptive".

"This is simply not possible without massive retrenchments and service closures," Mr Meiring said. "It will be socially disruptive and costly

and will reduce the national capacity to train health care workers."

Cutting the region's health care budget would mean a substantial reduction in subsidies for academic hospitals, the retrenchment of 4 000 of its 37 000 staff and a cutback of about 400 hospital beds.

But State Finance and Expenditure officials are adamant the nine provinces will not get a cent more than their budget allocations.

The officials insist that if provinces run up debts, their deficits will be carried over to the following financial year.

Mr Meiring claimed that the shortfalls faced by provinces were "a direct result of underfunding of the provinces relative to more generous allocations for central government departments".

However, this was dismissed by the deputy director-general of State Expenditure, Flip Rademan.

"The provincial allocations were decided together with representatives from each province," Mr Rademan said.

"They were not imposed by the central government, and we are not going to stand in for any province that overspends. That's the bottom line."

Gauteng may have to close five hospitals, convert about 10 into community health centres and scale down academic hospitals.

These have been described as options that may have to be considered to cover the potential R579-million shortfall in health.

But Gauteng Public Accounts Standing Committee chairman Mohamed Dangor said his province would not overspend on its budget.

"There is no way we can overspend in this province because we

have no borrowing powers for current expenditure and no bank is allowed to give any regional government overdraft facilities.

"We will just have to make do with what we have."

Mr Meiring said: "The budget shortfalls faced by provinces are a serious problem, but it's unfair to expect us to carry the burden.

"In the past central government helped the provinces when they ran into financial difficulties but that situation has changed and provinces have to find ways to survive."

He said while he would not introduce drastic cuts in spending, he would consider "a long-term plan to combine all the academic hospitals into a single training platform with access via a shared health sciences faculty".

This would "offset the proportionally high rate of expenditure in the academic complexes," he said.

The academic hospitals — Groote Schuur, Tygerberg and Red Cross — account for more than 60 percent of the Health Services budget in the Western Cape.

Mr Meiring said the province would seek new sources of revenue such as gambling. It would also bid for more funds, reconsider its priorities in the health and education sectors and, as a last resort, seek loans.

In terms of the constitution, provincial governments are allowed to raise loans for capital but not current expenditure.

"We are not going to neglect or abandon our academic hospitals but we have established plans to down-scale expenditure on the academic complexes immediately in order to resource primary and secondary level services," Mr Meiring said.

"It is in the provinces where the job is done, where practical government is done and central government must realise that," he said.

# Major initiatives to unite city

**MUNICIPAL REPORTER**

THREE major initiatives are under way to undo the divided character of the city, council executive committee chairperson Ms Nomaindia Mfeketo said yesterday.

Speaking at the plenary session of an All Africa Conference on urban design and environmental planning, she said the initiatives were: Restructuring local government, development of the "Metropolitan Spatial Development

CT 5/4/95  
(49A)  
Framework" or land-use guide plan and the Olympic bid.

The Olympic bid would be "the most significant catalyst" for implementing both the RDP and the land-use plan. "We must inject a sense of urgency into rebuilding our city," she said.

Cape Town's local government had been the most fractured of all the country's metropolitan areas.

Years of apartheid planning had resulted in severe physical fragmentation of the city, making

it function in a very inefficient way, she said. The commuter transport system for example, had become dependent on subsidies.

Yet this city, with rich and distinctive natural, cultural and built environments, probably had a higher potential than any other metropole for sustaining a good quality of life for its inhabitants.

The land-use plan was an attempt to unite the city, which would improve its functioning and benefit especially the poor.

## Music to their ears



**ACTIVE MUSIC:** (From left) Jolene Martin of Kenwyn, Elvis Malgas of Crossroads and Mervyn Miller of Mitchells Plain are delighted to be part of a Music Active programme which will bring music, dance and drama to high school pupils through workshops being held across South Africa.

PICTURE: CLIVE SMITH

## Parks Board speaks out on Mountain conservation

THE National Parks Board (NPB) was keen to contribute to the debate on the Cape Peninsula's conservation, but did not want to be involved in the mountain chain's management as proposed by Environment Minister Dr Dawie de Villiers, NPB chief executive Dr Robbie Robinson said yesterday.

Dr Robinson was disappointed that the NPB had been side-stepped as custodian of the Cape Peninsula Protected Natural Environment (CPPNE).

Reacting for the first time to Dr De Villiers' plans for the CPPNE, involving new national and provincial legislation, Dr Robinson said public opinion could still persuade Dr De Villiers to change his mind.

### Delays

CT 5/4/95

"The NPB is widely acknowledged as the best authority to look after the country's national and international natural assets."

Delays in setting up a single, representative national authority for the CPPNE were also delaying Table Mountain's declaration as a World Heritage Site, he said.

Dr De Villiers and Western Cape Premier Mr Hernus Kriel recently proposed national and provincial legislation to enshrine potential World Heritage Sites — such as Table Mountain — which would be drafted by experts. The NPB was dismissed as inappropriate for the job.

Western Cape attorney-general Mr Frank Kahn will chair a forum on April 18 on the CPPNE's management. — Sapa

See Page 7

## Major initiatives to unite city

CT 5/4/95

(49A)

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**GOODWILL VISIT:** Atlanta mayor Mr Bill Campbell at a cocktail party near Johannesburg yesterday. Mr Campbell is on a goodwill visit to the country. The city of Atlanta will host next year's Olympic Games. Cape Town is hoping to win the right to stage the Games in 2004.

PICTURE: AP

# Olympics: R1bn boost for city

CT 5/4/95

(228) (49A)

CAPE TOWN's economy will receive a R1 billion boost and 30 000 new jobs will be created as a result of state investment in the city's transport infrastructure related to the 2004 Olympic bid.

Transport Minister Mr Mac Maharaj told the Senate yesterday that the R470 million of central government money that had been approved to upgrade the city's public transport system would directly serve disadvantaged communities.

"The 'Kick Start' programme will provide the initial impetus to restore public transport as the primary mode of travel, which is essential for our cities to survive and grow effectively," he said.

Meanwhile, the director-general of the IOC, Mr Francois Carrard, has said they would probably introduce an early selection procedure in June, reducing candidate cities to a shortlist of four.

The city to stage the 2000 Summer Games will be the...

Mr Maharaj said the proposed projects were primarily directed at improving pub-

lic transport and the development of marginalised communities in the metropole. The direct benefit would be the creation of about 30 000 jobs in the building of the infrastructure.

The indirect benefits are:

- The region's economy will be boosted by about R1bn through direct and induced expenditure arising from the R400m invested in infrastructure.

- In the road infrastructure, over 60% of the projects will directly serve disadvantaged communities.

## Summit

Meanwhile, a summit is to be held today aimed at getting Cape Town's shaky 2004 Olympic Bid back on track — and supermarket magnate Mr Raymond Ackerman has agreed to attend.

"Now that most of the terms and conditions I set out have been met, I have decided to attend."

He said one of his basic conditions to

return to the bid was that he return as chief executive officer of the bid committee. "I have never backed down on that."

He would train someone to take over from him and had employed two placement firms to look for such a candidate.

It was crucial that the summit meeting put an end to the acrimony surrounding the Olympic bid, he said.

"If the acrimony continues, frankly the bid hasn't got a chance ... it has been an enormous job to keep the people on hold who have done extensive work on the bid. They still have not been paid, so it is crucial to get them back on track."

It was reported from London that ballroom dancing and surfing are the latest pastimes to win recognition, albeit provisional, as major competitive sports from the International Olympic Committee.

They joined rollerskating, trampolining and 15 other sports undergoing two-year trials to join the official Summer Olympic programme. — Staff Reporters, Reuter, The Telegraph plc

# Western Cape to get new railway lines

BY BARRY STREEK  
POLITICAL STAFF

THE South African Rail Commuter Corporation has drawn up plans for 12 new railway lines in the Western Cape, Gauteng and kwaZulu/Natal which would cost about R565 million over the next four years. (49A) (1992)

It said in its 1994 report, which was tabled in Parliament yesterday, the new lines would extend commuter rail services to hundreds of thousands more people.

No further details about the new services were given.

The corporation said the RDP had identified the need to extend rail transport to urban fringe areas.

CT 6/4/95  
"This has prompted the planning of a capital development programme over the next 10 years."

The corporation said three new stations were also planned at a total cost of R6m.

It added the programme to replace all windows on Metro trains with vandal resistant windows continued in the past year.

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# Ad hoc funding 'stops proper budgeting'

**CHRIS BATEMAN**  
POLITICAL STAFF

CT 7/4/95  
THE "ad hoc" allocation of money to the Western Cape by Pretoria resulted in provincial departments creating excess capacity and being unable to budget or perform properly, the chairman of the Standing Committee on Public Accounts and Finance, Mr Arnold de Jager, said yesterday.

Tabling the committee's final report after a week of public sittings during which departmental heads were cross-examined by multi-party committee members, Mr De Jager said a "golden thread" had been the difficult "unravelling" of the three new Cape provinces.

It had been a "huge task" to split the old CPA in an efficient, effective and functional way.

He said Health and Welfare

(49A)  
Minister Mr Ebrahim Rasool's resolve to overcome his deficits and his creative re-prioritisation of spending was "very satisfactory" and his efforts to get funds for specific projects from Reconstruction and Development Programme funds was deserving of study by other departments.

Education's labour-intensive nature meant that 85% of the entire budget went on salaries, leaving "very little room to manoeuvre".

The committee noted "with concern the likely shortage of funds", he said.

Mr De Jager's committee called for an external auditor with forensic auditing skills to head an investigation into pension pay-out frauds and report to his committee monthly. If this failed a judicial commission of inquiry should be appointed.

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WESTERN CAPE

**Budget plea**

FM 7/4/95  
(2917)

The Western Cape is on a collision course with central government after Provincial Finance Minister Kobus Meiring tabled a budget last week providing for a deficit of R1bn or 12,5% of total spending.

He says thousands of public servants would have lost their jobs and services would have been slashed if he had kept within the funds allocated to the province in

**CURRENT AFFAIRS**

last month's national Budget.

Meiring's decision to overspend rather than cut back is a direct challenge to government. The legislation necessary to allow provinces to levy regional taxes or raise loans has still not been tabled in parliament. New gambling laws which will be administered at regional level will also be an important source of revenue but are not likely to be passed this year.

This means Meiring has virtually no independent revenue resources and will have to go back to central government to cover his shortfall.

He told a depressing tale in his budget speech. The R7,9bn allocated to the Western Cape in the national Budget is R1bn less than what is needed to finance provincial services at current levels. He said this meant the province was starting the financial year "on completely the wrong foot."

He also warned that the Western Cape was heading for an "unprecedented crisis and even bankruptcy" unless central government helped him out.

In his budget speech, Meiring said:

- The Western Cape received 95% of its funding from central government and would spend 94% of it on current expenses. Only R491m would go to capital projects;
- The nature of the services performed by the provincial administration meant 53% of all current spending went to salaries;
- 91% of all spending in the province is on education, social services and upgrading projects; and
- Education receives R3bn. This is followed by social services (R2bn), health and housing (R1,8bn), local government and development planning (R195m).

Meiring said that though spending on

*Continued on page 54*

**CURRENT AFFAIRS**

*Continued from page 51*

education and health comprised nearly 65% of the budget, these two departments faced the most serious crises. The only way to have kept within the education allocation would have been to retrench teachers but President Nelson Mandela gave an undertaking during a recent visit to Mitchells Plain that no teachers would be retrenched.

He said the only alternative was for central government to allocate more money to the province. Substantial cutbacks in health spending were having a negative impact on health care in the region. If the province had kept within its allocation for health this year, he said, it would have had to retrench 4 000 of the 37 000 workers and lose about 400 hospital beds.

□ The Western Cape's financial plight may have set the scene for a further blow to taxpayers in the region once the provincial government has the power to raise revenue locally. Regional taxes and levies aimed mainly at the business community and wealthy individuals could become an important source of finance for regional governments to balance their budgets. ■

X

# 'Advanced' W Cape still needs help

(49A)  
By AUDREY D'ANGELO

CT(BR)10/4/95  
The Western Cape should not be penalised for having a better infrastructure than other parts of South Africa said Chris Nissen, Western Cape minister of economic affairs, at a seminar organised by Deloitte and Touche in Cape Town last week.

Nissen said there was a tendency to think the Western Cape did not need overseas help in developing its industry because it was already more advanced than other provinces.

He praised a European Community investment scheme, saying increased development and job provision in the Western Cape would benefit the whole of the Southern African region.

The Western Cape was ready to take part in joint ventures and had the infrastructure to support them, he said.

"We are ready to accelerate trade and investment. Our commercial banks, fortified by a credit guarantee scheme for small business in particular, are ready.

"A venture capital fund to assist black entrepreneurs is in place and we hope to have at least one manufacturing technology centre in operation within the near future. Furthermore the concept and implementation of business support services through local service centres is well advanced.

"In Atlantis, a mere 40 km from Cape Town, the infrastructure is available for a variety of business activities at the right price for investors."

The Nedlac Report on the uncompetitiveness of South Africa's economy was a compelling reason for continued support from foreign donors and investors, in particular those from the European Union, Nissen said.

# Cape economic growth hailed by commerce

(49A) ARG. 11/4/95

□ *Upturn in sea and air traffic seen as sign of confidence*

MICHAEL MORRIS and  
ESANN DE KOCK  
Staff Reporters

CONFIDENCE in the Western Cape's economic growth is evident in Cape Town's Olympic bid being back on track, the staging of the World Rugby Cup and increased traffic at the harbour and the airport.

This is the view of Cape Town Chamber of Commerce executive director Alan Lighton, who was reacting to regional Finance Minister Kobus Meiring's statement to the Western Cape legislature yesterday that economic growth in the Western Cape was expected to cap the national average this year.

Mr Lighton declined to comment on Mr Meiring's predictions that increased economic growth in the Western Cape would attract increasing numbers of poor people, and would put the province among the last in the queue for reconstruction and development funds.

"I am not in a position to judge that, but the Western Cape is certainly well poised for growth," Mr Lighton said.

The pointers were all there, and growth was evident as Cape Town harbour was congested for the first time in 20 years and the city's airport was so busy.

Mr Lighton said the new Iscor plant and Namaqua Sands project at Saldanha Bay were further evidence of economic growth in the Western Cape.

Mr Meiring told the Western Cape legislature in the budget debate yesterday that while the province's economic base was a strength, it was also, ironically, a potential weakness.

"Our economic growth has out-performed that of the other provinces, and indications are that we will grow by more than 3,5 percent this year, compared with the expected national average of three percent."

However, as a result of this, the province could expect an influx of new inhabitants, especially from the under-privileged sections.

One of the consequences of this was that the housing shortage in the Cape Town metropolitan area was expected to grow by 35 000 units a year — over and above the estimated housing deficit of 250 000.

Further, "being a relatively wealthy province could also be a weakness in so far as it may mean that we will have to stand last in the queue for RDP funds from central government, and even perhaps for budget funds".

However, a positive consequence of the province's economic rating could be "that we may stand first in the queue for foreign participation in the economy".

Mr Meiring said that in spite of its relative strength in relation to other provinces, the Western Cape economy "is simply not strong enough to answer to all its pressing needs".

POSITIVE OUTLOOK FOR PROVINCIAL ECONOMY

# W Cape has best growth

(49A)

**THE WESTERN CAPE** has a strong economic base but it also has major weaknesses, regional Minister of Finance Mr Kobus Meiring said yesterday. **BARRY STREEK** reports.

**T**HE Western Cape would have a higher growth rate than the rest of the country during the current financial year, the provincial Minister of Finance, Mr Kobus Meiring, said yesterday.

The province had a strong economic base with a well-developed infrastructure, he said in a positive review of the regional economy in his reply to the budget debate in the Western Cape legislature.

"Its economic growth has recently outperformed the growth of the other provinces in the coun-

try and indications are that our economy will grow by more than 3,5% this year against the expected average growth rate of 3% for the country as a whole."

However, Mr Meiring warned there were also major weaknesses in the regional economy and said the central government had taken too much money over too short a time-span from the Western Cape and Gauteng in the haste to achieve equity.

Too much had been given to the underdeveloped provinces too

quickly.

"It leaves us, and I believe also Gauteng, essentially overnight, with insufficient finances to fund services and structures which have taken us at least 80 years to build.

"On the other hand the disadvantaged provinces are suddenly awash with spare cash, which in the absence of proper infrastructures they might not be able to put to efficient and effective use."

Mr Meiring said the Western Cape had a well-balanced and diversified economy, with agriculture contributing 6,1%, manufacturing 23,5%, financial and business services 16,6%, commerce, catering and accommodation 20,9%, and personal as well as soci-

ial services 18%

The tourism sector in the province was healthy and growing, and had the potential to become a very significant contributor to the economy. "Tourism currently contributes 5-6% to the gross regional product and has the potential to increase to 8-10% over the next five years."

**Influx**  
CT 11/4/95

One of the province's weaknesses was that because it was the most developed and wealthiest province besides Gauteng, an influx of people, especially from the most underprivileged sections, could be expected

# Plan to halt city 'overspending'

**MUNICIPAL REPORTER**

CT 13/4/95

(49A)

FIERY Metropolitan councillor Mr Arthur Wienburg put forward a motion yesterday which could halt overspending by Metro Council planners and consultants — and the ANC supported him.

At the meeting of the Metro finance committee, of which Mr Wienburg is a member, his motion to stop the council from taking unspent money from the Hsantekraal Sewage Works' capital budget to top up the planners' budget for daily expenses was passed.

His recommendation has yet to be passed by the executive committee and the council.

The ANC's Mr David Dlali, who chairs the Metro executive committee, said in support of Mr Wienburg's motion it was true new expectations had arisen in the communities the planning branch served, but if those people knew what it cost to meet those expectations, they would be unhappy.

The Metro council's regional planning branch had submitted a report in which it asked for at least R740 000 for a range of projects.

Mr Peter Tomalin, head of the Metro Council's planning department, said as there were only 17 people in his branch a lot of work had to be done by outside consultants, which was expensive.



THURSDAY  
APRIL 13, 1995 ★

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## W Cape has most funds

(49A) (253)  
**POLITICAL STAFF**

THE relative funding levels of education in the provinces showed that the Western Cape was still 58% better funded than the average province, the Minister of Education, Professor Sibusiso Bengu, said yesterday. **CT 13/4/95**

The average funding for the Northern Transvaal and the Eastern Cape was 25% below average, he said in reply to a question tabled in the Senate by Senator William Mnsi (DP).

Equity would be phased in over the next five years.

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HEATHER PARKER

# 'Beleaguered' Cape Town coffers receive govt funds

THE Cape Town City Council this week received a government cheque for R11,73m. But this barely makes a dent in the debt still owing from black local authorities, which now stands somewhere around R60m — and which is growing at between R4m and R4,5m a month.

If plans go ahead to incorporate the Ikapa municipality in the Cape Town area, the already beleaguered city coffers may have to absorb that debt.

Cape Town City Council is fighting a perpetual debt-collecting war. In addition to the black local authority debt, it is owed around R61m by electricity defaulters, R22m for water, R16m for rent, R14m in backlogs on house purchase schemes and R60m overdue on rates.

The problem has its roots partly in the economic downturn and partly in the boycott culture that still pervades. In January 1994, aware of the growing crisis,

then President FW de Klerk and Nelson Mandela agreed to ask local authorities who were owed large amounts by neighbouring black communities to write off the debts accrued until end-January 1994. They agreed central government should help, and councils were asked to submit claims.

The Cape Town City Council put in a claim for the R35m then owing. Together with this week's cheque, it has received R23,7m in response to that request.

The council is in principle reluctant to consider a debt write-off among Cape Town municipal consumers. The only source of revenue a council has is its ratepayers, and debt write-off sends a dangerous message. "The biggest fear is that the people who are paying will stop," assistant

city treasurer George van Schalkwyk said.

"As far as we are concerned, these debts are recoverable." Chief city accountant Maurice Salmons said the rate backlog was "nothing unusual for this time of the year", and he described the electricity debt of R61m as having "stabilised".

Previously, he said, the power backlog had been increasing at the rate of around R1,5m to R2m a year. There was an improvement because of widespread use of prepayment facilities, which whittles away approximately R300 000 in arrears each month.

Under the prepayment system, consumers slowly clear their backlogs by overpaying by a certain percentage.

With regard to rents and house purchase schemes, it

was less easy to recover debts, since although there was collateral, the council was reluctant to evict the offenders, said Salmons.

Ironically, central government doesn't have a good track record when it comes to paying the council. Earlier this year it owed the council R9,1m in overdue rates. Controversial councillor Arthur Wienburg, then heading the council's executive committee, suggested that since private ratepayers faced having their properties sold in execution of debt, government should be faced with the same eventuality. Parliament, he said, would be spared, but there were plenty of other buildings that might be attached.

Van Schalkwyk said the government had since substantially reduced its debt, which now stands at "only R2m or R3m".

(49A) ~~113~~ BD 19/4/95

# Job creation 'task force' being set up for Western Cape

ARG 20 21/4/95 (50A) (175)  
**Political Correspondent**

A Job Creation Task Force is being set up in the Western Cape to buttress other initiatives to boost the regional economy, says economic affairs minister Chris Nissen.

Speaking in debate on the economic affairs budget in the provincial legislature, he said the task force would work with the private sector to encourage "mega-projects" and in setting up manufacturing plants.

This went hand in hand with other initiatives, which included:

- Helping to establish a technology institute to broaden the base of technology in the province and link technikons, universities and the research departments of private corporations;

- Setting up support services

for small, medium and micro enterprises; (49A)

- Establishing a Western Cape development corporation or bank; a new rural development agency; and

- Using the restructured Wesgro and Small Business Development Corporation to boost investment, trade and export promotion, and empower the small, medium and micro business sector.

Mr Nissen pointed out that the Western Cape would have to create 50 000 jobs a year to "progressively reduce" unemployment and meet the needs of the growing population, and that sustaining reconstruction and development projects would require a provincial growth rate of between four and seven percent over the next five years.

# W Cape jobless 'above 20%'

APR 25/45

*Economist disputes Statistical Services figure*

and informal labour was often not regarded as work.

**Business Staff**  
UNEMPLOYMENT in the Western Cape is well above 20 percent, and is not at the 17.3 percent level published in the Central Statistical Services recent Household Survey.

This was particularly worrying in view of the fact that the survey was a presidential project the results of which could be used for allocation of Reconstruction and Development Programme funds among the provinces.

But, the size of the African population in the Western Cape had been underestimated in the survey by as much as 380 000, which implied a substantial undercounting of African unemployment.

made worse by the definition of unemployment selected by the authors of the survey.

Because a higher proportion of Africans lived in rural areas, this discrepancy would tend to overstate African unemployment rates relative to those of the coloured and white populations, which were heavily urban.

This was the view of Westgro economist Wolfgang Thomas, speaking yesterday at the launch of the Cape of Good Hope Bank/Wesgro Western Cape Economic Monitor.

The main reason for the survey's undercounting was its lag in accounting for the resettlement of migrant workers' dependents from the Eastern Cape to the Western Cape.

The survey used the International Labour Organisation's "extended definition of unemployment".

This included people who expressed the desire to work, but did not take any active steps to find employment.

But, the survey did not indicate whether this definition was the one generally used in international comparisons, which was doubtful, said Professor Thomas.

The survey, which put the national unemployment average at 32.5 percent and found the rate in some provinces to be as high as 47 percent, seemed to justify pushing the Western Cape to the back of the development spending queue, said Professor Thomas.

It was also likely the rate of African unemployment in the Western Cape, posted at 27.8 percent in the survey, was closer to 41 percent, said Professor Thomas.

As this resettlement process was still taking place, the job-creation task in the Western Cape was critical.

The misrepresentation of the Western Cape's unemployment figures relative to the other provinces could be

There were indications that the extended definition tended to overestimate unemployment in traditional, rural communities, where family

# Wesgro questions findings of CSS

CAPE TOWN — Western Cape economic development organisation Wesgro has questioned several findings in the Central Statistics Services' 1994 October household survey which was undertaken to provide information for the reconstruction and development programme.

Wesgro economic development coordinator Wolfgang Thomas yesterday criticised the statistics at a function to launch the Economic Monitor, a Wesgro and Cape of Good Hope Bank initiative to research key economic indicators in the province.

Thomas said the new "official unemployment rate" as contained in the CSS survey could create the wrong impression that the province should "stand in the back of the queue" when it came to public sector funding.

The CSS survey showed Western Cape unemployment at 17,3%, just over half the national average of 32,6% and a third of the highest provincial figure. 60 2514195

Thomas questioned the CSS's use of the "extended definition of unemployment" in which an unemployed person was defined as "someone who expressed the desire to work, but did not take any bold, active steps to find any work or gain own employment".

One example of the problem of the definition was that "for a lot of rural people and people with traditional backgrounds, informal employment is not regarded as work".

The CSS's estimation of the Western Cape's black population of 655 060 was about 375 000 lower than the figure used by Wesgro and the Devel-

EDWARD WEST

opment Bank of Southern Africa. The survey did not include an estimate of the total population, but merely applied the sample of 30 300 households on the extrapolated 1991 census figures, which had been questioned in the Western Cape for some time.

Furthermore, the migrant labour character of the province had changed dramatically over the past decade with many dependants settling in the province.

"If we combine the adjusted figures for the African population with the other two segments of the provincial population, the average level of unemployment is increased from 17,3% to about 21,6%, which seems to be more in line with the Gauteng average of 28,7% and the overall average of 32,7%."

He said the CSS survey figures for coloureds and whites reflected more accurately unemployment in the Western Cape in the more conventional sense, whereas the responses of rural/traditional blacks rather reflected poverty or the absence of formal employment.

The understatement of the black population in the province also applied in particular to women and the lower age groups, where unemployment according to the extended definition was particularly high.

"This would explain why the black unemployment rate is only 27,8% in the province compared with 41,2% nationally, even though job opportunities for blacks are still limited in the Western Cape," said Thomas.

# W Cape jobs bonanza

CT 26/4/95

**CHRIS BATEMAN**  
POLITICAL STAFF

A UNIQUE R2 million Peninsula "clean-up" of main transport routes kicks off in preparation for the World Cup Rugby tournament next month. It forms part of a broader R8 million "Clean and Green" campaign aimed at creating 8 613 jobs and improving township environment.

Western Cape Transport and Public Works minister Mr Leonard Ramatlakane said the first stage, beginning on May 3, would focus on removing debris from major transport arteries, creating 500 jobs with local authorities and matching the RDP funding on a rand-for-rand basis.

The second stage included debris and alien vegetation removal, slope stabilisation and the greening of suburbs and townships through tree planting.

## **Awareness**

This stage would also involve providing recycling depots, mounting public awareness campaigns and civic education with 25 identified communities and non-governmental-driven projects.

Many of the Peninsula's squatter areas are either on old rubbish dumps or are surrounded by dumped builders' rubble and non-collected refuse.

One project's aim is to generate environmental pride, helping to promote a culture of payment for services in the townships.

Mr Ramatlakane appealed to the private sector to "get involved" by helping prevent indiscriminate dumping of rubble and contacting his office to see where they could help.

Although job-creation would only last for 4½ months, it was hoped emerging local authorities would absorb workers on a more permanent basis.

"A clean and healthy environment will help our tourist industry, especially in the context of the upcoming World Cup Rugby tournament," Mr Ramatlakane said.

# Vote of confidence from Western Cape

Western Cape firms are optimistic about growth, reports Anton Grutter

IRMS in the Western Cape are confident that the region's economy will grow well over the next few years, according to a recently completed business survey of the region.

The survey, conducted last year by Arthur Andersen, the Graduate School of Business at the University of Cape Town, and Wesgro, polled 4 500 firms, and received 500 useable questionnaires from respondents.

Respondents were mainly small or medium-sized enterprises, with hands-on management, rather than large corporate firms.

Sixty-nine percent of these firms expected two percent or more real growth in gross domestic product in the economy as a whole.

Asked about their own prospects, they responded more positively about the medium term than the immediate future. For instance, 56 percent of the firms expect to show a slight increase in profitability over the next year, whereas 67 percent of the firms expect a similar increase in profitability over the next three years. A similar pattern is evident for new businesses, investment, turnover, and employment.

Given that the survey was done at the end of 1994, when the economic upswing was not well established and business had concerns about the upcoming Budget, this is a remarkable vote of confidence in the region's future.

The positive outlook, however, is qualified by some pointed concerns.

When broken down into the three major sectors of manufacturing, trade (wholesale and retail), and services, the specific concerns of each sector becomes evident.

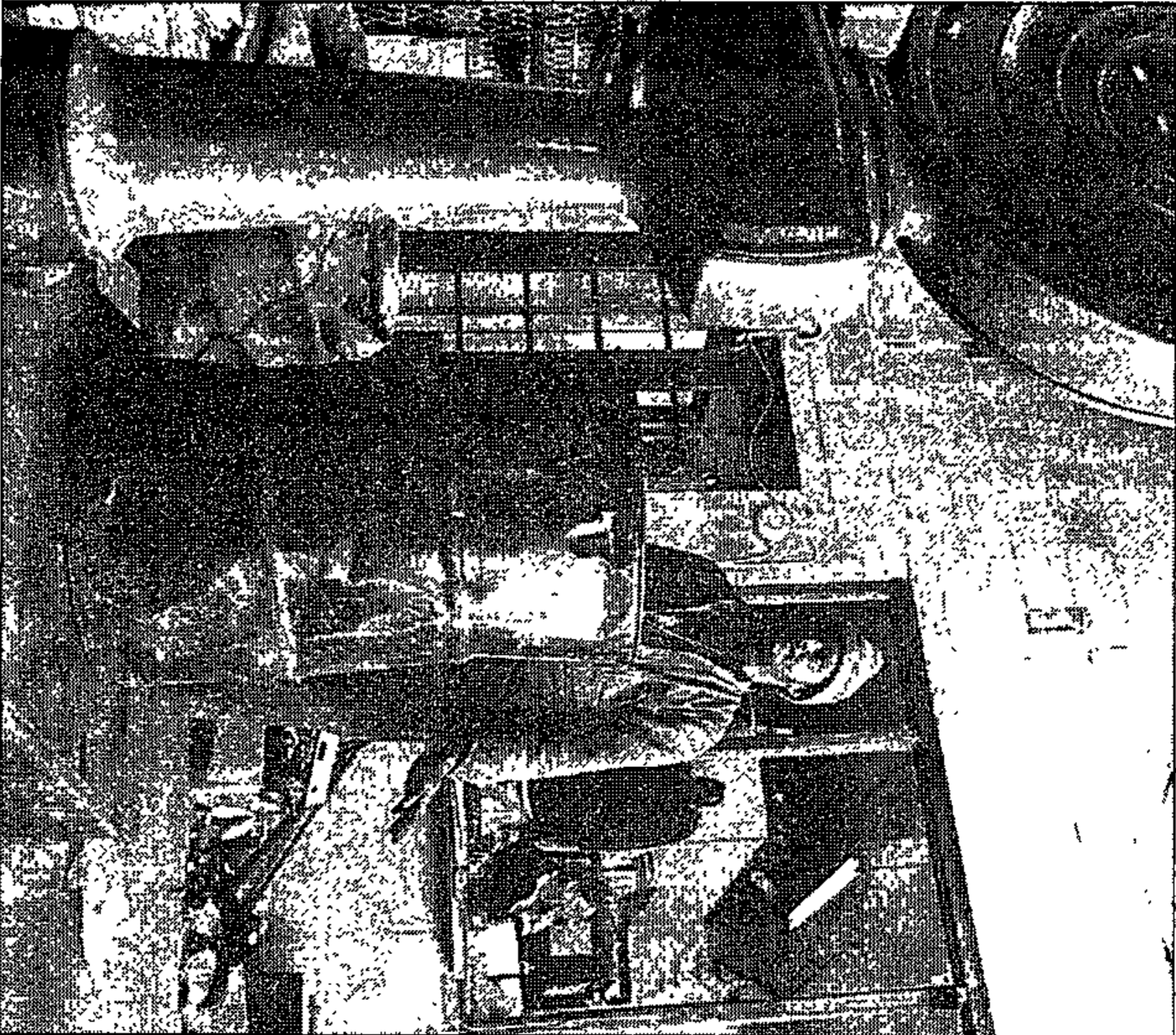
For the manufacturing sector the cost of raw material inputs is by far the greatest concern, followed by high import tariffs. In the context of an increasingly competitive environment, the cost of labour and finance also featured high on the list.

The trading sector (wholesale and retail) highlights import tariffs, because firms would like to offer imported finished products to the consumer. However, traders recognise the importance of competitive local products by listing raw material costs as their second highest concern.

An increasingly competitive environment is the main concern of the services sector. Many firms referred to the "de-professionalisation" of the sector by people who have started small businesses after being retrenched. Unreliable subcontractors get particularly harsh criticism. The cost issue was also raised with respect to finance and raw materials.

Concerns about people in the workplace are very prevalent — so much so that if taken together, people issues outstrip concerns about input costs. Workplace behaviour, which includes disruptions caused by industrial action and social turmoil as well as illegal actions by workers and poor work ethic, concern the respondents.

Only in the services sector does affirmative action appear to be perceived as a threat to business. Small or medium-sized enterprises



High hopes: Cape firms are positive about the future

PHOTO SOUTHLIGHT

are the firms on which the most hope for economic growth is pinned, particularly the kind of growth based on competitive innovation which will create employment. The significance of smaller firms complaining about high input costs lies in the fact that they are

mostly found in the downstream end of the production pipeline.

In today's economy it is not only the competitiveness of the individual firm

which determines its success at winning orders. The performance of the

whole succession of firms in an industry

can make or break the chances of those further down the line.

This issue is not limited to the Western Cape. About 30 percent of the materials used in the Cape are reported to originate from elsewhere in the country. This means that high input costs are a national problem.

Studies indicate that the natural resource endowments and climatic advantages the country enjoys are often eroded during primary materials production to the point that firms later in the chain have to pay more for local inputs than for the same imported input. This explains why more than a third of raw material inputs are reported to be imported.

Import tariffs then add to the problem. The government's phasing out of protection for local producers has elicited dire warnings of destruction from threatened sectors. However, it is not always apparent that the cost of protecting jobs early in the production chain has adverse effects further on.

Import parity pricing, the practice of setting raw material prices at the level of protection offered by import tariffs, rather than at the most competitive price, has been described by Trade and Industry Minister Trevor Manuel as "the scourge of local industry".

If ever there was doubt about whether to press ahead with restructuring local industry to become more competitive, this survey's results clearly show where the small business vote lies.

Anton Grutter is a research associate of the Manufacturing Roundtable at the Graduate School of Business, UCT.

WM 28|4-4|5|95

(4914)

## A shot in the arm

(288) (491)

■ Infrastructurally, the Olympics will mean R5bn to Cape Town

FM 28/4/95  
If the International Olympic Committee decides that the 2004 Olympic Games should be staged in Cape Town it will unleash the biggest building programme yet seen in SA.

David Johnson, spokesman for Cape Town 2004, the body organising the city's bid for the Games, says current indications are that nearly R5,5bn will be spent between 1994 and 2004, of which R2,25bn will come from Olympic and private sector funds and the rest from local, regional and central government.

The investment process has already started and if plans are adhered to R1bn will be spent up to 1997 on infrastructure, sports facilities and villages. Between 1997 and 2004 another R4,3bn will be invested, including R100m for "contingencies."

The R695m allocated to infrastructure between 1994 and 1997 will go to improving the international airport and road and rail systems, acquiring additional rolling stock and building a light rail system.

Also provided for will be services for the 17 cruise liners and 10 other vessels that will be moored in Table Bay harbour. Infrastructural spending will increase to R2,8bn between 1997 and 2004.

The cost of providing competitive sports and training facilities will absorb R410m up to 1997 and another R570m up to 2004. Only R40m will be spent on villages up to 1997, but that amount will increase to R835m as 2004 approaches.

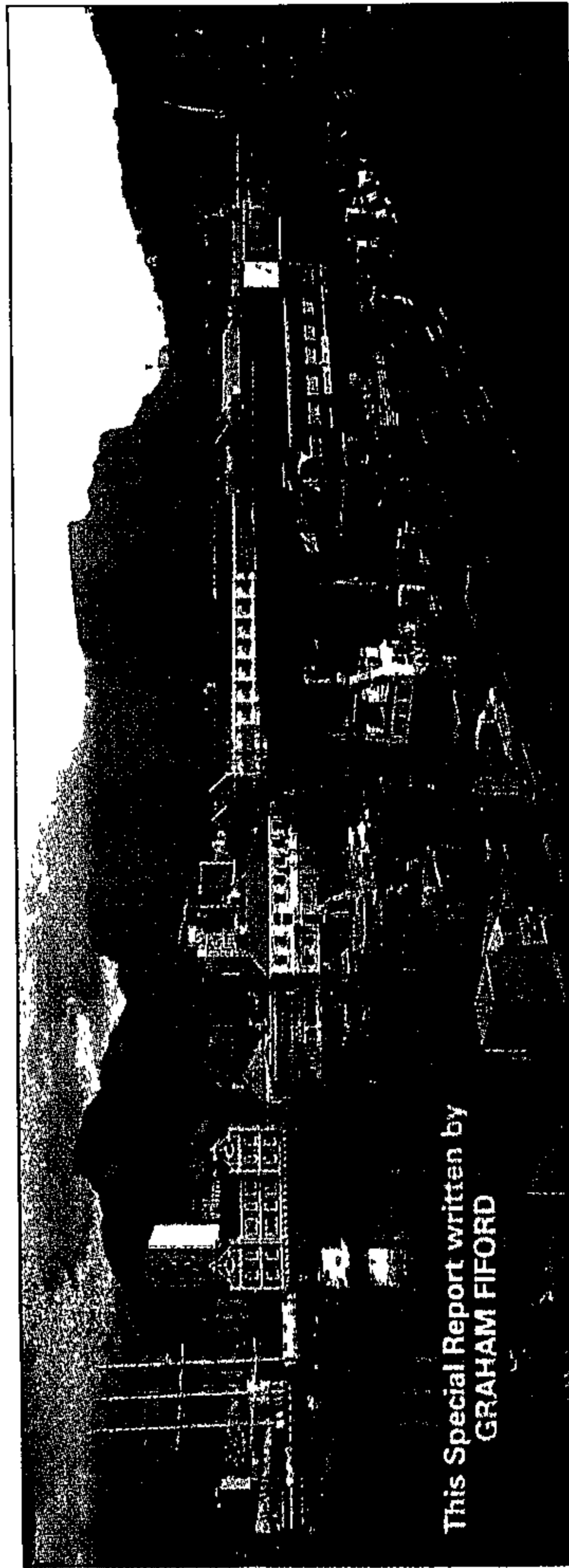
Cape Town is expecting an influx of about 205 000 people for the Games. Of that 98 000 will be foreigners, including about 15 000 athletes and 15 000 media members.

Johnson says the Olympic plan provides for accommodating 60 000 people daily

FINANCIAL MAIL • APRIL • 28 • 1995 • 77

# Capital Projects

## SPECIAL REPORT



This Special Report written by  
GRAHAM FIFORD

**Cape Town's waterfront . . . much more spending is needed if the city is to gear up for the Olympic Games**

during the Games, which will last from September 18 to October 3. As people don't usually stay for the entire duration of the Games, demand for accommodation will be staggered over the entire period.

Cape Town's airport is being upgraded. Johnson believes if an airport can cope with 10m-11m passengers a year it can cope

with the demands of the Olympic Games. Peak demand, which will be experienced just before the opening ceremony and just after the closing ceremony, will be 35 000 passengers a day.

When the Games end Cape Town will be left with a vastly improved urban mass-passenger transport system, sporting fa-

cilities, villages that can be converted into conventional housing, housing for the elderly, housing catering for families sharing dining, food preparation and social facilities, and work-related facilities where the ground floor can be converted to commercial and light industrial use, and the upper floor to housing.



# Battling for edge

FM 28/4/98

Having claimed for the past two years to be SA's leading edge in efforts to re-enter world markets, the Western Cape is now seeking new ways to maintain its position in the face of increasing competition from other provinces.

Gauteng in particular is seen as a serious threat as it gears for growth on the back of beneficiation projects and a boom in international demand for commodities.

A new study by Wesgro, the Western Cape's regional development and marketing agency, says two factors could impede the province's development momentum:

- A relatively high per capita income and lower unemployment may undermine the region's claim on national resources for social development; and
- Rapid inward migration to the Cape Town metropole have created serious basic amenity backlogs which, if not addressed, could endanger the social fabric with serious economic consequences.

Wesgro says the challenge is to reshape the vision for growth and development by giving expression to more specific opportunities and identify tasks that need to be tackled to maintain its leading edge.

The region's economic fortunes have depended on a number of trends.

Though it lacks a mining or heavy industrial sector its dominant activities — agriculture, food processing, fishing, clothing and textiles and tourism — have strong forward and backward linkages, which will bolster growth once the core sectors start booming. Equally important, the region is not burdened by major declining sectors.

In addition, the development of export capacity during the sanctions years has left it well placed to advance much faster in an unrestricted trade climate.

Rapid population growth — the abolition of influx control resulted in the region's black population increasing from 285 000 in 1980 to an estimated 1,2m — has contributed to a relatively buoyant demand for locally produced goods.

In most expenditure categories the region is above its 10% population share and in several it is above its 14% share of GDP.

The locational disadvantage has become less significant with the development of hi-tech communications, a relative decrease in travel costs and the increasing significance

*continued on page 54*

## CURRENT AFFAIRS

*continued from page 50*

of foreign trade.

The study contends that the long-term trend towards centralisation of production, financial and service activities in Gauteng has been slowed, if not reversed.

Western Cape's working and living environment, available skills, rate of labour turnover and harbour access make it an attractive business location, particularly as a base for foreign companies doing business in southern Africa.

The strong bond between urban and rural communities in the Western Cape where most smaller towns and farming areas are effectively linked to the urban infrastructure, provide a distinct advantage over the rest of the country which tends to suffer an urban-rural disequilibrium.

With the current shift in emphasis from

big business domination to smaller enterprise orientation, the Western Cape economy seems well placed to prosper because it has more small and medium enterprises than tends to be the case in other regions.

However, with no mega-projects like the Columbus stainless steel mill or the Richards Bay aluminium smelter, and lacking the political muscle to ensure a large share of resource redistribution, growth will depend largely on how entrepreneurs and stakeholders exploit opportunities.

The most obvious areas of advantage are in its leading sectors: fishing (23,5% of Gross Regional Product in 1993), commerce, catering and accommodation (21%), financial services (16,6%) and government services (15,2%)

Formal employment is mainly in clothing (24%) and food processing (16,6%)

Sectors poised for growth are: construction, due to RDP- and tourist-linked infrastructure projects; industry, due to a greater export orientation than other regions; agriculture, particularly fruit exports; finance, insurance and business services which could benefit from decentralisation of specialised services by the financial conglomerates; commerce and retailing.

The relative buoyancy of a number of key sectors means GRP probably increased marginally more than national GDP growth last year and will again this year.

"Mega projects" with growth potential include Cape Town's 2004 Olympic bid, the Capricorn project aimed at developing a technology and research park, Anglo American's Namaqua Sands project, Iscor's new steel mill at Saldanha and the restructuring of Mossgas at Mossel Bay.

# Cape seeks a Calypso Connection

ARG 29/4/95

**DAVID BREIER**

Weekend Argus Political Staff

WESTERN Cape brandy and West Indian rum could become the latest diplomatic cocktail as provincial ministers jet out of Cape Town to Jamaica this weekend to explore trade links with the Caribbean.

In a joint mission of African National Congress and National Party politicians, ANC provincial leader and economic affairs minister Chris Nissen heads for Kingston, Jamaica, tonight with provincial housing minister Gerald Morkel of the NP.

The Western Cape politicians were invited to open contacts with Jamaica by the island's former prime minister Michael Manley, who was chairman of the Commonwealth group that observed last year's elections in South Africa.

Mr Nissen and Mr Morkel are due back in Cape Town after eight days in the Caribbean.

Amid some scepticism on the economic importance impover-

■ The West Indies means more than rum and cricket to Western Cape provincial ministers, who fly to Jamaica tonight to explore new relations with the islands.

ished Jamaica has for the Western Cape, provincial spokesmen pointed out Jamaica's importance as a member of the African, Caribbean and Pacific group of countries that comprise the Lomé Convention on preferential tariffs with Europe.

South Africa is at present battling for Lomé recognition to gain a greater foothold in European markets — while some European countries resist one-sided preferential tariffs for South African products.

Norman Michaels, spokesman for Mr Nissen, said this was the first such joint exercise between the ANC and NP.

He said Mr Nissen would examine the possibilities of economic co-operation between the Western Cape and the West In-

dies, including trade and investment.

Mr Morkel would examine third world-style housing systems in Jamaica that could be of relevance to the Western Cape's housing problems.

Mr Michaels said the visit to Jamaica could open trade possibilities with the entire West Indies, which had played an important role in the struggle against apartheid.

South Africa already has an economic connection with the islands off America following the recent opening of Sun International's huge casino resort in the Bahamas, which is promoting South African tourism to the area.

With the opening of greater contacts between the Western Cape and the West Indies, locals could soon be flying off to explore the rum route for a change.

Jamaica is also known for its keen interest in South African affairs. It was one of the first two countries to ban trade with South Africa in the early days of apartheid.

(49A)

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# Growth vision urged for W Cape economy

ST 30/4/95 (49A)

By FRED ROFFEY

MANAGING the Western Cape's faster growth will be as big a challenge as the effort made to create it and a wider vision of economic goals should be developed to encourage further growth.

These points were made at a function in Cape Town to launch the Western Cape Economic Monitor, published quarterly as a joint venture by the Western Cape development agency, Wesgro, and the Cape of Good Hope Bank.

The bank's managing director, Mike Thompson, urged the development of a "growth vision" for the Western Cape that was broad enough to include all segments of the economy.

However, Wesgro's economic development co-ordinator, Wolfgang Thomas, warned that managing the region's faster growth would be a serious challenge.

About 13 000 copies of the Western Cape Economic Monitor are to be sent to interested people and companies.

The Monitor says there is "little doubt about the potential for faster, broad-based growth"

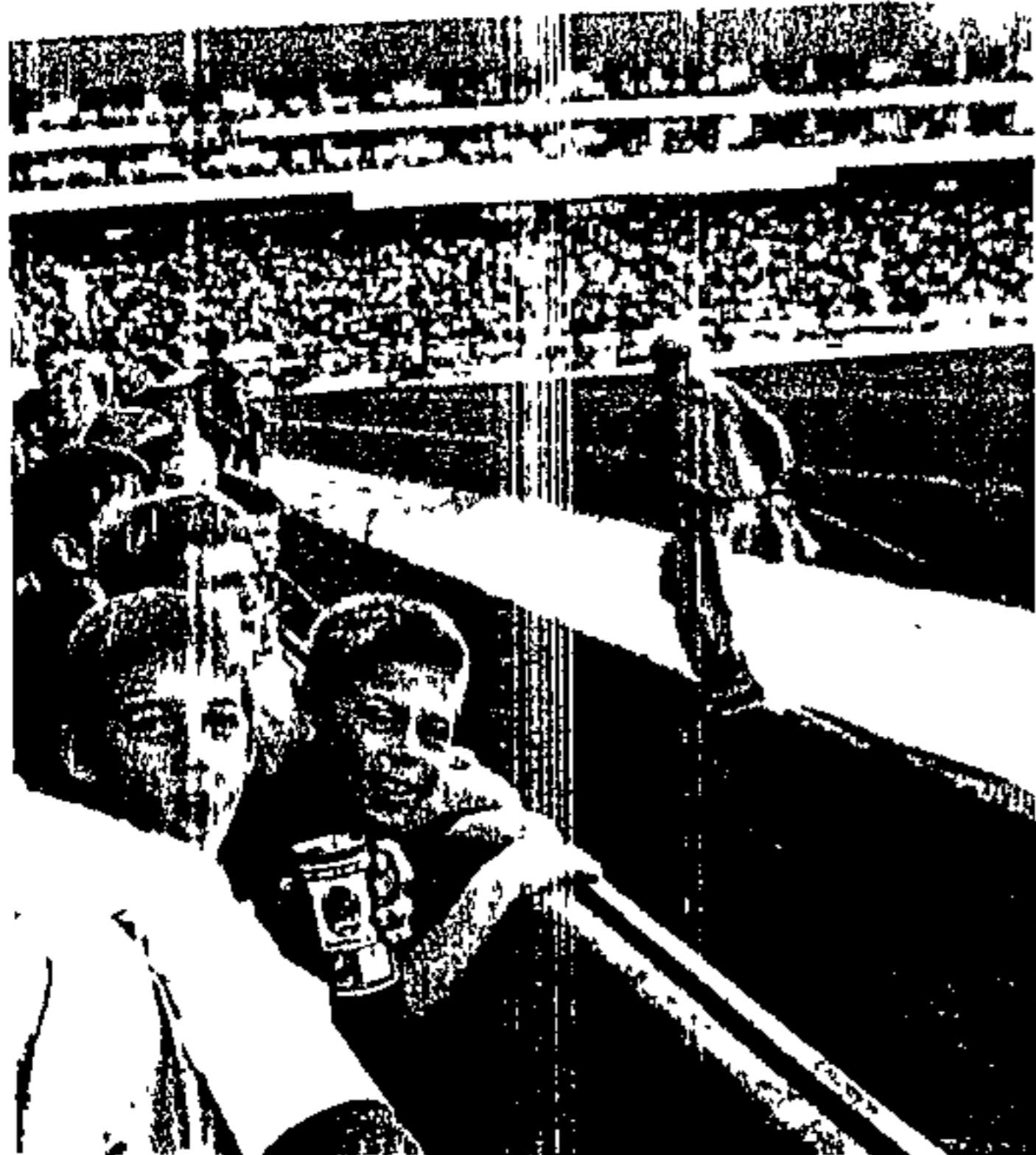
Examples are the "bullish sectors" of the region's manufacturing activities centred around food processing/beverages and clothing/textiles.

"In both pillars of the region's manufacturing sector, local demand and export opportunities are promising, yet call for careful planning and forceful action to face the icy wind of international competition," says the Monitor.

"Co-ordinated responses include several wine export initiatives and efforts to establish a clothing and textile cluster initiative. The automotive component industry, much of which is centred around Atlantis, is equally upbeat."

# R196 m for RDP projects in W Cape

49A  
ST (Cm) 30/4/95



**CHESTER'S FANS** ... Western Province and South African star winger Chester Williams spent yesterday afternoon in the stand watching a plucky Western Province go down 27-25 to a SA President's XV. Williams, who has a leg injury, received a huge cheer when he appeared on the field in "civvies" before the start of the game. When the SA squad for World Cup 1995 is announced tonight, Williams is expected to be an automatic choice

Picture: TERRY SHEAN

A TOTAL of R196-million is to be spent on RDP-linked projects throughout the Western Cape during the present financial year, well-placed sources have confirmed.

Half the funds will come from the national RDP budget, with the provincial government providing the rest

Priority in the use of the funds will be given to housing and the upgrading of municipal services in previously disadvantaged areas.

About R40-million will be provided by the national RDP office for housing, with the regional government adding R60-million during this financial year for the provision of infrastructure for 23 000 housing units

A further R75-million is expected to be spent on upgrading municipal services in disadvantaged areas. This includes the provision of sewerage and electricity.

Western Cape RDP chief Tony Ruiters confirmed the planned expenditure and said work had already begun on housing projects in Guguletu, Khayelitsha and Delft

By NAZEEM HOWA

"We are not talking about toilet-town developments here. We are talking about homes people will be proud to live in," he said

Mr Ruiters said the RDP office was involved in complete redevelopment

"When we consider housing projects, we ensure that it fits in with the overall development plan for an area. So clinics and schools are an essential component," he said

The provincial RDP office plans to spend about R17-million on improving the education environment

This, according to Mr Ruiters, involves projects already in operation such as the school-feeding scheme

"At present we are providing meals to about 314 000 school kids daily. You won't believe what a difference that has made to learning," he said

Another project to benefit from this fund is the repair of school buildings

"During a recent audit we identified about 80 schools in need of urgent repair. We have already effected repairs to more than half those schools," Mr Ruiters said

a valuable spin-off from the school-feeding scheme was the jobs created

"About 150 unemployed people have been taken on to assist with the provision of meals. Mothers at home have been employed to make soup, and bakeries in the townships have been contracted to supply bread to schools."

Over 200 proposals have already been submitted to the provincial RDP office. Mr Ruiters said his office was finalising computer software which would assess the proposals against criteria set by the national RDP office to develop a list of priorities

The provincial RDP office has also lent its support to the proposed Capricorn Science and Technology Park which it believes will generate between 30 000 and 40 000 jobs within the next 10 to 20 years.

"We are presently talking to the management team at Capricorn about a training centre for black small business as part of the overall development."

"We are also talking to several major technology companies about relocating to the science and technology park," he said

## Row ends in double shooting

TWO men, believed to have been involved in a lovers' tiff and double shooting, were found dead behind Khayelitsha's taxi rank yesterday.

Police said it appeared as if the two, who have not been identified, had had a "lovers' quarrel". One man shot the other in anger, hitting him in the right side of his head. The man then turned the gun on himself, shooting himself fatally.

Police described the incident "as a very strange story", saying it appeared as if the two lived in the area as they were on foot and a vehicle had not been found nearby.

The shooting did not appear to be related to taxi violence or gang fighting, police said.

Anyone with information is asked to call the police crime stop number 0800 111213.

## WEATHER



## WATCH

THE Weather Bureau's forecast for today:

**Cape Town:** Fine, no rain. Wind: South-westerly, becoming north-westerly 15 knots. Temp: Low 6°C/High 28°C.

**Paarl:** Fine, no rain. Wind: Easterly to north-easterly 5 knots. Temp: Low 15°C/High 32°C.

**Langebaan:** Fog along the coast else fine, no rain. Wind: North-easterly 5-10 knots becoming north-westerly 10-15 knots. Temp: Low 14°C/High 24°C.

**Hermanus:** Fine, no rain. Wind: Easterly to north-easterly 5-15 knots. Temp: Low 12°C/High 22°C.

**Outlook for tomorrow for entire area:** Coastal fog in the morning, otherwise fine and warm, but hot away from the coast. Wind: Light north-easterly to north-westerly, but moderate south-westerly along the coast

## Selby Taylor's last wish

IAN WEST

lost de Blank. over the Mitre, he arch's outspoken- ism — but in con- as more concilla- instrumental in le church schools to all.

it, who compiled says *The Golden Archbishop Selby* is a man of great charm and deep as displayed pas- wisdom and true a man of distinc- ible achievement. hop — a shepherd

Dean Colin Jones, who wrote the foreword to *The Golden Mitre*, referred to Archbishop Selby Taylor as "the prince of the church".

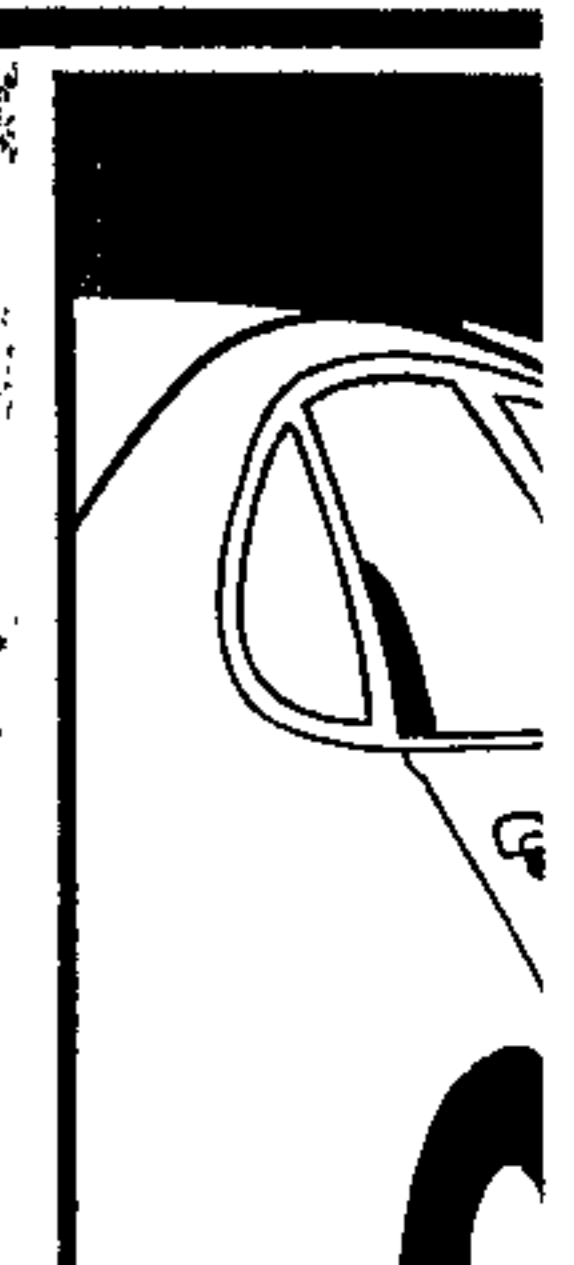
"His towering presence will long cast its shadows over the church and beyond and set a standard of episcopacy which those who wear the mitre would do well to strive to emulate."

Archbishop Desmond Tutu, with the support of his brother bishops, elevated Archbishop Selby Taylor to the office of Archbishop Emeritus. The archbishop celebrated his 86th birthday on March 1.

Yesterday's requiem mass in St George's Cathedral was conducted by Archbishop Tutu.



Selby Taylor



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# Western Cape holds thumbs on R5bn of new investment

BD 4/5/95

49A

IF ALL its chickens come home to roost, Wesgro, the association for the promotion of economic growth in the Western Cape, will be able to announce R5,7bn worth of new foreign investments in the region.

David Muirhead, Wesgro's investment marketing programme GM, confirms this figure represents the worth of 250 projects with which Wesgro is "actively assisting". Among these is a "mammoth" film studio-cum-theme park along the lines of the Hollywood models. Most of the interest is, rather more prosaically, in the clothing, tourism and food processing sectors.

International experience suggests that only 10% to 15% of these projects are likely to reach fruition, says Muirhead. This statistic refers to the number of projects, not the value of projected investments.

Broad-ranging US corporations are showing particular interest, overtaking earlier inquiries by specifically Afro-Americans. Interest has been spurred by the US journal Business Week, which recently earmarked Cape Town as one of the world's eight "second-tier cities" which are likely to grab power from world financial capitals such as London, Hong Kong, Tokyo and New York. Other cities to watch, says Business Week, are Sao Paulo (Brazil), Nizhni Novgorod (Russia), Miami, Bratislava (Slovakia), Bangalore (India), Jerusalem and Tianjin (China).

Cape Town Chamber of Commerce

## HEATHER PARKER

foreign trade specialist Julia Hart says another notable feature of international interest is the increase in the number of business visitors from India. "We used to get 80 written trade inquiries a month in 1993 — now we get 300, and a full 20% of them are from India," she says.

Hart says the trade missions passing through Cape Town amount to strong evidence of future investment: "Where there is trade, investment follows." The number of people included in each trade mission doubled between 1993 and last year, indicating growing interest within foreign countries. In addition, the actual number of delegations to the Western Cape grew from 21 in the whole of 1993 to 34 in the last seven months of last year. Until the May election results things had been quiet — but in November alone, 16 missions passed through the Chamber.

Recent coups for the Western Cape include:

□ Levi Strauss, the signature US clothing manufacturer, is setting up a factory due to come into production in May. Ultimately it will employ 325 people: and the investment is said to be "in the tens of millions".

□ The film studio/theme park along the Hollywood model which, although

not yet written in stone, is confidently expected to come off. It has the support of the regional government. The project is expected to be worth R400m, and would create jobs for about 4 000. The partners, most of whom prefer to remain anonymous until there is more certainty, include a British merchant bank and an architectural firm with links to the Lost City. This project taps into the boom in the making of commercials and small feature films in the Western Cape.

□ Leichmetal Radar from Germany is setting up a factory in Atlantis to make aluminium die castings for the motor manufacturing industry.

□ BP and Elf Aquitaine have now moved their Africa head offices to Cape Town.

□ Safmarine International, the non-liner business unit of Safmarine, has brought its head office back to Cape Town from Switzerland.

□ Textile group Romatex has moved its head office to Cape Town from Durban to be nearer its operating companies and main customers.

□ The Iscor steel mill at Saldanha, due for completion in 1998, which represents R3,6bn. During the construction phase, 4 000 to 5 000 people have been employed, and when it is operational, it will provide permanent jobs for about 600 people.

One of the spin-offs is that Saldanha harbour is adding two new quays to its cargo facilities, and a third will come later.

# Changing face v ruining natural

■ Rapid economic development will drastically change the face of the Western Cape over the next decade. Provincial authorities plan legislation to manage the change without destroying the Cape's beauty.

**DAVID BREIER**  
Weekend Argus Political Staff

THE Western Cape provincial government is preparing a comprehensive new law to control the massive economic development that threatens to ruin South Africa's most beautiful province over the next decade.

Rows of skyscraper hotel blocks hiding the glorious Cape coast are out — and managed growth is in.

Provincial Planning, Tourism and Agriculture Minister Lampie Fick told Weekend Argus that large-scale economic development of the Western Cape was inevitable as the world discovered it.

"We will have to manage the unavoidable foreign interest in the Western Cape so we do not lose the very character which attracts investors and tourists to the province," he said.

Mr Fick also disclosed that the provincial cabinet would decide by the end of this month whether to give the go-ahead for the controversial Iscor steel plant at Saldanha, which could affect the coastal environment.

Provincial Premier Hernus Kriel is studying the environmental impact of similar steel plants in Austria and Germany while Mr Fick leaves shortly to examine similar plants in the United States and Canada next to major waterways including Lake Erie and the Mississippi.

Mr Fick disclosed there was concern that Iscor steel products could be subject to inter-

## Skyscraper coasts a no-no in Cape — managed growth IN

national boycotts, due to pressure from world conservation groups, unless authorities thoroughly applied their minds to the environmental effects of the plant.

"We have to convince the public we are doing everything possible to reach a decision in the interests of all," he said.

He also disclosed that international developers wanted to build one of the world's "top 10" convention centres in Cape Town.

It is understood this is earmarked for the foreshore area.

Mr Fick also disclosed that the developers were not interested in linking the proposed convention centre to casino rights, as was previously thought.

They were merely interested in building the conference centre, linked to a hotel, because of the Cape's growing world importance.

Many of the world's major hotel chains, including the Sheraton, Hyatt and Hilton groups were planning hotels here, but they were also not linked to casinos, he said.

Up to seven casino resorts, however, were due to be dotted around the province.

Mr Fick cautioned that with the rapid influx into the Cape, the population of the Cape Town metropolitan area was expected to double by the year 2010 to more than 4 million.

This would put severe pressure on the thousands of hectares of "green lung" open space in the Peninsula.

He said it was important to protect this land from squatter invasion as well.

"In 10 years the Peninsula could be so built-up it would be unrecognisable," he said.

With such large-scale economic and tourist developments mushrooming throughout the Western Cape, the province had decided to pass a comprehensive law to manage development and prevent it wrecking the character of the Cape.

Mr Fick said it was expected the new laws could be tabled in the provincial parliament next year.

He said the legislation would introduce a "hierarchy" of plans controlling development at the widest level down to the most detailed local plans.

Mr Fick said there would be:

- A province-wide guide plan.
- A strategic plan for each region in the province.
- A plan for sub-regional development.
- Detailed local action plans.

He said the Western Cape lacked a comprehensive guide plan to cope with the scale of development.

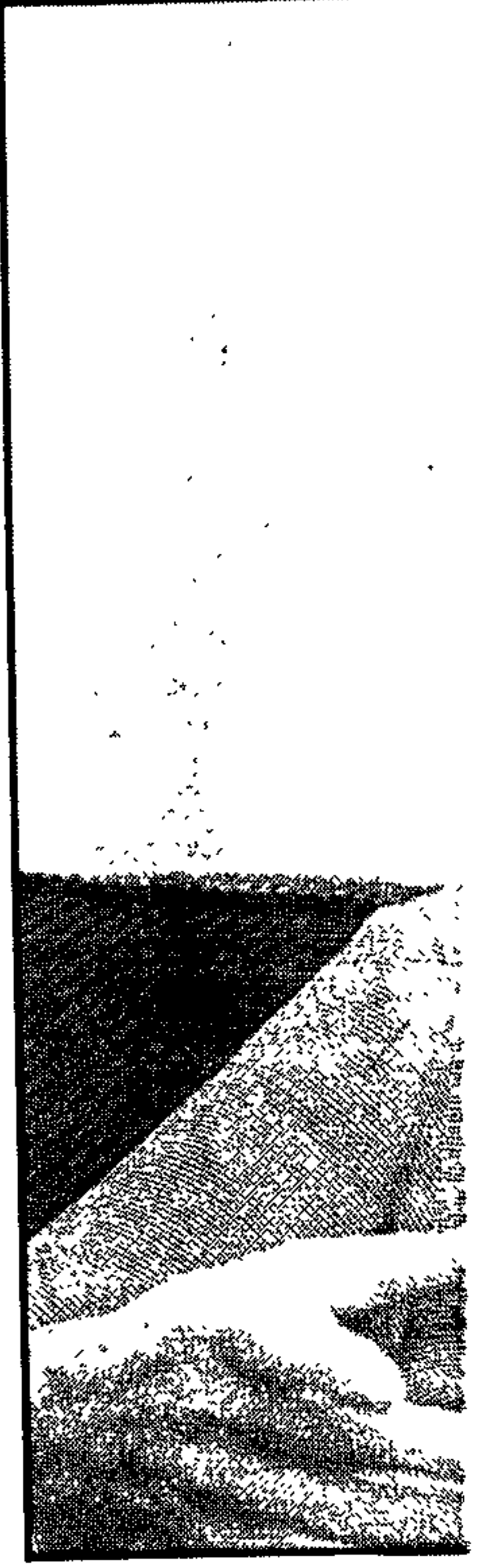
"We cannot have fragmented plans without overall planning," he said.

"We must be very careful not to destroy the 'product' — that is the atmosphere of the province, its beauty and its lifestyle," he said.

Mr Fick said that agriculture had been the largest industry in the province.

But five years from now tourism would be the province's biggest money-spinner and provide major employment opportunities in fields such as hotels, restaurants, travel, tours and the manufacture of curios and souvenirs.

He believed this would happen whether or not Cape Town hosted the 2004 Olympics.



□ **CONTROLLED GROWTH**  
that vast economic and to

The informal sector would benefit greatly from tourism.

For example, stallholders on Greenmarket Square exist because of tourism, he said.

Tourism would develop "little economy of its own", new job opportunities developed in related fields. He urged young people looking for career prospects in the province to become involved in tourism.

He said the influx of development "is not being decided

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# ing face without natural beauty

ARG 6/5/95

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## er coasts n Cape — growth IN

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Mr Fick said that until now, agriculture had been the largest industry in the province.

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Picture ROY WIGLEY, Weekenda Argus

□ **CONTROLLED GROWTH:** Western Cape Planning Minister Lampie Fick is determined that vast economic and tourism growth will not be allowed to wreck the beauty of the province.

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For example, stallholders on Greenmarket Square existed because of tourism, he said.

Tourism would develop a "little economy of its own" as new job opportunities developed in related fields. He urged young people looking for career prospects in the province to become involved in tourism.

He said the influx of development "is not being decided

by us, but for us".

At least 42 percent of tourists to SA came to the Western Cape — the biggest slice of the tourism cake.

"We are under pressure to respond to events that are happening," he said.

Mr Fick said he would be opposed to a casino in Cape Town's city centre as this would discourage capital investment in casinos which could be built in rural areas

where residents would benefit greatly from job opportunities.

The minister said large-scale economic and tourist developments in the province would not threaten the Cape's relaxed lifestyle that visitors found so attractive.

He said the tourists would head for venues such as the Waterfront, the proposed new Cape Point development and the proposed casino resorts, and would not affect suburban tranquility.

# Council seeks upbeat image for Cape Town

ARG 9/5/95 (49A)

□ 'Make it easier for developers'

## Municipal Reporter

CAPE Town is trying to ditch its image of a city which resists development.

This emerged in a meeting of the Cape Town City Council's economic development committee when co-chair Clive Keegan raised the issue of Cape Town's poor image in relation to Durban and Johannesburg.

Mr Keegan said Cape Town needed to make an effort to persuade the world it was anxious to attract business, because the perception existed that the city placed obstacles in the way of potential developers.

Deputy city planner Japie Hugo said he had identified several points which were the cause of the city's problems.

He cited the city's inability to provide a "one-stop shopping" facility to would-be developers as one of the main problems. Within the city council,

for instance, there were three different departments which dealt with different aspects of a development such as rezoning and the removal of restrictions.

Another problem was the city council's "deep organisational structures" which would have to be restructured, with possible loss of senior posts.

The city also had the most complex zoning scheme in the country. But he warned that changing the zoning scheme would have to be undertaken with care to avoid the city taking on the built form of Johannesburg and Durban.

Also, people in Cape Town seemed to have a stronger sense of their environment and were more likely to take part in planning decisions and resist changes they did not like.

Finally, Mr Hugo felt that because corruption got high media exposure, officials tended to act cautiously, "playing it

by the book" rather than exposing themselves to accusations of wrongdoing.

In some instances, where they went the extra mile, they might be accused by objectors of being in a developer's pocket, he argued.

Mr Hugo agreed that there was a need to set up a task team which would review the council's development record and recommend changes.

● The council is considering a by-law which will prohibit the import of meat into the city unless it is from a "classified abattoir".

The city council says classified abattoirs exist in Paarl, Malmesbury and Grabouw.

Meat brought into the city will also have to be re-inspected by the council even if it is from a classified abattoir. The cost of re-inspection will have to be paid by the person who ordered the meat.



## BRIEFS

### Belgian aid for job creation

THE Belgian government has pledged R890 000 to the Triple Trust Organisation (TTO) for the creation of job opportunities for 360 unemployed people in the greater Cape Town area.

Belgian Minister of Foreign Affairs and Development Relations Mr Erick Derycke signed an agreement with the TTO in Cape Town yesterday.

TTO operates 25 training centres where the unemployed can acquire skills, business training and access to capital equipment through mini-loans.

CT10/5/95

(441)

BD 26/5/95

## Cape Town businesses worried about boundaries

~~30~~ (4919) ~~25~~  
CAPE TOWN — The business community is concerned at implications for Cape Town's ratepayers if the Western Cape rejects Demarcation Board recommendations and includes Khayelitsha in Cape Town's municipal area, says Cape Chamber of Commerce and Industry vice-president John Malone.

rates in the country and the region is at a competitive disadvantage as a result.

"While it is accepted that the major cities must each accept responsibility to contribute towards the costs of upgrading and maintaining services in the black townships, this burden should not be skewed in the case of Cape Town."

The inclusion of established "black townships" in Cape Town's municipal area would strain the city's resources to their limits, Malone said yesterday.

It was important that financial considerations which determined business competitiveness should be paramount in finalising boundaries. — Sapa.

The added cost of servicing Khayelitsha would be an impossible burden on all ratepayers.

"Business in Cape Town already pays the highest

# New Khayelitsha <sup>(78) (49A)</sup> complex welcomed <sup>same fan 30/5/95</sup>

**By Isaac Moledi**

ONE benefit derived from the construction of the R18 million Khayelitsha shopping centre in the Western Cape is the creation of sustainable employment opportunities for local residents, says the property arm of Sanlam.

The 9 413sqm complex, scheduled for completion at the end of October this year, has been developed to rectify the "lack of a large retail facility in the area", the company argues.

According to Sanlam, various community and business organisations in Kayelitsha approached the company requesting this facility be built to meet the needs of the community.

"Intensive negotiations between Sanlam Properties, the Khayelitsha Business Association, the Khayelitsha Development Forum and various other community organisations followed and resulted in the decision to start the project," says Sanlam Properties regional manager for the Western Cape Kokkie Rall.

The complex is being built opposite Nonquebela station in the heart of Khayelitsha, where municipal offices, a police station and a clinic are already situated. Adjacent to the mall is a parking area for 255 vehicles. Rall says the creation of sustainable employment opportunities will be one of the ben-

efits. "The centre management will be recruited in Khayelitsha and contracts for cleaning and security services will be awarded to local contractors," he declares.

"The centre will not only provide a much needed service to the residents of Khayelitsha, but will also create long-term employment opportunities for a number of Khayelitsha residents," he maintains.

Shoprite will be an anchor tenant while a number of national tenants, including Foschini, Markhams, Pages, Sterns, Diskom, Topics and several banks have signed leases for space in the centre. Some of the shops have also been made available to local traders. Prospective tenants have been identified by the Khayelitsha Business Association and will be given training in general business practice. They will also be assisted in obtaining loans from financial institutions.

"It is also the practice of Sanlam Properties that potential tenants in the immediate area are offered first option on letting space," says Rall.

Some of the contracts have been awarded to local contractors and "in the process skills are being transferred to these previously disadvantaged contractors," says Rall. Sanlam and Khayelitsha Development Forum are considering other development opportunities in the area.

# Namibia gas find may give W Cape big boost

**Business Staff**

JOHANNESBURG. — Within the next six or seven years the Western Cape is likely to become one of the country's major industrial growth areas with South African and overseas firms flocking to the area to take advantage of its newest resource — cheap electricity

This is the outcome that is expected to flow from the discovery of a major natural gas field, the Kudu field, about 150 km off the coast of Namibia by Shell Exploration Namibia and Engen.

ARLT 30/5/95  
If everything goes according to the discoverers' expectations, they will start piping gas to the Namibian coast then to Saldanha Bay to fuel a new Eskom power station and Iscor's new steel plant just after the turn of the century.

Subsequently, a further pipeline will be laid to Cape Town to supply local industry and possibly the household market as well. But the Western Cape will not have to wait until the pipeline reaches Cape Town to benefit from cheap gas. Shell Exploration Namibia MD Ger Kegge says his calculations show that a gas-fired Eskom power station at Saldanha could produce electric power at a lower cost than Eskom is able to supply to Cape Town from its Highveld stations.

He said Eskom did not fully agree with these figures. However, Eskom had held preliminary discussions with

(49A) (221A) (55)  
Shell and Engen on the supply of gas to a future power station.

Mike Deats, senior general manager, fuel and technical services at Eskom, said it was likely that Eskom could come to some arrangement for the purchase of gas from the Kudu field.

He said it made sense to have additional generating capacity in the Western Cape as this could help improve the reliability of supply to the area.

Cape Town gets most of its power over long-distance transmission lines from the Eastern Transvaal and the balance from the Koeberg nuclear station.

## Killing for cigarette: Judgment postponed

**The Argus Correspondent**

JOHANNESBURG. — Judgment in the trial of two Krugersdorp youths accused of murdering and robbing a 38-year-old man after he had refused to give them a cigarette has been postponed in the Rand Supreme Court until June 12.

The accused are a 16-year-old youth and Frikkie Theron, 18.

They have both pleaded not guilty to murdering Sam Khoza, 38, and stealing his watch and shoes in September 1994

# Kudu gas could fuel Cape power station

CT(BR) 30/5/95 (49A)

By DEREK TOMMEY

MINING EDITOR

Within the next six or seven years the Western Cape is likely to become one of the country's major industrial growth areas, with South African and international firms flocking to the area to take advantage of its newest resource — gas powered electricity.

This is the outcome that is expected to flow from the development of a potentially major natural gas field, the Kudu field, situated 150km off the coast of Namibia by Shell Exploration and Production Namibia and Engen.

If everything goes according to the developers' expectations, they will start piping this gas to the Namibian coast and then to Saldanha Bay to fuel a new Eskom power station and possibly Iscor's new steel plant, just after the turn of the century.

A further pipeline may be laid to Cape Town to supply local industry.

But the Western Cape will not have to wait until the pipeline reaches Cape Town to benefit from natural gas. Ger Kegge, Shell Exploration and Production Namibia's managing director, says his calculations show that a gas-fired Eskom power station at Saldanha could produce electricity at a lower cost than Eskom would be able to supply to Cape Town in the future from its Highveld power stations.

Eskom does not fully agree with these figures, but has held preliminary discussions with Shell and Engen on the supply of gas to a future power station, he says.

Mike Deats, senior general manager of fuel and technical services at Eskom, says it is likely that Eskom may come to some kind of arrangement for the purchase of gas.

He says it makes sense to have additional generating capacity in the Western Cape as this will help improve the reliability of supply to the area.

Cape Town gets most of its power over long-distance transmission lines from the Eastern Transvaal and the balance from the Koebeg nuclear power station.

Kegge says Shell Exploration and Production Namibia is confident that the field contains a minimum of 3 trillion cubic feet of gas and may well hold much more. Drilling to determine the size of the field will begin soon.

An important requirement in the development of the field is large long-term commercial customers. Eskom and Iscor can meet this requirement.

Kegge says that in ballpark figures, it will probably cost about \$1 billion to develop the field and pipe the gas to the Western Cape.

# Top yield on sugar

By JOHN SPIRA

GAULING BUSINESS EDITOR

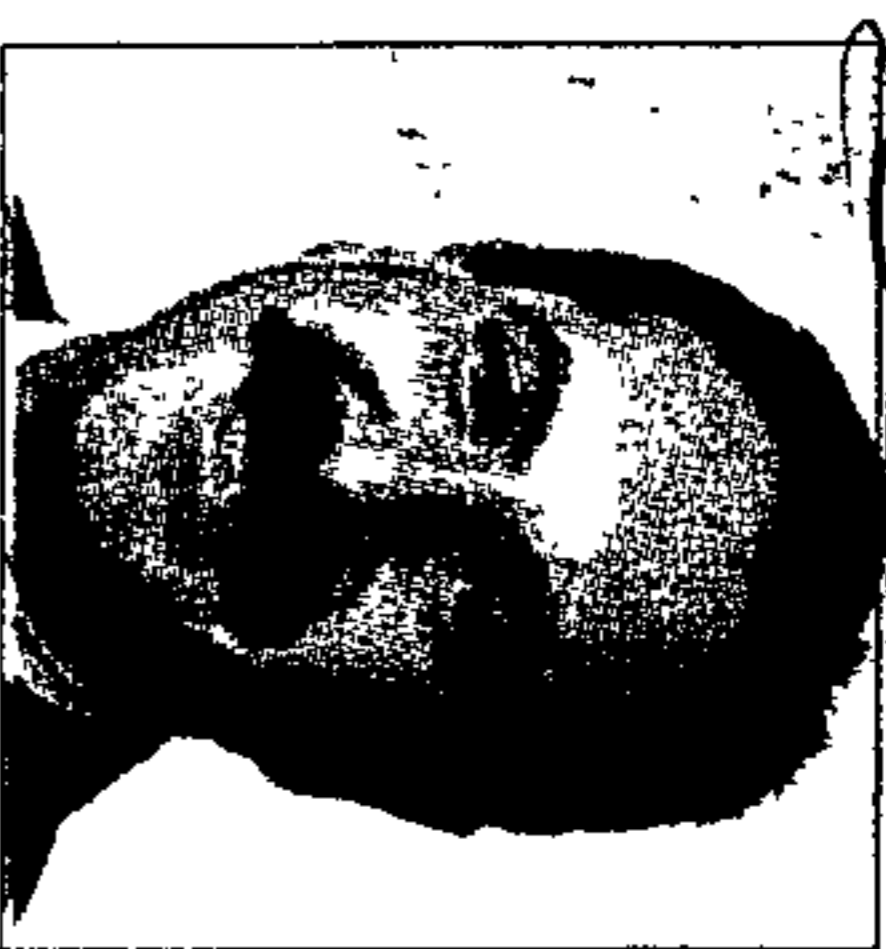
Investors in the JSE-listed Sugar Stock SU01 will receive the maximum yield due on their 1995 Harvest Warrants.

In March last year Theta Securities, the Rosebank-based firm of financial securities specialists, designed and placed R42 million SU01 stock. Investors included Old Mutual, Fedsure, Metlife and African Life.

The stock was issued by the South African Sugar Association to fund 9 500 small sugar cane farmers from disadvantaged communities. The sugar industry, via the association, wished to limit the negative effect of continuing drought on production and loan default by small cane growers.

The returns on the stock at the date of issue were capped at about 16,88 percent and had a floor return of about 8,9 percent.

Returns were based on expectations of a basket of factors that affect the small cane growers' earnings. The return is determined by:



Mr Leon Kirkinis, managing director of Theta Securities

- The South African sugar crop;
- The world spot price of sugar on March 31;
- The closing rand/dollar exchange rate on March 31

Although the sugar crop and the rand/dollar spot were generally below base projections, the world spot price of sugar, which increased from \$231 a ton at the date of issue to \$324 a ton on March 31 1995, exceeded expectations. World consumption exceeded world production for the third consecutive year.



(49A) (~~27A~~)

**Gas found off Namibian coast:** Shell Exploration  
Namibia and Engen have discovered a big natural gas field off the  
Namibian coast. There are now hopes the Western Cape may become  
one of the country's major industrial growth areas. See next page

CT(BR) 30/5/95

JUNE 2/7 1995

# Big plans afoot to make CBD better

(4-9A) AR 4 3/6/95

**COLIN DOUGLAS**  
Business Staff

LEADING retailers and property owners in central Cape Town are to meet on Monday to consider bold proposals to help the city centre compete successfully — by day and by night — with the Waterfront and the suburbs.

The meeting could see businesses band together to combat the CBD's image as a dirty, dangerous area in a bid to transform it into a safe, vibrant shopping and entertainment hub.

Daily patrols by 80 trained security staff from 9 am to midnight and 40 full-time, supervised cleaners are among the plans to be tabled at the meeting by Zoo Promotions, the marketing company headed

by Radio KFM presenter Allan Barnard.

The co-ordination of late night and Sunday shopping in the CBD and an annual "mother-of-all-sales" are among other key points in the proposal.

A chief executive of the CBD would be appointed to manage these promotions and services, which would be funded entirely from contributions by central city businesses.

Firms would be asked to contribute between R350 and R5 000 a month, depending on their size, or alternatively 0,5 percent of their monthly turnover.

The plan has received the provisional backing of such CBD heavyweights as Woolworths and Anglo-American Property Services (Ampros), owner of several major arcades and complexes.

"This initiative has all the

possibility of being very fundamental and comprehensive," said Piet Pienaar, manager of Woolworths' Adderley Street store.

Ampros was strongly supportive of the proposal and was keen to see a permanent management team put in place for the city centre, said regional manager Stuart Gibson.

Captour chief Gordon Oliver has given the initiative his support, saying a vibrant central city was vital to the growth of Cape Town's tourism industry.

The transformation of the Greenmarket Square area by night into a lively European-style leisure precinct could be one of the spin-offs of the plan, said Nicholas Pruis, owner of Le Petit Paris restaurant.

The creation of a unified business body to revive the CBD was essential, Mr Pruis said, because the city council would never have the resources or the sense of urgency needed.

Homeless people could be encouraged to take part in sprucing up the city centre, Mr Barnard said, if they were offered blankets, food or clothes in return for the collection of litter.

Monday's meeting is intended to confirm several firms' commitment to the initiative and to pave the way to the establishment of a formal CBD business association.

If Zoo Promotions' proposal is accepted at the meeting — which follows two previous gatherings — the initiative could begin within weeks, Mr Barnard said.

Cape Town City Council spokesman Ted Doman confirmed that several council departments were giving the proposal their attention.

BUSINESS REPORT, MONDAY JUNE 5 1995

## Cape Town wants the word on parliament

(3511)  
(4911)

Cape Town wants an early resolution to the dispute over whether parliament should remain in Cape Town or move to Pretoria. Convinced it has the debate virtually wrapped up, Cape Town's city council and the development institution Wesgro are concerned that development in the city is being retarded because of the doubt.

David Bridgman, Wesgro's chief executive, told Business Report that investors are delaying decisions because of the doubt. One of the developments which has been affected is a R100 million office complex near the parliamentary buildings at the top end of Adderley Street. Board of Executives director Tom Boardman confirmed that the uncertainty had caused some delays as some of the investors in the consortium were concerned about parliament being moved. — Bruce Cameron

CT(BR)5/6/95



## UK protests at rugby service

OWN CORRESPONDENT

LONDON: There are increasing protests about the quality of the SABC Rugby World Cup service being broadcast in Britain by Independent Television (ITV) and the scheduling of some programmes.

British rugby fans, used to the experienced and expensive quality of BBC rugby coverage, have contacted newspapers to protest particularly against the use of slow-motion replays which disrupt the run of play and the "strange" camera angles used by the SABC.

A spokesman for the main TV broadcast sponsors, the brewers Heineken, said the company was "disappointed" about some aspects of the coverage and was having urgent talks with ITV.

## Law will invalidate appointments

BARRY STREEK  
POLITICAL STAFF

PRESIDENT Nelson Mandela will sign a law this week invalidating the appointment of two additional members of the Western Cape Provincial Committee, Deputy Provincial Affairs and Constitutional Development Minister Mr Valli Moosa said yesterday.

The cabinet had approved the amendment adopted by the Portfolio Committee on Constitutional Affairs, but the National Party members of the cabinet had voted against the amendment last week.

The new law would also invalidate all decisions taken by the Provincial Committee since the appointment of the two additional members, Mr Moosa said.

# 50 000 jobs a year needed

BARRY STREEK  
POLITICAL STAFF

ABOUT 50 000 new jobs would have to be created in the Western Cape every year to reduce unemployment and keep up with an estimated annual population increase of 100 000, according to the provincial Reconstruction and Development policy paper.

The document, released on Friday by Minister for Economic Affairs Mr Chris Nissen and Premier Mr Hennis Kriel, said the officially accepted population estimate for the province was 3,633 million. The most recent estimate, however, was 4,2m and the truth was somewhere between.

Projections indicated that this would grow to five million by the year 2000 and six million by 2010.

"It is clear that the province's infrastructure and natural resources cannot cope with this increase."

"Unless the growth in gross

CT 5/6/95

geographic product reaches an estimated four to seven percent over the next five years, the province will not be able to sustain its job-creation ability.

"Maximising the growth potential of the province over the next five years should be a key priority of the RDP."

The document identified RDP-linked high growth sectors as low-income housing and infrastructure development, agriculture, electricity and water distribution, basic education, health services and transport.

## Summit

It warned, however, that "acute problems of poverty, unemployment and a lack of basic facilities" characterised many communities in the province.

Mr Nissen said the document had been released for public comment before an RDP summit in the Western Cape on July 02.

## Crucial op for Reeve

LONDON: Superman star Christopher Reeve will have a crucial operation today which doctors hope will set the paralysed actor on the road to recovery.

He was injured in a fall from a horse.

Two damaged vertebrae will be fused to prevent further damage to his spinal cord.

The operation, in which surgeons will use metal plates, screws or wires to anchor the bones, could take up to five hours.

But experts warn it may at best keep Reeve alive. It will not guarantee that the once athletic star will ever recover the use of his limbs. — Own Correspondent

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# First provincial RDP draft policy released by the Cape

BD 5/6/95 (49A)

Edward West

CAPE TOWN — The Western Cape government's release of a provincial reconstruction and development programme draft policy on Friday would be followed by a summit to improve the document further, premier Hennis Kriel said.

Kriel said although the aims of the final policy document could not be achieved overnight, it could be used by all in the implementation of the RDP in the province, including the private sector, local government, central government and the people.

Provincial economics MEC Chris Nissen said the document, a first by any provincial government, represented RDP policy guidelines for the province, the implementation of which was under way.

Examples of RDP projects aside from the presidential lead projects included plans to upgrade schools in the province, the Clean Green campaign which had already resulted in the cleaning of the N2 highways and the allocation of RDP funds to municipalities earlier this year for the provision of drinking water, said Nissen.

The document said unless gross geographic product reached about 7% during the next five years, the province would not be able to sustain its job-creation ability.

Some 50 000 jobs have to be created each year in the province in view to reducing unemployment progressively and keeping up with an estimated annual population increase of 100 000, the policy document said.

# Nutrition strategy proposed

Kathryn Strachan

WITH up to 30% of SA children under five having stunted growth as a result of malnutrition, a new national nutrition strategy has been proposed.

The integrated strategy — proposed by Pauline Kuzwayo, associate professor in the nutrition department at Medunsa, and a team of nutritionists — will be a first for SA.

Kuzwayo said up to 16% of all children under five were underweight. Deficiencies of macronutrients such as iron were also widespread with 25% of babies and 50% of pregnant women in SA suffering from iron deficiency.

"A balanced diet is not only essential for physical growth but also for

mental development. The burden of undernourishment in the rural areas of SA is clearly evident.

The strategy includes: data on nutrition, promoting infant feeding, requesting government to pass legislation governing marketing of breast feeding, and an awareness campaign.

The team also recommended agricultural control boards be abolished, but become more representative and focus on the needs of the consumers rather than of the farmers.

Kuzwayo said that in order for the strategy to be in place a directorate of nutrition should be created in government and each province should have a sub-directorate.

# First provincial RDP draft policy released by the Cape

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Provincial economics MEC Chris Nissen said the document, a first by any provincial government, represented RDP policy guidelines for the province, the implementation of which was under way.

Examples of RDP projects aside from the presidential lead projects included plans to upgrade 80 schools in the province, the Clean Green campaign which had already resulted in the cleaning of the and N2 highways and the allocation of R15m to municipalities earlier this year for the provision of drinking water, said Nissen.

The document said that unless gross geographic product reached about 4.7-7% during the next five years, the province would not be able to sustain its job-creation ability.

Some 10,000 jobs would have to be created each year in the province with a view to reducing unemployment progressively and keeping up with an estimated annual population increase of 100,000, the policy document said.

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# Business 'will help foot bills'

CT 8/6/95 (49A)

**MELANIE GOSLING**  
STAFF REPORTER

ORGANISED business has welcomed moves to help foot the bill for cleaning up the city centre and employing security guards, saying it was vital to draw people back to the CBD at night.

Chamber of Commerce spokesman Mr Charl Adams said yesterday: "It's a marvellous idea and we're prepared to take responsibility for cleaning up. We have already had calls from lots of people looking for jobs as cleaners."

Mr Adams was commenting on a proposal that firms pay either 0,5% of their monthly turnover or, depending on their size, between R350 and R5 000 a month to employ cleaners and security guards in the CBD.

The proposal was made at a meeting of concerned businesses, organisations and individuals this week who met to discuss ways of revitalising the city at night.

"Already some businesses are hosing down the pavements which are fouled at night.

"Next month we will meet the police commissioner and Business

Watch to discuss security. Obviously the authorities are strapped for cash and have limited manpower so we need to get together with them," Mr Adams said.

He said businesses were concerned about the high crime rate in the city centre during the day which discouraged clients and tourists.

## Customers

"There have been a number of incidents from pickpocketing to car theft. The business community must be able to trade in safety."

He said customers should feel as safe shopping in Stuttafords Square in Adderley Street at 10.30 at night as they did at the Waterfront.

"People feel safe at the Waterfront because there are people there. We need to draw people to CBD at night and we must all pull together to do so.

"There is a trend to move to 24-hour services in city centres worldwide, from cinemas and restaurants to retailing, and we need to launch a campaign in the city to bring business back to the CBD."



**LITTER BLIG:** A passer-by outside Cape Town station demonstrates how pedestrians add to the Central Business District becoming an eyesore through littering.

**PICTURE: NIC BOTHMA**

(4919) (25)

# City draws the line at Khayelitsha

BY AUDREY D'ANGELO

CT (22) 8/6/95 CAPE BUSINESS EDITOR

Including the sprawling black township of Khayelitsha in the municipal boundaries of Cape Town — which would mean a rates increase of 80 percent — would “seriously undermine the city’s business base”, the Cape Chamber of Commerce and Industries warns.

Director Alan Lighton says in the chamber’s current newsletter: “Any setback to business in the city would negatively affect all who live in the metropole.

“The inclusion of Ikapa, which embraces established black townships, into Cape Town’s municipal area will strain the city’s resources to its limits. To add the cost of servicing the whole of Khayelitsha to the city’s rates bill would be to impose an impossible burden on ratepayers.

“Business in Cape Town already pays the highest rates of any city in the country and the region is at a competitive disadvantage as a result,” Lighton continues.

“While it is accepted that the major cities throughout the country must each accept responsibility to contribute towards the costs of upgrading and maintaining services in the black townships, this burden should be distributed fairly across the metropole and not skewed in the case of Cape Town.”

Lighton says the chamber has made urgent representations to the national minister of provincial affairs and the provincial premier.

The chamber’s warning was given as a result of a controversial decision by Peter Marais, local government MEC in the Western Cape, to alter the suggested boundaries to exclude Khayelitsha from Bellville municipality.

# R2,36m grant for Wesgro?

(49A) CT 20/6/95

**MUNICIPAL REPORTER**

WESGRO, a development agency promoting the Western Cape to potential investors, should be allocated R2,36 million of the Cape Metropolitan Council's R2,8m grant budget for the coming year, the council's executive committee recommended yesterday.

Several councillors, including Mr John Muir and Mr Mzukisi Gaba of Cape Town City Council, disagreed with putting so much money into one agency.

Mr Muir felt Wesgro concentrated too much on overseas investment; Mr Gaba was concerned that Wesgro had not told the council how much they paid their few top-level staff members.

Council chairman Mr Willie van Schoor said there was a danger of degrading Wesgro's operation to the extent that the little money still being spent on it was wasted.

# Myth may become real in Atlantis

ATLANTIS was a dream which turned into a nightmare.

Born out of the grandest of apartheid designs, it became one of its most glaring and costly failures.

But today Atlantis has come to represent a yardstick against which hopes for South Africa's future can be measured.

President Nelson Mandela has praised the city's achievements, Trade and Industry Minister Trevor Manuel believes its future is "exciting", and Danny Olliphant, MP, who lives in Atlantis, says it will prove the viability of the reconstruction and development programme.

At first sight, Atlantis seems an improbable repository for such hopes.

Carved out of scrub and sand dunes 45km northwest of Cape Town, Atlantis appeared likely to follow the example of the lost city of Greek mythology.

In 1975 the plan was that it would grow over three decades into a metropolis of six linked conurbations, with a CBD at the hub and a population of 500 000.

Described as part of a strategy of decentralisation, the political imperative behind it was that it would gather a substantial part of the Cape's coloured population which was seen to be encroaching on the white preserve of Cape Town.

Companies were offered generous and mostly unmonitored subsidies, which came to be the prime reason for locating there. By 1990, just one of the six towns had

been partially built. The population of 65 000 was squeezed into 8 000 single-storey dwellings, there was no central business district, and factories closed as subsidies were phased out.

Unemployment rose relentlessly to affect nearly half the town's labour force, while the distance from other places of work and the lack of affordable transport largely frustrated the search for alternative jobs. With SA in political turmoil the outlook for Atlantis was ever more bleak.

What then happened in Atlantis mirrors ANC ambitions on the national stage.

For the first time, all sections of Atlantis society came together in the Atlantis Development Forum which now embraces 33 groups, ranging from the transitional local authority, political parties, employers, trade unions and civic organisations to smaller players such as the flea market association, sports groups and representatives of neighbourhood creches.

A key aim was to provide a setting where different groups could learn to deal with each other as equals, and where it was agreed that no decision would be taken without consultation: much the same as the process which has since evolved on a national level.

Andrew Meston, a consultant who was called in to help write a strategy document for Atlantis, said the forum initially faced stark choices.

"We had to establish a perspective:

would Atlantis have to be abandoned as an industrial centre, to degenerate into a dormitory town, or was there the infrastructure and the local determination to reconstruct apartheid's last city.

"What we found was that the people, despite everything, regarded it as home and wanted it to succeed."

Atlantis has some advantages, as Noel Williams, mayor of the transitional council and chairman of the forum, pointed out. Less than 2 000ha of the 12 000ha set aside for the city has been developed, and some of the available land already has power, water and drainage.

"We can sell serviced land here for R15 a square metre, compared with R120 just 45km away in Cape Town," he said.

Despite its tiny annual budget of R42m, there are numerous business promotions. There is an information centre in a dis-used factory. Companies varying from Atlantis Diesel Engines, the town's biggest employer, to a wedding dress seamstress display their products there.

Modest funds have been made available to self-help schemes such as those aimed at cleaning up neighbourhoods, and a local radio station is about to start broadcasting. The immediate impact on Atlantis's 46% unemployment rate is insignificant, but Williams and members of the forum believe the morale in the city is lifting and lobbying power with regional and national government is stronger.

The pressure exercised by the forum has already won debt forgiveness of more than R200m, leaving just R20m to be serviced.

The first hints of an international reward for four years of effort are also being seen. Malaysian entrepreneur Dato Sam-sudin abu Hassan has expressed interest in building a leisure complex.

Although officials are cautious, they believe an investment of between R500m and R2bn could be on the cards, together with the creation of thousands of jobs.

Other companies which might be close to making investment decisions are a Hong Kong-based textiles group and a British kitchenware company.

All potential investors are made aware that their commitment has to be based on more than profit. It has to be seen by the community as of benefit to their long-term future.

"Sometimes we are a little worried about frightening people away," said Olliphant. "But we want them to understand that we need more than just investment. We must have long-term jobs and real benefits to the people of the area."

Atlantis has meanwhile been given a solid reason to believe it might have turned the economic corner. Atlantis Diesel last week broke into the US market for the first time, with a R63m order which will create 200 jobs, in addition to the 200 already added this year. — Financial Times.

# Illegal aliens flock to Cape

*Employers deny giving jobs*

**Staff Reporter**

CAPE TOWN is not only playing host to thousands of illegal immigrants from African countries but also to white illegals from Europe and America who, the department of home affairs suspects, are here to look for work.

Although foreign accents at certain Cape Town restaurants are nothing new, employers deny they are giving jobs to illegals.

Others, who admit they employed illegals from Europe and America in the past, now say the situation has become "too dangerous" and they are no longer prepared to risk heavy fines.

Waterfront restaurants like Ferryman's Tavern no longer take on foreign waiters and waitresses without valid work permits "because the situation has changed", says a spokesman.

Cape Town club Carlos O'Brian's, which was recently in the news when an illegal who was working there for tips and a meal was assaulted at the club, also no longer employs foreigners without work permits.

*ARC 27/6/95*  
A spokesman for Carlos O'Brian's says the club is not even prepared to let people work for tips and a meal anymore. "It has just become too risky."

Waterfront restaurants are especially popular with American and European illegals looking for work as waiters and waitresses. Many restaurant managers say people without work permits keep arriving on their doorsteps.

Although statistics are not available, the department of home affairs says it is a fact that illegals from America and Europe are establishing themselves in Cape Town, occupying scarce jobs and accommodation.

Any illegal working without a valid work permit — even for tips or a meal — is breaking the law, the department says.

An employer giving such a person a job — even if that person does not work for a salary — is liable to a fine of R40 000 or two years in prison and repatriation costs.



MORE JOBS FOR UNSKILLED WORKERS

# Rise in manufacturer confidence in W Cape

(49A) (18)

CT13/7/95

**MANUFACTURERS** in the Western Cape are the most confident in the country, with most expecting to make new investments in the next year. **AUDREY D'ANGELO** reports.

economic and political events.

**W**ESTERN CAPE manufacturers are among the most optimistic in the country and job prospects for unskilled workers in the region are improving, the SA Chamber of Business (Sacob) manufacturing confidence index shows.

sales to rise when the last survey was carried out in May.

The Western Cape and Port Elizabeth were the only centres to buck the trend of falling manufacturer confidence in SA as a whole.

In Gauteng the ratio of manufacturers expecting to sell more has dropped to 74% from 82% the previous month; 51% expect to take on more unskilled workers.

In the Western Cape 89% of manufacturers expected to sell more in the coming 12 months and 58% to employ more unskilled workers. Only 69% had expected

In the Western Cape 70% of manufacturers expected to invest in new capacity (against a national average of 67%) and 87% expected to spend more on maintenance.

Sacob economist Mr Keith Lockwood said the mixed picture was probably due to the different industrial activities in the regions and their varying sensitivities to

It was "interesting" that manufacturers seemed to be more willing to employ unskilled workers: "This tends to reinforce the view that, from the employer's perspective, the real costs of employment consist of more than just remuneration — a fact which policy-makers will have to bear in mind."

## Concern

Mr Lockwood also pointed out that for the third month in succession most manufacturers thought prospects for sales and production had deteriorated. This provided "some evidence ... of the growing concern that the economic upturn may have levelled off".

# City likely to support Wesgro if Metro does

**EUNICE RIDER**

THE City Council's executive committee (exco) will recommend that the city continues its support of R500 000 a year to Wesgro's overseas investment campaign for another year, on condition that the Metropolitan council also makes a contribution.

At a special lunchtime meeting of exco and aldermen yesterday it was decided "in principle" to continue supporting Wesgro's successful overseas

ET 19/7/95  
(49A)  
investment marketing programme — aimed at attracting business investment to the Western Cape — for another year.

## Development

Wesgro is a non-profit organisation promoting economic development in the Western Cape. It also provides business information and support services to assist investors.

But the City Council will only be advised to continue its support if the

Cape Metropolitan Council — formerly the Regional Services Council — also contributes to the campaign.

For the past three years the City Council has contributed R500 000 a year to the campaign, which has attracted major foreign investors, including jeans giant Levi Strauss.

The RSC used to contribute R1,5 million a year.

The decision will be taken at a meeting of the full council at the end of the month.

# Fruit and wine give business a boost

ET(BR) 20/7/94

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49A

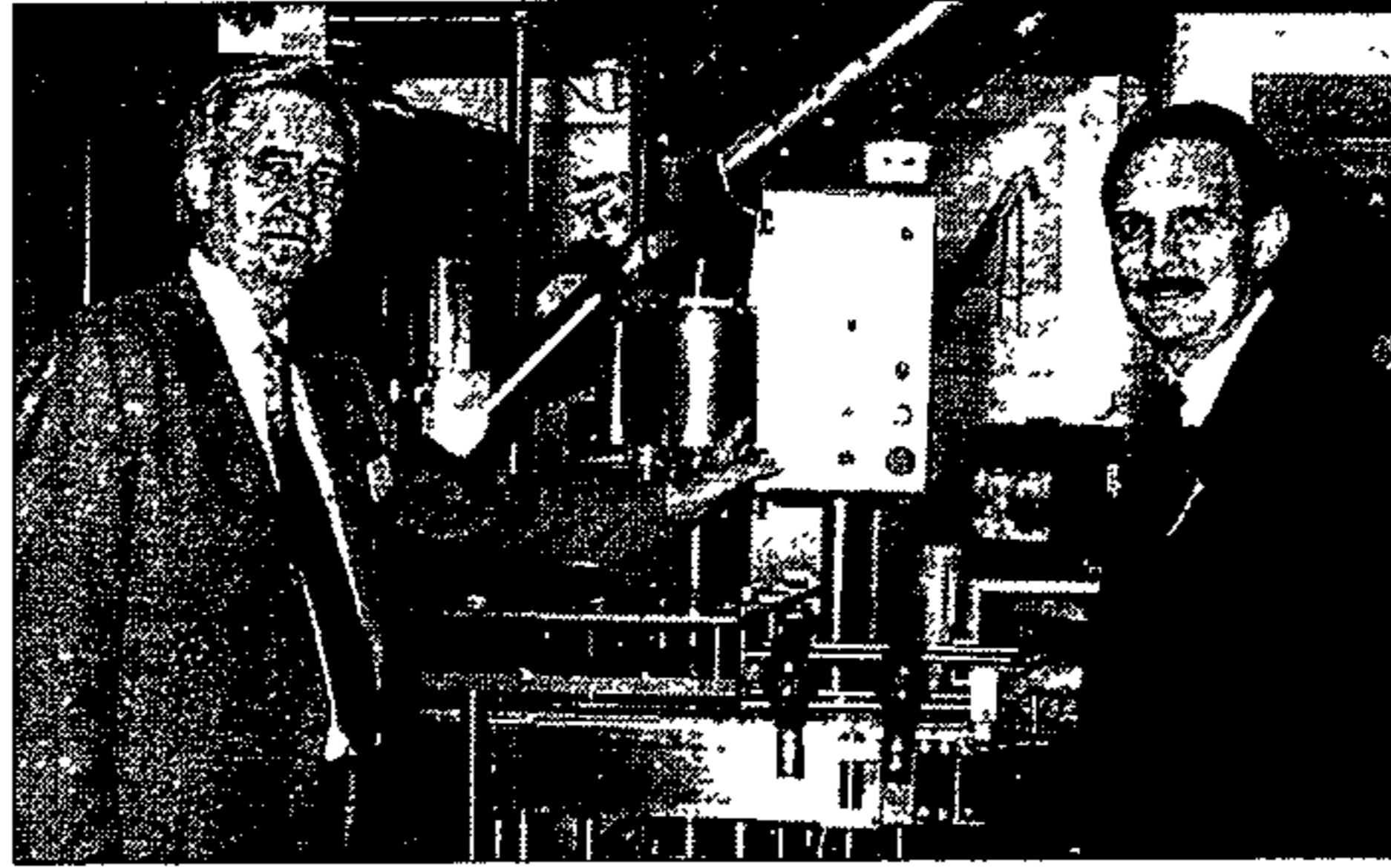
By FRANÇOISE BOTHA

Western Cape businesses affiliated to the wine and fruit industry are booming, with some suppliers reporting a doubling in demand over the past year, and the trend is expected to continue.

In line with the increases in both domestic and export demand for local produce, suppliers of bottling, labelling and packaging equipment said at the Wine Farmers and Fruit Growers Exhibition held in Cape Town this week that considerable investment was being made in local industry.

Peter Peck, managing director of C de Solla Agencies, said: "Overseas suppliers are more inclined to give back-up now that we are moving greater volumes of machinery."

On average, suppliers reported that orders had increased by between 35 and 50 percent over the



**TOP MARKS** Johan Beyers, the managing director of packaging machines company Filmatic, and Willem Barnard, the newly appointed managing director of KWV, with Filmatic's prize-winning stand

past year, with some reporting increases of over 100 percent.

"This is largely because of the big increase in the demand for

wine from both local and overseas markets. As a result, producers are looking at new equipment to increase the recovery of good qual-

ity wine from pressing," he said.

Demand for other equipment in the wine industry, specifically bottling and labelling equipment, has also increased.

Frank Mason, sales and marketing manager of KHS Manufacturing, specialists in the bottling and packaging market, said that the increase in demand was largely from businesses that had put projects off shortly before the election and had now decided to continue with these plans.

Investment in the fruit farming and processing industries has followed suit with local equipment suppliers also reporting an increase in orders of 40 percent, but saying that the strongest growth in the market is still to come.

A packaging manufacturer said he expected even bigger increases in demand within about three years.

# Loss of import surcharge hurting machine industry

(49A) (BSP)  
BY FRANÇOISE BOTHA

(BSP) STAFF WRITER

Cape machinery manufacturers have voiced their disapproval at the scrapping of the import surcharge on capital and intermediate goods, saying they can no longer compete on the local market.

Following the upswing in demand for South African fruit and wine, orders for processing and bottling equipment had increased by more than 40 percent.

Local machinery manufacturers had, however, not been able to take advantage of the growing market because of competition from cheaper imports.

"The Dutch government, as part of its export drive, is subsidising equipment for the export market by 30 percent.

"On these terms, local producers cannot compete," said Richard

et(BR)20/7/95  
Watermeyer, the managing director of Packshed Automation and Vizier, manufacturers of electronic sizing machines used in the fruit industry

In addition, many local machine producers were using components that were either not available, or could not be produced in South Africa.

"The duties of 100 percent that apply to the import of these components are way too high and are adding substantially to the price of our products," he said.

Further criticism stemmed from the damage caused to local job creation by cheap imports.

"We are trying to create jobs in this country. So the abolition of import surcharges does not make sense. If this was not the case, instead of employing 40 people, I would probably employ 150 people," Watermeyer said.

# Cape construction crisis gets worse

(49A)

(82)

CT(MR) 21/7/95

By MAGGIE ROWLEY

PROPERTY EDITOR

The Western Cape construction industry is in dire straits, with further contractors heading for the wall and retrenchments continuing apace, warns Mike Loy, a director of the Master Builders and Allied Trades Association.

He said figures released this week showed the number of contracts put out to tender in the second quarter was down 39,2 percent over the corresponding period last year. This followed a revised drop of 27,3 percent in tender work in the first quarter.

June was the leanest month, with tendered work down 68,2 percent over last year.

"These figures are particularly alarming when taking into consideration the fact that 1994 was generally regarded as the worst year in the history of Cape building since 1930. While they only take into account tender work, there is not much other work being negotiated, as the lack of cranes on the skyline bears witness to."

In a hard-hitting attack on the government, he said the recent scrapping of large, planned state projects, such as the R140 million

Wingfield prison and the R400 million KwaZulu Natal academic teaching hospital, were compounding the situation.

"Actions of this kind, coupled to the government's general lacklustre approach to development, must in the end destroy investor confidence. If there is one thing contractors have grown tired of hearing, it is the repeated exhortations to have confidence and to find new investors. The government has to set the example and lead in this respect."

Loy said the industry was beginning to feel that after raising high hopes with the reconstruction and development programme and other promises, government officials were now content to sit back and just "look as if they are doing something".

"Endless discussions, seminars, get-togethers and committee meetings follow one after the other but no work materialises. One hears time and again the phrase 'consultative paralysis' and it becomes daily more obvious that the accusation is justified.

"Quite simply, the government has failed to deliver and the Cape construction industry is a major victim of this stalling."

# Pledges by MPs at launch of RDP plan

(49A) By NORMAN WEST (207)  
Political Reporter

THE Reconstruction and Development Programme in the Western Cape was formally launched at the University of the Western Cape yesterday with politicians spelling out their commitment to using the RDP in the interests of ordinary people.

The theme running through most papers delivered was that implementation of RDP projects should be "people driven" to ensure community upliftment and empowerment and that bureaucratic red-tape should be cut to a minimum. ST(CM) 23/7/95

Western Cape premier Herinus Kriel decried the RDP as "a covenant with the people". But he warned politicising the RDP forums would be "a sure recipe for disaster".

Guest speaker was the Minister Without Portfolio, Jay Naidoo, who is charged with the national implementation of the RDP. He stressed the importance of local government empowerment and creation of more work opportunities.

But he warned that local government was the "legs and feet" of the RDP and unless community elections — scheduled for November 1 — were held to place democratically elected local government structures in place, "it would delay the implementation of the RDP and, therefore, the empowerment of the community."

ANC Western Cape leader Chris Nissen urged communities not to rely only on government but to initiate and set up the necessary structures for their own empowerment.

It was the task of the government to create the necessary conditions for communities to participate effectively in decision-making, he said.

Minister of Finance Kobus Meiring said the basic aim of the RDP was the social and economical upliftment of all people — and in the Western Cape the RDP sought to improve the living conditions of all the inhabitants by closing the gap between the "haves" and "have-nots".

# W Cape is SA's growth capital

GAUTENG has the strongest provincial economy, but the Western Cape has the greatest potential for growth and new investment, a Foundation for Research and Development (FRD) survey showed.

FRD policy analyst Mr William Blankley said the Western Cape had the potential to become SA's Silicon Valley, but was unlikely to overtake the sheer strength of the Gauteng economy.

"The Western Cape has good technical facilities, tourism potential and space. Gauteng has the economic momentum, but not much space.

"On potential for investment and growth, the Western Cape just pips Gauteng." (49A)

Ranking the nine provinces according to 17 factors divided into four categories, the FRD said Gauteng was the most competitive province followed by the Western Cape and kwaZulu/Natal.

The Western Cape also ranked first ahead of Gauteng and the Free State on human resources. This ranking took into account crime, unemployment and education levels. — Reuter

CT 26/7/95

# Western Cape 'has best development potential'

CT (MR) 27/7/95 (49A)

By ROY COKAYNE

PRETORIA BUSINESS EDITOR

Western Cape has the best potential for investment and economic development of South Africa's nine provinces, according to a new Foundation for Research and Development (FRD) report.

The report, by the FRD's directorate for science and technology policy, focused on the comparative strengths of the provinces in terms of research, science and technology.

Western Cape achieved the highest ranking of the provinces largely on account of its varied physical resources, well-developed infrastructure, diverse economy, high research and development expenditure, and relatively highly skilled population.

Gauteng was rated second. However, despite its overwhelming economic strength, Gauteng was handicapped by the small area it occupied and its subsequent lack of physical resources.

"The overcrowding in the township areas, the result of a relatively fast-growing resident population and continued migration to the area from other provinces has also led to unsatisfactory discrepancies in development patterns," the FRD said.

The provinces were rated according to four major groups of factors:

□ Human resources, which included level of education; human development index; percentage of professionals, technicians and managers as a percentage of the economically active population; unemployment rate; and safety. Western Cape scored highest here.

□ Physical resources, which

included agricultural and mining outputs as a percentage of South Africa's total; average increase in housing prices; tourism potential; and land area as a percentage of the country's total. Free State was first here.

□ Economic strengths, which included gross geographic product and total gross geographic product; disposable income; manufacturing output; and real growth in gross geographic product. Gauteng was first here.

□ Scientific and technical resources, which included expenditure on research and development by the business sector; and the number of research and development personnel. Gauteng was rated best here.

As regards the general development of the nine provinces, the FRD report said Western Cape and Gauteng could be classified as developed while Free State and KwaZulu Natal could be called semi-developed.

Eastern Transvaal, Northern Cape, Northwest, Eastern Cape and Northern Province fell into the category of developing provinces, although Northwest's proximity to and economic relationship with Gauteng distinguished it from the other provinces in this category.

The report said the three levels of development in the provinces presented each with varying combinations of investment opportunities and challenges.

All the provinces would have to rely heavily on the government for central support and stability, the FRD said. While central government constraints on expenditure would have consequences for the provinces, the individual provinces would be responsible for ensuring financial discipline at local level.

**Gauteng, though economically strong, is handicapped by its size**



# Western

## Cape

# on the high road — maybe

ARU 29/7/95

(L9A)

**I**N terms of size, the new Western Cape province covers just a quarter of the old Cape Province. It makes up 10 percent of the total geographic area of South Africa and, with the Free State, is the third largest province in the country, smaller only than the Northern and Eastern Cape provinces.

Its population is more than four million, representing again some 10 percent of the country's population — although in population the Western Cape is significantly smaller than Kwazulu-Natal, the Eastern Cape, Gauteng and the Northern Transvaal.

Most members of the resident population speak Afrikaans as their home language. Most are brown South Africans and the overwhelming majority are urban residents, with nine out of 10 inhabitants of the Western Cape living either in Cape Town or in a provincial town.

The province's temperate winter rainfall climate has been critical to the development of irrigated deciduous fruit cultivation, of summer tourist resorts and of the fynbos found in many of its rural areas. Simultaneously, its moderate rainfall has led to a rising demand for sustainable potable and agricultural water resources.

In economic terms the province's performance over the past decade has been good, particularly when compared to the national track record.

Without valuable natural mineral resources, the province has turned to agri-business and its marine resources, to tourism and appropriate local industry and commerce.

Its dominant economic sectors are well integrated, its export location is optimal and the sustainability of its deciduous fruit agricultural achievements, particularly on irrigated land, is sound.

**W**HEN viewed within the country as a whole, the province reveals high scores on most socio-economic and welfare indicators. As South Africa integrates into the changing global economy, the Western Cape's future appears to be on a high road.

An extraordinarily high proportion of urban

■ **THERE is no doubting the potential for growth and development in the Western Cape — but there is a major danger looming over the positive prospects, warns SIMON BEKKER.**

residents in the Western Cape live mainly in and around Cape Town. The city's panoramic setting, natural harbour and strategic historical position have led to rapid urbanisation: Cape Town's population has doubled to more than three million in the past 15 years. It is the economic hub and the centre of the province.

The unusual urban-rural demography of the province has been brought about by two sets of related factors. Firstly, rural land was and remains held under individual tenure, overwhelmingly in white hands. There has never been a black homeland in the Western Cape and urban-rural migration for brown and white South Africans has been unhindered by government restrictions throughout the century.

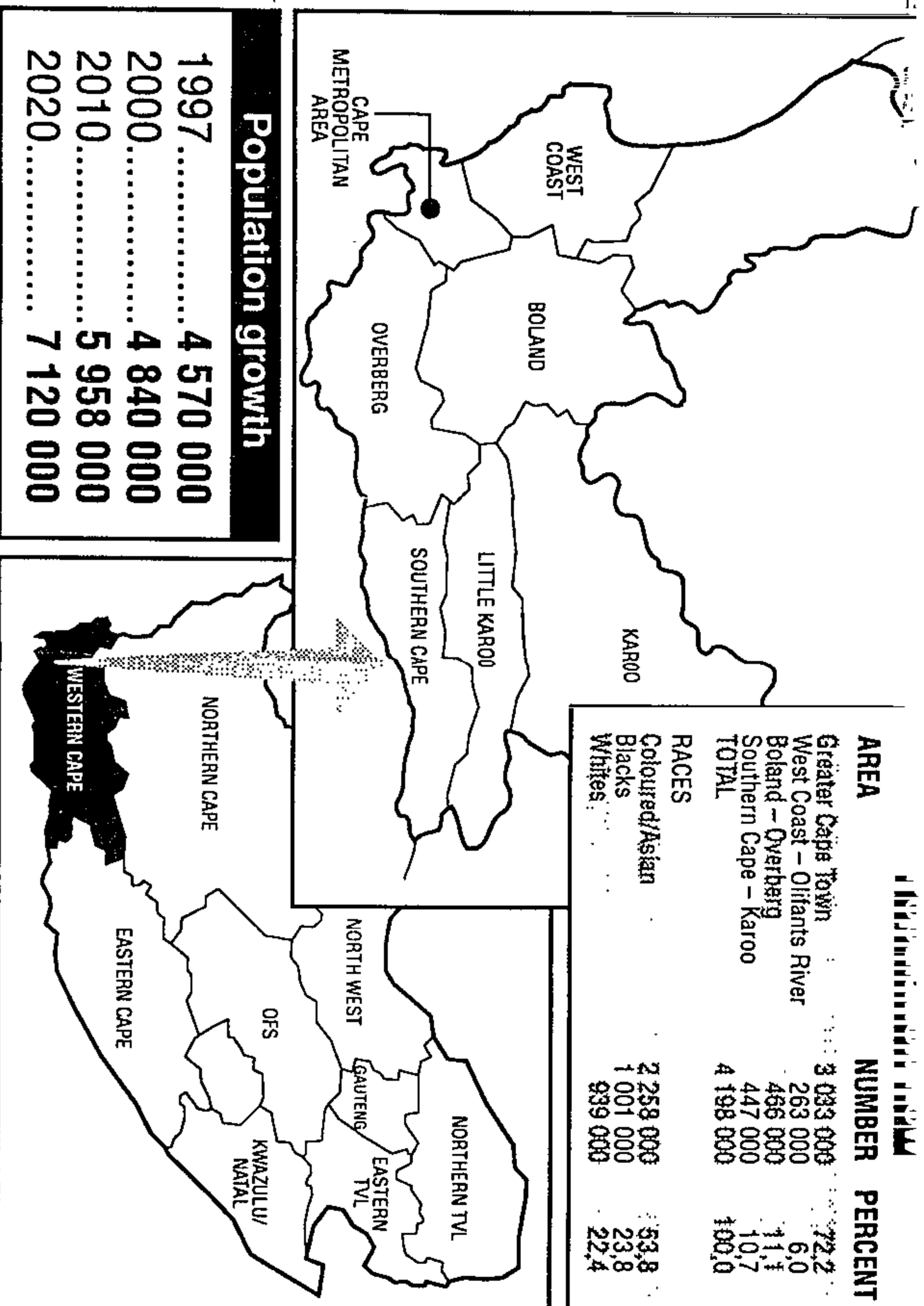
Secondly, migration of black South Africans — directed countryside by influx control measures — was strictly regulated from the 1950s in the province by the Coloured Labour Preference policy, designed by the National Party government to maintain a rigid ceiling on the small proportion of black residents in the Western Cape. The policy was scrapped in the mid-1980s.

During the past decade, as information regarding the Western Cape's economic performance and levels of living became generally available, significant migration streams of Xhosa speakers hailing from the Eastern Cape were directed towards the province.

This large population shift appears to have peaked in the early 1990s. The new Western Cape families — mainly poor households with a rural past — have settled primarily in the Cape Town metropolitan area, where their numbers are approaching half a million.

**A**CCORDINGLY, Cape Town's recent demographic growth reveals more rapid increases among its poorer, black and brown communities than among its better off communities. The fact that one house in three in the metropolitan area today is an informal dwelling aptly illustrates this trend. Rising crime statistics, gang-related and other, point in the same direction.

As a consequence, poverty is a rising challenge in the Western Cape and its squarely located in the



metropolitan area and increasingly in smaller urban places.

These demographic shifts identify a new cultural challenge for the province. There are more black than white Western Cape residents today. In meetings where most people have become accustomed to easy Afrikaans or English communication, the use of Xhosa is increasingly being requested since Cape Town and the Western Cape are considered by many Xhosa speakers as part of their hinterland.

Most members of majority brown communities voted for the National Party in the April 1994 general election, rather than for the African National Congress (ANC), and accordingly appear to be developing for themselves a narrow brown — albeit ambiguous — identity rather than a comprehensive national one.

In brown communities there are indications that anxiety and suspicion are growing regarding affirmative action strategies and urban residential developments addressing the needs of poor black communities. There has been little contact over the years between brown and black communities, located as they were in separate group areas.

In black communities there are also indications that the consequences of Coloured Labour Preference remain squarely in residents' minds and that some form of redress is expected. White Afrikaans residents, who have also had little contact with black South Africans, seem retiring about this cultural challenge, unable to develop a new provincial vision or identity compatible with Afrikaner culture.

In the 1994 election the new National Party succeeded in gaining majority control in the provincial government and appears today to be most receptive to its brown and white constituencies.

Provincial ANC structures — in contrast to their national counterparts — seem to lack party political capacity and their provincial leaders have enjoyed neither a successful nor a particularly wholesome track record. Historical tensions between the old white provincial and city bureaucracies linger on.

**I**N short, the public image of government and state in the Western Cape is neither particularly new nor particularly democratic. This government and state appear to be dominated by the new National Party.

It would seem, therefore, that the provincial government perceives its task in terms of two contrasting challenges.

On one hand, how to keep the Western Cape on the high road: on its successful economic path involving tourism and commerce, agri-business and export, the development of panoramic Cape Town and its environs.

On the other hand, how to ensure that the province is not submerged by new poor immigrant communities, by people of another culture, by skills and preferences not easily assimilable into the existing fabric of Western Cape life.

Most leaders in the Western Cape perceive these two trends as opposed to one another, to be addressed in adversarial mode. Such views increase the potential in the province for a deepening of ethnic divides and for a concomitant rise in community conflict.

But it is possible to define the two separate challenges as one: to develop a viable Western Cape identity within wider South Africa.

At present the emergent Western Cape identity is widely perceived as antagonistic to a new emerging South African identity. Accordingly, it is experienced as alienating and divisive by the minority in the province who identify with the new national identity.

An alternative would be to create a unique Western Cape identity, defined and owned by all resident communities in the province, that would be explicitly complementary and interactive with a new emerging national identity. This perhaps is the greatest challenge facing the Western Cape today.

■ *Simon Bekker returned recently to the Western Cape from Kwazulu/Natal and has joined the department of sociology at the University of Stellenbosch. This article is published in INDICATOR SA.*

# NEWS

THREE-PHASE RDP PLAN DEVISED

## Guguletu to be transformed by 2000

CT 2/8/95 (49A)

**TRAINING AND JOB-CREATION** are among the projects to be undertaken in a five-year programme to transform Guguletu. **BARRY STREEK** reports.

A FIVE-YEAR, three-phase RDP programme to transform Guguletu by the year 2000 will be launched this weekend, ANC MP Ms Phumzile Mlambo-Ngcuka said yesterday.

The business plan for Guguletu's development will be released at a function in the area on Sunday, Ms Mlambo-Ngcuka said at a meeting of the local RDP Forum.

The first phase, to be concluded by May, will involve the provision of basic facilities, such as roads, and the establishment of an enabling environment for the

development of the area.

This will be followed between 1996 and 1998 by consolidation, training, economic development and job-creation projects. The final phase will concentrate on consolidation.

Ms Mlambo-Ngcuka said the RDP Forum had established committees to deal with various aspects of reconstruction and development in Guguletu.

The forum has been urged to concentrate on youth, and many projects, including training and education programmes, will be

aimed at young people.

Many schools in Guguletu have been vandalised and a campaign is being launched to raise funds to pay for security personnel to minimise vandalism.

Another project will give facelifts to business premises in the hope that this will create a degree of confidence.

### Target

The managing director of Thebe Investment Corporation, Mr Vusi Khanyile, said that setting 2000 as the target year would allow plans to be drawn up.

"By the year 2000 we will be able to see where we have achieved anything," Mr Khanyile said.

# Jobs, education, homes proposed

MUNICIPAL REPORTER

CT 2/8/95

(49A)

~~297~~

JOB placement centres, adult education centres, mixed housing and business areas, and improved public transport terminuses are the kinds of projects on which the Cape Town City Council's RDP committee would like to see money spent this year or next.

At yesterday's meeting the committee tabled suggestions on how the R15 million provided on the current year's budget for the RDP should be spent.

The suggestions were contained in a discussion document that will be sent to the various local RDP forums for discussion, amendment and addition.

● City Planner Mr David Daniels said in a submission to the provincial commission on cutting red tape that in the parts of the city housing mostly people who were previously disenfranchised, developments had become the focus of electioneering and competition between existing civic organisations and other emerging interest groups, resulting in long, difficult public involvement processes.

In upper and middle class areas a "protectionist" approach had arisen against development, particularly where it would increase densities or change the existing ambience.

# ANC, NP thwart bid for balanced Budget

CT(BR) 3/8/95

(49A)

BY BRUCE CAMERON

POLITICAL EDITOR

Attempts by the Democratic Party and the Freedom Front to force the government constitutionally to balance the Budget have been frustrated by the ANC and the National Party.

At a meeting of a Constitutional Assembly sub-committee, the ANC and the National Party agreed that the government's spending had to be kept under control, but they could not accept that a governing party should be limited by the constitution.

Barbara Hogan, an ANC MP, warned that such measures could lead to deadlocks in which Budgets would not be passed.

Gill Marcus, the chairman of the parliamentary finance committee and ANC MP, said the proposed measures could also limit the Budget reform process.

Ken Andrew, a Democratic Party MP, wanted the committee to approve a proposal that the constitution should include a clause that a two-thirds parliamentary majority should be required when current state expenditure exceeded current revenue;

or when total expenditure (current and capital) exceeded current revenue and the cost of servicing debt exceeded one fifth of total expenditure.

Willie Botha, a Freedom Front member and MP, said the Budget should rather be limited to a percentage of the gross national product, as, if borrowing was limited, government would merely increase taxes.

Andrew said that his proposals would limit the abuse of government power in that the government would not be able to take short-term measures, such as increasing spending at the time of an election to boost the economy, resulting in long-term economic difficulties.

Hogan said she understood the DP argument, but she said that different governments could work on different economic models at different times. They could be frustrated by limitations in the constitution.

The Democratic Party managed to get the other parties to agree to a proposal that government should be forced by the constitution to make full disclosure of its accounts to parliament. The committee also agreed that all revenue-raising

institutions created by parliament, including the commercialised parastatals, should be required to report to parliament in a manner to be spelt out in legislation.

□ Reuter reports that Tito Mboweni, the minister of labour, said yesterday the Cabinet had ratified a ban on the hire of scab labour during offensive lockouts.

He said the Cabinet had agreed to ratify the Labour Relations Bill which came out of the talks at the National Economic Development and Labour Council (Nedlac).

"There is now agreement that the bill will be altered to ensure there is no temporary replacement labour during an offensive lock-out," he told a news briefing at the Union Buildings.

But he said that several outstanding issues had not been resolved, among them the public-sector bargaining system, on which proposals would be finalised next week.

Also held over was a discussion on the possible inclusion of the police in the Labour Relations Bill. This was postponed until Safety and Security Minister Sydney Mufamadi, who was away, could be present.

3 000 NEW JOBS IN FIVE YEARS

# Guguletu 'suburb' project

CT 7/8/95

(49A) (2E)

**DETAILS** of the RDP forum's plan to transform Guguletu into a suburb were made public yesterday. **PETER DENNEHY** reports

**G**UGULETU'S Reconstruction and Development Programme forum has tabled a draft plan to create about 3 000 jobs and turn the "township" into a suburb by the year 2000.

Among the projects outlined at a meeting at the Guguletu Indoor Sports Complex yesterday were:

- The conversion of the Food and Allied Workers' Union complex, a former hostel, into a hotel.

- The establishment of a brick-making company, an employment agency, a textile factory specialising in African designs, and a driving school.

- The building, off the N2, of a Cultural Exhibition Plaza that would include a traditional costume museum and a kraal where roasted meat and traditional beer would be sold.

- A centre to organise tours to traditional township shebeens and other places of interest.

- The building of a R1,5m library near the swimming pool in NY144.

- Setting up street committees to promote neighbourhood cleanliness.

- The installation of 11 traffic lights and the establishment of a traffic department in Guguletu.

Minister without Portfolio Mr Jay Naidoo, who oversees the RDP, said the tabling of the plan was a breakthrough not only for Guguletu,



**SHAPING THE FUTURE:** Cabinet minister Mr Jay Naidoo (centre) and, on his right, Mr David Dlali, executive committee chairman of the Cape Metropolitan Council, were among the MPs and other dignitaries who attended the launch of Guguletu's five-year redevelopment programme yesterday. **PICTURE: NIC BOTHMA**

tu, but also for the country.

He emphasised that organising communities was essential to the RDP's success.

Dr Kammy Chetty, of the RDP provincial office, said 87 RDP forums had been set up in the Western Cape and 35 more were taking shape, placing the province well ahead of the others.

She said her office would study Guguletu's plan, prioritise the projects and negotiate with local government structures for funding.

She said the forum should turn first to the local council for funding for its proposed projects. The provincial government would help with certain aspects for which it might be difficult to get money from the local council.

The Guguletu RDP forum's draft plan proposes a programme of links with such neighbouring areas as Heideveld and Manenberg to forge a spirit of unity.

It also proposes that the driving school try to teach unemployed

people who may be allowed to pay for this training by working on an RDP project.

The plan notes that micro, small and medium-sized enterprises are the most important avenues for providing jobs, training people, attracting investment and creating opportunities for entrepreneurs.

Some of the forum's suggestions may inspire controversy, among them that a list should be compiled of "known criminals in the community".

# R50m project will benefit disadvantaged

□ *Housing and jobs for local people*

ARG 8/8/95

(49A) (297)

Staff Reporter

THE R50 million Lake View development in Retreat combined RDP principles, economic development, housing and transport, to the benefit of the previously disadvantaged, said Minister of Transport Mac Maharaj in a speech read on his behalf at the official launch of the project.

The ambitious housing, industrial and commercial development is situated on land previously owned by the SA Rail Commuter Corporation's property wing, Intersite.

Dirk Ackerman, chief executive officer of Intersite, who stood in for the minister said the development realised a

long term dream of the local community.

He said the minister had commended the developers and Intersite for their commitment to public involvement and for their consultative efforts to ensure the opinion of the masses had not been ignored.

An extract of Mr Maharaj's speech read: "Lake View presents opportunities for small businesses which will contribute to the growth of the economy. It also creates jobs and the housing project will ensure affordable homes, which meets the demands of the Reconstruction and Development Programme."

The backbone of the development was an agreement signed between the developers, the local community forum and the former landowners guaranteeing to give preference to buy-

ers who work or used to live in the area, before marketing to the wider public.

The agreement also undertook to institute a job-creation programme for local unemployed people, and to employ local sub-contractors in the development. Already more than 20 people from the community had been employed by Rabie.

Chairman of the Southern Reconstruction and Development forum, Khalil Mullagie said the development could set a blueprint for the future and through it the developers were making a realistic contribution to development and the aspirations of all in the new South Africa.

An information centre had been built on site to explain the principles of home ownership and to assist buyers with finance.

# Khayelitsha celebrates new centre

(49A) CT 11/8/95  
**STAFF REPORTER**

A ROOF WETTING party celebrated the completion of the South African Red Cross Society's new R300 000 Harare Resource Centre in Khayelitsha yesterday.

The new complex was erected with the help of funding by Sanlam and the Lions Club of Kirstenbosch, and will be managed by the Western Cape Red Cross.

It holds a community hall intended for youth meetings, cultural events and workshops, and a training centre that will be used to teach a variety of crafts and skills ranging from first aid to hairdressing, garment-making and building techniques.

The centre is the first of its kind to be built in the townships and its objective is "to make the community self-sufficient", a Red Cross spokeswoman said.

The first Township Fire Watch is to be established there, and will be supervised by the city Fire and Rescue Service.

# Businesses interested in townships

AKO 12/8/95

**MXOLISI MGXASHE**

Staff Reporter

PEACE and calm in Cape Town's black townships has led to interest among several prominent businesses in Cape Town, which want to do business with the small entrepreneurs in these areas.

In its efforts to take advantage of this situation for the upliftment of small entrepreneurs and the development of the black townships, the Herr Organisation — an affirmative action pressure group based in Fish Hoek — has now resumed sponsoring tours of the townships for businesses which want to look at business opportunities there.

Herr Organisation initiated these business visits as far back as 1989 but ended them in 1993 because of crime and violence.

Herr Organisation director Pam Herr said the tours began on Thursday and would continue on August 16 and September 7, from 8.30am to 1.30pm, with each business person contributing R95 in advance.

She said the departure point would be the car park behind the Small Business Development Corporation centre, SBDC, next to the Oriental Plaza on Sir Lowry Road.

About 35 business representatives had so far enlisted and they would be visiting Khayelitsha, Crossroads, Guguletu, Philippi and Nyanga to meet local business leaders and explore trading opportunities.

Interested personalities include medical practitioners, personnel and financial directors, sales and marketing managers and diplomats and representatives of foreign businesses.

"The trip is very focused and the stops we make are researched. It is obviously very necessary to get people to start talking to one another and doing business together, because we need to challenge stereotyped thinking and it is much easier to change attitudes through physical experiences than in any other way," Ms. Herr said.



# Which is SA's most competitive province?

WM (19M) 28/7-3/8/95 (LBA)

The Foundation for Research and Development rated South Africa's provinces on competitiveness. **Karen Harverson** reports on its findings

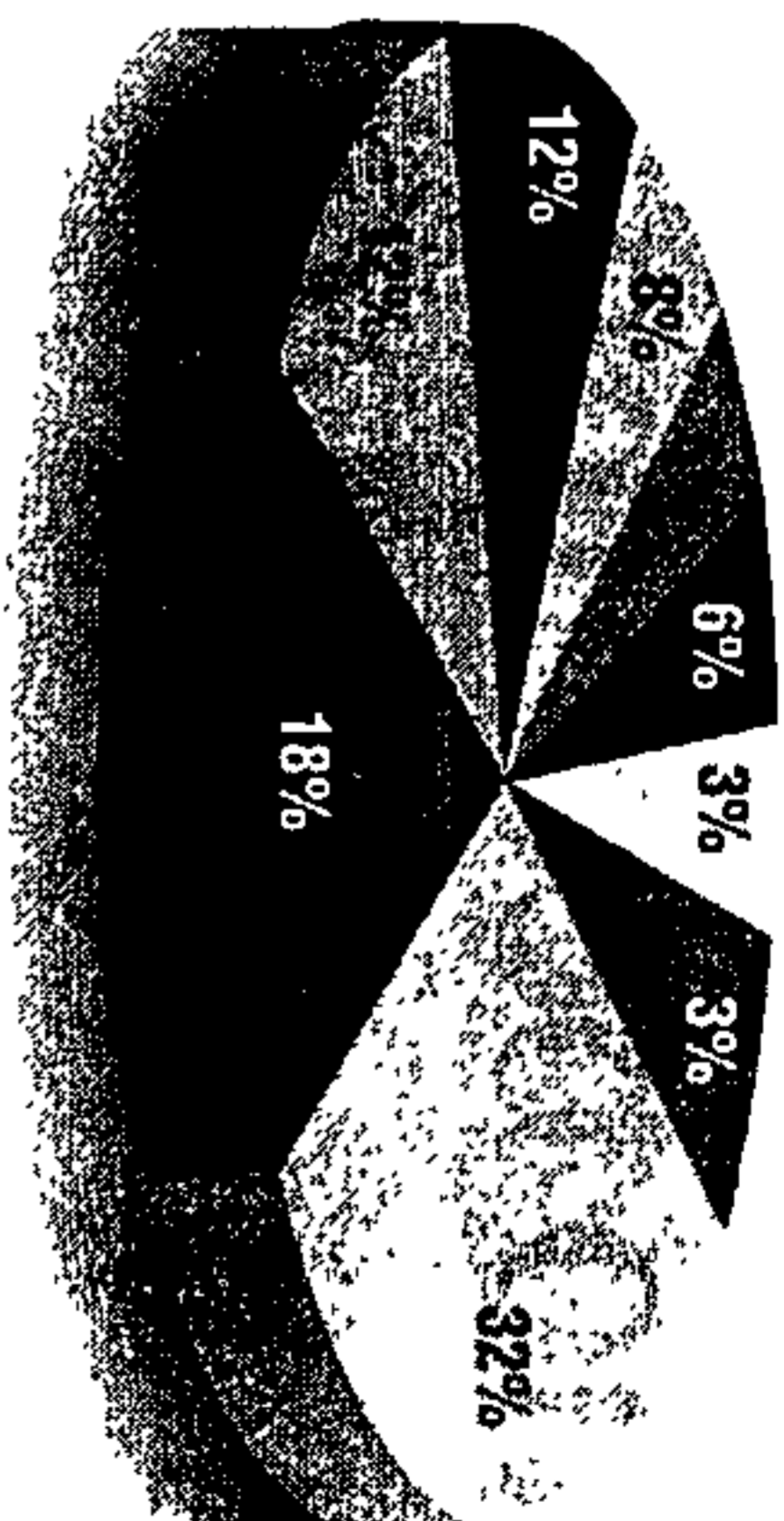
How the provinces ranked on competitiveness

Average rank from 1 to 9

Western Cape	2,7
Gauteng	2,9
KwaZulu/Natal	4,1
Free State	4,3
Eastern Transvaal	5,3
North-West	6,2
Eastern Cape	6,3
Northern Province	6,5
Northern Cape	6,7

Average ranks have been calculated to show the comparative difference in competitiveness

## WHERE IS THE MOST ARABLE LAND?



With 32%, the Free State has by far the largest portion of South Africa's arable land, while Gauteng's puny 3% puts it at a disadvantage

3%	GAUTENG	8%	NORTHERN PROVINCE
32%	FREE STATE	6%	EASTERN CAPE
18%	NORTH WEST	6%	KWAZULU/NATAL
12%	WESTERN CAPE	3%	NORTHERN CAPE

The Western Cape has come out tops as South Africa's most competitive province in a report issued this week on the competitiveness of the nine provinces by the Foundation for Research and Development (FRD). Gauteng ranked second, followed by KwaZulu/Natal, Free State, Eastern Transvaal, North-West, Eastern Cape, Northern Province and Northern Cape.

The provinces were rated in four categories: physical resources, human resources, economic strengths, and scientific and technological resources. The report emphasises that each province has its own comparative strengths which need to be exploited for economic success. While Gauteng rated highest in economic strength and scientific and technological resources, it is handicapped by the small area it occupies and its subsequent lack of physical resources. Not so the Western Cape which has 12 percent of South Africa's arable land. Its potential for tourism is vast and it has the country's highest human development index — a measure of life expectancy, level of education and income.

"It has the most assets for future development which include a manufacturing base with a significant high-technology component, a large seaport complemented by minor har-

bours, two major airports, a high tourism potential, productive farmlands, a variety of exploitable mineral resources, a literate workforce and

an effective education system," says FRD policy analyst William Blankley. The Northern Cape, which scored lowest on the rating, has less than

two percent of South Africa's population and showed a high dependence on mining/quarrying and agricultural production. Its economy shows a declining growth rate.

"It has the potential to expand its transport industry as it already serves as a base for fleets of transport trucks. De Aar is an important central rail junction but the future of rail development will depend on national transport policies," says Blankley. The province also has South Africa's lowest levels of crime and violence.

But says Blankley, the best way to examine these rankings is to study the provinces in terms of their stages of general development.

The Western Cape and Gauteng could be classified as developed provinces, while the Free State and KwaZulu/Natal could be called semi-developed. The remaining provinces fall into the category of developing provinces," he says.

The report is loosely based on Michael Porter's research on the competitive advantage of nations which suggests four stages of development: factor-driven, investment-driven, innovation-driven and wealth-driven. "South Africa shows aspects of all four stages although the national economy is predominantly factor-driven, relying heavily on its natural resource base," says Blankley. Projects such as Sasol, Koelberg and Mossagas are investment-driven stages developments, where technologies and economies of scale are developed. South Africa's innovation-driven industries, where locally created technologies are sought after by foreign countries, are largely the result of specialisation, particularly in defence research, by apartheid governments. Some elements of the wealth-driven stage, where investment in financial assets takes over from investment in real assets, exist but not in the true sense. "The proliferation of shopping centres, new office blocks and town house developments has been the major product of recent investments, rather than industrial sites, large manufacturing plants or state-of-the-art factories," says Blankley.

# Hotel, revamp plan for Guguletu

STAFF REPORTER

GUGULETU is to get a facelift — with a hotel, town centre, library and a community college.

This is according to an ambitious community plan unveiled by the local Reconstruction and Development Forum that hopes to see Guguletu transformed by the year 2000.

According to the plan, how the township looks is of great importance, so they plan to renovate business premises, green the area and paint public and private buildings.

The existing storm-water system is to be reconstructed and the

streets are to be upgraded. Already R3 million is available for this project while another R1,5m has been set aside for a library near the swimming pool in NY 144.

A massive environmental health and clean-up campaign is planned to make the area more attractive. This campaign, taken up jointly with the iKapa Town Council, will have four representatives from each street acting as "cleanliness watchdogs".

The first phase of the development plan is heavily dependent on the delivery by the state of basic infrastructure such as electricity, housing and water.

Housing is a pressing issue — a

ET 30/8/95

(49A)

(~~49A~~)

1990 study revealed that an estimate 24 000 people were homeless in Guguletu.

The lack of land in the township is also a problem. To resolve these difficulties the plan suggests partnerships between residents who could club together their subsidies to build flats.

## Traffic lights

Plans for the extension and upgrading of the typical four-roomed core houses are being discussed.

Residents say in their plan that Guguletu needs 11 more traffic lights, a traffic department and a

driving school. They propose the training of pensioners as safety patrol officers.

A fire station and ambulance service are also on the cards.

Education also features in the plan with a community bursary fund and the transformation of the Sivuyile College into a community college offering a variety of courses. But there is no mention of how the community plans to keep its young and upwardly mobile committed to the community.

While the plan is based to a large degree on self-reliance, the community's greatest resource is its people, strong civic organisation and unity.

# R2m 'pittance' for Wesgro

ARLT 2/9/95  
(49A)

**MAUREEN MARUD**  
Business Reporter

**A RESTRUCTURED** Wesgro will get money from the provincial government to coordinate efforts by all levels of government, the private sector and labour to secure investments for the Western Cape.

The first stirrings of an ambitious new initiative to promote economic and trade development in the Western Cape was set in motion on Friday when Economic Affairs Minister Chris Nissen announced draft legislation to formalise Wesgro's role in the province-wide effort.

But Mr Nissen was scathing in his criticism of the R2 million his department's budget has available to fund the revamped agency.

"It's a pittance. It's nothing actually, to do this kind of

work," he said.

Referring to past cuts to his department's budget for economic growth, he added: "You can give someone a house and a clinic, but if you haven't given him a job you have given him nothing."

He called on the private sector, local authorities and municipalities to give whatever they could afford to help boost the initiative.

"We have to convince investors that the Western Cape is the place to put their money. It's an enormous task, and takes money."

He said the draft legislation expanded Wesgro's role as an independent trade and industry promotional agency to include a partnership with government on provincial, metropolitan and local all levels, chambers of commerce, organisations like FABCOS (the Foundation for African Business and Consumer Services), and all rural and urban communities, large and

small.

Until now, Wesgro had concentrated its industrial investment efforts mainly within the metropolitan area. Now it was in the process of being restructured to represent not only the entire population of the Western Cape, "but will especially bring on board those disadvantaged stakeholders who have been left behind" by past initiatives, the minister said.

Through formalising the government's relationship with Wesgro, his department hoped to create a means to continue its task of job creation.

The legislation will be open for comment for two weeks, after which it goes to the standing committee on public finance and from there to Cabinet.

Wesgro's executive director, David Bridgman, said once that process was finalised, "our expectation is that the existing Wesgro will through special resolution adopted by its mem-

bers be deregistered and the assets, liabilities etc. transferred into the new agency. In essence then the takeover will be complete."

Of utmost importance to the new agency was to market the province, Dr Bridgman said.

The draft legislation had been in the making since July last year, and had included consultations with business, labour, local authorities and other stakeholders across the province.

"According to the latest research by the Foundation for Research Development, the Western Cape has emerged as the most competitive province in this country," Dr Bridgman said.

"However, we are determined not to be complacent, and will attempt to consolidate and improve on our position in terms of promoting investment in this province from both local and international sources."

1395

## R300m boosts budget to tackle water problem

(49H/2000)(2) M 4/9/95  
Sello Motlhabakwe

NELSPRUIT — Mpumalanga province has received R300m from the Water Affairs department, boosting its R16m budget to tackle the water scarcity problem in that region.

Public works, roads and transport MEC Laxo Mathebula said the allocation was part of his department's public works programme.

The funds would be deployed to improve the capacity of the Driekoppies Dam along the SA-Swaziland border.

The dam, and efforts to improve road, rail and air links with Mozambique, tied in with recent Southern African Development Community (SADC) agreements for improved regional co-operation. Mathebula is in the Mpumalanga-SA delegation which held further talks on Friday with a Mozambican government group on the

upgrading of the Maputo corridor, a road through Mpumalanga to Maputo. The project, it is estimated, will cost R150m.

The talks would focus also on plans to dredge Maputo's harbour and proposed improvements to the railway link.

Mathebula unveiled about R30m in pilot public works projects last week. About 60 community representatives, who would control the projects, had been put on a capacity building course — partly because of irregularities uncovered in the feeding scheme.

Mathebula said discussions on a regional airport were progressing well. Six companies representing themselves and acting on behalf of town councils would make representations to a Cabinet committee tomorrow, he said.

Three towns are vying for the airport — Hazyview, Nelspruit and White River.

# Western Cape on track for 3% economic growth rate

CT (PR) 4/9/95 (491A)

By AUDREY D'ANGELO

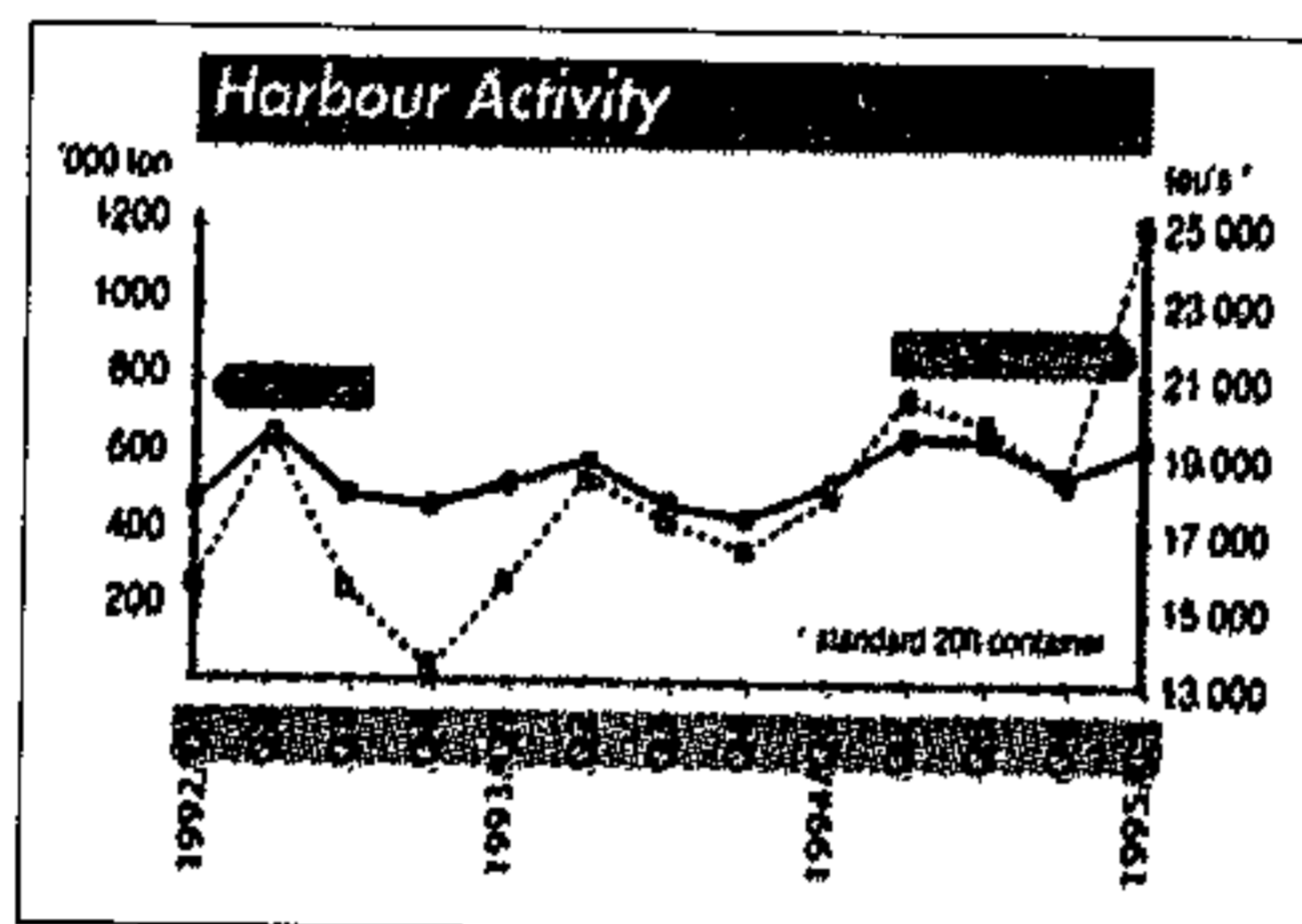
CAPE BUSINESS EDITOR

The Western Cape is still on track for an economic growth rate of 3 percent this year, according to a quarterly economic monitor from the development agency Wesgro and the Cape of Good Hope Bank.

However, although aggregate production, income and spending are better than in other provinces, there are large and widespread pockets of poverty in the region, particularly in the black-dominated townships.

The report says the incidence of poverty could be even higher than the statistics suggest since the black population of the Western Cape, estimated at 675 000 last year, is believed to be under-stated by 375 000 according to recent projections by the Central Statistical Service.

The monitor says the development challenge resulting from this can be viewed from two perspectives. "Public resources have to be mobilised to address unacceptable poverty levels. The channelling of resources into poverty amelioration and social development can, if properly applied, stimulate the local economy quite significantly. To get an optimum mix of these two effects is the essence of the RDP challenge."



The report estimates that 125 208 households in the Western Cape, or 14 percent of the total population and 22,2 percent of all children, live in poverty.

But the Gini-coefficient measure of inequality between households is the lowest of all provinces in South Africa at 0,58. This compares with 0,34 for all developed countries and 0,65 for Africa.

An estimated 3,6 percent of Western Cape households have an

annual income below R3 000, 5,8 percent of between R8 000 and R12 500, 11,5 percent between R30 000 and R400 000, 12,9 percent between R50 000 and R80 000, 5,7 percent between R100 000 and R150 000 and 5,4 percent of R150 000 and above.

With the Western Cape population increasing at an annual rate of 90 000, 36 000 houses must be built a year to eliminate the backlog. At least 50 000 more jobs are needed every year without any decrease in the number of unemployed, estimated at 300 000.

Latest figures available — those for 1993 — show that only 37,3 percent of black homes have an internal water supply compared with 82,6 percent of coloured homes and 100 percent of white homes.

The monitor says the most startling growth in the Western Cape economy has been in transport. "The sharp rise in cargo handled at Cape Town's harbour reflects the virtual explosion of imports.

"International passengers pass-

ing through Cape Town International Airport almost doubled over the year with the Rugby World Cup merely underlining what appears to be a shift in the level of activity."

The share index of listed companies based in the Western Cape continued its slightly higher level with the margin rising earlier this year and presently narrowing again.

The main forces of economic growth in the province are identified as agriculture, particularly fruit and wine; tourism; a reviving construction sector; steady growth in manufacturing, with clothing and furniture performing strongly; expanding consumer spending and investment growth, though not at the rate seen in Gauteng.

The monitor points out that with the exception of Cape Town International Airport, the serviced land housing project and the Namakwa Sands mineral processing project none of the big projects forecast last year have come much closer to being launched.

This means the basis for growth this year and next year must come from the province's economic fundamentals, the existing industries.

It warns that foreign investors will come in large numbers only when the economy is competitive and buoyant. "Don't expect them to lead the way," it says.

# Western Cape expects 3% growth in economy this year

Edward West

BO 5/9/95 (49A)

CAPE TOWN — The Western Cape's economy was expected to show real growth of at least 3% this year and the prospect of a first real net increase in jobs created, the Western Cape Economic Monitor said.

The quarterly report, an initiative between Cape of Good Hope Bank and regional economic promotion agency Wesgro, said the relatively strong pattern of economic growth in the province continued in the first half of this year.

The most startling growth indicators had been the two transport indicators. A sharp rise in cargo handled at Cape Town harbour reflected a virtual explosion of imports as well as high levels of agricultural exports while the number of international passengers passing through Cape Town airport had almost doubled.

The main current forces of economic growth were good agricultural crops, expanding tourism, steady growth in the main industries, with the clothing and furniture sectors performing strongly, and fixed investment growth.

There were still widespread pockets of poverty, although interprovincial comparisons showed the Western Cape and Gauteng performing better than other provinces.

Winnie caught

MEIRING WARNS OF SLASHED JOBS, SERVICES

# W Cape budget to be cut

ET 11/9/95

(49A) ~~213~~

**ALREADY FACING** a R1-billion deficit this year, the Western Cape is to see its share of government funding trimmed further over the next five years. **POLITICAL STAFF** reports.

**T**HE Western Cape is to take a massive cut in its budget allocations over the next five years as the government seeks to equalise spending in the nine provinces.

Western Cape Finance Minister Mr Kobus Meiring warned at the weekend that the province will have to undertake large-scale retrenchments and limit or halt certain services if the budget cuts were implemented within the proposed five years.

In real terms the region's budget is to be cut by an average 3,41% a year for five years as other provinces such as Gauteng, which have been short-changed, take a greater slice of the budget.

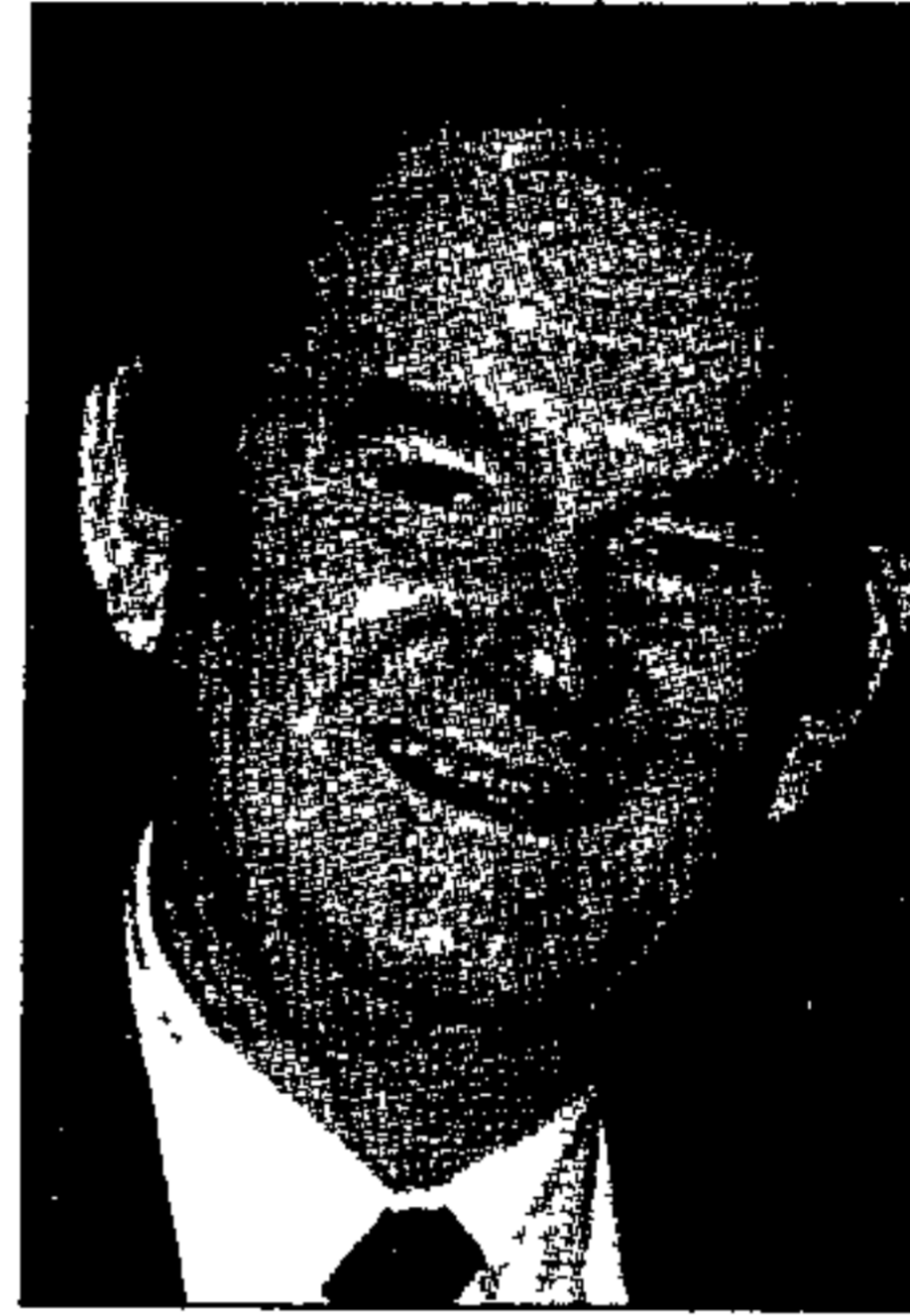
In constant 1995 rand terms

and allowing for conservative economic growth, the Western Cape will see its share of the total budget for the provinces drop from 11,26% next year to 7,96% by the 2000/1 budget year in terms of recommendations by the Financial and Fiscal Commission.

The commission, whose primary task was to find an equitable basis of sharing among the provinces, released its formula on Friday to the provinces and the parliamentary finance committee.

Mr Meiring said in a statement that he accepted there was a need to distribute funds more equitably, but he objected to the restructuring taking place over five years.

"The implications for a developing province like the Western



**CONCERN:** Mr Kobus Meiring.

Cape are of great concern," he said, adding that "within a five-year phase-in (this) is not in any way" practicable.

"It means in current rand terms

that the Western Cape budget must be cut by more than 3% a year."

In view of the R1-billion deficit the province faced this year, it would be more realistic to phase in the cut over 10 years.

Mr Meiring also objected to the 25% weighting built into the formula for rural areas. This had serious implications for the Western Cape which, according to the commission's figures, had the highest human development index of all the provinces.

Mr Meiring said care should be taken that a signal was not being sent out that economic development was to be halted in developed provinces.

It is anticipated that next year's budget will see the Western Cape's slice cut by 3,19%, the following year by 3,29%, then by 3,41%, 3,53% and 3,63%.

● See Business Report

## W Cape being 'punished' (49A)

**STAFF REPORTER**

ET 14/9/95

THE Western Cape was being treated as the stepchild of the country and was being punished by central government for its high standards, Minister of Local Government Mr Peter Marais told ratepayers in Claremont last night.

He told about 60 people from various organisations that the now defunct Cape Provincial Administration had spent most of its budget on health services and education and therefore had the best health services and ambulance service in the country.

Central government has now calculated that the Western Cape had too high standards and will cut its budget by R1,3 billion over the next five years, while Gauteng's budget will rise from R9bn to R14bn — a total increase of R5bn.



# RDP should not fund Kalk Bay harbour revamp — businessman

~~297~~  
(49A)

ARG 19/9/95

## Staff Reporter

KALK Bay fishing boat owner and businessman Eddie Rosslind says no Reconstruction and Development Programme money should be put into re-development of the harbour because businessmen are prepared to stake their assets in upgrading projects.

He said he would be "very upset" if the RDP office was persuaded to finance a project spearheaded by "self-styled" community leader Mymoena Poggenpoel and her followers who claimed they wanted the harbour developed by the people and run by the local community.

"The RDP is not for plans such as hers and we do not expect the government to get involved," he said.

Passionate fighters for fishermen's rights Mymoena Poggenpeole and Valda Smith said their development plans would go ahead and they have hinted that money could come from the RDP.

Mr Rosslind supports private initiative using boat owners and fishermen who already have a stake in the harbour while Ms Poggenpeol says the harbour belongs to the people and

should be developed and run by the local community and not by "greedy businessmen".

Mr Rosslind said Ms Poggenpoel must produce a letter from the Cape Town City Council confirming the lease or sale of land known as The Point where she said she would soon build her fish packing shed.

Mr Rosslind added: "She must also tell us where she is getting her funding and her labour because things are coming to a head. She and her group must stop being vague."

Mr Rosslind said he was concerned about Ms Poggenpoel's claim that local residents would work in her fish packing shed or plant. "As far as I know most Kalk Bay residents would not work in fish packing factories so labour would have to be found in Site 5 and elsewhere. Komicx businessman Keith Anderson already has excellent staff working for him packing fish and it would be no problem to transfer them."

Harbour master Pat Stacey said he would not take sides in the issue and would await the outcome of all the proposals.

# Revamp for bill on investment boost for W Cape

(49A) AR 21/9/75

**MICHAEL MORRIS**  
Political Correspondent

KEY draft legislation aimed at boosting the Western Cape's capacity to market itself and draw much-needed investment has been thrown out for redrafting because of deficiencies.

A bill was to have been tabled, debated and approved during this week's short provincial parliament session.

It will now have to wait until the next session, possibly in November or even later.

The Western Cape Marketing and Investment Promotion Agency Bill would have formalised a proposal that

Wesgro, the influential Cape Town-based economic forum, be made a provincial agency charged with seeking investment, promoting economic development and marketing the province.

A draft version, drawn up by Economic Affairs Minister Chris Nissen's department, was given to the provincial parliament's all-party public accounts and finance committee last Friday.

But the committee was dissatisfied with the bill and referred it back for re-drafting.

Committee chairman Arnold de Jager said the bill was sent back with the unanimous support of the commit-

tee because it had been imperfectly modelled on the Companies Act — which did not match the intent of the Wesgro agency proposal — and its phrasing was imprecise.

"I made it clear, on behalf of the committee, that the department should take it back and bring us something befitting the province."

It was also vital that "interested parties" be given time to study and comment on the legislation before it was put to the legislature.

"We are still very much in a learning process when it comes to preparing and presenting legislation," he said.

## R87 million for social welfare from Atlantic bungalow sales

(297) (253) (49A) ARL 22/9/95  
THE African National Congress and Cape Town City Council's executive committee have agreed that all the money from the sale of Clifton bungalows should go towards social development.

The agreement settles a lengthy legal wrangle between the ANC and the city council.

In a statement, the ANC said that

while it had originally opposed the sale of the land, it felt the new direction adopted by the executive committee addressed its concerns.

This means that an amount of R55 million for Clifton bungalows and R32,5 million from Glen Beach and Bakoven sales will go into the fund, if Premier Hennis Kriel gives the go-ahead.

# Keeping an eagle eye on W Cape taxpayers' funds

AR 23/9/95

(49A)

**JOHN VILJOEN**  
Business Reporter

THE Western Cape's first provincial auditor says he heads up a strong and proudly independent watchdog capable of assuring that taxpayers' money is properly spent.

Willie Brits, appointed to the position this month is responsible for auditing the provincial administration, 96 transitional councils, the Cape Metropolitan Council, seven regional services councils, 37 hospital boards and 19 state aided museums.

He believes his office is up to the task.

"We have spent a lot of our resources on training and skills development in the past four or five years. It is one of our challenges to keep up with technology and to be cost-effective."

In an interview this week, Mr Brits, formerly an assistant auditor-general, stressed that Western Cape citizens should have faith in the office's commitment to exposing any fraud, corruption or mismanagement it encountered.

"We are the watchdog of the taxpayers. They meet the cost of services provided by central and provincial departments, local governments and other statutory institutions.

"In return they have a right to receive independent assurance that their money is spent properly and that services are provided economically, efficiently and effectively. It is our role to provide this assurance."

The auditor-general's independence was entrenched in the constitution and his staff were not public servants, Mr Brits said.

"This allows us to perform our task without fear or favour in the interests of the South African taxpayer.

"We are a-political and completely independent of the executive. No minister has authority over the auditor-general and his staff — we are proud of our independence and place a high premium on it."



Willie Brits

The auditor-general's office is a separate legal entity functioning under the supervision of an audit commission, an 11-member body featuring eight parliamentarians drawn from various political parties and three outside members.

The office's latest report on the Western Cape government's finances is ready to be presented, but is being delayed by the country's new political boundaries.

The report on the Western Cape must be presented on the same day to the regional administrations in the Northern Cape, North Western

Province and Western Cape as it deals with the period before the new boundaries.

Mr Brits hopes a suitable date will be found within the next fortnight.

His office is doing some auditing for the Eastern Cape and Northern Cape legislatures on an agency basis while those provinces establish their offices.

One aspect of the office's work is outstanding — the eight local authorities around the former Cape Province on which Mr Brits' office "could not express an opinion" due to a lack of financial statements — in certain cases, this extends beyond the last financial year.

Private auditors have been called in to write up their books.

The fact that the auditor-general's office does not audit its own books, provides some further reassurance that it is serious about its role in securing clean administration.

Since 1989 this audit has been conducted by a private firm.

Mr Brits wants his office to be viewed by taxpayers as transparent and accountable.

Reports, once tabled, are public documents. While provincial audits are usually well covered in the media, the challenge is to ensure that audit reports on local authorities, which must be made public within 14 days of tabling, are publicised.

"Reports on the financial affairs of local authorities have always been available but in the past there was little interest in these documents.

"I think taxpayers are insisting on accountability and transparency to a greater extent when it comes to how their taxes are spent."

# CMC is front-runner in RDP delivery bid

(49A) (277) ARLO 28/9/95  
Municipal Reporter

THE Cape Metropolitan Council has joined the front-runners in RDP delivery after the approval of a rating system which will be used to allocate R30 million to local authorities.

These authorities have until the end of October to apply to the CMC for money for specific projects they have identified in their areas.

Among the criteria they will have to meet are whether the projects conform to the RDP, how much community participation there has been, what sort of financing is being contemplated and what capacity they have to deliver.

Other important criteria are whether the project can be started in this financial year and whether it will set a precedent for future RDP implementation.

During a debate on the issue, it became clear that councillors are becoming impatient with slow delivery of the RDP.

Drawing together the debate, CMC chairman Willie van Schoor said: "My problem is that we keep on setting up forums and drawing up plans and on the ground level nothing is happening."

Among the concerns voiced by councillors were that the R30 million would not go to smaller projects and that some local authorities would lose out.

But RDP committee member Ruth Ortlepp said the CMC was one of the first councils in South Africa to get its act together.

She said the committee had worked long and hard to reach agreement on a fair procedure for the approval of RDP projects.

A "weighting and rating" procedure had been the subject of lengthy, and at times acrimonious, debate.

Mrs Ortlepp said the system the committee had finally devised was "fair and as unparochial as possible".

# W Cape gets the plaudits in survey

ARG 7/10/95

**DAVID BREIER**  
Staff Reporter

THE Western Cape has been shown to be one of South Africa's "top" provinces — whose businesses are run by some of the country's worst managers.

These are among the findings of a study published in a book to be released next week by the Graduate School of Business at the University of Stellenbosch in conjunction with the university's Institute for Futures Research.

The book forms the basis of a jointly-organised conference in Somerset West on October 20 on "Competitiveness and Development in South and Southern Africa".

The conference will discuss which provinces are likely to be most attractive to investors — and which will repel investors due to their poor performance.

Business School director Dave Tromp told Saturday Argus that in the research for the book, the Western Cape emerged as one of the top three provinces along with Gauteng and KwaZulu-Natal.

Professor Tromp said Gauteng scored two first places and a second to the Western Cape's one first and two seconds in various areas such as economic strength, standards of government, finance and infrastructure.

But the quality of management in the Western Cape was rated only fifth out of the nine South African provinces, according to the research.

Surprisingly, the sparsely-populated "Cinderella province" of the Northern Cape scored high for both the government and the quality of management.

The Western Cape came tops on the quality of its people — measured by factors such as employment rates, education and standard of living.

But this is little cause for celebration as South Africa came last in the recent world competitiveness report of 48 countries for people quality — making the Western Cape the best of a very bad bunch.

■ A study shows the Western Cape is holding its own as one of the top three provinces in South Africa — but the level of management in the province is regarded as shoddy compared with the rest of the country.

Philip Spies, director of the Institute for Futures Research, said the conference and book would interest anyone wanting to help develop the country, especially business people.

But Professor Spies warned against provinces competing to get the better of each other by grabbing a bigger share of the development.

"It's essential we must develop integrated planning in Southern Africa. Unless we do this, the problems of the region will overflow. South Africa will not escape Africa's problems," he said.

He said it would also be a mistake to develop a country in which there were vast provincial differences.

"It would be dangerous if wealthier provinces like Gauteng and the Western Cape decided to go it alone. It won't work," he said, explaining this would result in a greater flow of people from the poorer provinces which would worsen the over-extension of the cities.

Professor Spies said many of the Western Cape's problems originated outside the province, and many of South Africa's problems originated outside the country; there had been a large influx of people into the country.

For this reason, his institute was also researching conditions in the Southern African Development Community (SADC) as "it is absolutely essential that we must develop integrated planning in Southern Africa".

Anyone interested in attending the conference can contact Lynnette Allan at (021)918 4155.

# Govt gives R52,8m to improve services

**POLITICAL STAFF**

THE government announced yesterday that it had allocated R52,8 million from RDP funds for 149 projects for the upgrading of municipal services in the Western Cape. The areas to receive funds are:

(297) (24) (49A)  
CT 11/10/95

Area	Amount	Service
Klapmuts	R1,8 million	Water and sewerage
Ladismith	R279 000	Sewerage and water
Murraysburg	R3,1 million	Sewerage and water
Uniondale	R236 000	Water
Bonnievale	R1,6 million	Water and sewerage
Struisbaai	R421 000	Water
Waenhuiskrans	R480 000	Water
Tulbagh	R1,1 million	Water and sewerage
Oudtshoorn	R3,1 million	Services and water
Elim	R2,2 million	Water, sewerage, roads
Eendekuil	R500 000	Water
Elandsbaai	R882 000	Water and services
Wellington	R1 million	Services
McGregor	R400 000	Sewerage
Khayelitsha	R3,8 million	Sewerage, water, roads and refuse removal
Grassy Park	R100 000	Streetlights
Malmesbury	R600 000	Water
Raithby	R350 000	Water
Mandalay	R700 000	Electricity
Kleinmond	R156 000	Sewerage
Sir Lowry's Pass	R3,2 million	Water
Klipheuwel	R800 000	Water
Ocean View	R144 000	Water and electricity
Philadelphia	R420 000	Water
George	R176 000	Streetlights
Darling	R1,2 million	Services
Greyton	R1,6 million	Sewerage, roads and stormwater
Mossel Bay	R1,1 million	Water, sewerage, roads sports facility, informal abattoir, fire fighting
kwaNonqaba	R120 000	Land development
Riversdale	R130 000	Land development and sewerage
Kaya Mandi	R341 000	Water
Vredendal	R1,8 million	Water, informal sites
Redelinghuys	R837 000	Services and water
Hawston	R920 000	Sewerage
Touws River	R250 000	Water
Mfuleni	R115 000	Water and sewerage
Barrydale	R200 000	Sewerage
Knysna	R2,3 million	Water and sewerage
Stanford	R614 000	Sewerage, electricity
Albertina	R585 000	Sewerage and water
Aurora	R110 000	Water
Wupperthal	R888 000	Sewerage and water
Vredenburg	R380 000	Sewerage
Doornbaai	R1 million	Water
Stellenbosch	R1,5 million	Sewerage
Laingville	R243 000	Sewerage
Prince Albert	R1 million	Sewerage
Mbekweni	R2,2 million	Streetlights, services
Van Rhyndorp	R700 000	Sewerage
Simon's Town	R52 000	Water
Merweville	R450 000	Sewerage
Calitzdorp	R360 000	Sewerage
Villiersdorp	R52 000	Water
Plettenberg Bay	R320 000	Water
Crossroads	R2,6 million	Roads, stormwater
Worcester	R3,3 million	Services
Beaufort West	R458 000	Sewerage
... ..	R2,6 million	Sewerage, water and stormwater
Lwandle	R386 000	Sewerage

MONEY TO BE SPENT ON TOWNSHIP SERVICES

# R52m RDP funds for Western Cape

ET 11/10/95 (49A) (255)

**THE GOVERNMENT** has announced details of the amounts allocated to the provinces for projects that will improve township infrastructure. **BARRY STREEK** reports.

**T**HE government is to spend R751,7 million of its Reconstruction and Development Programme fund on projects to improve services in townships. Of this amount, R52,8m is to be given to the Western Cape for 149 projects. In all nine provinces, 614 projects are to be undertaken.

Announcing this yesterday, the Minister in charge of the RDP, Mr Jay Naidoo, said the money would be spent on services — including their administrative support — that had collapsed or were crumbling.

## Contractors

It was intended that the funds would be spent during the current financial year, he said.

Contractors would be on site for about 100 of the projects by the end of the month.

In some areas, contractors had already begun moving on to sites.

About 3 000 people per municipality would be affected by the upgrading of services. Although the money spent could improve conditions in townships, it would not address the backlog in development.

A recent government study of metropolitan areas and 22 large towns — inhabited by 65% of the population — had found that R50 billion was needed to provide basic services alone, Mr Naidoo said.

Among the amounts allocated to the Western Cape are: R2,6m for roads, stormwater, water and sewerage in Ikapa; R3,3m for sewerage in Rohlilala and water in Zweletemba, Worcester; R3,2m for bulk water and bulk sewerage in Knysna; R3,2m for services and water at



**ADDING UP:** RDP Minister Mr Jay Naidoo says work is to begin on many projects by the end of October.

Sir Lowry's Pass; R3,8m for sewerage, road repairs, water pipes, refuse removal, detention ponds and sewerage repairs in Khayelitsha; R2,2m for water supply, sewerage and roads in Elim; R3,1m for services, water and sewerage in Oudtshoorn; and R3,1m for sewerage and water in Murraysburg.

Mr Naidoo said at a press conference that the projects would have a positive impact on the lives of millions of people and would be funded from the RDP fund.

"This announcement is the culmination of months of planning, consultation and hard work," he said.

"Communities were required to submit projects for funding, accompanied by comprehensive business plans which met RDP funding criteria.

"The result is that communities are now in a position where they are informed about the work which is being carried out or is about to start in their neighbourhoods, as well as (about) the flow of funding and the line of accountability."

Mr Naidoo said the projects were in line with the Masakhane campaign whereby the government, in conjunction with other stakeholders, was seeking to improve municipal services while requiring communities to take responsibility by paying for the services delivered.

"The projects also exemplify the government's new integrated development planning strategy which is central to the RDP vision and which brings different government departments together in planning and effecting delivery.

## Liaison

"The key criteria for the provincial allocation of funds for the various projects were ... size and population and employment levels.

"An immediate spin-off of the programme will be job creation and skills training for local people."

The Minister of Provincial Affairs and Constitutional Development, Mr Roelf Meyer, said there had been close liaison with the provinces in deciding the allocation of funds for the projects.

The management of the projects would ensure that basic norms were attained, Mr Meyer said.

Mr Naidoo said R54m had been allocated for 32 projects in the Northern Cape; R128,3m for 103 projects in the Eastern Cape; R51,3m for 12 projects in the Free State; R149,9m for 85 projects in KwaZulu/Natal; R49,8m for 48 projects in Mpumalanga; R11,8m for 74 projects in Northern Province; R86,7m for 43 projects in Gauteng; and R67,1m for 68 projects in North West.

● See Page 4



# It's best in the West any way you cut it.

ARC 14/10/95  
(49A)

**DAVID BREIER**  
Staff Reporter

WESTERN Cape people live longer than other South Africans and have the best quality of life in the country.

This is one of the key findings in a book published this week by the Graduate School of Business and the Institute for Futures Research at the University of Stellenbosch.

The book is to form the basis of a high level conference in Somerset West next week comparing the competitiveness of South Africa's nine provinces.

Extensive research for the book shows that the Western Cape is unquestionably the best place to live in South Africa if you want a long and happy life.

Average life expectancy in the Western Cape is a healthy 67,7 years — more even than the 66-year average in Gauteng, the wealthiest province.

After the Western Cape and Gauteng, life expectancy drops dramatically. The third best is the Northern Cape with an average life expectancy of 62,69 years.

The lowest life expectancies are in North West province (which includes the former Bophuthatswana) where people can expect to die at an average age of 59,66 years, and the Eastern Cape where the average life lasts 60,65 years.

But more important, life is not only longer in the Western Cape, it is also better. The survey rates the quality of life in the province at 7,1 out of 10.

Second best in the quality of life stakes, surprisingly enough, is not the fleshpots of Gauteng which rates a modest 5,5 out of ten. The quiet lifestyle of the Free State in fact rates second, with a respectable 6,8 out of 10.

The worst quality of life is to be found in the hot, chronically drought-stricken expanses of the Northern Province (formerly Northern Transvaal) where the hard life is rated at a miserable 3,7 out of 10. The Eastern Cape is not much better at 4,3 and nor is the Northern Cape at 4,7.

The people of the Western Cape also score best in the Human Development Index which measures not only life expectancy, but average income and education levels.

Here the Western Cape scores 0,826 out of one. The much-vaunted Gauteng comes second with 0,818 while the worst off is again the impoverished Northern Province with 0,470.

■ A new study shows the Western Cape has the longest-living, best educated and healthiest people with the best quality of life in South Africa.

But there is no room for complacency as South Africa came last out of 48 countries in the people factor surveyed in the latest World Competitiveness Report.

By comparison Japan weighs in at 0,929 while countries like France, Australia, the United States, Britain, Germany and New Zealand all score more than 0,9.

The reasons why the Western Cape is the best place to be in South Africa, are evident in the report. For example, the province has the lowest unemployment figure — 17,3 percent compared to a horrifying 47 percent in the Northern Province.

Only 14,1 percent of Western Cape households are classified as "poor" compared to 15,4 percent in supposedly-affluent Gauteng and a shocking 61,9 percent in Northern Province.

Poor people account for 17,29 percent in the Western Cape which is better off than second-placed Gauteng where 20,77 percent of people are officially classified as poor, while in Northern Province 67,62 percent of people are "poor".

Good medical services help Western Cape people live longer. There are an average of 672 people per doctor compared to 750 in Gauteng while every doctor in Northern Province has to look after an average of 7 472 people.

Each hospital bed in the Western Cape caters for 179 people compared to 197 in Gauteng and 700 in Northern Province. But cuts in medical budgets could soon cut the Western Cape's lead.

On the education front, Western Cape teachers have only an average of 21,35 pupils in their classes compared to 26,69 in Gauteng and a whopping 40,68 in the Eastern Cape. But with huge education budget cuts coming, the Western Cape could lose this advantage.

But thanks to its high quality of education, the Western Cape has a high literacy rate of 0,946 out of one — better than Gauteng's 0,927 while North West comes last with 0,695.

However the report warns the top two economic provinces of Gauteng and the Western Cape not to gloat — because poor people tend to migrate where opportunities exist.

# Western Cape top province to call home - survey

A new study shows that Western Cape has the healthiest people with the best quality of life in SA, writes **DAVID BREIER**

Cape Town - The average life expectancy in Gauteng is 66 years, according to a book published this week by the Graduate School of Business and the Institute for Futures Research at the University of Stellenbosch.

However, the book finds that Western Cape people live longer than other South Africans and have the best quality of life in the country.

The book is to form the basis

of a high-level conference in Somerset West next week comparing the competitiveness of South Africa's nine provinces.

Extensive research for the book shows that Western Cape is unquestionably the best place to live in SA if you want a long and happy life. Average life expectancy in the Western Cape is a healthy 67,7 years - more than the 66-year average in Gauteng, the wealthiest province.

Outside Western Cape and Gauteng, life expectancy drops dramatically. The third-best is Northern Cape with an average life expectancy of 62,69 years.

The lowest life expectancies are in North West Province, where people can expect to die

at an average age of 59,66 years, and Eastern Cape, where the average life lasts 60,65 years.

However, life is not only longer in the Western Cape, it is also better. The survey rates the quality of life in the province at 7,1 out of 10.

Second best in the quality of life stakes is not Gauteng, which rates a modest 5,5, but the Free State with 6,8.

Drought-stricken Northern Province is at the bottom of the scale with a miserable 3,7.

Eastern Cape, with 4,3, is not much better, nor is Northern Cape at 4,7.

Western Cape, with 0,826 out of one, scores best on the human development index, which mea-

sures not only life expectancy, but average income and education levels.

Gauteng comes second in this regard with 0,818. Impoverished Northern Province, with 0,470, is again worst off.

However, there is no room for complacency. South Africa came last out of 48 countries in the people factor surveyed in the latest World Competitiveness Report. Top of that log is Japan, followed by countries like France, Australia, the US, Britain, Germany and New Zealand.

The university report lists several reasons why Western Cape is the best place to be in South Africa. The province has the lowest unemployment figure

- 17,3% compared with 47% in Northern Province; and only 14,1% of Western Cape households are classified as "poor", compared with 15,4% in Gauteng and 61,9% in Northern Province.

Western Cape has an average of 672 people per doctor compared with 750 in Gauteng and 7 472 in Northern Province. Each hospital bed in Western Cape caters for 179 people, compared with 197 in Gauteng and 700 in Northern Province. However, budget cuts could soon affect the Western Cape's lead.

On the education front, Western Cape teachers have only an average of 21,35 pupils in their classes compared with 26,69 in Gauteng and 40,68 in Eastern

Cape. But again, with education budget cuts looming, Western Cape could lose this advantage.

Thanks to its high quality of education, Western Cape has a literacy rate of 0,946 out of 1 - better than Gauteng's 0,927. On this front North West comes last with 0,695.

However, the report warns the top two provinces in terms of economics - Gauteng and Western Cape - not to gloat, because poor people tend to migrate to where opportunities exist.

"The very success of South Africa's two top economic provinces could become their failure," the report warns, urging more development in poorer provinces such as Eastern Cape.

Star 14/10/95

# Western Cape 'going broke'

49A



STEG BI 22/10/95

By JEREMY WOODS

THE thousands of unemployed and homeless people pouring into the Western Cape are pushing it to bankruptcy, says Kobus Meiring, the province's MEC for finance.

"The province is running a budget deficit of R1-billion for the current year and this looks set to worsen next year and again the year after," says Mr Meiring.

"Effectively, the Western Cape is bankrupt. Our only recourse is to lay off 5 000 teachers and 5 000 health workers for a full year."

About 80% of the Western Cape's budget is used to pay the salaries of doctors, nurses and teachers.

"Central government assesses funding for the Western Cape on a head-count basis, which has been

totally distorted by the flood of people coming into the region.

"Shack cities like Khayelitsha and others are growing at a phenomenal rate and this constant influx of people is stretching the budget for schools and hospitals far beyond our means," Mr Meiring says.

"Our population is expanding rapidly and any consensus or head count will be out of date almost as soon as it is finished. But the population consensus the Financial and Fiscal Commission will be applying to our figures is already two years old," says Mr Meiring.

The commission's recommenda-

tions for a formula for allocating central government funds to the regions was recently announced.

The Western Cape received R7,5-billion from central government in the current year. The commission proposes to reduce this to R7,2-billion next year and R7-billion in 1997/98.

"The province has not yet been empowered to borrow money or raise taxes, and bridging finance only worsens the problems."

Not even taxes from proposed casino licences or a boost in tourism to the region will help. "The Western Cape will be lucky to make R100-million from new casino operations and increased tourism only gives a mild, indirect boost to the region."

# R13,8m RDP boost for Western Cape

**BARRY STREEK**

CT 27/10/95 (49A) (3)

THE Western Cape is to get another R13,8 million for the upgrading and rehabilitation of municipal services — a total of R64,8m during the current financial year.

RDP Minister Mr Jay Naidoo is scheduled to announce this morning that a further R750m will be allocated nationally for services like water, sewerage, refuse removal and roads. He is also expected to announce R500m for the provision of bulk infrastructure around the country.

RDP national programme manager Mr Stefan Hough yesterday said about 400 municipalities were involved: "This will give the civil construction companies a lot to look at."

The additional R13,8m to be announced today, will go to 27 different areas in the Western Cape. The total cost of the upgrading projects in the province is estimated at R175m, of which the RDP will provide R64,8m. Among the new projects are a R4,5m stormwater drainage project in Eerste River.

Western Cape Economic Affairs Minister Chris Nissen says the reconstruction and development programme is on course in the Western Cape in spite of attempts by some parties to gain political mileage out of its perceived lack of delivery. ROGER FRIEDMAN reports.

# Minister says RDP is developing momentum

WHEN the African National Congress unveiled its masterplan to totally transform South African society — called the Reconstruction and Development Programme — sceptics said it was too ambitious and would be impossible to deliver.

Now, RDP critics say, delivery is too slow. And such delivery as has taken place is too African orientated.

But, Western Cape Minister of Economic Affairs, Chris Nissen — also regional leader of the ANC — said yesterday there was still a lot of misunderstanding surrounding the implementation of the RDP.

He said much of the misunderstanding surrounded the mistaken belief that the RDP was an "add-on project" of a temporary nature, to be implemented in the short-term and then scrapped

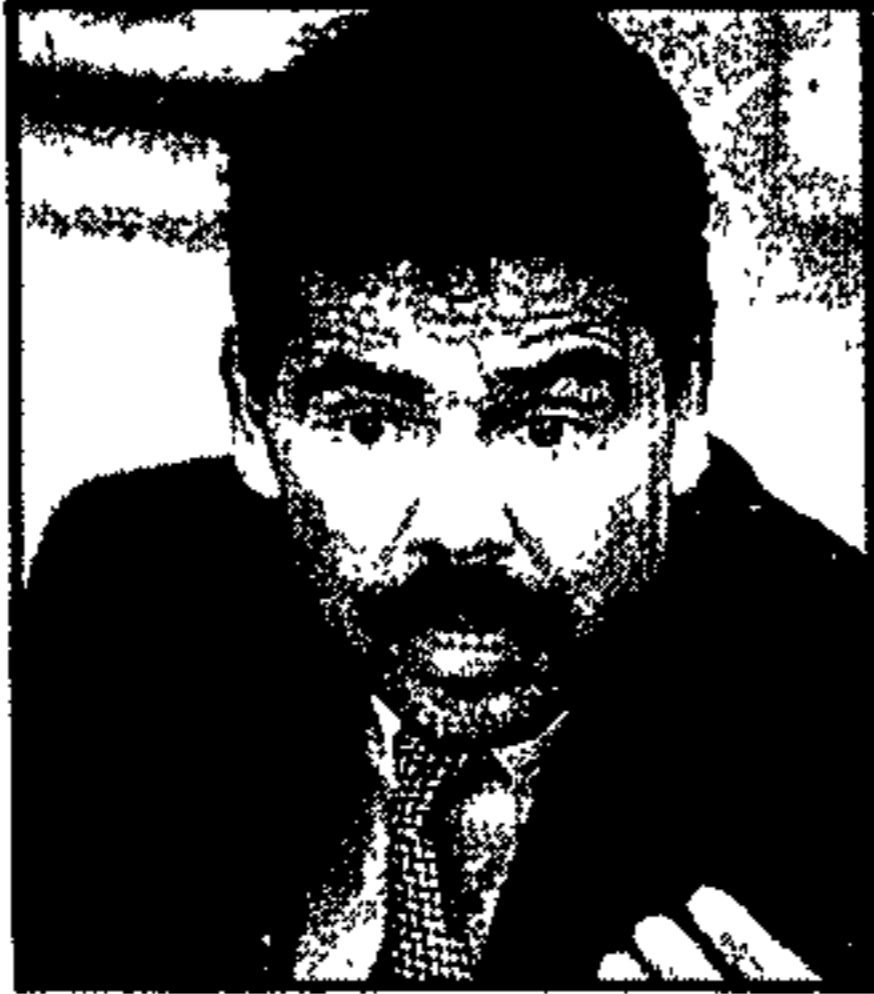
"But central government's and our understanding of the RDP is that it entails a total reprioritisation of government line-functions."

Mr Nissen said the Western Cape RDP had "developed a momentum, not only for the province but for the country as a whole regarding the implementation of the RDP.

"The RDP is and will continue to make a visible impact on people on the ground. Implementation has already started on a number of projects."

Talk that the RDP favoured the African constituency over the coloured one was sheer nonsense, Mr Nissen said.

And talk that the RDP was still to get out of the starting blocks was malicious, and part of the National Party's aim to undermine it



**NONSENSE...** Chris Nissen says RDP shows no favouritism.

In the course of a joint briefing yesterday, Mr Nissen provided an analysis of some of the Presidential Lead Projects being undertaken in the Western Cape.

His cabinet colleagues, Health Minister Ebrahim Rasool and Transport and Public Works Minister Leonard Ramatlakane, spoke of the projects presently being undertaken by their departments.

**Presidential Lead Projects:**

- The community-based public works programme aimed to ensure rapid delivery of community-based, labour intensive projects. More than R6 million has been allocated to the Department of Public Works and R3 million to the Independent Development Trust. Three projects will be launched on November 4 in Lwandle at a cost of R251 000.

- More than 900 schools with about 334 000 children are being fed through



**THREAT TO SUE...** Gerald Morkel wants to sue the ANC for R1 million

the Primary School Nutrition Programme. The programme has created employment for 188 people

- The Integrated Service Land Project is designed to meet the needs of low income families including services such as health, education and welfare. Earthworks have been completed or are underway in Philippi East, Southern Delft and Weltevreden Valley.

- The Department of Health has spent more than R38 million allocated by the national RDP office for free health care services to pregnant women and children under six-years-old.

- The Masakhane campaign — with the twin objectives of establishing legitimate local authorities and facilitating payment for services — is well under way and already delivering results in areas such as Khayelitsha.

**Transport and Public Works:**

- Improvements to the Stellenbosch arterial road are underway. The project is being undertaken using labour intensive methods. Employment has been created for 200 workers, 171 of whom have been issued with certificates to back up their new-found road construction knowledge

- The Groot Drakenstein to Wemmershoek turn-off road project has been accredited and will provide jobs for 125 people, 40 of whom will be employed from the local community.

- A number of public works programmes have been completed, including the installation of a sewerage system and toilets in Riversdale (28 jobs), the erection of an emergency clinic in Melkhoutfontein (38 jobs) and the upgrade of roads in Barrydale (58 jobs).

Eight other projects on a similar scale are due to be completed by the end of the year. These include the erection of a library in Zolani (Worcester) and the building of a community hall in Greyton.

**Hospital and Health Services:**

About 20 new clinics or community health centres have been opened throughout the Western Cape in the last 18 months, with a major announcement on the construction of a new 200 bed hospital expected in the next few months.

The upgrading of clinics in Unlondale, Ladismith, Misgund, Voimoed and Knysna is in progress.

About 200 posts — including 32 medical officers and 158 professional nurses and nursing assistants — have been created and filled to cope with the extra demands on health services due to the provision of free health services to pregnant women and children under six-years-old.

49A (95) 27/10/95



**BUSTLING:** These are some of the thousands of shoppers who queued throughout the day yesterday when the first supermarket chain store opened in Khayelitsha. The queues, which started early in the morning, showed no signs of shortening by late afternoon.

PICTURE: CLIVE SMITH

KHAYELITSHA GETS FIRST SUPERMARKET CHAIN OUTLET

Thousands at new store <sup>(49A) CT 27/10/95</sup>

**KHAYELITSHA** residents, many of whom had to travel long distances to shop, queued all day yesterday when a Shoprite Checkers branch opened. **FRANÇOISE BOTHA** reports.

**M**ORE than 4 000 shoppers queued throughout the day yesterday when the first supermarket chain store opened in Khayelitsha.

The queues, which started in the early hours of the morning and stretched for over 500m, showed no signs of shortening by late afternoon.

Mr Selwyn Schiff, Western Cape divisional manager of

Shoprite Checkers, said the opening had met with a surge in sales and that certain items had sold out within minutes.

"We sold all of our stock of more than 100 Prima stoves in the first 15 minutes," he said.

There was also strong demand for staple foods such as bread, milk and sugar and household cleaning items.

He said the store was scheduled

to close at 7pm, but would stay open till 9pm because of the demand.

Mr Schiff said sales figures would only be available today, but that "a good couple of hundred thousand rands" in turnover was expected.

He ascribed the success of the opening of the store to the fact that in the past shoppers had to travel about 10km by taxi or train to Nyanga and Mitchells Plain to shop.

"The fact that they can save on the taxi fare has obviously played a

role," he said.

Mr Schiff said there was little doubt the good trading would continue, especially as weekly paid workers would be paid today and monthly paid workers a few days later.

The store, which rents its premises in the new Sanlam Centre there, has 1 200m<sup>2</sup> of trading space and an extra 800m<sup>2</sup> of storage space.

A Pep Stores outlet, which also attracted record sales, and a branch of First National Bank, opened in the same centre yesterday.

**WILLEM STEENKAMP**  
Staff Reporter

OIL will begin to flow next March from South Africa's first oilfield, near Stilbaai off the Cape south coast — and Cape Town is set to earn millions of rands from the development.

The Soekor Board gave the go ahead for the project several months ago and the government has now also approved the development.

A floating production platform, which is to be used to tap oil from the field, is to be modified and upgraded in Cape Town.

South Africa, and in particular Cape Town, is expected to earn about R70 million from the sale of goods and services for the project, while about R30 million a year will be spent locally on operations over the next three to five years.

The oilfield is expected to produce about 20 000 barrels of high-quality crude a day. Several other smaller oilfields in the vicinity may also be brought on line to extend the lifespan of the project by several years.

Saturday Argus broke the story about South Africa's oil find more than a year ago and published pictures of the first high-quality crude recovered from the E-BT field in the Bredasdorp Basin.

A semi-submersible production platform which is to be upgraded and modified in Cape Town, will tap into the oilfield and remove solids, gas and water from the crude.

Shuttle tankers will tie up to an offshore loading buoy and take in crude from the floating platform.

This crude will then be transported to South Africa's harbour cities, where it will be sold to be refined by oil companies. The daily production from the oil field will provide about six percent of the local consumption of crude oil.

It is estimated that more than 13 million barrels of oil will be recovered from the field in the first three years of operation. This will yield more than R700 million in gross sales.

The state will earn about R129 million in taxes over the first three-year period, and save about R428 million in foreign exchange.

The estimated capital cost for the development and exploitation of the oil field is about R250 million. The field will be exploited through a joint venture between Soekor E and P — a wholly owned subsidiary of Soekor — and Engen Bredasdorp.

The oilfield is a first for South Africa, which has long searched for oil. At present, natural gas is exploited by Mossgas off Mossel Bay while Sasol makes oil from coal. The new oilfield is not in any way linked to Mossgas.

Oceaneering Production Systems, an American company, has been chosen to develop the oilfield after a bidding and evaluation process. Soekor and Engen will finance the project by way of foreign loans and no government guarantee is required.

Minister of Mineral and Energy Affairs Pik Botha said exploitation of the E-BT oil field presented the first opportunity for South Africa to benefit financially from commercial oil production, after years of exploration by Soekor.

■ The ill-fated Soekor oil rig Omega, in which two people were killed and several injured after an explosion off Mossel Bay in August, has been leased to a French company for exploration work off the West Coast of Africa.

The rig is currently undergoing repairs in Cape Town harbour.

Oil will flow from South Africa's first viable oil field off the southern Cape coast as early as March next year.

# WORLD'S FIRST OIL BOOM

ARG 28/10/95

(49A)



ST(M)29/10/95

CAPE Town's building industry is bracing itself for the return to boom times with more than R3-billion worth of commercial projects in the pipeline for next year.

And that does not include private enterprise housing developments and work flowing from the RDP, the Olympics, and Saldanha Bay steel plant which could add millions to builders' turnovers.

Besides builders, local suppliers of carpets and furniture stand to land valuable contracts from a number of new hotels.

However, after five years of depression and retrenchments, building companies and sub-contractors fear a shortage of foremen and skilled artisans will surface.

New work will give a shot in the arm to Cape companies after a 32 percent drop in the value of building work and continued retrenchments this year, according to the Cape Master Builders Association.

City Planner David Daniels has identified 20 major projects valued at about R3-billion planned for the inner city. The inner city, he reports, already accounts for 25 percent of the jobs in metropolitan Cape Town and 50 percent of the hotel accommodation, besides hosting the centres of four tiers of government and including the expanding port, the central financial districts and the highly successful Waterfront.

A strong public initiative is needed to provide affordable housing for lower-paid inner city workers to meet their basic need for shelter in District Six and elsewhere, says Mr Daniels.

"Seen in the long term, the inner city needs to be cared for as the goose that lays the golden egg."

Projects identified include:

● A R300-million convention centre to accommodate 2 000 delegates with over 10 000m<sup>2</sup> of exhibition space.

● The R900-million power station redevelopment with two new hotels and an office block.

● A R250-million office, retail and parking development above Cape Town railway station.

● R120-million commercial development of the former Central Post Office.

● R220-million on CBD greening and landscaping.

● R1-billion more on the Waterfront to complete the remaining 340 000m<sup>2</sup>.

# Boom time for inner

(49)

BY TOM HOOD

# city



# Upbeat outlook on SA economy

BD 30/10/95

(49A)

Edward West

CAPE TOWN — Improved inflation and balance of payments prospects had largely banished the spectre of a boom-bust economic cycle, the Board of Executors said at the weekend.

In the board's latest Investment Outlook eco-

nomist Rob Lee said inflation was expected to average well below 10% this year and next, with a real possibility that long-term single digit inflation was sustainable.

This was in contrast with forecasts only a few months ago that next year's inflation rate would rise to the 12%-13% level.

He said the interest rate cycle had probably peaked, with a possible cut in rates in the early months of next year.

The economy could sustain 3%-4% growth over the next few years, — but it was too low to reduce unemployment.

Increasing the sustainable growth rate to

the needed 5%-6% level would be by swifter reductions in government spending and borrowing.

The main risk, otherwise, to this optimistic economic scenario would be a failure of credit growth to slow and/or the current account deficit to stabilise.

Other risks were continued escalation of the Kwazulu-Natal conflict and failure to cut the soaring crime rate.

The current account deficit appeared set to stabilise at a sustainable level. Rapid import growth could be expected to slow marginally, but the big swing factor would, he said, be a better export performance.

# Development aid body opens W Cape office

ARG 15/11/95

(49A)

~~49A~~

## Labour Reporter

THE National Business Initiative (NBI) has launched its Western Cape office after a national launch in May.

The NBI has its roots in the merger between the Urban Foundation and the Consultative Business Movement, which disbanded

Business and communities support the initiative, set up to help development projects which improve people's lives.

Regional director Felicia Roman said the Western Cape NBI was engaged in projects around three key areas — education, vot-

er education for next year's local elections in the Cape metro, job creation and the Reconstruction and Development Programme.

The provincial RDP office also asked the NBI to help it set up a project to monitor job creation and loss at major companies.

'HOTEL AND STEEL PLANS WILL BE A BOOST'

# Four percent growth predicted for W Cape

CT 15/11/95

(222) (49A)

A REGIONAL GROWTH RATE that is higher than the national average is possible, Minister of Economic Affairs Mr Chris Nissen says. **ANTHONY JOHNSON** reports.

THE Western Cape could expect a growth rate of four to six percent until the turn of the century compared with a national average of three percent, the regional Minister of Economic Affairs and the RDP, Mr Chris Nissen, predicts.

"This is well within the range of the possible, especially if we include RDP- and business-linked investments that are on the cards," he told a Bureau for Economic Research conference. "Think of all those five-star hotels and casino projects." He said the R4,7-billion Saldanha Steel project and the Cape Town bid for the 2004 Olympic Games could also boost the economy.

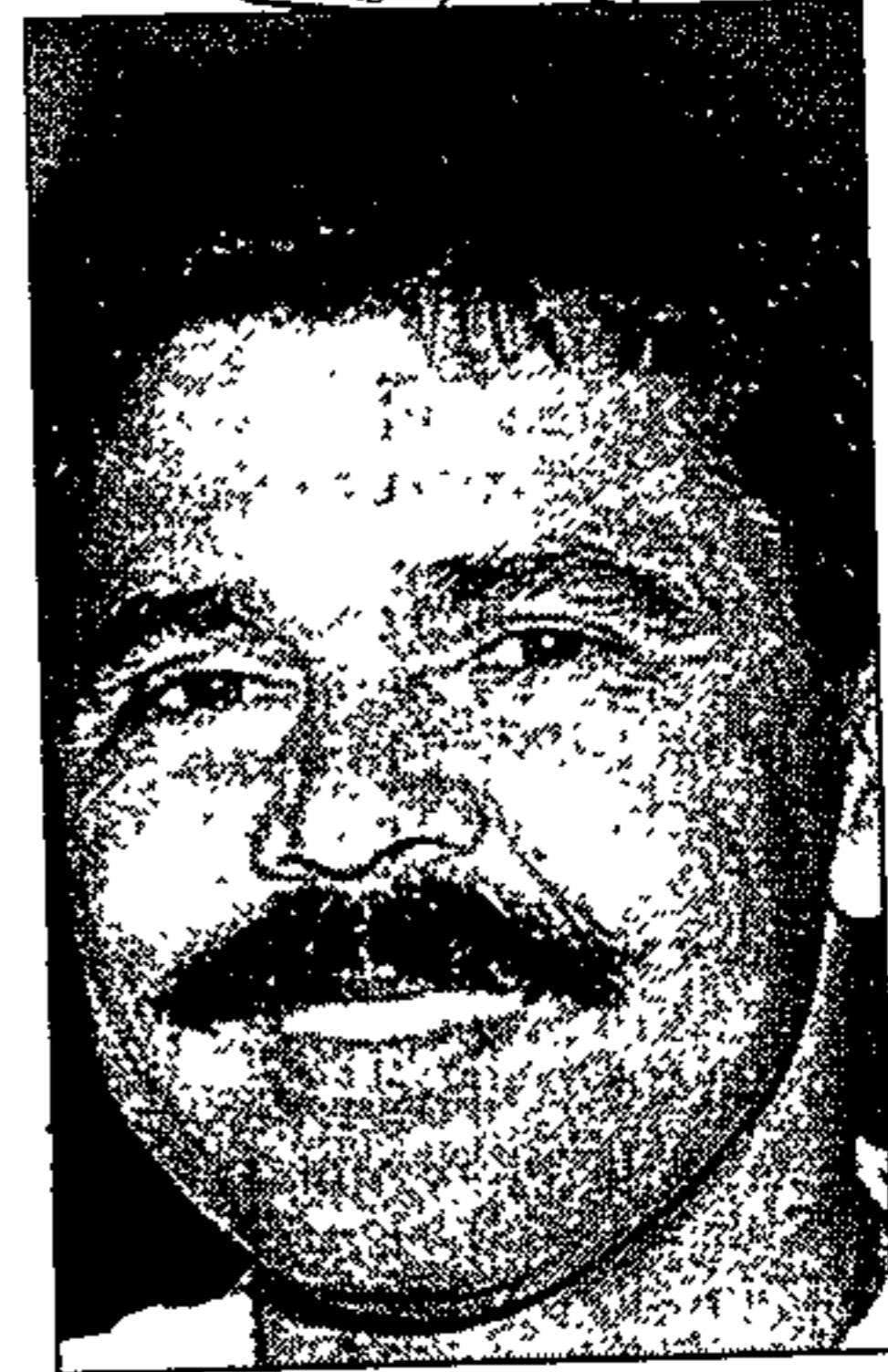
However, he cautioned that the

Western Cape could not take a four-six percent growth rate for granted. It was also a pipe-dream to imagine that job creation would "just happen" in a free enterprise fashion. He said that three factors could seriously endanger growth prospects:

- The unequal sharing of growth and development.
- Meeting the condition for rapid and stable output growth.
- Meeting national and international competition.

Mr Nissen noted that 30-40% of households in the Western Cape were affected by unemployment.

More than 90% of all company directors were "lily-white" and well over 75% of middle and upper management was white, he said.



**CAUTIONED:** Minister of Economic Affairs and RDP Mr Chris Nissen says 30-40% of households are affected by unemployment.

# W Cape deserves fair revenue deal — DP

Staff Reporter (497)

THE Western Cape could lose a third of its budget over the next five years.

This was the contention of provincial Democratic Party leader Hennie Bester at a debate on provincial powers and national unity at the University of the Western Cape, organised in conjunction with the German Institute for Foreign Relations and the German Representative-general.

Mr Bester said the Western Cape received 12 percent of the national revenue allocation, but in real terms this would shrink to eight percent in terms of a recommendation in a discussion document in Finance and Fiscal Commission.

PRG 17/11/95  
This would mean that the province's budget could be cut by a third, which could, for instance, lead to 12 500 teachers of a workforce of 50 000 losing their jobs.

He said provincial government could stem the job loss by going into partnership with parents, but central government "says no".

The Western Cape contributed 15 percent to the country's revenue income, and had 11 percent of the population.

"I cannot believe that is equitable," he said.

Mr Bester said there were still serious flaws in the South African constitution, which deprived powers to the provinces without giving them fiscal powers.

He believed the level of taxation was already too high and the provinces could not raise additional tax.

African National Congress MP Dirk du Toit said he believed provinces would be able to raise their own taxes through sources such as the sale of fuel, and through customs and excise.

This money could be used to pay teachers.

"The ANC will accept that. But we can't let go of equalisation," he argued.

Local Government Minister Peter Marais said in reply to a question on equalising tax distribution to other provinces: "You are saying somebody must bake the cake for you. All you must do is eat it."

Mr Marais said it was incumbent on poorer provinces to see that there was development in their own areas.

"I cannot see the argument that the Western Cape must contribute 15 percent to the gross domestic product and only get five percent back."

# Building co-operation

ARG 20/11/95

(213)  
(49A)

□ *New body aims to power RDP efforts*

**ESTELLE RANDALL**  
Labour Reporter

A POWERFUL new body to co-ordinate and shape development in the Western Cape is being nurtured in preparation for its formal launch in March next year.

This is the Provincial Development Council (PDC) which has the stamp of approval of the provincial government, labour, business and community stakeholders — all of whom are being drawn in to drive this new engine which will help power implementation of the RDP in the Western Cape.

Presently there is no single body which draws together all relevant stakeholders who could contribute to making the RDP work in the province.

The PDC will change all this.

Building the blocks of co-operation which will make the PDC a reality is 35-year-old Adrian Sayers.

He's difficult to pin down as he flits between his city office, with its countless mounds of paper spread around, and appointments with the stakeholders he must win over to the PDC.

"Convincing players in the different sectors is quite tricky," Mr Sayers confesses.

"I have to bring together diverse groups and get them to agree to work together on the basis of decision-making by consensus.

"People are bringing with them different experiences, backgrounds, styles of operating and of course different politics. It's difficult to get all these diverse groups to unite around issues that are above party politics and that will bring long-term gains to our province, and not necessarily directly enhance a particular polit-



**TAKING CHARGE:**  
Adrian Sayers

ical party."

The PDC wants to draw together provincial government, business, labour and community groups into a consensus based provincial counterpart to the national body with the teeth to ensure the province's development is effective and sustainable.

Mr Sayers also has to strike a balance between himself remaining politically neutral and dealing with the highly politicised arena of development.

However, as a former trade unionist, Mr Sayers has the benefit of cutting his teeth on internal trade union and industry negotiations on a range of issues during the 1980s and immediately after the April 1994 elections.

He was first education officer and later Western Cape regional secretary for the National Union of Metalworkers of South Africa (NUMSA) until June 1994, when he was asked to become adviser to the Western Cape MEC for Transport and Public Works, Leonard Ramatlakane.

This gave him valuable insights into the inner workings of the new government.

He was appointed to establish the PDC in October 1994. So far

he has met all the provincial stakeholders and has begun to establish interim regional councils on the West Coast, the Overberg and in the Boland.

Draft legislation around the PDC is currently being prepared for discussion in the provincial cabinet and a bill will be released for public comment early next year.

Objectives of the council are to facilitate full employment in the province, facilitate acceptable living standards for all the province's people, embrace the RDP and to help in the formulation of a development policy which will ensure sustainable development in the Western Cape.

It will do this firstly by facilitating consensus and co-ordination between the provincial government, the private sector and civil society (trade unions and community-based organisations, for example).

Secondly, it will also promote consensus and co-ordination between local development bodies and local authorities.

Thirdly, it will co-ordinate rural and metropolitan interests.

The council will draw in between 30 to 35 members from labour, business, community-based organisations and non-governmental organisations.

The provincial council will have an economic affairs chamber, comprising specialist committees such as tourism, commerce and industry, and agriculture. It will also have a social affairs chamber which will focus on health, welfare, education and housing.

Attached to the provincial council structure will be seven regional development councils and local development forums.

# W Cape 'has highest quality of life in SA'

**ANTHONY JOHNSON**  
POLITICAL CORRESPONDENT

ET 27/11/95  
(49A)

THE Western Cape has the lowest unemployment rate and the highest quality of life of South Africa's nine provinces, a Unisa Bureau of Market Research study has found.

The report states that 4,6 million people (about a third of the country's economically active population) are jobless. Unemployment in the Eastern Cape is 45,3%, in the Northern Province 47% and in the Western Cape 17,3%.

The Human Development Index, an international measure, is highest in the Western Cape (0,826), followed by Gauteng (0,818). This puts these two provinces on a par with countries like Singapore and Venezuela. The Northern Province, with an index of 0,470, ranks with Zimbabwe, Kenya and Namibia.

Personal disposable annual income ranges from R17 861 in Gauteng and R13 638 in the Western Cape to R2 476 in the Northern Province, with a national average of R8 056.

# Buoyant Cape must 'avoid complacency'

(49A) CT(BR)28/11/95

FROM REUTERS

Cape Town — Western Cape economic affairs minister Chris Nissen yesterday warned against complacency at a time when the province seemed poised to break through to 4 percent real growth this year.

"The Western Cape economy has the potential for a significantly higher growth base than what our past performance suggests," Nissen told a seminar hosted by the local development group, Wesgro.

"We should soon be able to break through that magic barrier of 4 percent real growth and remain above that.

"But at the same time we cannot close our eyes to the challenges of poverty, black economic empowerment, unequal income and wealth distribution and related social issues, which include an alarming increase in crime."

He condemned the kind of crime that had taken place at the weekend, including an attempted robbery at an international boxing match in Guguletu that left one man dead as well as the gunning down of six people in Heideveld.

Provincial development council co-ordinator Adrian Sayers said recent findings in a study by the Unisa bureau of market research, which showed that the Western Cape had the highest quality of life in the country and the lowest unemployment, could be misleading.

Wesgro said that after years of unfulfilled expectations, the tourism industry was now taking off in the Western Cape.

This highlighted the need to pay urgent attention to improving the quality of services provided in the tourism industry and dealing with transport and other bottlenecks.

## W Cape set to boom

THE real economic growth of the Western Cape is tipped to outpace the rest of South Africa at between 4 and 6% over the next year, say local industry leaders.

Wesgro chief executive Dr David Bridgman said the outlook for the region was "extremely optimistic" ... "investors are coming into the Western Cape and they are bringing their cheque books with them". —

Business Reporter

(4917) CT 28/11/95



ARG 28/11/95

**MAUREEN MARUD**  
Business Staff

# W Cape jobless report 'untrue'

A REPORTED unemployment rate of 17.3 percent in the Western Cape is misleading and could cause unwarranted complacency, an audience of high-powered business people was told yesterday.

"It is an average that says nothing about high unemployment rates in areas like Atlantis, for instance, where joblessness is far in excess of 17.3 percent," said Adrian Sayers, recently-appointed co-ordinator of the Provincial Development Council, in an address to an economic and business development meeting organised by Wesgro and the Cape of Good Hope Bank.

Mr Sayers was commenting on a report from the Unisa Bureau of Market Research saying the Western Cape has the lowest unemployment rate and the highest quality of life of South Africa's nine provinces.

The report rates unemployment in the Eastern Cape at 45.3 percent and at 47 percent in the Northern Province.

It rates the Human Development Index (HDI) — an international measure based on life expectancy, literacy and income — highest in the Western Cape at 0.826, followed by Gau-

teng with 0.818. According to the report, this puts these two provinces on a par with countries like Singapore and Venezuela.

Mr Sayers said the Wynberg Magisterial District's HDI for the white population was 0.960, but only 0.480 for the black population, just above the Northern Province, where the Unisa report has the index at 0.470, the lowest of all the provinces.

The 0.470 index ranks with Zimbabwe, Kenya and Namibia, according to the report.

"The comparable indexes in Wynberg Magisterial District and the lowest national average illustrates how misleading averages are," Mr Sayers said.

"If you look at Wynberg and then at the disparity in the HDI, we are confronted with a very serious problem in the province."

~~835~~ (49A)

# Meyer sees how RDP money is being spent

PETER DENNEHY



MINISTER for Provincial Affairs Mr Roelf Meyer, who is responsible for local government countrywide, took a helicopter trip to Wuppertal and Vredendal yesterday to see how the RDP money allocated to them is being spent on municipal projects.

Earlier this year the government announced that R850 million was being made available countrywide for basic services such as water and sanitation.

Since then 320 projects have been approved. The Western Cape was allocated only R25,8m.

## Mission

Wuppertal, on the far side of the Cedarberg mountains, is badly in need of basic services because, being a mission station, it has not qualified for government assistance in the past.

The Moravian Mission is still going strong there, but the govern-

ment has decided the needs of the townsfolk must be attended to.

Now R724 000 of RDP funds has been allocated so that each of the 414 families in the central settlement of Wuppertal itself can get improved ventilated pit latrines at their homes instead of the present bucket sewage removal system.

Bricks were being dried in the sun to build septic tanks, when we visited. All the work has been broken into small contracts, tendered for by members of the local community.

More water pipes are also being laid in the town at a cost of R164 000 of RDP funds, to the benefit of 119 families.

Vredendal, a developed town with a population of 13 000, which gets all its water by canal from the Clanwilliam Dam, needs a new R500 000, 40- to 50-megalitre earth-wall storage dam, and more pipelines.

Some of the pipes have been installed but work has yet to start on the storage dam



**WUPPERTAL VISIT:** Minister Roelf Meyer buys a pair of shoes from Mr Fritz Hanekom at Wuppertal. **PICTURE: CLIVE SMITH**

# 'Peoples' partnership essential for growth'

By FRANÇOISE BOTHA ET (BR) 1/12/95 (L9A)

Cape Town — It was essential that there was a link between socio-economic and political development in South Africa if the country was going to have sustainable economic growth and survive in the world economy, said the deputy finance minister, Alec Erwin.

Speaking at a National Productivity Institute seminar at the University of Stellenbosch this week, he said a "clients' charter" was being developed by the government as part of the reprioritisation of government spending and an attempt to reform the budgeting process.

As part of the charter, he said the public sector would be required to state its objectives more clearly and it would be measured on the results achieved.

Erwin said that socio-economic development would require a commitment to nation-building, an increase in the confidence of the nation's people and a breaking of the mindset that economic growth and development were separate issues.

"Without a commitment to nation-building and partnerships between the country's people, I don't see any possibility of growth and development. We have to accept that if we grow at between 3 percent and 3,5 percent over the next few years, that is not enough," he said.

He added that in order to boost growth, the government would be focusing on co-ordinated infrastructure development to assist the growth of small, medium and micro enterprises, tourism and the petro-chemical industry.

"In every one of these areas we will be looking at exports continuously," he said. The Reconstruction and Development Programme was an attempt to bring together these principles, and to achieve them there was a need to restructure the economy and democratise its institutions.

# Council faces 'worst financial crisis ever'

CT 1/12/95 (49A) ~~49A~~

**PETER DENNEHY**

CAPE TOWN'S finances are in the worst shape ever, and the city faces a "financial crisis" unless the question of unpaid arrears is resolved, the City Council heard yesterday.

"Unless we move this debate beyond populist sloganeering, this city will move into a financial crisis," Mr Clive Keegan said.

He was speaking moments after NP councillor Mr Leon Markovitz had said the council was owed about R300 million in arrears, and was in "the worst financial circumstances ever".

Mr Kenneth Penkin said iKapa owed R27m to the council for bulk water supplies, and Lingeletu West R26,9m. The arrears from black townships were increasing at a rate of R6m a month, he said.

He did not know if the council was yet in a financial crisis, but a money shortage of that magnitude was enough to burn a hole in anyone's pocket, he said.

The council voted yesterday to

withhold an amount of R51m owed to the government for water to offset a debt of R55m due from the government for bulk water supplied by the council to black local authorities.

Mr Keegan said it would be irresponsible to merely transfer creditors' responsibilities from one group to another, when it knew it would be placing a crippling burden on poor ratepayers who would have to pay.

## Inferior

Mr Keegan, who was at Kempton Park when the black arrears write-off agreement was signed but refused to add his signature, said the agreement had related only to former black local authority arrears.

In those areas, services had not been delivered, or else accounts had been sent out for "obviously inferior services".

● Residents staged a sit-in yesterday in the Beacon Valley, Mitchells Plain, housing office in a protest apparently related to the "scrap arrears" campaign.



□ **REVIVAL:** Hennie Africa, head of the agricultural committee of the Genadendal local council on the farm near the town which he believes is ripe for agricultural revival.

# Madiba magic: The Kiss of Life

(49A) ARG 2/12/95

**IRVING STEYN**  
Staff Reporter

LIKE Sleeping Beauty, the tiny mission village of Genadendal near Caledon has awakened after a dormant century and will soon thrive again as it did when the Moravian missionaries founded it in 1738

And the Prince Charming who administered the magic kiss is President Mandela, who visited the town to an ecstatic welcome in October and has renamed Westbrooke, his official Cape Town residence, Genadendal (Valley of Mercy)

The answer, it is believed, lies in agricultural revival. It is ideally situated at the base of the Overberg and has water all year round from the Riviersonderend and Baviaans rivers

In the good old days the mission, apart from providing for its own needs, was able to export skins, hides, fruit, vegetables and many other products

Not any more. Genadendal consists of old and largely unemployed people, and very little farming takes place

The younger generations, who still often return at weekends, tend to be employed in the Cape's factories or on nearby farms. More than 60 percent

■ For 100 years Genadendal has been dormant, but all that is about to change. And the key to the revival lies in agriculture.

of those living in Genadendal are officially without work

Less than 10 percent of the population is involved in farming and even they, with perhaps three or four exceptions, are growing only enough for their own consumption

The attraction of big money in Cape Town's factories, and the apartheid system, were to blame for the decline, but there have always been people in Genadendal who have yearned for "the good old days" and who want to see farm plots worked to their full potential.

And in the forefront is Hennie Africa, head of the agricultural committee of the local council. The committee believes Genadendal is ripe for an agricultural revival

It is based on an extensive report drawn up by MBB consulting engineers in Stellenbosch for the now-defunct department of local government, housing and agriculture, under the previous government.

This 220-page analysis found Genadendal was still an ideal venue for farming vegetables,

fruit, forestry, dairy and livestock

According to Mr Africa, there are 250 hectares in the valley which could be used immediately for intensive fruit and vegetable farming. There are a further 1 250 hectares on the hillside suitable for cattle and other types of farming.

However, one of the problems is that these small portions of land, often less than one hectare in size, belong by tradition to the cottages near them. The plots, he says, are too small for profitable commercial farming, but can generate additional income if utilised effectively

The traditional owners, who may not be owners in law, but who have rights stretching back 100 years in some cases, are reluctant to surrender their ground, even when it is occupied by one or two sheep or a dairy cow. What is more, these rights are so entrenched that there seems very little likelihood of them ever being changed

When discussions about re-

viving Genadendal's farming community were put in motion last year, it became apparent that there were a number of conflicting interests such as the garden tenants, the Genadendal Community Co-operative and the Small Farmers Association, and lack of adequate planning by previous local councils

At first it seemed these interests could never be reconciled, but more recently they have got together and have agreed to work together

According to Mr Africa, if the neighbouring towns of Ber-eaville, Voorstekraal and Boschmanskloof are included, it should be possible to recruit at least 300 men and women out of the total local population of about 5 000, and to establish them as farmers to supply a co-op. This, in turn, could supply Cape Town and neighbouring towns like Caledon and Hermanus

But, says Mr Africa, they would probably require on average of about R20 000 per farmer to get started. He is therefore looking to various trusts or to the government for start-up capital of at least R6-million

Firstly, he says, the agricultural interests of Genadendal must unite to speak as one

## West Cape water stores threatened

CAPE TOWN — The Western Cape's predicted 1998 population of 3-million or more will outgrow present water storage facilities unless plans to increase them are implemented soon, says a water affairs brochure which is being distributed in Cape Town.

Also increasing was the agricultural water demand to meet food requirements, it said.

The region's requirements were increasing by about 15-million cubic metres annually — 11-million for urban requirements and 4-million for agricultural purposes — said one of the engineers involved in the study, Peter Little.

The programme proposed new dams, modifications to existing dams and a water saving drive.

A series of public meetings would be held to involve the community in finding solutions.

The first was scheduled for Paarl yesterday. **BD 5/12/95**

It said the first proposal was a scheme to build a R300m dam on the Berg River in the La Motte state forest near Franschoek. This would store winter rains and reduce the flow of the river in that period, but increase the water supply in the summer.

As a result the agricultural demand on the Theewaterskloof dam near Villiersdorp and the Vogelvllei dam near Tulbagh would be reduced. — Sapa.

# Askari beate frenzy — wi

Stephané Bothma

PRETORIA — A Vlakplaas askari suspected of having sold his firearm in a shebeen had been beaten up by security policemen in an assault which resembled "a horrible frenzy, a shark feeding", the Transvaal Supreme Court was told yesterday.

The State alleges that former Vlakplaas C10 unit commander Col Eugene de Kock and about 10 other C10 members had murdered the askari Bruce Nthehelang in June or July 1989 in the canteen on Vlakplaas.

Former MK operative Hugh Lugg — a member of the so-called ANC Broederstroom cell — who became an askari based at Vlakplaas in 1989 after reporting three other members of the cell to the police, told the court he had been present at the assault.

Lugg was flown to SA from Britain to testify against De Kock yesterday.

Several C10 members had been involved in the attack on Nthehelang, Lugg said.

"I was very upset at the time, and was trying to imagine that I was not there. The policemen were

not acting for my own

He said he was being hit with a belt, while punched, and

Nthehelang said that he had been hit by the policemen. "They were beating me up."

Lugg said he did not know what to do; he was a police officer who did not

He did not know what to do; he was a police officer who did not

He also said he had been ordered by a number of askaris to shoot Nthehelang. He said he had fired three or four shots.

"The m... was to get... tion from... Koevoet... weapons, missiles... had all been

## Education award winners

Business Day Reporter

DEPUTY President Thabo Mbeki, Education Minister Sibusiso Bengu and key members of SA's nine provincial administrations have announced the names of the winners of the Education Africa, Presidential and Premier Education Awards.

The awards, initiated by Education Africa, show government's acknowledgment of the invaluable role in education played by non-governmental organisations and structures.

"These awards are a fitting tribute and recognition to the unsung heroes and heroines who have continuously contributed to the development of our education and training system during the most difficult times," Bengu said at an awards ceremony at Gallagher Estate, Midrand, at the weekend.

The ceremony was attended by more than 1 200 people, including cabinet ministers, provincial premiers, ambassadors and members of the business community.

Winners of the Presidential Awards were: Early childhood development

category, the Ntataise Trust; Basic education and training (adults and youth), Project Literacy; Provision of education for people with special needs, the Centre for Augmentative and Alternative Communication.

Winners of the Business in Education Awards: Businesses with up to 20 staff members category, Cape Town-based Princeton Computing; Businesses with up to 500 staff members, Potchefstroom-based Boskop Training Group; Businesses with more than 500 staff members, Woolworths.

Winners in both these categories were nominated by President Nelson Mandela.

Winners of the premier awards were: Eastern Cape, the Sakhisizwe Inset Trust; Free State, the Tshepang Trust; Gauteng, the Molteno Project; KwaZulu-Natal, the Valley Trust; Mpumalanga, the Molteno Project; Northern Cape, the Hanam Community Education Trust; Northern Province, the Primary Mathematics Project; North-West, Leon Kotze; and Western Cape, the Youth Project for the Centre of Conflict Resolution.

## ACCESS ROUTES TO DEVELOP POOR AREAS

# Plan to revamp city

ST 7/12/95

(49A)

**THE METRO SOUTH EAST PLAN** proposes extending three railway lines and access roads to link Khayelitsha, Philippi, Crossroads and other areas of high poverty to develop these areas and avoid the creation of ghettos. **BARRY STREEK** reports.

**D**EATHS of a far-reaching plan to develop some of the poorest areas of Cape Town and reintegrate them with the rest of the city were released yesterday by the Cape Metropolitan Council.

The Metro South East Plan, drafted after two years of consultation with representatives of the 1.2 million people in the sub-region, calls for the extension of three railway lines and the development of high density "activity spines" on main access roads.

The plan, the first major post-apartheid development strategy in Cape Town, also calls for "nodes" of urban activity at transport interchanges, with a metropolitan "node" in Philippi East.

The area covered by the plan includes Khayelitsha, Mitchell's Plain, Philippi, Crossroads, Guguletu, Bellar and Delft.

No estimates have been made yet of the costs involved if the Metro South East Plan is approved.

Its proposals are to be discussed at a two-day conference this weekend by representatives of the communities, the 17 councils involved, and financial

and engineering experts, as well as representatives of the Olympic Bid Company and Cape Town International Airport.

One of the thorny issues the conference will discuss is whether Mitchell's Plain and Khayelitsha should be directly linked by turning the Swartklop buffer zone into a recreational area and whether Spine Road should be extended into Khayelitsha.

After this weekend's conference, the plan will be finalised and submitted to the Cape Metropolitan Council for approval in the normal statutory manner, which means it will ultimately have to have final approval by the Western Cape cabinet.

"This plan is different. It has emerged from dialogue," a consultant to the plan, Mr Adam Jordan, said yesterday.

Another consultant, Mr Simon Nicks, said the plan was an overriding framework of coordinating development in the sub-region.

He said areas in the Metro South East, where there had been very little development and which were characterised

by massive movement every day out of the area, were in danger of becoming ghettos.

This sector is fragmented into non-functional residential areas "slaapdorpe" (sleep towns), which do not have easy access to employment opportunities, recreation and commercial activities, he said.

"In addition, there is limited investment in the form of industry or other employment and revenue-generating activities."

Mr Nicks said the majority of the Cape Metropolitan's disadvantaged people lived in this area.

The development of transport links were critical to the development of the area and this included the extension of the R300, the so-called Cape Flats freeway, and the upgrading of roads. The extension of three railway lines

were being investigated, including the Khayelitsha line, linking the Blue Downs line to the Khayelitsha line and linking Bellville to the Philippi area.

Without this, the development of activity spines of the main transport routes would be more difficult and this was essential if people were to find jobs, start up businesses or take part in leisure activities, Mr Nicks said.

Other problems identified in the Metro South East Plan included housing shortages, with an increase in squatting, overcrowding and backyard shacks, and inadequate public transport, with complaints that buses were slow, minibus taxis were expensive and sometimes dangerous and trains were violence-prone.

Other problems raised were the high levels of poverty, gangsterism and low literacy levels.

# Western Cape govt expects R800m budget shortfall

CHRIS BATEMAN

THE Western Cape government expects a budget shortfall of R800 million this financial year, R200m less than predicted, but will still have to secure bridging finance to meet its massive staff salary bill.

This was said yesterday by Western Cape Finance Minister Mr Kobus Meiring, after the Western Cape cabinet decided to set up a special multi-party budget committee to oversee the 1996/97 budget, 80% of which is taken up by salaries.

"We're caught between the devil and the deep blue sea because bridging finance has to be paid back to Pretoria — and we can't avoid paying salaries," he said.

Education and health remained the biggest headaches, Mr Meiring said.

Free health care to pregnant women and young children had drained revenue resources by some R60 million — although increased income from horse racing and motor vehicle licences (figures unavailable) had helped even out



**CAP IN HAND:** Finance Minister Mr Kobus Meiring

this expenditure.

"Patients who can pay do, but increasingly public health is for the indigent," he said.

Mr Meiring warned against expecting a "jackpot" boost to the coffers from gambling tax.

"We originally saw this as a salvation for all our problems but the closer to it we got the more we realised that it will not be that big a money-spinner," he said.

Pressed, he said his "guesstimate" would be an annual gambling income of between R100 and R200 million — nowhere near the figure needed to ease the province's financial woes.

With a white paper on gambling released and being scoured for constitutional flaws by Premier Mr Hennis Kriel's lawyers, debate is now only expected towards the end of February.

## Betting tax

Mr Meiring said he doubted whether actual gambling legislation would be ready before the end of next year, adding: "They haven't even decided on what betting tax will be."

He said provinces had yet to receive funding from Pretoria for police, tourism and sport.

The Department of State Expenditure was trying to resolve these provincial allocations by playing "referee" between the nine provinces and Pretoria.

The Western Cape's new special budget committee is to meet again on January 18.



# Proof of the RDP's pudding is in Cassablanca

ARL 13/12/95

4414

## Community works together for multi-purpose centre

JOSEPH ARANES  
Municipal Staff

CASSABLANCA, a little settlement on the outskirts of the Strand, is proof of how successful the reconstruction and development programme can be if communities work together.

A few months ago the area was just another squatter camp with few or no services, but yesterday Provincial Transport and Public Works Minister Leonard Ramatlakane handed the community R130 000 as part-payment for the construction of a multi-purpose community centre.

Historically the Cassablanca community has been marginalised with very few opportunities to develop and prosper. For nearly 30 years its residents lived in shacks without any amenities.

But with the launch of the government's RDP, the community took up the challenge to transform their environment and embarked on a successful housing project. Recently they demolished their shacks and took ownership of their new brick houses.

Now with the help of the Department of Public Works and non-governmental organisations, the Development Action Group (DAG) and Community Projects Office, they have laid the foundations of a community centre.

The centre will be used for activities ranging from church services to a creche. It will also be an educational and sports complex.

Chair of the Cassablanca Community Committee, Jan Geldenhuys, said they had fought an uphill battle to improve the quality of their lives and that of the community.

"But the power that kept us going, in spite of the many obstacles in our path, was the community uniting and working together to achieve our goals and dreams."

"We have a lot to be grateful for and a lot of people to thank but the biggest pat on the back must go to the residents themselves for persevering with the task."

Mr Geldenhuys said the centre will become the heart of the community but he warned the residents that it was their responsibility to look after and protect their new possession.

Handing the cheque to the community, Mr Ramatlakane said he was proud at what the community had achieved and how they had put the RDP into action.

"The RDP is already being implemented in your neighbouring community of Lwandle. Today is a continuation of the process of infrastructure delivery in the province and specifically in Cassablanca."

"You started the process and were fully represented in the decision making required for the extensive planning of the project."

"The department's role will be to ensure that these objectives are actually implemented and the broad aims of the public works programme like meaningful job creation, empowerment, training of people and infrastructural needs are adequately addressed."

Mr Ramatlakane handed a community representative the cheque as part-payment of the department's overall contribution of R512 693 to the cost of building the community centre.

It is estimated that the multi-purpose facility will cost about R1 million and the community will have to raise the other funds needed to complete the project.

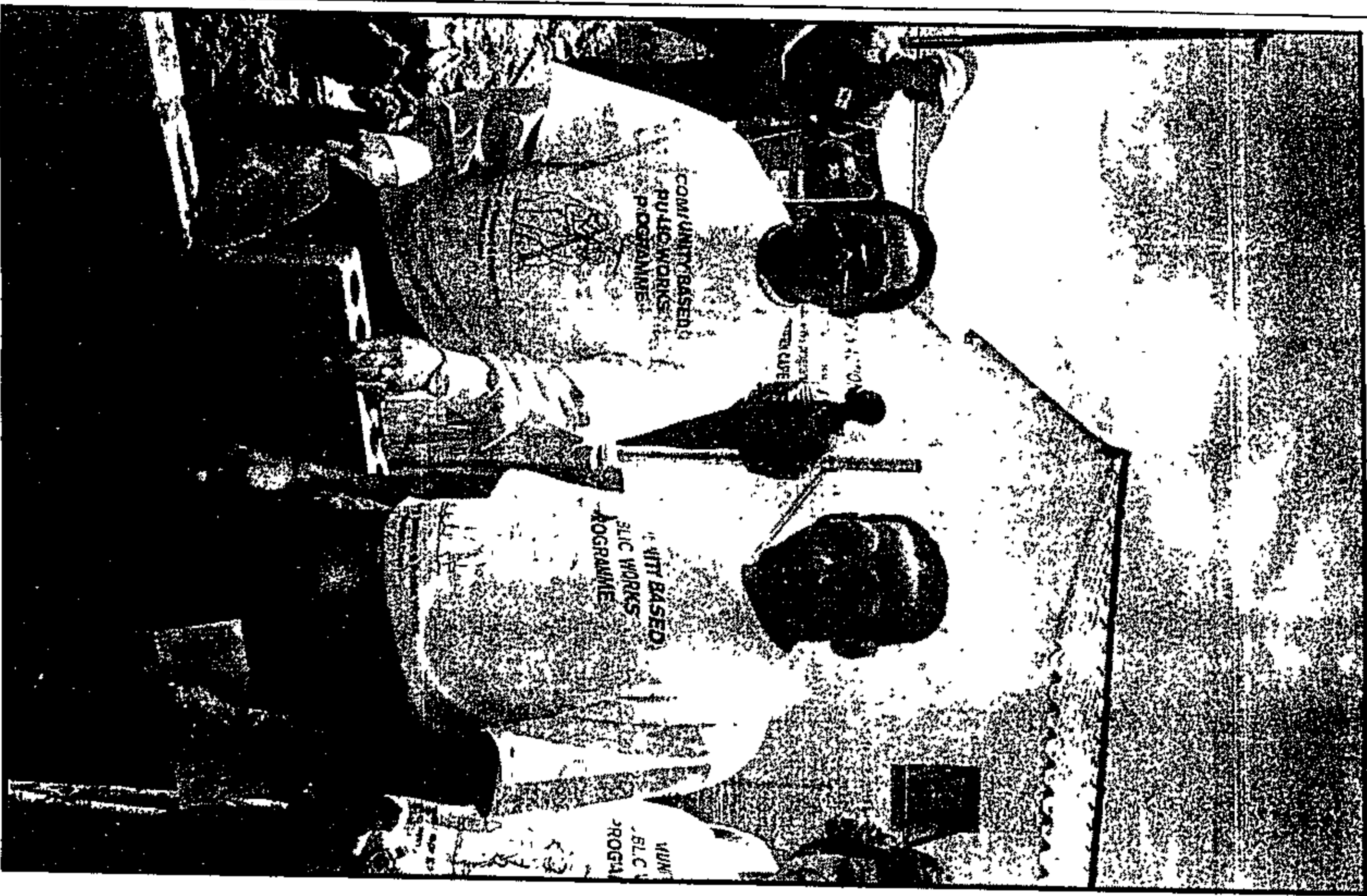
Already the Loreto Sisters Convent in the Strand have handed the community R60 000 and with the help of DAG they managed to get R40 000 from the Danish government.



**ITS LEGAL:** Cassablanca residents sign documents which enabled them to be fully represented in all decision making required for the project.



**CASH BOOST:** Public Works Minister Leonard Ramatlakane hands Cassablanca Community Trust chair Judith O'Connell a cheque to cover the costs of the first phase of the construction of a multi-purpose centre.



**DAY'S WORK:** Public Works Minister Leonard Ramatlakane and Cassablanca Community Committee chairman Jan Geldenhuys lay foundation blocks at the community centre.

# Council gives R19.5m for upgrading projects in city's poorest areas

Municipal Reporter

(49A)

ARG 13/12/95

THE Cape Town City Council has agreed to reallocate R19,5 million to capital projects with a strong community flavour in some of the poorest parts of the city following an extensive budget review process.

The budget review committee, chaired by Saleem Mowzer, has spent the past few months scouring departmental budgets for sums of money which could be spent on high profile projects which would benefit communities.

The money was culled from budgets which would not be used in this financial year, or which departmental heads agreed were not high priority.

Among the areas in line for extra expenditure are the housing estates in areas like Hanover Park, Lavender Hill and Bonteheuwel, which are to get improved fencing, roads and footways.

A backlog in traffic-calming de-

vices requested by local communities will also be partially wiped out with a R200 000 allocation, and bus and taxi shelters are to have R375 000 spent on them.

Another sizeable expenditure is R150 000 allocated to hawkker facilities in Downs Road, Manenberg.

Turfhall Road Sports Complex has had R415 000 allocated to it, while the Bonteheuwel Civic will be getting lighting and benches for the aged to the tune of R80 000 and R10 000 will be spent at the Retreat Civic centre on ramps.

Traffic signals are on line for Ottery and Park Roads in Manenberg, AZ Berman and Charlie Roads in Mitchell's Plain and De Duin and Westpoort, also in Mitchell's Plain.

The Parks and Forests department will be getting R1,1 million to be spent on a variety of upgrading projects mainly for sports fields and playgrounds.

# Cape plans to aid depressed areas

By HERMAN WASSERMAN

49A

CP 17/12/95

A FINAL draft plan for the development of Cape Town's poorest black and coloured areas should be completed by June next year, consultants for the project said this week.

The plan, called the Metro South East Plan (MSEP) and facilitated by the Cape Metropolitan Council, is aimed at uplifting the poorest areas on the outskirts of the Metro and integrating them with the rest of the Metro.

The south eastern Metro is regarded as the poorest area in the Cape Metropole, and includes areas like Khayelitsha, Mitchell's Plain, Guguletu, Nyanga, Philippi, Crossroads, Mfuleni, Belhar and Delft.

Planning for the MSEP started three years ago, and is nearing its final phases.

It is a sub-regional plan that aims to provide guidelines for future development in the region, and linking the area by road and rail links to the

rest of the Metro - from which it had been segregated from under the previous government.

According to the MSEP, development nodes will be started in each of the sixteen substructures involved in the plan, of which the main node will be situated in Phillippi.

These nodes will then be connected to each other and to the rest of the metropole by transport links that are to be established

Along these new roads and rail system commercial development will also be stimulated.

These links are very important for the development of the Metro South East.

## Housing

At the moment the area is used mostly for housing and there are very few places where people can find jobs, start businesses or take part in leisure activities.

The MSEP will suggest ways of dealing with the problems that have arisen in the communities as a result of their isolation and deprivation of busi-

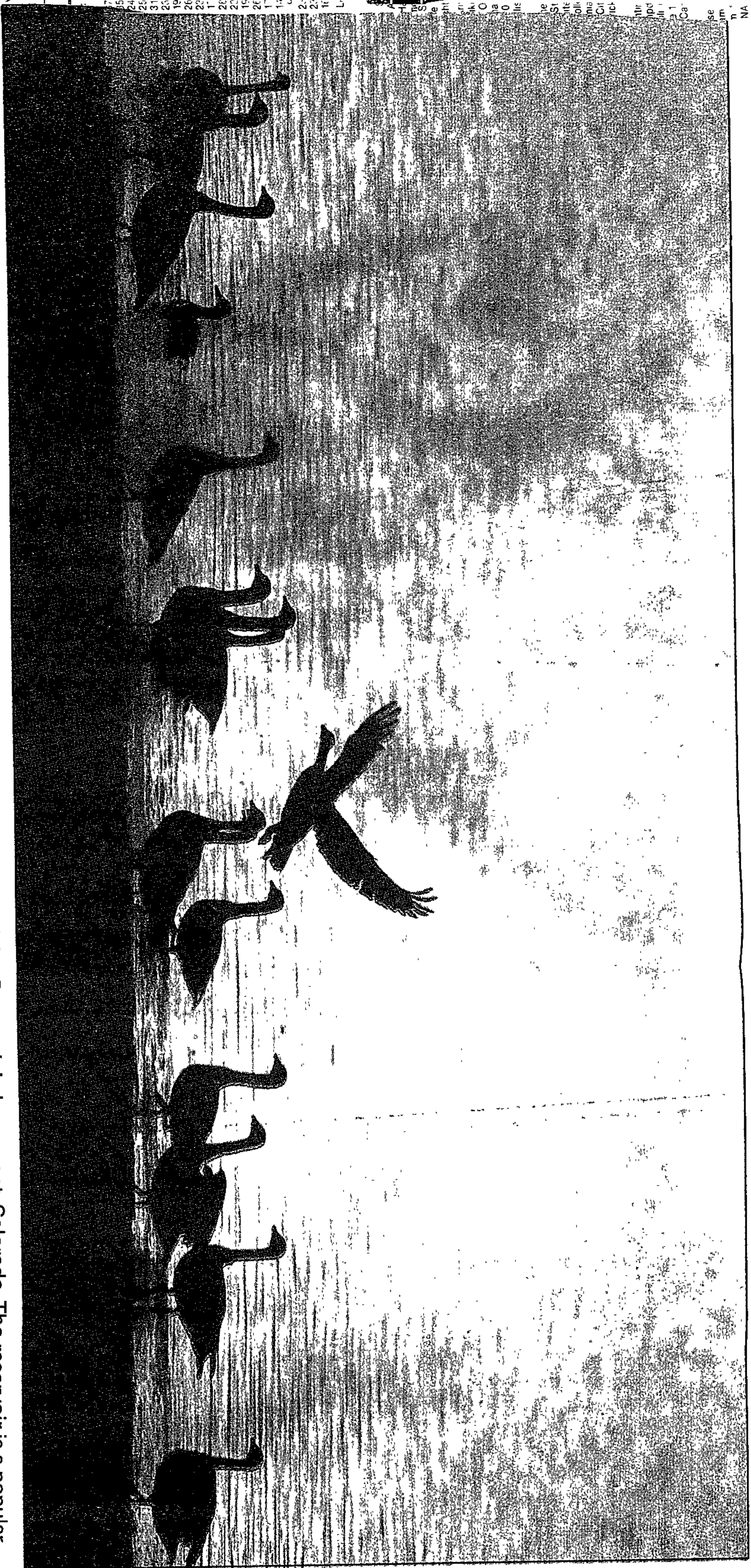
ness opportunities.

These problems include housing shortages, poor public transport, lack of jobs, the need for more and better services, lack of community facilities, violence, conflict and crime.

The MSEP will also coordinate closely with the RDP projects by showing how land can be used to promote reconstruction and development that is necessary to revitalise these depressed areas.

In a recent weekend workshop held in Goudini, it was decided that a task force consisting of representatives from local authorities, community organisations, environmentalists, transport planners and the Olympic Bid company will meet in February for further discussion of inputs made at the workshop.

The final draft plan will then be completed along the lines of the suggestions made by all these stakeholders, and it is expected to be handed to the Western Cape premier Hernus Kriel for approval by June.



**FOR THE BIRDS:** A lone Canada goose takes flight from the rest of the flock at twilight at the Union Reservoir in Longmont, Colorado. The reservoir is a popular wintering area for many species of waterfowl which can be seen in their thousands at this time of year.

# Meet Cape Town's Mr Big Projects

*I have the best job in the bureaucracy, says the man who looks forward to work on Monday mornings*

Developers from around the world are focusing on Cape Town because of its untapped potential. Rod Young, Cape Town City Council's development co-ordinator, is a man charged with helping them realise their objectives and who recently secured the Hilton Hotel for the city. Municipal Reporter

(499) RRG 18/12/95

ANDREA WEISS spoke to him.

**ROD YOUNG**, Cape Town City Council's development co-ordinator is one of those rare human beings who looks forward to being at his desk at 7am on a Monday morning.

Cape Town is hot property, and he has developers from places like France, Malaysia, Singapore and the Pacific Rim beating a path to his door in a bid to secure viable sites, chiefly for hotels and housing.

As a man who is charged with putting together some of the city's most ambitious and most exciting projects, it is easy to see why he enjoys his job.

"I think I've got the best job in the bureaucracy," he says.

Aside from not having to deal with the day-to-day problems of running a large staff complement as other senior officials in the council do, he gets a kick out of handling "big, exciting projects" aimed at bringing economic well-being to the city.

But Mr Young maintains he would not be able to achieve anything without the support of the development co-ordination team - including deputy city treasurer Peter Lever, deputy city engineer Mike Marsden, head of the estates branch Owen Tudor, deputy city planner Japie Hugo and assistant legal adviser Howard Firth.

"We have a fantastic team spirit founded on mutual trust and professional respect," he says. "It's the ideal situation to work in."

He also believes his job has been made easier by more support from the politicians since the new council came into being last year.

Along with the formation of a new economic development committee which has focused much more strongly on the economic needs of the city, the new council views development as a legitimate part of city management, over and above the normal service delivery and control functions.

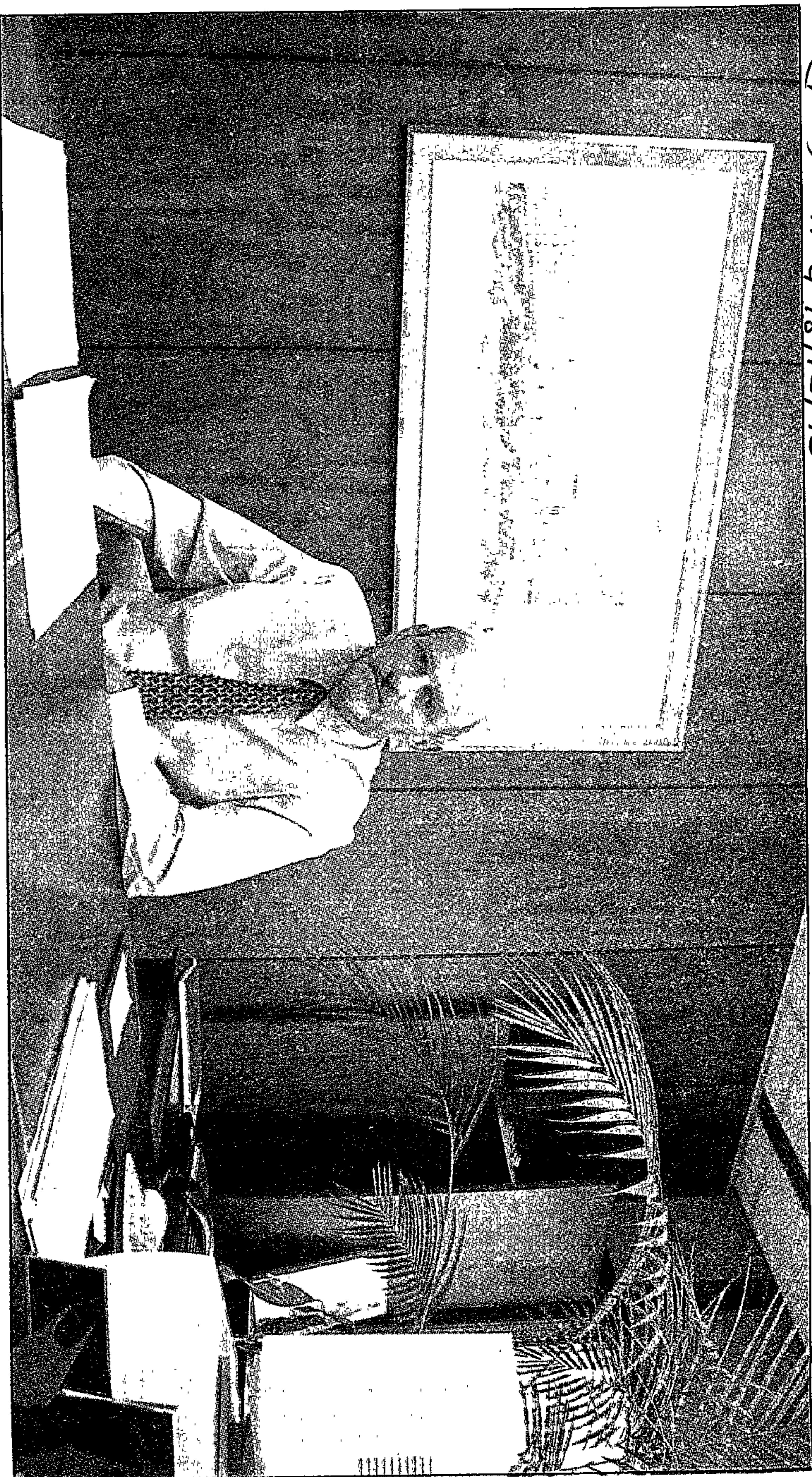
"The fact is that the development co-ordination job was set up seven years ago, but never gained momentum because it was seen in isolation. Over the last year, the political support base has started to make a difference."

In the bag for 1995, he can count the Hilton Hotel project on the old power station site, as well as the Capricorn project near Muizenberg which is billed as being Cape Town's biggest RDP project.

Capricorn, which will be a kind of mini-silicone city focusing on science and technology, still has some way to go, but Mr Young is confident that it will be a success and that problems around the nearby Vrygrond squatter area will be amicably settled.

"I believe that we will sign early in the new year," he says.

Although Capricorn will ultimately be the responsibility of the new southern sub-structure, Mr Young believes his team will have to maintain the momentum for the project until the new municipality is able



**SELLING CAPE TOWN:** Development co-ordinator Rod Young whose job it is to secure job-boosting development for the city.

Picture: ANDREW INGRAM, The Argus.

to take it over.

"We have no problem handing it over, but I don't believe that we should back off and let the thing lose momentum."

For 1996, high on his wish list of priorities is securing an international convention centre for Cape Town which can compete with cities around the world.

"If we could get just one project going next year, it would be a convention centre; the economic benefits would just be staggering."

Mr Young quotes an American mayor who likened a convention centre to a jetliner flying over the city throwing out a trail of 100-dollar bills.

He has already approached Western Cape premier Hennis Kriel to suggest that any casino licence be linked to a properly located convention centre which will be able to attract international conferences to the city on an ongoing basis.

But Mr Young says the council specifically does not wish to have the casino attached to the convention centre, but

rather would like to see casino money used to fund the centre.

The convention centre would be purpose-built to provide enough space for large groups of more than 2 000 to sit down in plenary sessions and break-away groups, to have their meals in another area, and with a large exhibition area attached because the accompanying exhibitions would pay for the cost of the centre. The emphasis would be on flexibility.

Any centre would have to be close to significant hotel stock (ideally within walking distance) as well as shopping and entertainment and have good general access.

On the subject of competing with Durban's convention centre, which is already being built, he retorts: "We don't want to compete with Durban. We want to compete with London, Brussels, Washington and Paris. Durban will fill their convention centre and we will fill ours."

He says that right now, in the convention centre market, it "helps to be in Africa" and "everyone wants to come to South

Africa and particularly Cape Town"

Also on his wish list for next year is a small core staff, among them two professionals and a deputy who could handle the running of the office when he is out on business.

One of these jobs has in fact been advertised - a "small, but significant beginning".

The council is also in the process of identifying parcels of land which might be available for disposal, an exercise which will greatly help his task.

"The city is crawling with potential investors, but there is a lack of sites," he points out.

Another area he believes needs attending to is the legal system, which, in his view, frequently impedes development unreasonably, in his view.

"The whole system is geared towards creating appeals and objections. Once somebody has objected there is no fast ride. There is no system for sorting out the wheat from the chaff."

A second impediment is the fact that the Municipal Ordinance requires cumbersome processes of "fair competition" which make it difficult to put together deals with prospective developers on a one-on-one basis.

"I know why the requirement is there. It's to prevent corruption. But it's a case of the cure being worse than the disease. There must be some way of eliminating corruption without impeding development."

He also has reassuring words for those who think that development equals environmental destruction.

In his view, Cape Town's greatest asset is its environment and quality of life. Kill those, and you'd be killing the goose that lays the golden egg.

"Development is essential: this country needs development, and environmental protection is essential! City managers must do everything possible to encourage appropriate development without causing unnecessary damage."

# SA govt objects to US delay on trade hurdles

John Dlodlu

BD 19/12/95

(S)

THE SA government has complained to the US government about continued delays in renewing trade concessions for local exporters to the US market.

Trade and industry official Basil van der Merwe said yesterday the concern had already been raised with the US government. The matter was also discussed at the recent meeting of the US/SA Business Development Council, co-chaired by Trade and Industry Minister Trevor Manuel and US counterpart Commerce Secretary Ron Brown.

The council, which is part of a binational commission co-chaired by Deputy President Thabo Mbeki and US Vice-President Al Gore, is aimed at removing hurdles to trade and investment.

Van der Merwe said the delay in reinstating the general system of preferences, which grants better market access for specified SA products into the US, was having a negative effect on trade, especially for small and medium-sized firms.

He said the US party at the committee had promised to reinstate the concessions, although no time frames were given. The concessions were extended to SA last year and lapsed early this year. SA had, he said, undertaken to address US concerns about the increase in duties on washing machines.

What the effect of the lapse of trade preferences between the two nations will be, is unclear. The US embassy was unavailable for comment yesterday.

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## Poor statistics a 'problem'

BD 19/12/95

(S)

CAPE TOWN — A lack of reliable SA social statistics could be a large stumbling block for the Financial and Fiscal Commission as it tries to allocate funds to the provinces, a local economist said.

"The issue of reliable information is going to be a major headache," said the University of the Witwatersrand's economics department head Charles Simkins.

Writing in the latest issue of Budget Watch, he said "social statistics" had been neglected for the past 50 years, resulting in inadequate information about the needs of the black population in terms of labour, education and housing.

Therefore the commission would have to rely on "the best estimates possible" to ensure an equitable distribution of state revenue to the nine provinces.

The estimates would have to be officially recognised to prevent disputes and delays, Simkins said. — Reuter.

# Increasing foreign investment helps raise employment in Western Cape

Edward West

CAPE TOWN — Rising foreign investment and burgeoning tourism could have lifted formal sector employment in the province for the first time in more than a decade, Western Cape economic affairs MEC Chris Nissen said last week.

There were no employment statistics available for the whole province, but Nissen said the region's economy had grown more than 4% in 1995 against a 3% national average.

The provincial government had been involved in nine projects in the past year that had created around 2 000 new jobs, and fur-

ther investments would be unveiled in the new year, he said.

His department had met "hundreds" of foreign companies who were interested in investing in the region, and several joint ventures had been signed with international partners.

Opportunities in food and catering, manufacturing, financial services and tourism had opened up to black businesses.

Economic development agency Wesgro estimated 600 000 foreign tourists had flocked to the region in 1995 against 350 000 in the early 1990s, which had boosted employment in catering and hotels.

"Our prospects for the next

BD27/12/95 (49A) (49B)  
year are unquestionably good," Nissen said.

However, he said unemployment remained unacceptably high. Official figures put the province's unemployment figure at 17% but Nissen said up to 40% of households in Mitchells Plain and Khayelitsha were living below the breadline.

Nissen said the reconstruction and development programme was working well in the province. About 350 000 children were being fed through the school feeding scheme, new clinics had been built and hundreds of unemployed had been involved in public works programmes.

## Boom year forecast for Cape economy

(49A)  
Sunday Times Reporter

THE year ahead could be a boom year for the Western Cape economy, forecasts the Cape Chamber of Commerce and Industry.

"We are confident this province has the ability to achieve a growth rate of four to six percent — much faster than the rest of the country, which is looking to economic growth of between 3,5 and four percent," said Colin Boyes, the chamber's deputy director.

Backbone of the Cape economy, the deciduous fruit industry, had not suffered from drought like other areas and had the capacity to increase production.

Engineering and other industries with links to the fruit processing industry would benefit.

Clothing and textile companies were restructuring their operations for niche markets and realised there was no way they could compete against Far East products.

Hotels and others in the tourism industry were looking ahead to considerable growth next year. However, the Cape badly needed a convention centre which would attract large numbers of business tourists.

ST(M) 31/12/95



# Khayelitsha an awakening giant — Wesgro survey

BY TOM HOOD

ONLY 39 000 of Khayelitsha's population have jobs in the formal sector and 9 000 of them — eight percent of the labour force — work inside Khayelitsha, according to a survey by Wesgro.

The population is estimated at 330 000 and growing at about 18 000 a year. Already Khayelitsha contains about 12 percent of the Western Cape's population and 38 percent of the African population of the Cape. Their spending power is at least R1 300-million a year.

The number of households is estimated at 74 000. Average monthly income of R1 450 is higher than other experts have estimated.

Total labour supply, says Wesgro, is about 125 000 workers and growing by 5 000 to 8 000 a year — figures which

could be too low, according to Khayelitsha businessmen.

About 58 000 people work in the informal sector, including 32 000 in micro activities and 26 000 in what is described as "survival activities."

An estimated breakdown of income for 1995 showed R560-million was earned in outside employment, R230-million in formal local employment, R120-million in micro enterprises and R390-million in survival activities.

In sharp contrast to established African cities like Soweto, Khayelitsha is little more than 10 years old, yet together with nearby Mitchells Plain, Philippi, Guguletu, Crossroads and the new Drift Sands and Delft settlements, it already makes up more than a third of the metropolitan population.

"While still largely a set of dormitory townships, with a mere three percent share in metropolitan income, there are clear signs that the economic role of Khayelitsha and its surroundings will rapidly change over the next decade if enough scope is given for the unfolding of a new development vision," says Wesgro.

But development may depend on settlement of two opposing ideas:

- Upgrading local small enterprises and strict control of outside investors and business interests so they cannot take over the local business scene.

- Welcoming outside investors so long as they also involve local entrepreneurs, workers and community leaders in joint ventures and attend

to local development needs.

Wesgro's survey indicates that with proper planning, extensive consultation and significant public funding support, the latter school will prevail, which could pave the way for the integration of Khayelitsha into the new commercial, industrial and services structure of the South East.

Development efforts should concentrate on upgrading the informal sector establishments and their close linkages to the new magnets of shopping centres alongside railway stations, light industrial parks and activity axes stretching along the main transport routes, adds Wesgro.

"The coast line to the south of Khayelitsha may eventually add tourism and recreational activities as another growth sector nearby."

Economy - Western Cape

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# Western Cape's RDP mos!

## Successful in SA, says Nissen

### Millions spent 'in a real empowerment way'

ARG 4/12/96

(49A)

ESANN DE KOCK  
BUSINESS REPORTER

The Western Cape is running the most successful Reconstruction and Development Programme (RDP) in South Africa, says Chris Nissen, Western Cape Minister for Economic Affairs and RDP.

Speaking at a press conference in Cape Town where he gave an overview of the RDP's progress in the Western Cape, Mr Nissen said that in the past year R4-million had been allocated to the Clean and Green campaign. R10,3-million had been spent on the Culture of Learning Programme and R1-million on the Masekhane campaign.

This, he said, was in addition to projects allocated for the RDP Discretionary Fund such as Klawerville Primary School (R300 000), the Zoar Small Farmers project (R205 500), the Orion Centre in Atlantis (R300 000), Marconi Beam (R400 000), the Cape Film and Video Foundation (R300 000), the Guguletu market (R900 000) and the Goedverwacht Mission Village (R27 630).

The total annual value of the Discretionary Fund was R10-million. Until October, the total value of projects approved to this fund had been R9 413 212.

Mr Nissen said he was satisfied RDP funds had not simply been handed out to communities "as if we were Father Christmas", but that money had been spent in a "real empowerment way". The Western Cape had adhered to criteria such as job creation, meeting the needs of previously marginalised groups, empowering women and helping rural areas.



It's a deal: celebrating the handing of RDP funds to Marconi Beam are Okkie Manuels of Blaauwberg municipality and Economic Affairs MEC Chris Nissen

JACK ESTRADE

# Negotiators struggle to agree on financial policies

ARG 5/12/96

(49A)

**WILLIAM-MERVIN GUMEDE**  
POLITICAL STAFF

Agreeing on a set of financial policies for the province was the toughest assignment for the negotiators stitching together a provincial constitution for the Western Cape.

The draft constitution will be printed in the Government Gazette tomorrow, with most of the financial issues unresolved.

Hennie Bester, Western Cape leader of the Democratic Party, and the man in charge of the provincial constitutional negotiations, said the unresolved financial issues would now be for public comment.

The most contentious area of disagreement was the future of provincial budgets and taxes.

The parties crossed swords on whether future budgets and taxes for the province should give special consideration to the needs of the poor.

The ANC pushed for provincial budgets to "prioritise the need to address the imbalances, inequities and development needs of the people of the province".

All the parties, though, agreed the "provincial budget and budgetary processes must promote transparency, accountability and the effective financial management of the provincial economy, debt and public sector".

The ANC suggested that taxes be

based on "progressive taxation policies and must take into account the needs and capacities of the poor in the province."

The National Party opposed the proposal, as did the smaller parties, the African Christian Democratic Party and the Freedom Front.

The parties argued that reference to the poor should not be part of the body of the constitution, and should instead be included as a set of policy directives of the provincial government.

The ACDP suggested such a directive of principles of provincial policy should entrench free enterprise and market orientated economy.

The parties agreed that the provincial legislature may impose flat-rate surcharges on tax bases of any tax, levy or duty imposed by national legislation, other than the tax bases of corporate income tax, value added tax, rates on property and, or customs duties.

They also locked horns on a proposal by the ANC to establish a local government commission to monitor the financial affairs and performance of local government.

The ACDP and Freedom Front supported the proposal in some form or another.

The NP opposed it, saying it feared the commission would duplicate the province's Local Government and Development Department.

# Cape Town on brink of a boom

*'But crime, grime and street trading a problem'*

ART 7/12/96  
(49A)

CHARLENE CLAYTON AND ESAM DE KOCK  
BUSINESS REPORTERS

Cape Town's central business district could be on the brink of a boom.

Property developers interviewed by Saturday Business said the city centre was set for a renewal, provided that the city came to grips with crime and grime, and further progress was made with tackling the issue of informal street trading.

Legislation regulating street trading is due to be promulgated this month.

While Johannesburg's central business district is decaying, with a mass exodus of businesses to suburban shopping areas, the future of Cape Town looks rosier.

A snap survey shows city centre projects worth more than R1,6 billion are underway or planned for the next year. From the huge hotel development on the old Table Bay Power Station site, to the revamp of historic buildings off Riebeeck Square at a cost of up to R10 million, and the R35-million business and retail complex in Roeland Street.

The most significant development for the city is the power station site where seven new hotels are to be built at a cost of about R1,2 billion.

A French group, Compagnie de Batiment et de Construction, is planning a Hilton and a Marriott Hotel as well as an 11 000 sq metre office block which will house petrol group BP's new headquarters.

Liberty Life is developing three new hotels for the Southern Sun group on the same block, and the Cullinan Hotel group is to build two hotels.

Meanwhile, the Western Cape branch of the South African Property Owners' Association (SAPOA) in conjunction with the Cape Town City Council, launched a CBD initiative in November to improve policing, cleansing and trading conditions.

The project has the backing of institutional investors who have made more than R300 000 available to the programme.

Several major chain stores have given a vote of confidence to the city centre by opening or revamping outlets, including Ackermans, Edgars, Markhams, Musica and Woolworths.

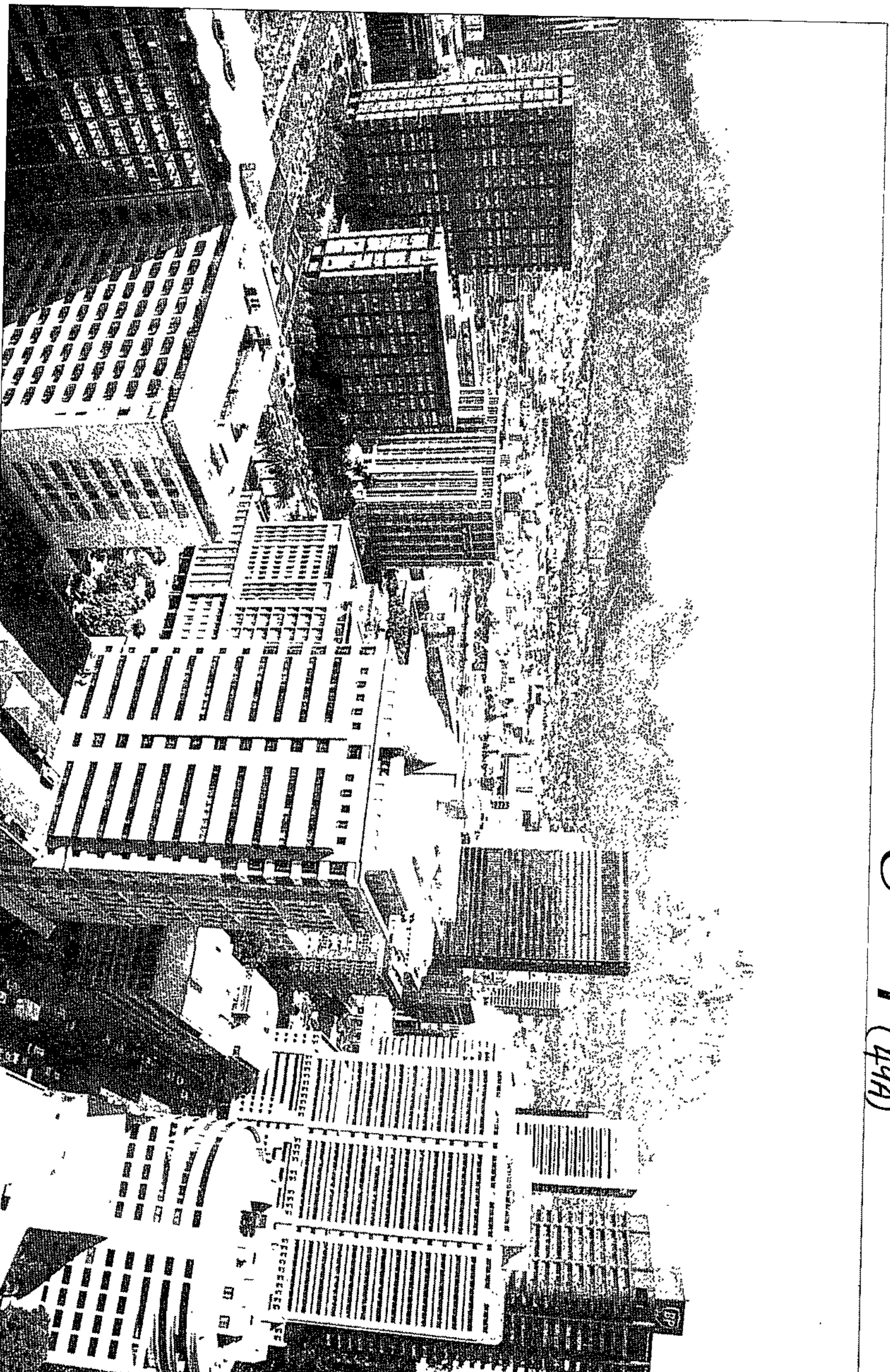
Wale Street Chambers - the R45-million upgrading and refurbishment of Metropolitan Life's former headquarters into sectional title office accommodation - is now 90 percent sold out, according to marketing company Capeshore.

And Old Mutual's prime office building in central Cape Town, Saffmarine House, has only seven percent of its 24 000 sq m vacant.

Interstate, the property arm of the Rail Commuter Corporation, has a renewal programme for the Culemborg area near the harbour where 300 ha of space, allocated for mixed use, will be redeveloped over the next 10 years.

Even foreigners are showing increasing confidence in the city. One broker reports that five leases for office space in the city, worth R1,5 million, were signed during November.

A city council spokesman said it was encouraging to witness very visible development in the CBD. He urged the business community to "play ball" in



Cape Town's central business district unlike in Johannesburg where businesses are fleeing to the suburbs, prospects for the Mother City's CBD look bright, developers say

ANDREW INGRAM

tackling crime and grime in the city.

Recent developments in the CBD suggested a strong trend towards urban renewal and a revival of city life, said Theodore Yach, a director of Golding Commercial Properties, a property administration and broking firm.

"Cape Town's CBD is small compared to other cosmopolitan cities, because we are limited by the space available for expansion.

"With the mountain behind us and the sea in front, urban renewal is now spreading towards Woodstock and Green Point.

The success of the R250-million Victoria Junction office, loft and hotel development in Somerset Road, and projects in Roeland and Buitenkant streets bear witness to this, he said.

The recent successes of loft apartments, office

developments and conversions of older buildings to garaging in the CBD is in line with a worldwide trend to inner city living.

"If we all roll up our sleeves, Cape Town's city centre will become a vibrant cosmopolitan hive," says Mr Yach.

Property group RMBT sees a shortage of prime office space looming following a "tremendous take up of prime space during the last year" in nodes such as Bellville, Claremont and central Cape Town.

In its latest survey on the South African property market, RMBT says more rental increases are on the way and now could be the right time for investors and developers to take a critical look at new office developments in the Cape Town CBD.

The centre of Cape Town is still a popular and convenient shopping area for a large section of the popula-

tion, the survey says.

Michael Flax, property director of Seeff Trust, says all the signs point to a "massive jump in rentals" for well positioned office and commercial space in popular nodes of Cape Town.

The shortage of quality office space will be exacerbated by high interest rates, increasing building costs and the decision by major institutions - traditionally the developers of high-rise buildings - to slowly withdraw from the property market, he says.

And Cape Town would be the city where the shortage would be felt first, Mr Seeff said.

The regional leasing manager of Old Mutual Properties, Orin Varney, said Cape Town had seen a move by businesses from older buildings to prime space - a trend, according to him, that held promise for the future.

## Development bank needed in Cape — (49A)

Swiss team

20 9/12/96

Linda Ensor

CAPE TOWN — A team of Swiss consultants has recommended that the Western Cape establish its own development bank to help small and medium-sized enterprises with low-cost finance.

Start-up capital of R20m was recommended by the consultants, Economic Development for Equatorial and Southern Africa. Its work was funded jointly by the Swiss government and Western Cape's provincial government.

The team probed the Western Cape economy to identify its financing needs and found the small and medium-sized enterprise sector lacked access to affordable finance.

The team proposed that the start-up capital be a mix of private sector funding, state grants and foreign aid money.

Although the proposals were still being explored, Western Cape regional co-ordination director Errol Myburgh said there was excitement within the government about the possibility of launching a development bank. The bank would be set up as soon as possible if there was broad consensus on the value of the project.

### Meeting

Government officials meet financial institutions next month to sound out their views and discuss what role they can play should they approve of the proposal. The initial response of the banking sector had been enthusiastic, Myburgh said.

The province's government hoped that the banking sector would make its infrastructural resources available to the prospective development bank as this would reduce costs dramatically.

After meeting bank representatives, the government would canvass large life assurance companies.

Myburgh noted that small enterprises found it difficult to secure finance from the formal, risk-averse banking sector. The role of the development bank, should the project go ahead, would be to provide "soft" loans to these businesses.

The refocusing of the Development Bank of Southern Africa towards funding infrastructural development had left small businesses without any recourse, creating a gap which a Western Cape development bank could bridge.

# Consumers paying a high price for living in Cape Town

**ALIDE DASNOIS**  
BUSINESS EDITOR

Consumers in Cape Town are still burdened with the highest inflation rate in the country.

(49A) ARG 20/12/96  
Central Statistical Service figures show inflation in Cape Town for the year to November at 10,4 percent, compared with the national average of 9,2 percent. The figure for the country as a whole was lower than expected thanks to stable food prices.

Vegetable prices, which had jumped 11 percent in October, dropped 3 percent in November. Prices of sugar, tea, coffee and cocoa also fell. In Cape Town, however, food prices in November were still 13,2 percent higher than in November last year.



# Saldanha a major growth area

## Heavy industries move in, new township to be built

ARg 21/12/94

499

The Saldanha-Langebaan area is becoming one of the major growth areas in South Africa with the establishment of several industries creating substantial job opportunities.

Coupled with the establishment of these industries is a port expansion programme that will add additional berths to the Port of Saldanha.

Property agents report brisk sales while new housing developments are underway.

The Saldanha Steel Project, which will cost R6,8 billion, is a joint venture between Iscor and the Industrial Development Corporation.

The project is the largest private project yet undertaken in the Cape and when in full production will produce 1.25 million tons of steel annually, compared to the 3,8 million tons produced by the Vanderbijl Park plant. The Saldanha plant will employ only 600 people to produce its quantity compared to 16 000 employed at Vanderbijl Park.

About 6 500 people are to be employed during the construction phase of the project. In addition to the 600 permanent jobs to be created, an additional 1 800 jobs will be created through the outsourcing of

auxiliary services.

The manpower cost is estimated at R44 million per year, while the joint earnings of those jobs created through outsourcing, will exceed R100 million annually.

Saldanha Steel is expected to generate R1,5 billion a year in foreign exchange. Current iron ore exports from Saldanha are valued at R70 a ton. The plant will use 2 million tons of iron ore to produce 1,2 million tons of hot rolled steel coils with a commercial value of R1 200 per ton.

Many Cape-based business houses have benefited by the Saldanha Steel project. In accordance with its project philosophy towards Western Cape companies, Saldanha Steel awarded the Construction Power Reticulation contract for the steel project to Cape Town-based Brand Engineering.

The company has also executed multi-million rand electrical and instrumentation projects in the Saldanha Bay area.

The vast majority of workers employed by Brand Engineering on the project will come from the Saldanha and Vredenburg communities.

### Port's channels to be deepened

The establishment of new industries in the Saldanha area will give the west coast port a boost and a development programme has already been put into full swing.

Extensions to the general cargo quays has been approved with contracts awarded for the completion of the extended quay and the deepening of the approach channels.

The new berth will be able to accommodate vessels of about 40 000 tons and will be utilised for the importation of 345 000 tons of iron pellets and possibly coal imports.

### Ice from seawater is a first

Local specialist in cold and freezer rooms and air-conditioning equipment, Eurosales in Ottery, has achieved a first with the supply of a Sunwell ice generator plant for a large fishing concern in Saldanha.

What makes the installation unique is not only its size and capacity—producing 200 tons a day—but also the process of using seawater to make ice. It is the first of its kind in the southern hemisphere to be utilised in food processing and the fishing industry.

The recent completion of the project is another milestone for the company which opened its doors in Cape Town only seven years ago.

### Concrete factory trebles output

To gear up for the expected volumes from the Saldanha Steel project, Ready Mix Materials has undertaken an expansion programme, which complies with environmental guidelines.

Ready Mix Materials has relocated a R2 million metropolitan plant to Saldanha at a cost of R500 000. The plant's capacity has been substantially boosted with the purchase of new truckmixers.

Saldanha's concrete output has been boosted from 40 tons an hour to 120 tons.

New equipment on the quarry side includes two new dumpers and a R1,6 million excavator.

# W Cape business mood upbeat as conditions improve

## *Contrast to rest of country*

**BUSINESS EDITOR**

**Sluggish conditions in Western Cape manufacturing industry improved dramatically in the last quarter of the year and the business mood is upbeat, according to a survey by the Stellenbosch Bureau for Economic Research.**

The survey of manufacturers showed that higher than expected domestic sales and orders boosted production and cut stock levels. Exports were buoyant in line with expectations.

As a result, the business mood brightened, with manufacturers expecting good domestic and

export sales next year.

Manufacturers polled expected good exports for the whole of next year.

The optimism in the Western Cape contrasts with pessimism in the country as a whole. On a national level, the bureau found business confidence was still weak, though less so than in the previous quarter.

Manufacturers were still bearish about business conditions in a year's time, employment conditions were poor and stocks were high in relation to expected sales.

But the outlook varied between industries.

Sluggish conditions and low confidence in the clothing, tex-

tiles and footwear industry contrasted with improvement in the food and beverage and wood and furniture sectors.

Export expectations were high in all the consumer goods industries, the bureau said.

The number of manufacturers reporting unused production capacity dropped in the last three months of the year, but production was increased by longer working hours rather than by taking on additional staff.

On a cautionary note, the bureau warned that the slowdown in factory employment was continuing and was likely to persist into the first quarter of next year.

(49A) ARLT 24/1/96

ARG 17/1/96

# Crisis talks over W Cape R800 m shortfall

Staff Reporter

(263) (491)

THE Western Cape government is to hold crisis talks with the central government next week over an anticipated R800 million budget shortfall.

Pieter Coetzee, spokesman for regional Finance Minister Kobus Meiring, said the province's financial problems were chiefly due to larger-than-anticipated expenditure in the education and health fields.

The education shortfall was "linked directly to teachers' salaries", he said, while the health crisis was due to a combination of factors, including the cost of maintaining academic hospitals and the provision of free health care to children and pregnant women.

Mr Coetzee did not wish to speculate whether the province could run into difficulties paying teachers' salaries.

He dismissed reports that pensions would be affected.

Mr Coetzee said that a few months ago it looked as if the province's budget would be R1 billion in the red, but cut-backs had reduced the deficit.

CLAMP ON EDUCATION SPENDING

# Summit to discuss R800m budget deficit

*CT 18/1/96*  
**AFTER** the payment of R400m by Pretoria to the Eastern Cape, Western Cape ministers are to discuss their budget shortfall with President Mandela. **CHRIS BATEMAN** reports.

**A**FTER nearly a year of lobbying, the keepers of the Western Cape's coffers are to have a "crisis summit" with President Nelson Mandela and his two deputies to discuss the province's R800-million budget shortfall.

On Tuesday, Western Cape Premier Mr Hernus Kriel, his Finance Minister Mr Kobus Meiring and his director-general Mr Herbert Beukes will meet the President and his deputies.

Yesterday the Western Cape cabinet were told current deficits would remain.

This was after Pretoria suddenly paid R400m to the better-financed Eastern Cape following a debacle involving the Western Cape's bank-rolling of its neighbour's education department.

The amount was made up in the following way: Pretoria initially paid R200m into the Eastern Cape's account after its education department missed three deadlines

to repay the Western Cape department under provincial Education Minister Mrs Martha Olckers. But this money was used to repay an Eastern Cape overdraft instead.

Only after the bank stopped all Eastern Cape cheques and Mrs Olckers had frozen education salary cheques did her counterpart phone her to say Pretoria "had made good with another R200m".

Finance and Fiscal Commission (FFC) chairperson Mr Murphy Morobe, briefing the provincial cabinet yesterday at its first gathering of the year, told ministers current deficits would be subtracted from their March allocations.

Mrs Olckers said her department had brought its deficit down to R519m.

She told the Cape Times the basic formula the FFC used to allocate funds to the province was "simply wrong". They had begun on the premise that the Western Cape department had no deficit.

This would be the one of the basic points raised on Tuesday.

Some 6 000 local teachers would have to accept voluntary severance packages at the end of June to balance the local education budget. She was also considering reducing subsidies to private and special schools, phasing out bus subsidies in some areas, scrapping first-year student teacher bursaries and demanding an up-front payment of R17 000 a year for all non-resident student teachers.

Mr Meiring said yesterday that "under no circumstances" would he contemplate education or health workers not receiving salaries or loans during the current financial year.

Health and Welfare Minister Mr Ebrahim Rasool, whose department is struggling under a R329m deficit, denied rumours of lay-offs without voluntary packages.

"Given sufficient time we'll bring even this deficit right down," he said.

Mrs Olckers said she and Mr Rasool were trying to set up a meeting with Finance Minister Mr Chris Liebenberg.

(49A)

FRIDAY  
★ JANUARY 19, 1996

## Forum 'not preventing' service delay

~~49A~~ (49A)  
POLITICAL STAFF

CT 19/1/96

THE Old Crossroads RDP Forum yesterday responded angrily to claims by their Transitional Local Council (TLC) that the forum's alleged "failure" to include all local organisations was preventing R38 million-worth of service delivery.

RDP Forum co-ordinator Mr Loyiso Tyalimpi said insinuations by TLC mayor Mr William Sidinana that RDP Forum supporters had also set his home alight in January, and "confiscated" his cell phone, car keys and office keys were "blatantly untrue".

He accused Old Crossroads chief executive officer Mr Andries Wessels of being "inconsistent and contradictory" in saying he did not recognise the RDP Forum.

Mr Wessels has said he is unable to constitutionally recognise the forum because it did not include several significant local organisations.

Mr Tyalimpi said that Mr Wessels had recognised the forum at a recent meeting, adding that he had "the minutes to prove it".

The impasse stems from a mass meeting last year at which the six current RDP Forum members were elected but in which objections from Section Four — a traditionally conservative area — were noted and the "door left open" for future negotiation.

Six slots remain on the forum, and a team from Economic Affairs and RDP Minister Mr Chris Nissen's office is trying to negotiate a settlement.

# R 50m budget cut sparks crisis

(49A)

(49A)

ST(M) 21/1/96

By JESSICA BEZUIDENHOUT

**THE Western Cape government is facing a financial crisis after the Department of State Expenditure this week cut R50-million from the province's local government budget.**

Western Cape Premier Hernus Kriel and a team of advisors are due to fly to Johannesburg this week to meet President Mandela "as a matter of extreme urgency" to try to get him to reverse the cuts, Local Government Minister Peter Marais said yesterday.

Mr Marais yesterday attacked the ANC-led central government and accused it of penalising the Western Cape, which is controlled by the National Party.

He said the budget cut, which is 34 percent of the previous financial year's allocation of R139-million, would mean that rates, taxes and service charges in the province could increase threefold.

"This will leave a few committed taxpayers to bear the brunt," he said.

If the ANC managed to pull this off, they would succeed in their "death wish" for the Western Cape, Mr Marais said.

Large numbers of municipalities in the province were already on the brink of collapse due to non-payment of services and at least 80 percent of municipalities in the province were in serious financial trouble because of non-payment, he said.

Municipalities in Worcester, George, Paarl and George were facing serious financial problems and could no longer survive on minimal budgetary allocations, he said.

"And this is not a problem caused by the Western Cape government, it is caused by central government's reluctance to act against defaulters precisely because they are ANC supporters.

"The ANC simply cannot stand to see a smooth-running province, because they know by 1999 voters would have seen who really delivers, that is why they are curbing growth in this province."

ANC councillor Mansoor Jaffer said the budget cut needed to be looked at within a broader context.

"Throwing money at the problem is very seldom the correct solution. It is our task to achieve maximum effect with minimal spending."

In the current financial year, the Cape Town Metropolitan sub-structure freed up about R40-million for RDP projects after re-organising its 1995/96 budget.

This will help improve street lighting, roads and flats in poorer areas.

"Mr Marais' irrational outbursts are to be regretted... his claim that the province is being punished is without foundation as rationalisation is taking place in all the nine provinces," said Mr Jaffer.

"His assertion that local government is on the brink of collapse is simply hysterical alarmist talk and cheap politicking."

## REPRIEVE FOR HEALTH AND EDUCATION DEPARTMENTS

# Cape's funding crisis averted

A REPRIEVE FOR the Western Cape Province's health and education departments was granted yesterday when an appeal to the central government for bridging finance to help it scale down slowly was met with sympathy. **CHRIS BATEMAN** reports.

A FUNDING crisis for the Western Cape was averted yesterday when its "A team" convinced their Pretoria counterparts that health and education

deserved at least short-term relief to deliver essential services. The province's overall budget shortfall is R880 million. An elated provincial Finance Minister Kobus Meiring said on his return last night "I'm optimistic we'll be able to avert a crisis in the financial year ending on March 31 — it's not a clean slate but things will be manageable in the short-term."

"We will probably be able to solve most of our educational problems on the health side there is still serious debate," Meiring warned, however, that the province would face a scaling down in services in the 1996/97 financial year. He would not say how much money they expected

to receive. "We were favourably received by the president and his two deputies and the treasury committee under the chairmanship of Finance Minister Frans Louw," Meiring said. Details of how far they were able to reduce the R255m shortfall in health and the R465m deficit in education were sketchy last night. A source said Pretoria had been able to unlock money which he had assumed didn't exist. Education Minister Sibusiso Bengu's staff in particular were "willing to open the palm."

One source cautioned that Bengu and national Health Minister Dr Nkosazana Zuma still had to put the Western Cape's case to the central Treasury Department. Meiring said his team were able to "convince them of the reality of our claims with sound arguments — we are in the process of transition and we need time to manage the transition."

The real value of yesterday's success lies in the breathing space it gives the province to enter the new financial year — because all deficits are carried forward.

Western Cape Health and Welfare Minister Ebrahim Rasool and his deputy director-general of Health, Dr Tom Sutcliffe, spent Monday lobbying Zuma before yesterday's meeting.

Regional chief of Social Services Ms Virginia Petersen gave alarming details yesterday of the effects on the province's welfare services if the Western Cape cabinet did not adopt suggested measures next week to shift funds internally.

The Pretoria talks will have a direct effect as there are rumours that health is about to gain at the expense of welfare in the shift. Cuts in social services in the 96/97 financial year would entail cutting:

- Old age home funding by 42,18%, which would leave 4 464 elderly people without finance;
- 128 social worker posts, leaving 9 100 families without services

and 40 000 children without social service assistance;

- Funding for 1 394 children in children's homes;
- Treatment for 368 alcohol and drug dependent in-patients;
- The number of disabled people employed in protective workshops by 42,15%, and
- Rehabilitation programmes for about 168 000 convicts.

Dr Jocelyne Kane-Berman, administrative health chief, said last night that in all negotiations to reduce the R255m shortfall, "we've tried hard to protect new services that would make a difference to deprived communities".

"Anything that reduces the quality of care we render is of great concern." Failure to secure additional funding could affect the health plan "quite significantly".

Provincial Minister of Education Mrs Martha Olickers has said about 6 000 teachers will have to accept voluntary severance packages at the end of June.

Her other plans are to reduce subsidies to private and special schools, scrap first-year student teacher bursaries and demand an advance payment of R17 000 a year by all student teachers from outside the province.

She told staff to reduce flights to Pretoria to a minimum and will cut visits by school inspectors.

The source at yesterday's meeting said: "We got a good hearing and bridged a major gap with the national departments — we were able to remove some misunderstandings about why we asked for increased assistance."

With gambling income only due next year and provincial hospitals losing income by shedding patients to private care, the province is almost totally financially dependent on Pretoria.

The province's "A team" included Premier Hennus Kriel, Meiring, Rasool, Olickers, Sutcliffe, director-general of administration Herbert Beukes and his finance counterpart, Dr Johann Stegmann.

### Bafana Bafana take it easy



**BIG GAME TODAY:** Today they will be put in the deep end at the FNB Stadium in the game against Egypt, but yesterday it was poolside relaxation for South African soccer stars Neil Tovey (left) and Mark Fish at their Johannesburg hotel. Victory over Egypt would put Bafana Bafana into the quarter-finals ● See Page 25

PICTURE: THEMBA MADIBE

# Tighten your belts Warning to WCape

Province 'desperate' to avoid welfare cuts to elderly, sick, disabled

AKG 25/1/96

(49A)

(49A)

ROGER FRIEDMAN  
Provincial Affairs Reporter

PEOPLE of the Western Cape have been warned to tighten their belts — the coming financial year is going to be "difficult", with the province trying "desperately" to avoid welfare cuts to the elderly, sickly and disabled.

Provincial Minister of Finance Kobus Meiring said provincial planners were working flat out to smooth the potential effects of a money-short 1996/97, but it was up to all people to play their part.

The 1996/97 budgets have not yet been finalised, but Mr Meiring said yesterday the Western Cape did not expect its budget allocation to keep pace with inflation.

He appealed to citizens to be aware of the situation and to employ general fiscal discipline to help the province through what was looming as a crunch year for the reconstruction of society.

Residents could take practical steps to lessen the burden on the provincial coffers. People attending tertiary health facilities when they could seek help at primary ones and vandalism of state property such as schools were a particular drain on provincial resources, said Mr Meiring.

"We are all inhabitants of the Western Cape, we live in the best province of the country and we must all make it better. This is the responsibility of all residents — not just the government."

Mr Meiring was speaking at a media briefing having just returned — flushed with success — from talks with the central government on the estimated R800 million budget shortfall in the Western Cape for the present financial year.

He declined to disclose how much help the central government had undertaken to give the province, but praised the "frankness and openness" that had characterised the talks.

He gave an assurance that teachers' and health workers' jobs were safe for the present financial year, ending in April. But job cuts were unavoidable later in the year.

Mr Meiring said the Western Cape's present financial shortfall was largely because of "underfunding . . . or overspending" by the education and health departments and the province having earned about R60 million less than expected in "own income" — mainly because of the provision of free health care to pregnant women and children.

"To have gone into the new year with a projected deficit of R800 million would have crushed us," he said.

But Mr Meiring said the next financial year — 1996/97 — was going to be tricky anyway as the central government embarked more vigorously on its effort to distribute money equitably among the provinces.

"It (1996/97) is going to be a difficult year for the Western Cape, but we knew that and have been planning for it."

Financial transformation — "especially in the provinces" — was essential, he said.

It would be necessary to "tune down" education, which would unfortunately entail teacher job cuts, while the coming year would also "probably" see the closure of some beds at tertiary hospitals, which would lead to job losses in that field too.



# Government faces R1bn Budget test

(49#) ST(BT) 28/1/96

By SVEN LUNSCHÉ

It's the crucial R1-billion Budget question: if the government can restrict additions to its 1995/96 Budget to R1-billion, the deficit before borrowing will stay below or just at 6% of GDP.

Anything above that level will raise questions about the government's ability to restrain excessive spending.

This week additional funds were approved to shore up provincial governments reportedly running a combined shortfall of R3- to R4-billion.

However, the exact amount of support funds still has to be decided and economists expect the government to limit additional flows to the provinces to below R2-billion when it announces budget appropriations in February.

Hannes Smit, director-general of State Expenditure, indicates that the demands are well below the R3- to R4-billion quoted recently and is confident the deficit will not significantly exceed the budgeted level of 5,8%.

This opinion is not shared by most private-sector economists. Edward Osborn of Edey Roger says an additional R3,5-billion on top of the original deficit of R29-billion is possible, "giving an outcome of the order of R32,5-billion, or 6,5% of GDP" and Absa, in its latest *Economic Monitor*, projects a deficit of 6,2%.

Both cite the large overruns by provinces and the interest costs on state debt as the major reason for revised forecasts.

No exact estimates of provincial shortfalls are available but demands from the provinces are voiced almost daily.

On Friday the North-West education department announced a R150-million deficit for the 1995/96 fiscal year because teachers from Bophuthatswana were not provided for in the budget.

Just a day before, the Eastern Cape government requested R35-million to bail out its bankrupt school-feeding scheme.

In its battle to maintain financial respectability, the government looks set to get a helping hand from economic growth.

Larger-than-expected corporate profit flows have boosted tax earnings. In the first nine months of fiscal 1995/96, tax revenues were 12,4% up on the previous year, suggesting total revenue income of R126-billion for the year instead of the budgeted R124,2-billion.

If additional appropriations are held to R1-billion, total spending will rise to R155,2-billion and the deficit limited to R30-billion — 6% of GDP.

Linda Ensor

CAPE TOWN — The Western Cape provincial government had spent only R33m of the R52m originally allocated to it for RDP projects because of delays and red tape, said economic affairs and RDP minister Chris

## Red tape stymies Western Cape's RDP spending

(49A) (27) BD 29/1/96  
Nissen at the weekend.

The R52m excluded an additional R170m granted as bridging finance in December to deal with the province's hospital crisis.

Nissen said the out-

standing amount would be spent by the end of the fiscal year.

Most of the money had been spent on infrastructure related to the integrated service land project, a pilot land reform programme and schemes funded through the provincial cabinet's discretionary fund.

Other projects were building clinics and a school feeding scheme.

Nissen explained that the initial delay in using the R52m was due to the lack of systems to ensure that money spent under this new category of state expenditure was accounted for, and was directed to a priority project under the RDP. The funds had been received late in the year.

Also, the provincial administration and departments had not fully

understood that the RDP meant reprioritising expenditure rather than government hand-outs.

"We need to become more forceful in pushing through projects and making sure that the line departments are implementing projects," Nissen said.

Another cause of delay was adhering to the national criteria for RDP projects such as the fact that projects should form part of a development plan, have community support, a business plan and that they should involve a financial contribution and decision-making from the community.

"We spent a lot of time building up consultative forums, but now we have our policy and infrastructure in place," Nissen said.

# R30m allocated for Western Cape RDP

18 projects to benefit; R260m contributed in a year

(49A) (217) AK5/12/96

**ANDREA WEISS**  
Municipal Reporter

COMMUNITY centres, infrastructure for housing projects and stormwater clean-ups are among 18 projects which have benefited from a R30-million allocation by the Cape Metropolitan Council to reconstruction and development programme projects.

The allocation represents the largest amount of money to date released by local government to community initiatives in the Cape metropole. The 18 projects were among 34 submissions sent to the CMC when it first advertised its intention to allocate the

money

Andrew Madella, co-chairman of the RDP committee, said they were impressed with the high standard of creativity reflected in the proposals and the professional way in which the projects were planned.

"We believe this augurs well for RDP delivery in the forthcoming year."

CMC chairman Willie van Schoor said that aside from these specific allocations, the CMC had contributed about R260 million to RDP-related projects since February last year.

Of this money R50 million is spent on five strategic management plans for restoring basic services in Ikapa, Mfuleni, Lwandle, Crossroads

and Khayelitsha and a further R49 million on the integrated serviced land project.

Among the projects which have qualified for funding are the Du Noon housing project near Milnerton, where R2 million would be spent on infrastructure.

A similar amount would be spent on services for a new housing project in Kalkfontein, Kullis River.

Several areas, including Scottsdene, Grassy Park, Bonteheuwel, Ikapa, Ocean View and Parow, were set to get new community and multipurpose centres.

In the case of Bonteheuwel R2 million would be spent on converting an existing cleaning depot into a multipurpose

community centre.

Maccassar was in line for a R1 750 upgrade of its water infrastructure, and the Strand would benefit from a R1,1-million sanitation upgrade.

Mr Van Schoor said a night shelter was to be built in Elites River at a cost of almost R2 million, while in Belhar a community centre and industrial hives were to go up.

Fish Hoek/Kommetjie and Noordhoek were for a R2-million training centre, while Langeletu West was to have a multipurpose community centre which would include a housing support centre.

At Hout Bay harbour a creche and community hall were in the pipeline.



**R30m RDP BONANZA:** From left are Andrew Madella, RDP committee co-chairman; David Diall, executive committee chairman; Willie van Schoor, CMC chairman; and Danny de la Cruz, RDP committee co-chairman.

Picture: ANDREW INGRAM, The A

# Is the Western Cape big enough for Capricorn?

SCIENTISTS are wondering whether the Western Cape has overreached itself in its ambition to become the Silicon Valley of Africa.

A multibillion rand deal signed in Cape Town on January 26 has cleared the way for the establishment of a science, research and manufacturing park, and bolstered the region's microchip and widget potential. But the region already has a science park, which is far from fully subscribed, and questions have been raised over the wisdom and viability of establishing a second.

The Western Cape, industrially challenged compared to Gauteng, has tended to take a mind over matter approach in courting new investments. With relatively modest mineral wealth and little heavy industry, it has focused on value-added, environmentally friendly manufacturing which best uses the relatively sophisticated labour force and poses least threat to tourism.

The new project, named the Capricorn Park, fits precisely into that kind of slot. MD Nick Harris said the 200ha project could eventually represent a R3bn investment, and was likely to create about 35 000 jobs.

When complete it will become a centre for industrial and technological research and manufacturing, aimed at developing and meeting the needs of local and international markets. It will provide a centre for training, education and small business development, together with hotel, conference and retail facilities.

Activities at the park, which can begin construction in the Muizenberg area of Cape Town once the main access road has been upgraded, include telecommunications research and assembly, information technology development, electronic research and manufacturing, pharmaceuticals, biotechnology, and agro-industrial and marine resource development. These are in addition to the Western Cape's traditional strongholds of clothing, footwear and food processing.

Partners in the deal are the British firm National Leasing and Finance Company; Norwich Life (unconnected to the UK company); Gri-naker Construction and the MacSteel Group.

The concentration of research and development facilities on one site is intended to have spin-offs in establishing international research

## HEATHER PARKER

links. It is also proposed they will be used to complement existing tertiary education training facilities, thus taking some heat off institutions struggling to provide facilities for students.

The associated Capricorn Foundation, a non-profit educational and training foundation, envisages the academic training centre as an interface between academia, science and business. It involves, among others, the Western Cape tertiary education institutions, the CSIR, the art, culture, science and technology department and a handful of British and US universities.

Among these are four universities in North Carolina which are part of the Research Triangle, which Harris described as one of the world's most successful science research parks. "The potential for transfer of skills is what attracted them," he said.

It is in this context that the comparisons between Capricorn and the existing science park, the Technopark near Stellenbosch, become most tempting. The Techno-

park, established by the Stellenbosch municipality in association with the Western Cape's three universities and two technikons, came on stream in 1987. It represented a bid to emulate similar successful operations at Cambridge, England, and elsewhere, based on the principle of sharing resources between commercial scientific development corporations and academic institutions, with all their research facilities and a wealth of new scientists.

However, uptake for the Technopark has been slow. According to director Johan Malan, the Technopark still had "a long way to go" before it was fully subscribed. "We have sold some land and we still have some vacant land," he said.

Malan attributed the slow uptake to the "10 difficult years for industry" that SA had just passed through, and said he was confident growth would pick up.

He did not see Capricorn as direct competition, insisting that the two were different enough to complement one another. "Both strengthen the sector, and the stronger it is, the better for Technopark." Harris agreed that the Western

Cape was big enough for both science parks and said he was confident that the problems experienced by Technopark would not be shared by Capricorn.

For one thing the Technopark was originally built around the technology feeding into the armaments industry, he said. Although the focus was no longer so narrow, the Technopark took time to broaden. Capricorn's focus would be broad from the outset.

Secondly, although Technopark had input from all the Western Cape's tertiary training grounds, its location in the Stellenbosch University heartland meant it was perceived not to be neutral, Harris said. The Muizenberg location of Capricorn meant it would have a broader real base in academia.

Most important was the timing, he said. "Technopark came on stream at a very bad time, when SA was out of favour with the world, and they therefore had to focus on attracting domestic business down from the Witwatersand."

"We are marketing Capricorn in a much more favourable environment and there is a lot of international interest."

## LETTERS

Government must shoulder blame

Dear Sir

49A MD 8/2/96

Dear Sir

# ANC welcomes code of ethics for MPs

ARU 9/2/96

~~3044~~

49A

Political Correspondent

THE ANC has welcomed the draft code of ethics for MPs, and says it should be extended to include members of provincial legislatures and local governments

The code marked a fundamental shift from the corrupt practices of the past to an era of clean and accountable government, the ANC said.

Society expected high moral stan-

dards of those it elected.

Public representatives should express the will of the majority of those who put them in power, rather than the will of lobby groups.

The code, to be put to a joint meeting of the national assembly and senate rules committee next week, provides for disclosure of MPs' financial interests. Lobbying by MPs will be banned, and details of any consultancies or retainers will have to be disclosed.

# Billions forecast for industrial node

(49A)

CT 16/2/96

**WORK STARTS** soon on a large-scale industrial development expected to create many new jobs in the "Wetton/Lansdowne activity corridor". **MAGGIE ROWLEY** reports.

**A**N industrial retail node that is expected to attract R2 billion in investment and create thousands of jobs over the next decade is to be built along Lansdowne Road in the Philippi/Ottery area.

Developer Mr Mike Stander of Network Properties said they had assembled the 130ha site bordered by Vanguard Expressway, Strandfontein Arterial and Lansdowne Road by acquiring some of the land outright and options on the balance from private land-owners.

He said the site would facilitate a cohesive, holistic development in line with macro planning exercises for the area and with RDP principles.

To be known as Sunset Junction, the first phase of the development is expected to start soon with the construction of a R40-million retail development and a R60m "Auto Arena" designed to bring major motor manufacturers and allied motor industries together under one roof.

Stander said several institutional investors had expressed strong interest in developing the area and the first deeds of sale were being finalised.

The site lies at the fulcrum between Claremont, Constantia and Bishopscourt to the west, Manenberg, Nyanga and Guguletu to the north, Crossroads and Khayelitsha to the east and Grassy Park and Mitchells Plain to the south.

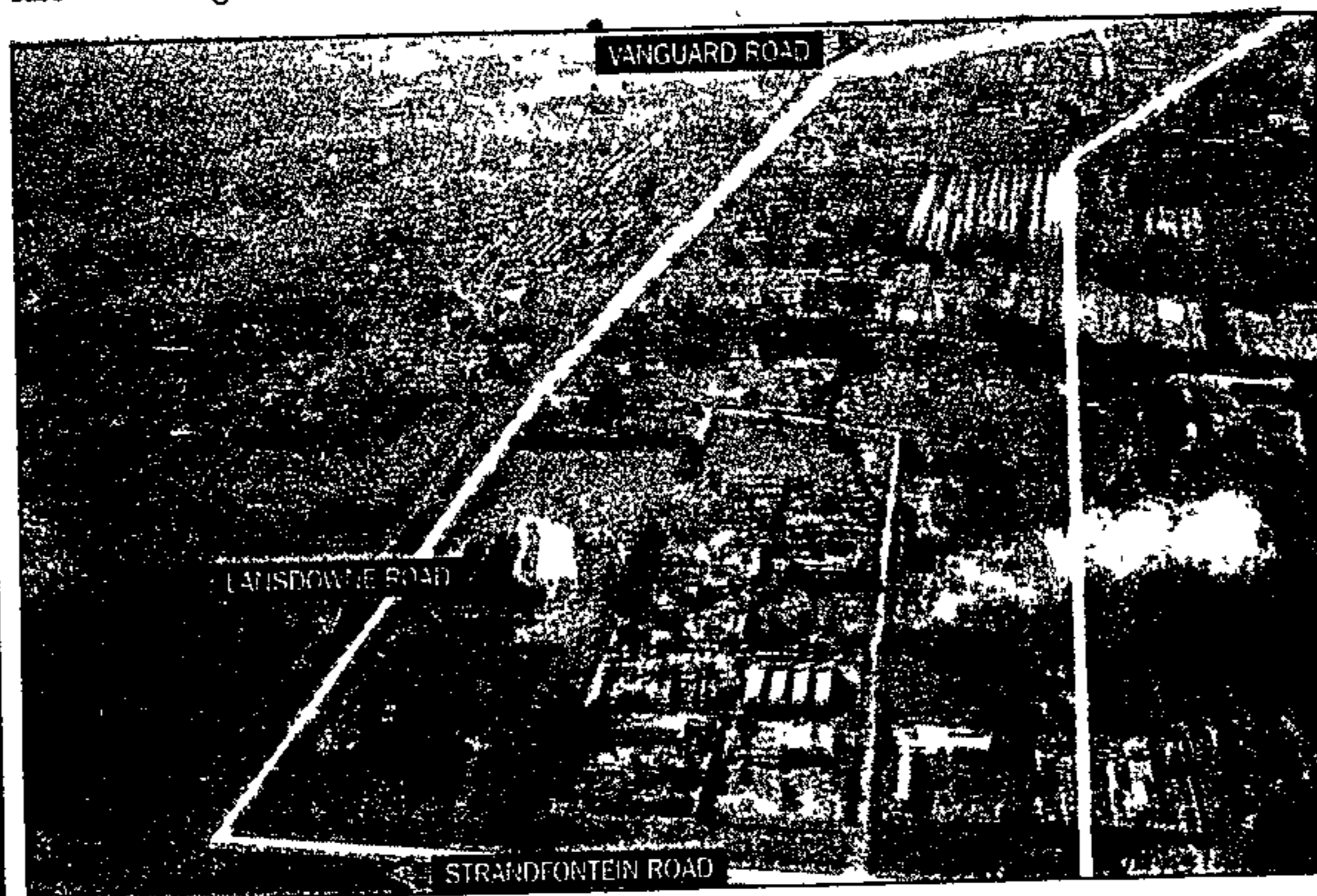
"It lies between developed and under-developed communities and between the place of work and the homes of more than 800 000 people, many of whom currently spend as much as 30% of their earnings on commuting.

"Developing this area in a co-ordinated manner will not only bring employment opportunities to disadvantaged, highly populated areas but also address the need for urban consolidation on and around the major activity corridors," said Stander.

He said Sunset Junction was a response to a shortage of industrial land in the southern suburbs and to planning studies by the Western Cape Regional Services Council in 1992 and to a more recent guide for spatial development in the Cape metropole, prepared by the Western Cape Economic Development Forum and the Urban Development Commission last year.

Both reports, he said, strongly emphasised the significance of the Wetton/Lansdowne Road "activity corridor" as an urban axis and catalyst to provide amenities to local communities.

The site was also a hard urban edge to the encroachment on to valuable agricultural land by sprawling, unco-ordinated developments.

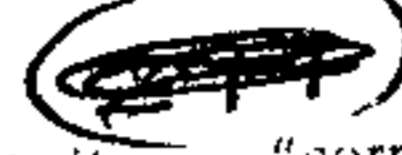


**OVERVIEW:** The 130ha site along Lansdowne Road and bordered by Vanguard Expressway and Strandfontein Arterial in the foreground where a R2 billion industrial and retail node is planned.

# Cape 'corridor' in R250m RDP plans

ET 23/2/96

49A



**BARRY STREEK**  
POLITICAL WRITER

A LARGE project to establish a development corridor between Wynberg and Khayelitsha along Lansdowne Road was among the R250-million RDP proposals announced yesterday.

The deputy director-general in the Office of the President, Dr Bernie Fanaroff, said 10 business plans worth more than a quarter of a billion rand were passed by the RDP programme steering committee in January.

He said plans to implement the municipal extension programme showed that work

had begun on more than 200 project sites around the country.

"To date, a total of 421 projects amounting to R422m have been approved. Of these, the Western Cape and Northern Province have the most projects — 118 and 85 respectively — compared with the Eastern Cape (36), Free State (14), Gauteng (34), Mpumalanga (36), KwaZulu-Natal (13), North West (33) and the Northern Cape (26)," Fanaroff said.

The Department of Transport has been given the green light to proceed with planning the development of four metropolitan

"corridors", including the corridor between Wynberg and Khayelitsha along Wetton and Lansdowne Roads.

The other three corridors are at Barelink Node in Johannesburg, a site near Baragwanath Hospital in Soweto, Mabopane-Centurion in Pretoria and the Warwick Avenue Node in Durban, Fanaroff said.

The Wetton-Lansdowne Road Corridor Project aims to create an effective development corridor as a long-term project.

"The short-term objective is to establish a basis to make further development possible."

# Development drive into law

*W Cape to have powerful legal body by April*

ARG 26/2/96 (49A)

## Labour Reporter

BY April this year, the Western Cape will have a powerful new body to drive development in the province.

The Provincial Development Council Bill has been tabled in the provincial legislature and will become law by April this year.

It provides for a provincial development council (PDC) which will advise, negotiate and consult with the provincial government on development-related issues.

The council will draw together provincial government, business, labour and community-based development groups in what is essentially a provincial version of the National Economic Development and Labour Council (Nedlac).

Its powers include evaluating effectiveness of laws and policy affecting development. It will work with provincial departments and other bodies to formulate and implement development policy.

The provincial premier may also give the council further powers by proclamation in the government gazette.

The council will consist of various chambers and

specialist committees, such as economic affairs, agriculture, commerce and industry, and tourism.

Adrian Sayers, co-ordinator of the proposed PDC, said several processes were under way to prepare for the launch of the council.

All those involved were formulating a constitution for the council and eight regional district councils were being launched.

These are the:

- South Cape/Garden Route, with George as its main centre;
- West Coast, including the Olifants River area;
- Breede River, with Worcester as a focal town;
- Cape Metropolitan region;
- The Little Karoo;
- Central Karoo;
- Winelands;
- Overberg.

The Cape metropolitan regional district council area has 54 reconstruction-and-development programme forums.

The intention is to rationalise these into six forums, corresponding to municipal boundaries next month.



INVESTMENTS FEWER BUT LARGER

# Crime, red tape scare investors off W. Cape

CTG/7/96

(49A)

~~3/7/96~~

**THE** Western Cape has received a R700-million capital boost, but red tape and crime are hampering efforts to attract further investment, and a lack of incentives makes it difficult for the region to compete. **DAN SIMON** reports.

were soon followed by others in the tourism and services sectors.

Over and above this Wesgro had facilitated business contacts that resulted in 139 business delegations, comprising 2 300 people, visiting the Western Cape.

"The trend now is that we are dealing with fewer investors but bigger investments. More of the larger organisations are looking to buy into existing businesses."

Bridgman said an "investment coup" for the province was the R50m investment by clothing manufacturer Levi Strauss. There was also a R100m export development in the pipeline for Atlantis.

Added to this was the R275m development of a resort complex being financed by Ital Thai of Thailand.

Mr Roland Willis, Wesgro's manager of investment advisory services, said it was not only crime that was inhibiting investment but "red tape" — particularly in securing longer work permits for investors wanting to establish businesses in the country. "We have to turn the bureaucracy into investor friendly departments."

**T**HE Western Cape is second to Gauteng in attracting significant international investments — but the region has lost some valuable business because of red tape, crime and a lack of incentives.

Wesgro, a parastatal which promotes economic growth for the Western Cape, said yesterday that over the past four years it was instrumental in attracting 79 international investments into the Western Cape.

These had resulted in a R700-million capital boost and the creation of more than 2 200 jobs.

The figure does not include the estimated R800m that Malaysian companies have pumped into the region's economy as part of their overall R4-billion investment in South Africa, or other business dealings concluded privately.

However, on the down side, Wesgro said the province lost 17

potential international investments over the past few years, partly through the province being an "unsuitable location" or because of a lack of business incentives.

One loss was Italian chocolate manufacturer Ferrero Spa, which initially targeted the Western Cape as the most suitable location in the southern hemisphere to plant 10 million hazelnut trees.

The company later chose Argentina when it was offered huge tracts of land for nothing.

"It (Ferrero Spa) came to us at the time of pre-elections when there was no clear policy. In the end, when the company was given land free, it chose Argentina. There is no way we could match that," Wesgro executive director Dr David Bridgman said.

Bridgman said it was initially the airline companies which moved into South Africa after the 1994 elections. These investments

# Wills warns of trade imbalance backlash

Nicola Jenvey

BD 5/7/96

DURBAN — SA faced international condemnation if current trade imbalances between itself and its neighbours were allowed to continue unchecked, Trade and Industry Minister Alec Erwin said yesterday.

He told the joint Textile and Clothing Federation annual congress that the World Trade Organisation (WTO) demands SA heed the cries for economic assistance from its Southern African Community Development neighbours. (SADC)

Ignoring the calls meant SA would lose the sympathy and support gained in the international trading arena.

He said the government trade policies were not a reaction to WTO requirements, but rather were fundamental to ensuring SA developed into a medium-sized internationally-competitive trading nation.

"The dramatic changes in world production techniques rather than the WTO regula-

tions has resulted in the globalisation process.

"WTO has only formalised the structures to create non-discriminatory rules for fair trade," Erwin said.

However, Frame Textile Corporation chairman Mervyn King said the government could not adequately police illegal imports and dumping within SA, yet Erwin expected these measures to be controlled within the SADC region.

Textile Federation president Mike Hankinson said the SADC agreement required both a phasing-in period to reduce the imbalances and an effective customs control for the whole region.

Erwin said reducing protective tariffs remained a priority for the long-term benefit of SA.

Despite his assurances that these would not happen without extensive consultation with all the affected industries, King said textile and clothing needed more certainty for the future before it continued with capital expenditure.

ENILE crime rates in Gauteng were alarmingly high, police statistics released to the public revealed yesterday.

Police spokesman Capt Jan Combrinck said 32 murders by children under the age of 12 were committed in the first six months of the year.

The weapons the children used were either handguns, commercial weapons like shotguns, or were unknown to police.

During the same period, children aged between 12 and 17 years committed a total of 29 murders using firearms.

Twelve attempted murders were committed by children over 12 years old by June this year, Combrinck said.

Attacks on policemen were lower this year than last year and one police officer had been murdered, compared to six last year, Combrinck said.

Statistics showed policemen were attacked mostly while on duty during the early hours of Saturday mornings between 4am and 8am in the Soweto area.

Sapa.  
BD 5/7/96

(49A) ARG 24/7/96

# WP manufacturers more optimistic

**ALIDE DASNOIS**  
Business Editor

**MANUFACTURERS** in the Western Cape are more optimistic than their counterparts in the rest of the country, a new survey shows - but a majority expects business conditions to worsen over the next year.

The survey, by the Stellenbosch Bureau for Economic Research, found that manufac-

turers in the province expected higher sales and order volumes in the third quarter, in spite of a drop in the second quarter. But, the Bureau warned, stocks of finished goods are too high and could depress production volumes in the third quarter.

In contrast to the first quarter survey, when a net majority of manufacturers polled expected business conditions to improve, a majority now expect

conditions to deteriorate over the next 12 months.

In Gauteng and in North West province, there was an increase in factory employment, while in the Eastern Cape, the Free State and KwaZulu Natal, employment dropped.

For the country as a whole, the Bureau found sharp declines in production volumes, particularly in consumer goods industries.

Business confidence also fell in the second quarter.

Yet 42 percent of manufacturers said they would increase real investment in machinery and equipment in the next year, in an attempt to become more competitive in foreign markets.

This would not necessarily mean job creation, the Bureau warned: on the contrary, modernisation of machinery could mean the shedding of jobs.

CAPE METRO BUDGET

~~(288)~~ (49A)**BOOSTING TOURISM, GROWTH**

FM 26/7/96  
 For the first time, local government in the Western Cape has made specific provision in its R1,3bn metropolitan budget for tourism and economic development

Though the R4,8m allocated to the regional tourism board and R2m for the Western Cape Investment & Trade Promotion Agency pale next to the R437m set aside for RDP projects, their inclusion in the Cape Metropolitan Council's first budget is significant.

These two categories were inadequately catered for through the subterfuge of grants in aid. Now the Local Government Transition Act empowers the council to spend money on these two functions. The actual amounts are in compliance with a request from the provincial government and are a "drastic increase" on previous allocations, says council financial director Hein Herbst.

Captour CE Gordon Oliver says the move is "an enormous step forward."

Tourism has been the province's star performer, growing by more than 50% in two years and providing 75 000 jobs.

Captour, its de facto regional tourism authority, asked for an annual budget of R4,8m, rising to R10m within three years. Its budget has never exceeded R2m whereas Durban's has long been R10m.

Western Cape Investment & Trade Promotion Agency CE David Bridgman says that unlike every other country, SA prevented local government from contributing to economic development.

The agency, established in April 1996, is the first provincial public company to be created since the 1994 general election. Its R7m budget is controlled by a board representing provincial government, the metro council, substructures, district councils, labour and business.

□ The Cape Chamber of Commerce & Industry is against the 12% rates increase. It claims Cape Town businesses already pay higher rates and electricity tariffs than any other city in SA.

However, rates would have rocketed were it not for a R373m subsidy from the council and the province to the six substructures — 46% of the total rates income of the metropole.

Council executive committee chairman Pierre Uys stresses that the subsidy is just to help the new substructures on to their feet and cannot be repeated every year (see next page). ■

## JOBLESS QUEUE SHRINKS

FM 2/8/96

**Major developments** in the Cape are helping to restore the imbalance between urban and rural employment to a level that may determine the pace for other provinces.

In the east, the focus of development is on Knysna and Plettenberg Bay. At Worcester, a R150m shopping centre is going ahead; at Malmesbury, the council has prepared guidelines for the development of the town's hot water springs while work on a new R170m prison is due to get under way soon. At Saldanha Bay, site work on Iscor's R6,5bn mini-steel plant is also well down the track.

The total value of major projects now in progress in the province is about R7,5bn with more on the drawing board. These will provide short- and long-term employment opportunities.

Central Statistical Service figures for 1995 indicate that 117 000 (5,8%) of the Western Cape's labour force was employed in construction and repairs. This year, building sources estimate an influx of 10 000-12 000 new employees into the construction sector.

Watching over the growing momentum is the Western Cape Investment & Trade Promotion Agency (Wesgro), formerly a Section 21 company. It has now become a statutory body which will be launched officially on August 15.

The organisation's launch makes the province the first to take responsibility for development and investment instead of depending on central government.

Wesgro regional development manager John October sees a shift in employment trends from agriculture to commerce and industry because of the burgeoning growth. But he warns that unemployment figures in towns such as Knysna, George and Mossel Bay may grow as work-seekers move in.

Projects going ahead at Knysna and Plettenberg Bay are valued at nearly R400m. An investment of R250m at Knysna comes from Italian-Thai leisure sector sources and R140m from the KMM Investment-Gary Player Group.

October says there is sufficient skilled labour in both towns but with employment at Mossel Bay faltering amid uncertainty over the future of Mossgas, unemployed workers in the area will be tempted to move to seek jobs.

He says the projects now in hand will

provide a lot of short-term work and also have satisfactory long-term prospects

Saldanha Steel spokesman Tom Ferreira says there are 500 unskilled workers on site. This will rise to about 6 500 by June next year and taper off as the plant nears completion. Once on stream, the plant will employ 600 permanent employees. ■

# New council faces the challenge of Cape RDP programmes

(297) (49A)

CT 27/8/96

AT THE first meeting of the democratically elected Cape Metropolitan Council this year, the council decided to allocate R437-million of its R1,3-billion budget for the 1996/7 financial year to the RDP.

This underlined its position as key player in RDP delivery in the Cape metropolitan area.

At that first meeting of the council on July 3, it elected an RDP and Economic Development Standing Committee to facilitate its implementation of the RDP and to assist the six municipalities in the metropolitan area in their implementation of the RDP.

Through this committee, the CMC intends facilitating the development of poor communities in the area.

It allocated R58-million in operating budget aid to municipalities, R101-million additional aid to the six municipalities, R75-million for strategic management plans, R72-million for RDP projects including R45-million for new projects, R67-million capital grants to municipalities and R64-million for the Integrated Service Land Project.

The R58-million was allocated to the former black local authorities within the Cape Metropolitan Area that had received similar aid in the past and the R101-million was a one-off allocation as additional operating budget aid to

municipalities to address their operating budget shortfalls and extra expenditure involved in the local government transition process.

The strategic management plans were aimed at restoring engineering services and administration in black local authority areas to initiate improvements in the living conditions of over 60 000 people in iKapa, Crossroads, Mfuleni, Lwandle and Khayelitsha.

The RDP fund provided 18 capital grants totalling R31-million in the 1995/6 financial year and provided grants to housing projects, cleansing campaigns, community, health and training centre and the provision of water infrastructure. A further R45-million had been provided for RDP projects in the 1996/7 financial year.

The CMC also provides 10% of the funding for the iSLP, the only presidential lead project in the Western Cape. It provides for bulk and link services and will eventually provide 32 000 households with better living conditions and shelter. Over a period of six years, the CMC will have provided R120-million to the iSLP.

New iSLP projects during this financial year involve R12,4-million to Philippi East, R13,5-million for Southern Delft, R25-million for Weltevreden Valley and R600 000 for Victoria Mxenge

**CAPE METROPOLITAN COUNCIL  
KAAPSE METROPOLITAANSE RAAD  
IBHUNGA LOLAWULO LWENQILA YEKAPA**



**CMC ALLOCATES  
R437 MILLION**

# Budget shock for new Cape municipalities

ANDREA WEISS, Municipal Reporter

A BUDGET shock awaits the six new Cape metropolitan municipalities which will come into being after the May 29 election.

At least two of the new municipalities in the city are threatened with budget deficits running into millions of rands and the picture is likely to be similar for the remaining four.

This means that the new municipalities will depend on inter-governmental transfers to keep them financially viable.

This warning comes from Cape Town city treasurer Eddie Landsberg, who has reported preliminary financial figures to the central substructure's (Cape Town) joint executive committee, given the task of achieving political amalgamation in the new municipality.

The southern and central substructures both could face budget deficits of up to R60 million through the process of unbundling and merging with other local authorities, Mr Landsberg warned.

He told The Argus that Cape Town City Council officials had arrived at these figures using the budget for the current financial year and working out the income and expenditure of the new municipalities if they unbundled.

He said that if the council handed over its portion of the income and expenditure for the southern substructure, the new southern municipality would have a R38 million deficit.

While Cape Town central would have a R50 million surplus, this would turn into a possible R60 million deficit if the areas of Ikapa and Crossroads were added into the picture.

The southern substructure's deficit could be pushed up to about R60 million once the budget deficits of the areas managed by the Cape Metropolitan Council became clear.

Mr Landsberg said this situation would be exacerbated if inter-governmental transfers, previously used to bolster black local authorities, were not kept at the same levels as in the past.

A task team of treasurers representing all the joint executive committees, which are given the task of amalgamating the six new municipalities, was looking at the total picture for the next financial year.

Earlier this month, Local Government Minister Peter Marais told the provincial legislature that the Western Cape was facing a budget cut of close to 40 percent in inter-governmental transfers, representing R50 million.

ART 6/3/96

(255)  
(49A)

# 'Sinfuls' punished by excise duties

Linda Ensor and Jackie Zaina

CAPE TOWN — The finance minister showed little difficulty yesterday in smacking the sinful, hitting tobacco and alcohol users.

Excise duties on cigarettes rose 18%, pushing the retail price of cigarettes up 16c on a packet of 20 and bringing in an additional revenue of R220m.

The increase brings the excise duty to about 34% (42% including VAT) of the retail selling prices.

Duties on beer (excluding sorghum) rise by 6,5c a litre, or 2c a 340ml can, translating into an estimated 1% rise in the retail price. This would bring an additional R185m to state coffers.

Cider drinkers, who government said had escaped rates applicable to other alcohol-based

BD 14/3/96 (198) (182) (49) products in recent years, will have to swallow a 20% duty increase to 8c/l (3c per 340ml can) or a 1% increase in the retail price.

Unfortified wine was hit with an 18% rise in excise duty to 6,5c a litre (about 4c a 750ml bottle), giving an estimated 0,4% rise in retail prices. A duty hike of 8c a litre (6c a bottle) was slapped on fortified wines.

Duties on sparkling wines rise 11c a litre (8c a 750ml bottle) with those on cane spirits rising 208,20c a litre (about 67c a bottle) and grain spirits 212,71c a litre (69c a bottle). The retail price of all spirits, including wine spirits, was likely to rise by 3%.

The Tobacco Board deplored the rise as unreasonable, as the industry already contributed more than R2bn to the state trea-

sury in excise duty and VAT.

Board chairman Wensch Louw said government should be wary of wringing the neck of the goose that laid the golden eggs.

Utico group financial director Seville Chonin said the group was disappointed and that higher excise duties would fuel inflation and exacerbate smuggling.

But the National Council Against Smoking said cigarettes were now 21% cheaper in real terms than they had been in 1970, with excise duties having fallen 32% since 1981/82.

SA Breweries said the 7,7% increase in the excise on beer was in line with expectations. Beer division MD Norman Adami said beer continued to be discriminated against in comparison to wines, ciders and spirits.



# BUDGET & POLITIC

11,6% MORE FROM CENTRAL GOVERNMENT

## W Cape gets R8,4 billion

CT 14/3/96

(49A)

~~28~~ (28)

**THE INCREASE** in the government's grant to the province is not enough to prevent health and education cuts. **BARRY STREEK** and **CHRIS BATEMAN** report.

**T**HE Western Cape has been allocated R8,4 billion by the central government for the 1996/7 financial year.

This is an increase of R868,8 million or 11,6%, over the 1995/6 allocation.

This has been provided under the Finance Vote in the Estimate of Expenditure, which was tabled in Parliament yesterday.

The nine provinces have been allocated R75,3bn with R13,9bn going to the Eastern Cape, R1,8bn to the Northern Cape, R14,6bn to KwaZulu-Natal, R5,2bn to the Free State, R4,6bn to Mpumalanga, R9,3bn to the Northern Province, R6,4bn to the North-West and R11,1bn to Gauteng.

The Western Cape has been granted R3,2bn for education, out of a total of R29,7bn for education

in the provinces, and R2,1bn for health, out of R16,5bn allocated for the provinces.

A further R278,2m has been allocated in RDP funds to the Western Cape.

This involves R232,9 million for health projects, including R230,9m in carryover costs, R35,2

million for education and R10 million in discretionary amounts.

The increase in the Western Cape grant from the central government would still present "serious budgetary problems" for the province in the new financial year and mean cuts in education and health staff, provincial Finance MEC Mr Kobus Meiring warned yesterday.

Meiring said while he understood the government had to follow the recommendations of the Finance and Fiscal Commission to achieve provincial equity, "we will find it extremely difficult to manage it over too short a period".

He appealed to Pretoria to quickly define who the recipients of VAT on gambling would be as people in the Western Cape would be unable to carry any extra tax burden levied by their own legislature.

Gambling was a provincial function and unless the VAT levied centrally was passed on to the provinces, it would be "of no avail".

Meiring welcomed the retention of VAT at 14% and the commitment to decrease the overall income tax rate.

He said the reduction in the Budget deficit from six percent in 1995/96 to an estimated 5,1% of

GDP in 1996/97 was a "very positive pointer" towards further reductions in years to come.

Welcoming the increase in provincial transfers from R66,4bn to R75,3bn (a 13,4% hike), he noted this was considerably higher than the total budget increase.

This was borne out by 55% of the total estimated expenditure of R140bn (after deduction of debt interest) being spent on provinces versus only 45% nationally.

If one added the R6,5bn provinces would get for improving service conditions, the percentage increased even further.

Meiring added the government would have to give "serious attention" to the R311bn debt (or 55,6% of GDP) which took "too big a chunk of revenue" for interest payments.

The Western Cape legislature will debate its own budget at the end of this month and is expected to pass gambling legislation by the end of the year.

**BUDGET '96/97**

# Wesgro gets statutory punch from province to boost investment

■ Legislation passed in the Western Cape parliament this week puts extra punch into the province's economic clout, drawing the private sector, unions, emergent businesses and government into a single trade and investment promotion agency. **MICHAEL MORRIS** of the SATURDAY Argus Political Staff reports (49A) ARG 23/3/96

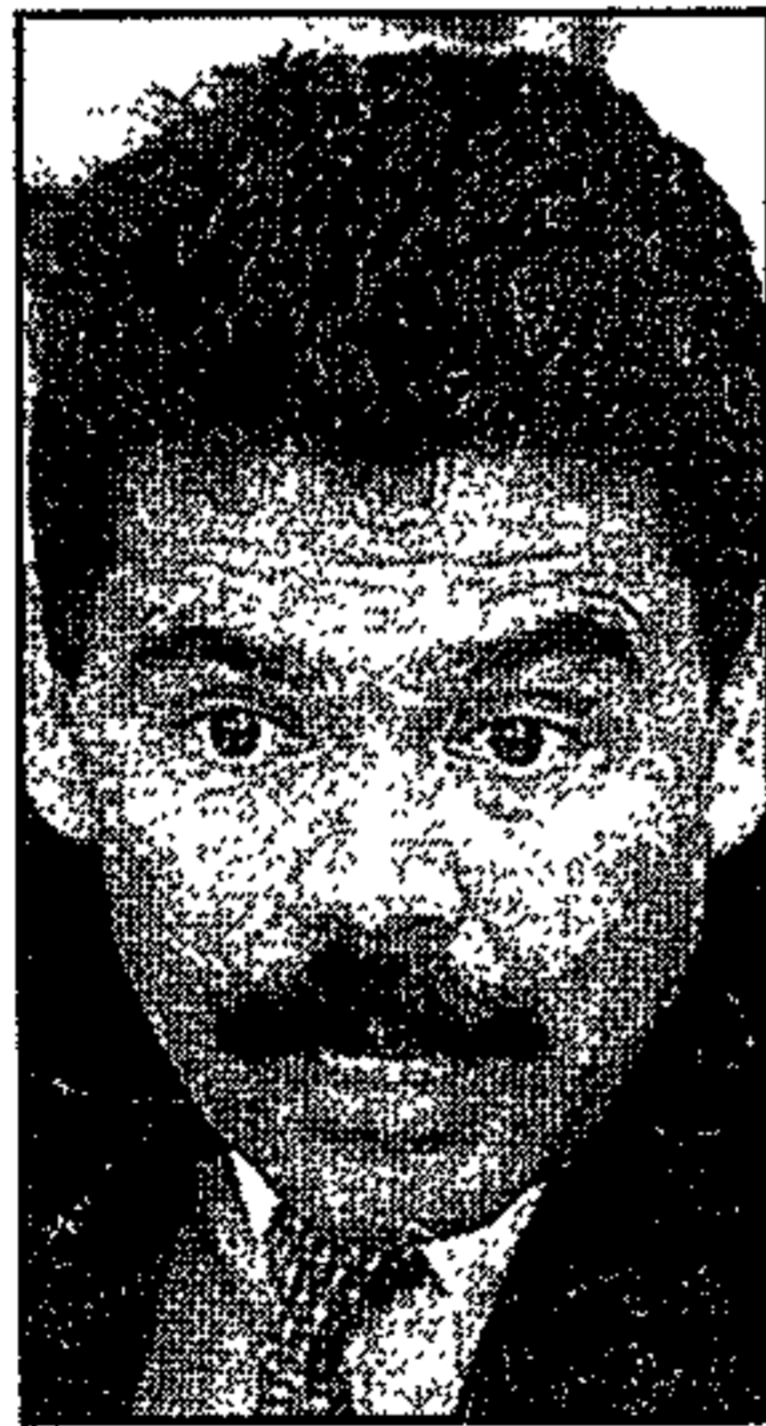
**B**USINESS executives, as a rule, distrust the economic judgment of politicians, and politicians often resent the political wisdom of the business fraternity.

Trade unionists seldom see eye-to-eye with either group. But, if all three are drawn together - as they have been in the new super-Wesgro - the prospects of a productive relationship are enhanced considerably. And, this is at the heart of the Western Cape Investment and Trade Promotion Agency Act.

In post-1994 parlance, it pulls all stakeholders, and all structures, into serving the country's - and province's - principal economic goals of growth, job creation and investment, and establishes an agency to market the whole province, and all economic players in it. It will be representative of provincial and local government, organised labour and all sectors of the business community, and will operate independently.

The new agency will draw on the extensive experience of Wesgro and share it widely throughout the province, not merely with the metropole. It will, as Wesgro chief executive David Bridgman explains, blend the "very different cultures" of business and government, something which Wesgro has spent the past eight years refining.

"Our experience in meeting the requirements of both, and doing the necessary trade-offs and compromises, has been written into the new law," said Dr Bridgman.



□ **POLITICAL:** Chris Nissen, Economics Minister



It is a "first" for a provincial legislature, and will reinforce the Western Cape's substantial economic leverage on behalf of corporations as much as in the interests of

□ **INVESTOR FRIEND:** David Bridgman

informal traders. One of the most significant areas of activity will be in promoting and helping to set up joint ventures with companies from elsewhere in South Africa, Africa and the world.

Western Cape Minister of Economic Affairs Chris Nissen noted that "the key element is that we have an agency that is representative of all the structures and stakeholders throughout the province, bringing in business people who were excluded from the networks of the past".

This would ensure economic opportunities were equitably spread and go out of its way to market the whole province "vigorously".

"What is politically significant is that the government does not have the sole responsibility to market the province, and it doesn't end up being just another bureaucracy that inevitably is prone to party political manipulation," he said.

"The private sector is better able to tackle the marketing and promotion side of things, but with the support of the provincial government.

"On the economic front, Wesgro has the expertise and the experience and the agency is geared to spreading that throughout the province. The government's role is to create the conditions, the environment, the stability, which encourage investment and allow private sector initiatives to flourish.

"But, we will be working closely with the agency to identify key sectors that require development and promotion. We will especially focus our energy on small, micro and medium-sized businesses and try to secure joint ventures in this sector."

Dr Bridgman said the new agency's primary goal would be helping to create jobs.

"When it comes down to it, this depends on investment, though not necessarily from abroad. And by promoting trade, we will be enhancing the province's competitiveness and that contributes to making the region attractive to investors.

"What one needs to do to get this right is to ensure government, business and labour are all going in the same direction.

"We will also identify the province's strengths and weaknesses and identify businesses and industries which are not here, but ought to be, and proactively go out and tell potential investors that they should be here and why.

"We will also seek to identify problems and impediments throughout the province and try to find ways to relieve them, and, on the other hand, find ways to make the most of major developments such as the Saldanha Steel project or the Olympics bid."

The new agency would pay particular attention to joint ventures and investment. This would mean, in part, beefing up the response to interest in South Africa from abroad.

"We tend to be a little blase about all the missions coming here, but it's important to acknowledge that this level of interest is not common for ordinary countries in the world. There is a great deal of interest in us, partly because people have special hopes for us and partly because we are just re-entering the world community, so we have to ensure we respond to this in order to benefit from it."

WOODS

# Buoyant optimism as W Cape booms

(49A)  
By JEREMY WOODS

ST 24/3/96

THE Western Cape has the fastest expanding economy in the country with growth forecast at six percent and a mood of "buoyant optimism sweeping through business and industry," says the latest economic survey from the Cape Chamber of Commerce and Industry.

"The current boom in the Western Cape is a result of world markets opening up to our export products," says Colin Boyes, deputy director of the Cape Chamber.

In a survey of its 3 700 corporate members, the Cape Chamber found the rapidly expanding tourist and hotel industry to be in a buoyant mood while the fruit, wine, and manufacturing industries were also in fine fettle and looking forward to increased exports over the next 12-months.

"Some of our exporters, particularly in the wine industry, have experienced such big demand for their products they have run out of stocks," says Mr Boyes.

Some 63 percent of the Cape Chamber's

members said current trading conditions were good to excellent and the expected profit over the next 12 months would either be "better" or "much better."

And an eight percent depreciation in the value of the rand would give this growth yet another boost by making future exports that much cheaper.

"The greatest danger to the strength of the Western Cape economy is a high currency," said Dr David Bridgman of Wesgro, the Western Cape economic growth promotion agency.

"The recent fall in the rand will be a great benefit to the local economy and will underpin all our strengths," he said.

Not only was industry booming but property prices throughout the Cape were increasing.

"People want to live here and not in Gauteng," said a leading property analyst.

"Apart from the beauty of the place and the comparative safety, the Cape has three universities, two technikons and nine technical colleges."

**Mashold  
back on  
road to  
recovery**

CAPE-BASED mail order group Mashold now looks to be firmly back on the recovery track after increasing pre-tax profits from R3-million to R4,5-million for the year to December 31, 1995.

The group had fallen into heavy losses and its future was in the balance as it struggled to lighten a heavy burden of debt.

But Mashold managing director Marco van Embden says: "The group's vastly improved results have been achieved by the successful restructuring of the group, the disposal of loss-making operations, a significant reduction in borrowings and better trading conditions."

Prospects for further improvement were good.

# Cape budget 'presents a challenge'

Linda Ensor

CAPE TOWN — The Western Cape faced an enormous challenge in having to maintain standards, particularly in health and education, when its budget was shrinking, finance MEC Kobus Meiring said yesterday.

Presenting his supplementary adjustment budget in the provincial legislature, Meiring also said a task team consisting of private sector consultants and administration officials had been appointed to conduct budget audits to ensure departments were realistic in their financial planning for 1996/97.

The province would also have to find an additional R220m should all the 6 000 teachers formally retrenched as from July 1 opt to remain in their posts

until the end of the year. This was in addition to the R110m cost of employing these teachers from April to June, not provided for in central government's allocation to the Western Cape.

The total R330m was a potential liability as not all the teachers involved would choose to stay on, a spokesman said. "Monies to fund the retention of teachers must be sought by re-examining priorities within the budget, and by negotiation with other provincial and national agencies."

Meiring presented a supplementary adjustments budget to take account of the R75,4m made available by central government to meet the needs of the health department. The sum also wiped out the provincial deficit for the 1995/96 financial year.

BD 27/3/96 (49A)

# Region's manufacturers lead confidence stakes

ALIDE DASNOIS  
Business Editor

MANUFACTURERS in the Western Cape are more confident about the future than those in any other region, says a survey by the SA Chamber of Commerce (Sacob).

More than half of Western Cape manufacturers polled in March by Sacob expected to take on more unskilled workers in the next 12 months, compared to about a third in the country as a whole. Two-thirds expected to employ more skilled workers.

And 80 percent of Western Cape manufacturers expected production volumes and sales to rise over the next 12 months.

For the country as a whole, 71 percent of manufacturers expected sales to rise.

A year ago, the figure was 90 percent, showing how confidence levels have dropped. Sacob said most manufactur-

ers expected demand for their goods to slow.

Business confidence in March was at a six-month low, Sacob said, with recent volatility on the financial markets reflecting uncertainty about the country's economic future.

The rand recovered today to R4,14 to the US dollar after plunging to a record low of R4,19 yesterday.

Dealers said foreigners and importers - anxious to stock up on dollars in case the rand fell further - had been active in the market.

The South African currency, which plunged in mid-February following rumours about President Mandela's health, has been jittery since the Cabinet reshuffle last week which gave the Finance portfolio to former Minister of Trade and Industry Trevor Manuel.

Dealers said continued uncertainty about the pace of exchange control relaxation,

as well as the strength of the dollar, was also affecting the rand.

A weaker rand means exports from South Africa are more competitive but imports are more expensive.

● The Argus Correspondent reports from Johannesburg that South Africa, already experiencing something of a tourist boom despite the depressing crime rate, is expected to become an even brighter tourist destination as the rand continues to reel against foreign currencies.

The rand plunged to an all-time low of R4,19 against the dollar yesterday, making tourism the silver lining in a mushrooming cloud of gloom.

Hotel and conference facilities are expected to be stretched to the limit as tourism looks set to soar.

"Many facilities have already seen advanced bookings for the next three to six months," said

Rupert Lawlor of the Association of South African Travel Agents.

"The drop in the rand will make this country all the more attractive.

"The tourism industry now needs to talk to the government with the aim of improving the country's infrastructure and maximising the boom. Roads need to be improved, taxes on the building of coaches need to be relaxed and airports need to be expanded."

He said Australia absorbed around 3,5 million tourists a year, while South Africa got 1,2 million last year. "If we are going to increase that three-fold, we need to do a lot of long-term planning."

James Seymour, Satour's head of tourism research, said research done on last year's season showed that many visitors regarded South Africa as an excellent value-for-money destination.

# ARG 11/4/96

(49A)

# Cape heads for 6% growth

ST(BT)14/4/96

(49A)

By JEREMY WOODS

THE Western Cape has the highest growth rate in the country as a "mood of buoyant optimism" sweeps through business and industry. Growth of 6% is forecast for the current year.

Mr Colin Boyes, deputy director of the Cape Chamber of Commerce and Industry, says: "We believe we will outperform the country as a whole. The falling rand increases that prospect because it benefits the Western Cape's exporting industries, while tourism prospects also brighten as foreign tourists will arrive here with more rands to spend."

In a survey of its 3 700 corporate members, the chamber reported that "buoyant optimism" was the order of the day among stakeholders in

business and industry.

"The current boom is the result of world markets opening their doors to our export products. Some of our exporters have run out of stocks, so big is demand.

"Although smaller agricultural provinces will also experience good growth because of the rains, it is from a small base and not from the real economic diversity and solid industrial base of the Western Cape."

Provincial Finance Minister Kobus Meiring says: "The Western Cape economy is in fine shape and should grow faster, at 6%, than any of the other provinces this year.

Tourism is picking up dramatically and the Western Cape is set to create the necessary infrastructure to cope with the influx of foreign visitors. We believe we are just seeing lift-off in our tourist industry here. If Spain can handle 40-million tourists a year, then South Africa, with not even a million, is lagging behind."

Mr Meiring said about 30 new hotels were on the drawing board, and house prices were strong as overseas investors bought prime properties.

David Bridgman of Wesgro said: "The recent fall in the rand will give the current boom added impetus and underpin our strength in the export and tourism fields. The Western Cape as a place to live and invest can rarely have looked better."

# Cape Town debt loss R330-m

*'Eventual result is higher tariffs'*

ARG 25/4/96

Staff Reporter

CAPE TOWN'S losses through reduced cash inflows and irrecoverable debts were currently running at R53 million a year and the level of consumer debt - including black local authority arrears of R120 million - was about R330 million, acting city treasurer, Ronnie Grace has told the city council's executive.

He was commenting on a motion by Councillor Arthur Wienburg, accepted by the council, to take all steps to recover debts owing to the city without fear or favour being given to any individual group or body.

The motion included the extension of the credit "blacklisting" procedure and establishing a policy in regard to genuine cases of hardship.

Mr Grace said non-payment or delayed payment of debts had far-reaching and detrimental effects on the city's finances.

Eventually the cost had to be borne by ratepayers and consumers through increased tariffs and charges.

His department applied commercial principles of credit control and debt recovery to the collection of arrears.

This was done within the confines set by the council and its standing committees.

The restriction placed on full recovery measures mainly related to moratoriums placed on eviction and repossession relating to council housing schemes and full disconnection of domestic water supplies.

"Apart from these exceptions debt recovery measures are applied consistently and impartially throughout the whole of the consumer area," said Mr Grace.

Arrears were currently increasing at the rate of about R7 million a month of which a major proportion, about R5 million, related to unpaid

service charges from black local authorities.

But the government had recently given a firm commitment to the province to settle the major portion of black local authority debts up to December 1994. This would be done by way of three consecutive annual payments starting in the 1995/96 financial year.

Rates and service charges (excluding black local authority debts) increased by R23,7 million, 11 per cent, in the 12 months ending December 1995 and council housing scheme arrears increased by R25,1 million.

The housing committee had decided not to write off home ownership arrears and to establish a policy as far as home ownership arrears and convictions were concerned.

Commenting on the credit "blacklisting" procedures, Mr Grace said the despatch of about 18 000 credit warning letters in January had proved to be reasonably successful.

The measure was clearly less onerous from the debtor's point of view and the constraints and costs imposed through legal process.

The extension of the scheme to arrears where primary recovery methods were only partially successful and legal recovery action not cost effective, should be supported.

Commenting on poverty relief, Mr Grace said his department did not have the capacity or finances to establish and maintain a data base to administer a large scale poverty relief scheme.

Consideration could be given to local financial support towards the relief of the poor, possibly through cross-subsidisation within local service tariffs through the introduction of life line schemes aimed at relieving consumers who had low or no income to pay for the minimum level of service required to sustain basic living conditions.

# IAAF official backs Cape's bid

WILLEM STEENKAMP

CAPE TOWN'S bid to host the 2004 Olympics received a major boost yesterday when Mr Lamme Diack, senior vice-president of the International Amateur Athletics Federation (IAAF) and president of the African Amateur Athletics Confederation (AAAC), gave it his endorsement.

Diack, of Senegal, who was in the Cape to attend last Saturday's World Cross-Country Championship in Stellenbosch and an IAAF council meeting, told a press conference yesterday that Cape Town's bid for the world's greatest sporting showpiece would have the support of the people of Africa. His endorsement was enthusiastically

CT 26/3/96

received by Olympic Bid Company chief executive officer Mr Chris Ball, who said the continent's support "adds considerable impetus to our efforts" and would spur the bid company on to justify Africa's "faith in us".

"Saturday's 24th World Cross-Country Championships in Stellenbosch proved that the city has what it takes to organise international events," said Diack, endorsing the bid on behalf of the AAAC.

Athletics South Africa (ASA) president Mr Leonard Chuene also pledged ASA's support for the Olympic bid and for Ball. Chuene said that "if any doubters need proof", the cross-country event showed that "Cape Town and South

Africa have the ability to successfully host major international sports events".

"The World Cross-Country Championships added to the growing list of major events South Africa has hosted with such distinction in the past couple of years," he said.

"When added up, these events, together show that South Africa has the capacity to stage the biggest event of them all — the Olympic Games.

"South Africa's time has come, and Cape Town has shown that it is the ideal city to carry the Olympic torch for South Africa and Africa."

Chuene said the ASA endorsed the concept of a developmental bid, saying it was "clear" the city's bid was not only for Cape Town but the entire continent.

## Postage rise is in the mail

JOHANNESBURG: Postal rates will not be increased on April 1 — and that is no April Fool's joke.

The South African Post Office (Sapo) said yesterday that rates, which usually rise on April 1, would remain pegged at the present level until service had improved.

"It's unfair to expect the public to pay more while service levels are not yet up to standard," Sapo managing director Mr Frank Touwen said.

However, Touwen said he expected the service to improve by July when a rate increase could be expected.

Meanwhile a Durban schoolchild has also seen a glimpse of the benevolent side of the postal authority: An envelope, com-

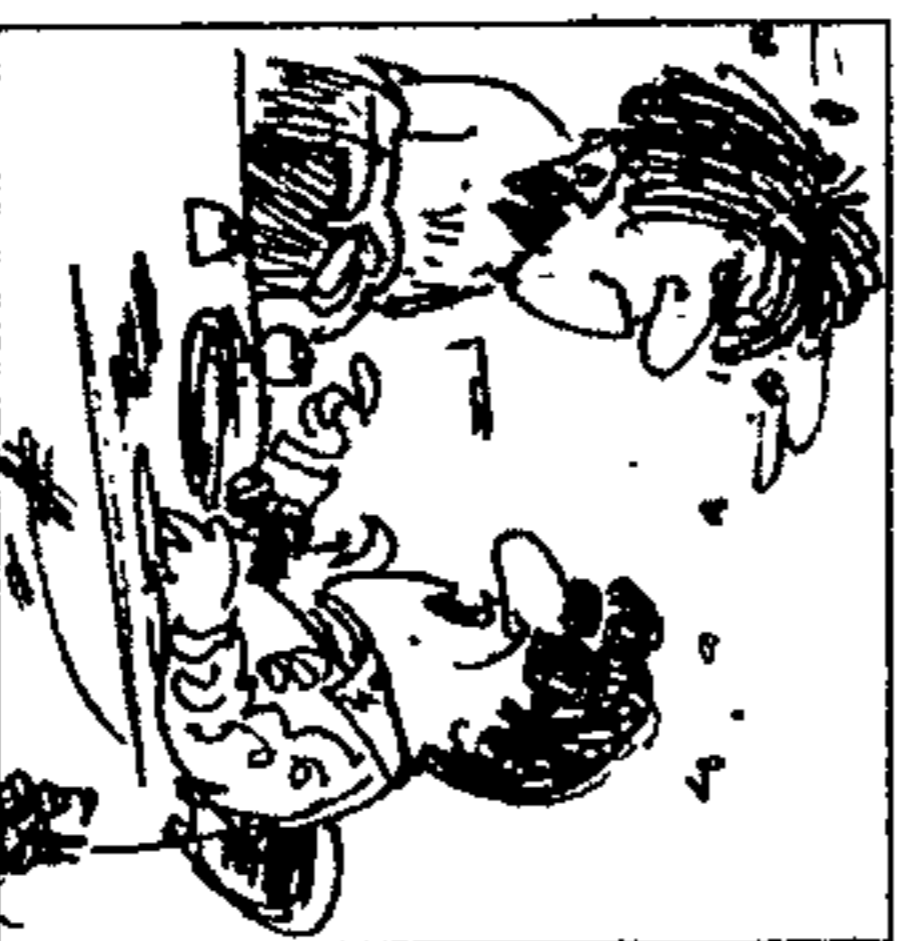
plete with a homemade stamp featuring a baboon, was posted in Durban this month and reached its Johannesburg destination without a single query.

Samuel Morris, 11, entered an Eco-Quiz competition and created his own stamp worth 50c with scalloped edges. But the post office did not spot the fake — or decided to turn a blind eye.

A Sapo spokesman said: "In this case we obviously saw the letter was from a child and let it through. But this does not mean everyone can try it."

Unfortunately Samuel's entry reached the organisers of the competition after the closing date and was disqualified. — Reuter, Own Correspondent

## Crack of Dawn



"You want a tip? ... Okay. If you want tourists to come to Cape Town, try improving your service."

## R72,5m cash

### boost balances

### Cape budget

(499)

CHRIS BATEMAN

CT 26/3/96

THE Western Cape will start its new financial year with a clean slate — thanks to a last-minute R72,5-million cash injection from the central government that will go to operating RDP medical clinics and desperately needed hospital services.

The chances of receiving the cash — long lobbied for by Health and Welfare MEC Ebrahim Rasool and his finance colleague Kobus Meiring — were described as "slim" by Meiring in his additional appropriation adjustment bill speech earlier this month.

However, the money "landed" last Friday, much to the joy of the province's coffer-keepers.

Yesterday it was still being kept a closely guarded secret in anticipation of Meiring's trumpeting it in the legislature today when a special sitting takes place to approve the cash injection — but the Cape Times was able to get the figures in advance.

The money consists of R12,29m — which is to go towards the operating costs of RDP clinics set up over the past year — and R60,26m towards the operating expense of hospital services.

Until Friday, the province had a shortfall of R75,39m which was due to be carried through to the next financial year as "unauthorised expenditures".

Provincial sources were confident yesterday that Meiring would manage to adjust his books to cater for the remaining R2,84m shortfall.

Last night the province's health chief, Dr Tom Sutcliffe, said that the "real battle" lay in allocations for the upcoming financial year. "Before we have to scale our services down we must ask: If our services this year warrant that cash back-up then surely they merit the same treatment this coming year?"



# Province drawing up new W Coast development plan

**MELANIE GOSLING**  
ENVIRONMENT WRITER

THE Western Cape provincial legislature will not approve any applications for rezoning on the West Coast in terms of the present Saldanha Bay/Vredenburg structure plan.

This was announced at a press conference yesterday by Agriculture, Planning and Tourism MEC Lampie Fick.

He said the province was in the process of drawing up a new structure plan for the Saldanha/Vredenburg region which should be completed within a year.

Because development could not be frozen, the first phase of the new plan had been completed.

It focused on the area where the controversial Saldanha Steel factory is being built, where the Namaqua Sands

CT 1/5/96

factory is and where Alpha plans to build a cement factory.

The new plan zones the area around the steel factory and proposed cement factory for heavy industry.

An area adjacent to it is zoned for light industry and the area around Namaqua Sands is zoned for general industry.

In between are areas zoned as "restricted development areas", which rule out heavy industry or residential development.

Fick said the landowners in the area had agreed to the plan.

"It now has to be passed by the local authority and then has to go through the public participation process," he said.

Fick criticised environmental organisations and scientists whom he said were still making "unfounded

(49A) (24)  
and factually incorrect" statements regarding the rezoning for Saldanha Steel.

"A well-known scientist recently remarked that the Western Cape government had got away with murder on the rezoning decision and it was reported recently that the Habitat Council stated that many recommendations of the Steyn Report were rejected," Fick said.

He added that the report had made only two recommendations.

The one — that the structure plan be redone — had been started before the report was completed.

The other — that the steel factory find an alternative site further inland — was "not executable".

"The Ramsar secretariat indicated that an alternative site would jeopardise the lagoon more," Fick said.

## WESTERN CAPE

## CRESTING THE WAVE

(49A) FM 10/5/96

**Following a** deluge of new projects — plus a sharp uptick in its economy — the Western Cape regional GDP is forecast to increase by about 5.5% during 1996. This is well above the national figure, now estimated at 3%-3.5% for the year following the rand's collapse.

Ironically, with huge growth in fruit and wine exports, the weaker rand could further boost growth prospects.

Cape Chamber of Commerce & Industry deputy director Colin Boyes says the province has a powerful engineering culture which will fit in with Saldanha's industrial growth "in SA's own Ruhr valley."

Wesgro economist Wolfgang Thomas says. "Over the past two years, our economy has been growing at above 4% a year. The long-term development potential of the region points towards even stronger growth in future. The province's gross regional product of about R60,5bn in 1995 was more than 14% of SA's GDP — produced by 9% of the country's population.

"This," he adds, "also confirms the region's relatively higher economic performance, ranking it second highest in per capita GDP. In most of the macro-economic indicators, the Western Cape contributes 12%-18% to the SA aggregate."

Cape Town International airport is projecting a "conservative" 30% growth in international passenger arrivals this year, to 770 000 (1995 590 000 passengers).

"We expect to receive about 1m international passengers by 1997," says Airports Company regional GM Hennie Taljaard. Investigations are also under way to expand existing terminal facilities to address the expected surge in tourism.

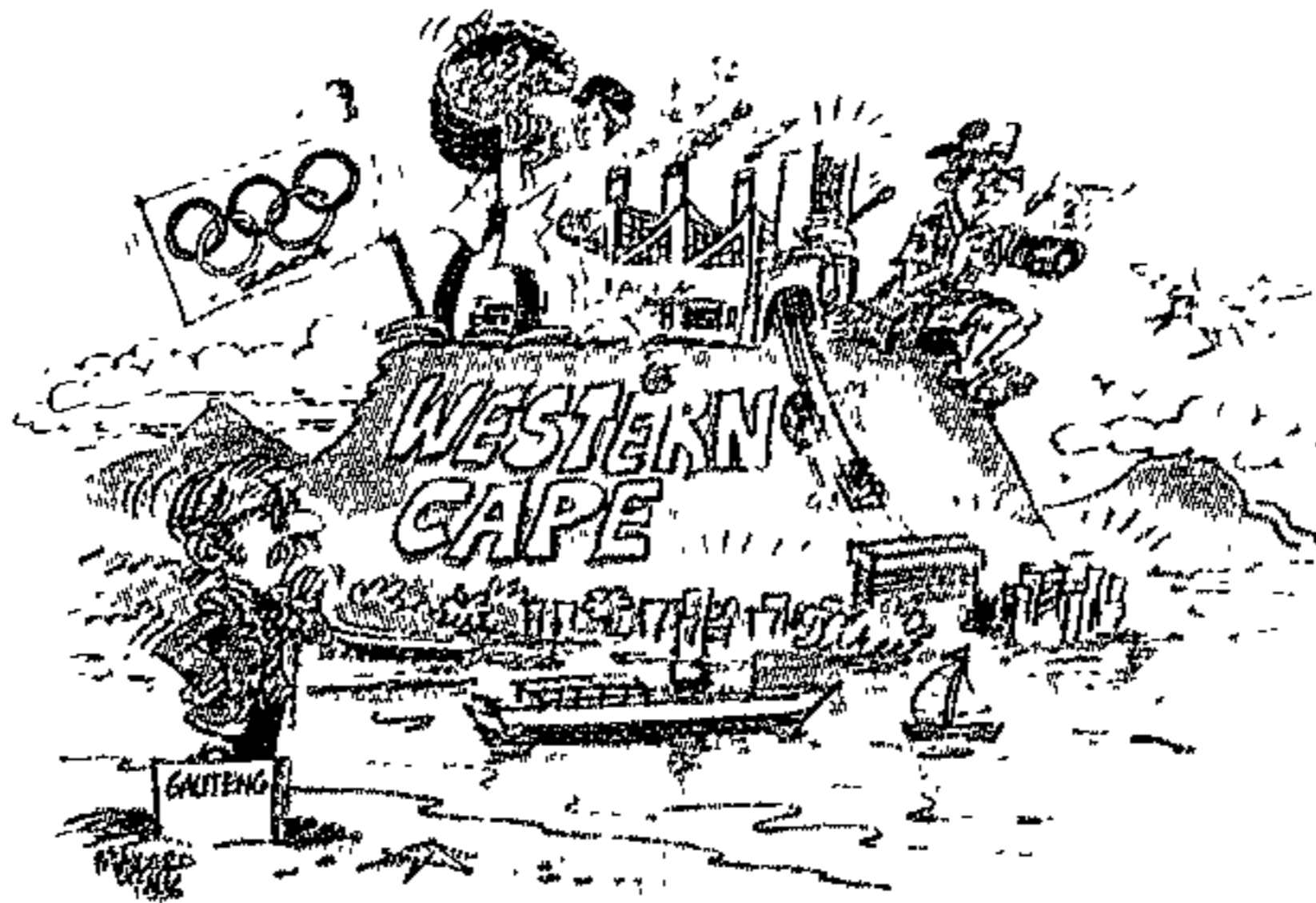
The imminent granting of casino licences should cement Southern Sun's R2,4bn Century City casino and hotel complex. An expansion announcement is also expected from Sun International, which recently bought the old Goodwood Showgrounds.

On the industrial front, the develop-

ment of the Kudu gas field could involve US\$1bn capex on a production platform and pipeline, and a possible \$1bn gas turbine power station to be built in the next five years between Cape Town and Saldanha Bay.

Last week saw the sale of a 15% share in Kudu to US-based Texaco. Shell holds 75% and Energy Africa 10%.

Says Energy Africa technical director



Adrian Nel: "Our first target is to establish three trillion cubic feet of gas, which would allow us to deliver 250m cubic feet/day for a 30-year period. This would justify putting a \$450m platform and pumping facilities on the field, building a 600 km, \$550m gas pipeline to Saldanha Bay and negotiating with Eskom — or an independent power generator — to build a \$1bn gas turbine power station, capable of generating 1 750 MW of power."

But obviously the "lead" customer — Eskom — would be needed before investing the equivalent of R8,8bn, based on current rand/dollar values. Says Eskom executive director distribution Jac Messerschmidt "Depending on the economics of such a power station project, we would look at all possibilities."

Other, Kudu-linked developments are engineering and industrial investments, linked to the R6,8bn Saldanha Steel complex. Saldanha Steel might also spin off a new cement factory, using the plant's coal slag output.

Other developments include a

20 000 BPD oil field being developed off Bredasdorp by Energy Africa and Soekor, and the pending semiprivatisation of Mossgas, which could involve further investments.

Cape Town's acting port planning development manager Heike Magura says the harbour's container facilities will be used to capacity within the next few years. Environmental impact studies are expected soon to assess possible expansions. "We're looking at two options — expanding the facilities on the general cargo side, including two new mobile loading cranes, and expanding the existing container terminal, with a possible additional quay."

Cape Town's much-vaunted but controversial bid for the 2004 Olympic Games could, if successful, lead to a strong construction surge in roads and accommodation. Another 14-15 four- and five-star hotels have been planned.

But the Olympic dream depends on a government decision to pitch in with financial support of about R650m, apart from a favourable decision by the international Olympic Committee by October, 1997. ■

# Drought crisis puts Western Cape at risk

ARG 25/5/96

Anxious farmers wait for penetrating rains

■ Unless good rains relieve the persistent drought in the Southern Cape and Swartland the Western Cape economy will suffer irreparable harm, warn the experts.

**PAUL OLIVIER**  
Staff Reporter

UNLESS good and penetrating rains fall soon in the Southern Cape and Swartland, the Western Cape economy will suffer a crippling blow and consumers can expect price rises for bread and other cereal-related food-stuffs, warn agricultural experts.

Drought conditions in these areas have now reached crisis proportions, and more disturbing news is that the weatherman has predicted no significant rain in the short term.

Late this week cold and cloudy conditions were expected over the Southern Cape coastal belt, but not much rain was predicted before weather conditions were expected to clear by tomorrow.

In the Swartland no rain was forecast

To guarantee a good wheat and barley crop for the current season in the area known as the country's breadbasket - the Western and Southern Cape last season produced 800 000 tons of the national wheat crop of 1.95 million tons - good, penetrating rains are needed before the middle of June.

Wheat and barley make up 14.5 percent of the five categories which are responsible for 75 percent of the total annual agricultural production in the province.

The rest are fruit (21 percent), poultry and eggs (18.2 percent), wine and grapes (11.6 percent) and vegetables (3.8 percent).

But it is not only wheat and barley which have been adversely affected

In the South Western Districts (SWD) - says Frik Bosman, chief executive officer of the Western Cape Agricultural Union - farmers are feeding their sheep "at great additional costs and balanced fodder is becoming scarce and very expensive"

Large numbers of farmers have been selling off their surplus animals, resulting in the consumer ben-

efitting from lower mutton prices. If this market trend continues, prices could drop even further as more meat becomes available.

"Forced marketing during a drought is negative for producers because many are experiencing problems with quality.

"Often animals are not market ready and fail to achieve top grades.

"At this stage farmers in the drought stricken regions can not apply for government aid because no area in the Western Cape currently qualifies under the government's drought aid regulations," Mr Bosman said.

On the positive side, Mr Bosman said, farmers who have stored sufficient fodder are on a good wicket to start sheep farming because they are able to obtain excellent material.

"In terms of wheat production in the SWD producers still have two to three weeks to plant, but the growth season is becoming shorter which will have a negative influence on quantity.

In the Swartland follow-up rains are desperately needed to supplement the good falls of a couple of weeks ago."

According to a spokesperson of the Caledon-Riviersonderend Co-operative, wheat farmers in the region "are praying for rain" as most of the planting was done in dry-land soil which depended on timeous rains.

The later seeds were planted, the shorter the growth period would be which in turn would "cause a smaller yield and hold negative financial implications"

Dr Bertus Olivier, general manager of WPK Agriculture Limited said: "The economy of the Western Cape will be hard-hit if crops fail because of prevailing drought conditions.

"Regarding fodder, the crisis is deepening and if the rain continues to stay away and good and penetrating falls are not experienced by July we will be in serious trouble"

# Plans for Western Cape revenue drop

(49A) (49A) BD 3/5/96  
Linda Ensor

CAPE TOWN — The Finance and Fiscal Commission has projected a real decline in Western Cape per capita revenue to R2 003 in 2002/3 from R2 234 in 1996/97, if its formula on state allocations to the provinces is implemented.

The Cape Chamber of Commerce, which slammed the commission's recommendations over the weekend, noted that the drop would be higher after taking inflation into account.

The commission's final proposals were presented to the budget council last week and finance MEC Kobus Meiring, who saw the proposed allocation for the Western Cape in 1997/98, said at a press briefing that it would have "devastating" consequences for the province unless there were alternative sources of revenue.

Cape Chamber of Commerce vice-president Ali Gierden said the commission's allocation formula would threaten growth prospects. The chamber was seeking a meeting with the parliamentary joint standing committee on finance to raise its concerns, he said.

"The formula is loaded by a weighting factor of 25% for people living in rural areas, which will sharply reduce the Western Cape's allocation because of the small rural population. What is more, rural people who migrate into

urban areas, as in the case of Khayelitsha, are not brought into this count", Gierden said.

"When we raised this (with the commission) we were told that the weighting of 25% is essentially a value judgment by the commission because of the lack of reliable data. It has to be recognised, however, that backlogs and disparities in rural areas are being redressed by way of the RDP, and we believe that the 25% is too high and should be reduced."

The chamber took issue with the tax equalisation formula to be used to compensate provinces with a smaller tax base. Gierden said an arbitrary percentage had been introduced that would adversely affect productive provinces like the Western Cape.

If the compensation formula was adopted, the Western Cape's share of the total state allocation would shrink to 7,69% in 2002/3 from 11,13% in 1996/97. The total formula allocation to the province in 1995 rands would be slashed to R6bn in 2002/3 from R8,4bn in 1996/97. This would mean a cut to R1 362 a person from R2 145 a person.

Gierden noted the commission projection that the Western Cape's total revenue including tax would remain reasonably constant over the period did not take into account that its tax base might fall due to lower state allocations.

# W Cape employment explosion expected

CAPE METROPOLITAN officials are to inform the public of their plans for the Metropole in a series of workshops starting on Friday. They are extremely upbeat about the area's potential for development, writes **ROGER FRIEDMAN**

**J**OB CREATION in the Cape Metropolitan Region will soon outstrip population growth — if the Western Cape can sustain the present level of economic development without drowning in a sea of unemployment and poor social backing.

According to statistics in the 1994-95 report, Cape Metropolitan Transport officials at the first of a series of public workshops on Friday, 17 February, said that a projected increase by 48% by the year 2015 in employment opportunities will increase by 65% in the same period.

Working with the population increase of 30% in the same period, new facilities will be required — and about R12 billion will have to be required into upgrading the metropolitan transport system.

It is with this last figure that transport plan officials primarily concern themselves — and they are not at all surprised that their

port planning cannot be undertaken in a year that it must be handed in-hand with land-use, economic and environmental planning.

It is a requirement of the Urban Transport Act that 'cities' in metropolitan areas produce transport plans. In the Western Cape, the plan has been dubbed 'Moving Ahead'. A draft policy document should be ready for publication by the end of the year.

A series of workshops will be held in each of the six new municipal subdivisions. Each has been designed to maximise public participation. The process starts in Matieland.

Urban economist Veronique Naudé — a consultant in the Moving Ahead project — said the Cape's projected growth could be accommodated within the Metropolitan Development Framework which sets a boundary to urban development to promote higher density and urban sprawl.

Certain high density mixed land-use corridors have been identified as the main focus for suburban public roads.

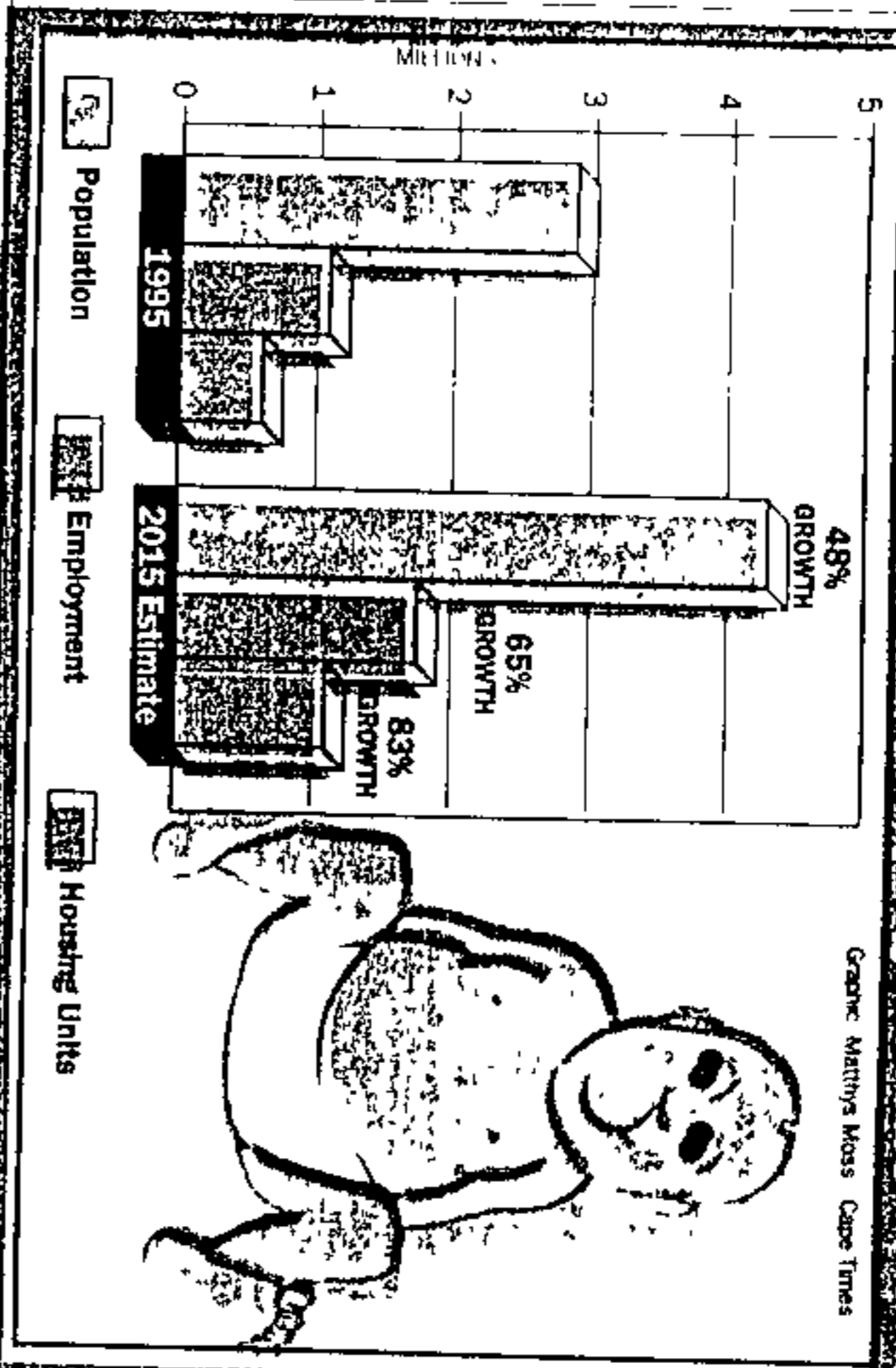
Significant upgrading of public transport systems along these corridors is envisaged. Naudé said corridors included Voortrekker Road, Blyvooruitzicht Road, Weston Road, Eburum Road, Bellville and Lansdowne Road.

At Lansdowne, Weston Road corridors were being tackled as a national demonstration project which would include a major bus-rapid mode in under-developed Philippolis. It is even envisaged that the new Cape Metropolitan Council could establish its headquarters in the Philippolis node.

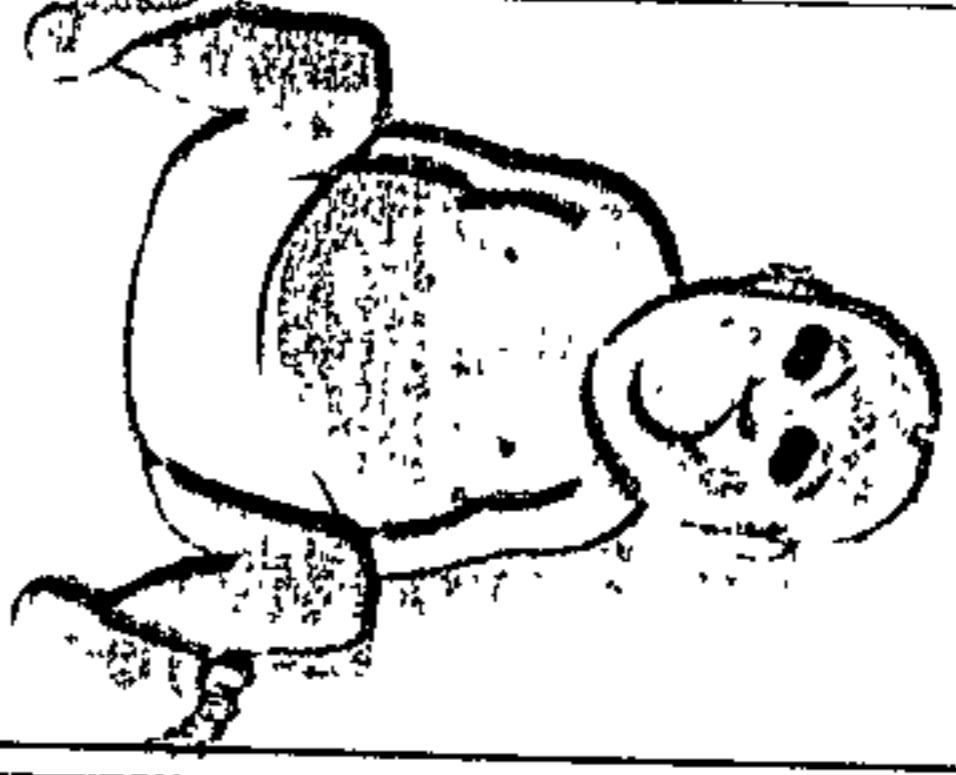
The Metropole's major growth points into the 21st century would be the Philippolis, Wynberg, Somerset and Matieland, and a new being Road towards Aggeneys, the so-called eastern edge from Kransfontein to Estrie River and a north-south link from Philippolis through Debit to Beaufort.

At its core though, the Moving Ahead project is about transport. It is about developing a sustainable

## CAPE METROPOLITAN REGION: Summary of Growth Projections



Graphic: Matthews Moss Cape Times



attractive public transport system to entice commuters out of their private vehicles.

At present more than half the metropolitan's workforce uses private cars, says Veronique Naudé.

Veronique Naudé, project director of the Moving Ahead project, says that the Metropolitan Development Framework is the blueprint for the region's development and development strategy. The absence of a comprehensive economic develop-

ment plan for the province and competition between the metropole's six new subdivisions.

The government could have a detrimental effect on the realisation of future growth in the metropolitan, he said.

The R12bn price tag for public transport development would have to be shared by central government, provincial government, local authorities and banks.

According to the Western Cape Independent and Wesleyan churches, the impact of the

Western Cape increased its share of the national economy from 12.1% to 14.1% in 1997.

Wesgro believes tourism competition is a major growth driver. Several experts, marine and business services are showing promise for long-term growth. Also projects such as the Olympia, Capri, Xperience Park, Curjans, and the new casino investments as well as the Namakwa Sands and the new growth impact.

*'Initiatives should be handled at a national level'*

# Wesgro changes strategy

CT (BR) 5/6/96 (49A)

By Audrey d'Angelo

Cape Town — The Saldanha steel mill development on the West Coast would "lead to a massive 15- or 20-year chain reaction into secondary and tertiary industries" providing up to 40 000 jobs, a United States consultancy said yesterday.

The Services Group has been working with Wesgro, the Western Cape investment and trade promotion agency, on a contract financed by USAid to evaluate the international competitiveness of key industries in the province.

But Hugh Doyle, one of the group's consultants, said that attempts to interest overseas investors in specific sectors should be handled as a national rather than

a provincial initiative, particularly in Asian countries. He said Asian businessmen, in particular, liked to enter schemes that had government approval.

The Services Group has identified three sectors in which the Western Cape was internationally competitive and offered opportunities for more investment: tourism infrastructure, telecommunications and industry arising from the Saldanha steel mill.

It advised Wesgro to enlist the help of large players in the three sectors in campaigns to attract foreign investment. Wesgro had too small a budget to compete with rivals in other countries.

Doyle said there was "a yawning gap in the provision of medium-priced hotels" in the area.

The group also considered three other possible industries: the export of cut flowers and the motor and clothing sectors.

He said that the manufacture of low-priced clothing was moving from South Africa to countries like Malawi where wages were lower. But local manufacturers catering for the top end of the market could succeed.

Doyle said though there was a cluster of motor industries in the Western Cape, there might be pressure to move these to the Eastern Cape or Pretoria, where there was a greater concentration of them.

David Bridgman, Wesgro's chief executive, said it was abandoning its general approach to attracting investment in the area for a more focused one.



**MOVING PARLIAMENT:**

*The virtual entrenchment of Cape Town in the new constitution has largely removed the uncertainty about the future location of Parliament.*

# Parliament a key to Cape's future

49A  
Future government structures and the siting of parliament would have a significant affect on the future of the province.

25  
However, the Western Cape Monitor says the uncertainty about the future location of parliament has been largely removed through the virtual entrenchment of Cape Town in the new constitution.

But the new constitution was ambivalent about the devolution of powers to provincial governments while there was very limited transfer of fiscal resources

to the provinces.

The prospects of lower budget transfers may result in staff retrenchments.

Privatisation was likely to be slow and could not be expected to have any major economic consequences for the province.

The election of the new Cape Town Metropolitan Council and the six metropolitan sub-structures would have "a significant impact on the structures of organisations" but it was "unlikely to lead to dramatic conse-

quences for business.

13/6/96  
"At best it will speed up some of the social and commercial/industrial development projects.

The recognition of development organisation Wesgro as the provincial trade and investment promotion agency by the provincial government would "somewhat" reduce the gap in development corporations in the province.

The establishment of a provincial development bank would further help to fill the vacuum.

# New jobs created but growth still slow

(49A)  
ARG 13/6/96

**ALIDE DASNOIS**  
Business Editor

NEW jobs are being created in the Western Cape, but not fast enough to make a dent in unemployment, according to provincial Minister for Economic Affairs Chris Nissen.

Presenting his department's R10,1-million budget in the provincial legislature, Mr Nissen said the province's labour force was growing at a rate of between 2,7 percent and 2,9 percent a year.

Last year, employment growth in the Western Cape was estimated at between two and three percent.

This meant that job growth was just mopping up new entrants to the labour market, without reducing the unemployment rate.

The Western Cape was geared for growth, Mr Nissen said, and was set to play an increasingly important role in the national economy.

Economic growth in the region was estimated at 4,1 percent last year and could reach four percent this year.

But, he warned, growth did not necessarily mean job creation.

With a labour force of 1,7 million and an unemployment rate of 17,3 percent, the Western Cape should be as much concerned about creating new jobs as South Africa's other regions, he said - even if other regions had unemployment rates far above the national average of just under 33 percent.

Regional statistics on unemployment were not available, but indications were that employment had increased in tourism, agriculture, the retail and wholesale trade and the manufacturing industry, in spite of job losses in the clothing and textile sectors.

Employment in construction had slackened but the sector should take off later this year, Mr Nissen said.

International investment in the Saldanha Bay area could create 50 000 jobs in the next 10 years, he said, following the building of the new steel mill.

Saldanha Bay would be one of the areas on which his department would focus in its efforts to attract investment to the province.

Others would be tourism and automotive component manufacturing in line with the Eastern Cape auto-assembly corridor.

The telecommunications and hi-tech industries would also benefit through the promotion of the Capricorn Science and Technology Park, which aimed to make the Western Cape the Silicon Valley of South Africa.

Mr Nissen said he was negotiating with a company based in Thailand and another in Hong Kong about investments with a combined value of more than R300 million in the province.

During the past 18 months, at least R600 million had been invested in the Western Cape and 2 000 permanent jobs created.

## Illegal shebeens targeted

Business Reporter

NEW liquor legislation would clamp down on illegal shebeens and corner cafes, Provincial Minister of Economic Affairs Chris Nissen said.

The new legislation, at national and possibly provincial level, would favour extended trading hours in tourist areas, he said.

Mr Nissen said he was negotiating with Minister of Trade and Industry Alec Erwin, to ensure the province got a significant percentage of income generated from the administration of the liquor acts.

The provincial government would process 250 new liquor licences this year, as well as 300 renewals of applications and 300 transfers.

## New policy aimed at growth

A DRAFT economic policy for the Western Cape would be presented to the provincial legislature within the next two months, provincial Minister of Economic Affairs Chris Nissen said.

Discussions during the past 14 months with business and labour had led to agreement on key targets.

These were high employment, export orientation and industrial diversification.

The challenge for the area was to maintain an economic growth rate which was two percent higher than the national average, he said.



# Western Cape growth takes the lead

(49A) (Cape) 13/6/96

Economic growth for the Western Cape for 1996 could be around 4,2 percent - considerably higher than the less than 3 percent expected for the country's economy.

The estimate is made in the latest Western Cape Economic Monitor annual review, undertaken by the Cape of Good Hope Bank and the regional development organisation, Wesgro.

The predicted 4,2 percent growth of the gross regional product (GRP) follows last year's 4,3 percent, which also outstripped the national growth. This pattern could be expected to continue because the region had a number of buoyant sectors.

The review said the GRP for the region had been downgraded following the depreciation of the rand from 4,5 percent estimated earlier

this year for 1996.

However, the Western Cape had some protection from the falling rand and a more retarded growth rate. The contributing factors included:

□ The region's major sectors - tourism, agriculture, fishing, food processing and financial services - were not negatively affected by the plunging rand.

The sectors should be boosted by higher rand values for exports and the damper placed on competing imports;

□ The investment scenario in the Western Cape was perceived to be different from the rest of the country and this applied to some extent to the current short-term phase; and

□ There were clear signs that consumer spending and related

industrial activities had been dampened in the Western Cape over the past six months.

The review said this should be welcomed in as far as it helped the shift towards higher exports and enhanced greater productivity.

Although the Western Cape possessed a distinct range of growth and development opportunities, there was a need to effectively address job creation and "break out of the low growth of the past".

## Opportunities

The opportunities in the Western Cape "have to be supported enthusiastically and consistently at provincial, sub-regional, metropolitan and sub-structure levels.

"It is at these levels where uncertainty about future roles and

resources and the need for visionary leadership is currently greatest."

Short-term growth expectations of the Western Cape sub-sectors could be divided into three groups.

There were those growing significantly faster than the regional GRP average; those growing at about the GRP average; and those that were either stagnating or declining.

The rapidly expanding sectors were:

Fruit, fruit juices and wine; tourism and recreational/sport services; financial and business services (including property); food processing in selected niches; film-making and advertising; arts and crafts; electricity and water distribution; and maintenance and repairs.

The moderately growing sec-

tors were: food processing (most niches); housing construction; telecommunications; petrochemicals; fishing; printing and publishing; metal products; mining (Namakwa Sands on-stream); civil engineering (some mega projects); personal and professional services; and automotive components and machinery.

The slow growing sectors included: retail and import trade; furniture; educational equipment; clothing and textile; wheat farming; poultry; hi-tech software/hardware; and the minibus taxi transport.

Taking the "growing fast" and the "growing moderately" categories together, there could be little doubt the region had the potential to significantly expand GRP, employment and investment on a

broad base over the short-term.

Three areas that were very much on the expansion path were the property sector, agriculture and all aspects of the tourism industry.

The major problem areas were the clothing and textile industries because of the impact of the General Agreement on Tariffs and Trade (GATT) and the phasing out of the General export incentive scheme (Geis); wheat farming and the poultry sectors.

The lower rand value could help to cushion the short-term impact of structural adjustments on all these sub-sectors.

A major dampening of consumer spending because of higher interest rates and inflation could also have a negative effect on retailing and consumer spending on durables.

Indicator	1995	1996
Gross Regional Product (GRP)	4,3	4,2
Personal disposable income	3,7	3,8
Population (1995 = 4 055 000)	2,4	2,4
Labour supply (1995 = 1 730 000)	2,7	2,8
Net employment increase (formal and informal)	2,7	2,9
Retail sales	4,4	3,9
New vehicles - commercial	25,0	11,0
- passenger	23,0	8,0
Exports	4,8	5,8
Imports	15,0	4,0
Freight containers CT port (20ft equiv)	18,0	10,0
Electricity used	2,3	2,5
Building plans passed (value)	15,0	5,0
Vacancy rate, commercial/office premises	9,0	7,0
Property sales turnover	20,0	9,0
Residential property prices	7,0	4,0
Building costs	3,0	4,2
Frankel Pollak/Weekend Argus W C Share Index	34,0	10,0
Bank debits (nominal)	16,0	14,0
Inflation (CPI)	8,7	9,8
Manufacturing capacity utilisation	84	86
Tourist arrivals from outside region	31	20
Bed occupancy levels (1993 = 48 percent)	68	74

□ All value increases are deflated (real) unless otherwise indicated  
 □ Tentative estimates prepared by Wesgro (to be verified/adjusted)

## WESTERN CAPE ECONOMIC INDICATORS

Percentage Increase

# City demographic misconceptions a threat to planning

(49A) CT(BR) 13/6/96

The Western Cape's metropolitan population is expected to double within the next 30 years creating major challenges for economic and physical development.

The Western Cape Economic Monitor annual review says concern at the moment centred on the perception that most of the employment opportunities are centred on the Cape Town city centre whereas the sprawling low-income suburbs to the south-east of the city had little potential for job creation and steady income growth.

This was destabilising the whole urban fabric.

The review said considerable progress had, however, been made over the past three years in preparing a metropolitan spatial development framework that incorporated all the metropolitan sub-regions around a number of primary and secondary development nodes and corridors.

Although many of the details still had to be finalised, some trends had emerged that were relevant to medium-term development. These included:

□ Office, government, administrative, financial, tourist and convention activities were likely to concentrate in the old Cape Town city centre;

□ Modern industry, with a strong export orientation would cluster around the north-western industrial axis of Cape Town stretching up the West Coast to Atlantis and including the Montagu Gardens area;

□ High-tech industry and technology research, together with financial and professional services, would cluster behind Table Mountain on the southern and south-west axis through to Muizenberg;

□ Labour intensive, informal-linked commercial industry and industrial and service developments should concentrate on the south-eastern axis towards Nvanga, Philippi, Mitchell's Plain and Khayelitsha evolving into a new type of local-demand oriented industrial base;

□ Middle and upper-income level market-oriented industrial, commercial and ser-

vices establishments were most suited for the central and north-eastern parts of the metropolitan area through to Bellville;

□ Tourism, food processing, retirement housing and education and research should focus on smaller towns on the periphery of Cape Town, including Somerset West, Stellenbosch, Paarl and Malmesbury.

Town planners, policy-makers and investors should take these underlying patterns into account.

The clustering would not "just happen". It required urgent pro-active support and effective co-ordination.

Equally important was the development of the platteland where about 28 percent of the province's population lived.

Important aspects of the rural areas were that:

□ There was severe poverty amongst the black communities in most smaller towns and farming areas but the socio economic gap between the urban and rural areas was not as extreme in the Western Cape as it was the case in other provinces;

□ Apart from the arid Karoo areas the diversity of the province's agricultural sector provided a fairly solid basis for rural and small town development in the platteland. In addition, tourism was likely to be a growth facilitator in the four platteland regions;

□ To understand the needs of the rural areas detailed attention would have to be given to each of the small towns and their environs;

□ There was considerable scope for sub-regional and small town cluster with development initiatives including agro-processing, small scale farming, tourism and forestry;

□ The longer run potential of smaller towns like Stellenbosch and Paarl would be affected by their positioning on the periphery of the Cape Town metropolitan area; and

□ The RDP would play a significant role in improving the lot of rural villages

# Job creation remains a challenge for W Cape

(1873) (49A) CT(BR) 13/6/96

Western Cape employment

Unemployment in the Western Cape remains lower than in the other provinces, but the region is still a far way off meeting the job creation challenge

This was the conclusion of the Western Cape Economic Monitor annual review.

The review said the province's development organisation Wesgro estimated, in line with other researchers, a 64,2 percent rate of formal sector employment and an 82,7 percent formal and informal sector rate of employment.

The informal sector however included "survival self-employment, which was often at a very low earnings rate and of a very unstable nature".

The annual increase in the population was estimated at 98 000, which would result in an annual increase in the labour supply of about 45 000 a year. This would require an annual net job creation target of 50 000 as a minimum for the maintenance of social peace

However the minimum target would be "quite insufficient to tackle an unemployment level of 300 000 people"

It was not possible to state firmly whether net employment in the region had increased over the past year by as much as the increase in the labour supply.

National figures on formal sector employment for 1995 suggested new jobs still fell far short of the increase in labour supply.

The expansion of tourism and agriculture in the province had increased labour absorption during 1995 considerably, though much of this was informal and was not reflected in statistics.

Formally employed



Unemployed (but seeking employment)

Active in the informal sector

In the review it is argued it would be wrong to reason that "genuine employment" only takes place in the formal sector. Over the past 10 to 15 years informal sector job opportunities had expanded rapidly in and around the urban areas, with rapid increases in black townships

The three major employment sectors in the Western Cape were social, personal and government services; manufacturing; and commerce, which together absorbed close to 60 percent of those in employment. Agriculture, construction and the financial sectors also played a significant role.

In a trend, out-of-step with the rest of the country, employment in agriculture in the Western Cape had been on the increase for the past 10 years.

Available statistics did not really capture the employment significance of the tourism industry, which fell within several economic sectors.

Wesgro was currently involved in a study of the macro-economic significance of tourism in the Western Cape economy

# Meiring warns of R750m budget deficit for province

CT 14/6/96 (49A)

**FRANÇOISE BOTHA**

THE Western Cape could see a budget deficit of R750 million next year if the trend set by the central government of effectively shrinking the province's resources continues, says Mr Kobus Meiring, MEC for Western Cape Finance.

Speaking at the Western Cape Wesgro/Cape of Good Hope Bank seminar in the city yesterday, he said: "This would be equivalent to closing the doors on two of our academic hospitals such as Groote Schuur and Tygerberg."

The Western Cape budget for 1995/96 of R7,9 billion was exceed-

ed by R1,3bn. But the books were balanced by a top-up in March.

However, the government has warned the Western Cape that excesses in local government spending would not be provided for this year.

The 1996/97 budget of R8,8bn still represents a R300m shortfall based on last year's spending.

Education gets the largest slice of local government spending at R3,1bn. On retrenching or redeploying teachers, Meiring said: "Redeployment is not going to solve the budget problems. Unless you get them out of the province, it is not going to help."

# Not enough jobs created in W Cape

(49A)

Sowetan 14/6/96

Province set to play an increasingly important role in national economy

## Sowetan Business Correspondent

**N**EW JOBS are being created in the Western Cape - but not fast enough to make a dent in unemployment, according to MEC for economic affairs Mr Chris Nissen.

Presenting his department's R10,1 million budget this week, Nissen said the province's labour force was growing at about 3 percent a year.

Last year employment growth in the Western Cape was estimated at between 2 and 3 percent. This meant that job growth was just nipping up new entrants to the labour market, without reducing the unemployment rate.

The Western Cape was geared for growth, Nissen said, and the province was set to play an increasingly important role in the national economy. Economic growth in the region last year was estimated at 4,1 percent and could reach four percent this year.

But, Nissen warned, growth did not necessarily mean job creation. With a labour force of 1,7 million and an unemployment rate of 17,3 percent, the Western Cape should be as much concerned about creating new jobs as South Africa's other regions - even though other regions had unemployment rates

far higher than the national average of just under 33 percent.

Regional statistics on unemployment were not available but indications were that employment had increased in tourism, agriculture, the retail and wholesale trade and manufacturing industries, in spite of job losses in the clothing and textile sectors.

Employment in construction had slackened but the sector should take off later this year, said Nissen.

### Saldanha project

International investment in the Saldanha Bay area could create 50 000 jobs in the next 10 years following the building of the new steel mill.

Apart from the Saldanha Bay project, Nissen said, other sectors which could lure investment to the province included tourism, automotive component manufacturing in line with the Eastern Cape auto-assembly corridor, telecommunications and hi-tech industries.

The Western Cape government was negotiating with a Thailand-based company and another in Hong Kong to invest more than R300 million in the province.

In the last 18 months, about R600 million were invested in the province and 2 000 permanent jobs were created.

WESTERN CAPE HAS HIGHEST AVERAGE HOUSEHOLD INCOME

# Cape's the place to be

CT 18/6/96 (49A)

**PEOPLE** in the Western Cape earn the most money in the country, a new survey finds. **BARRY STREEK** reports.

**T**HE quality of life in the Western Cape is much higher than the South African average and is only surpassed by Northern Cape — but African people are seriously disadvantaged, a new survey has found.

The average household monthly income in the Western Cape, R3 773,50, was the highest in the country.

But the racial differences in average household income are extreme — R7 175,30 for the average white household compared to R883,70 for the average black household.

These figures add weight to the government's campaign to promote economic growth and reform — and to close racial disparities.

The average household income for coloureds was R2 092,50 and for Indians R4 185,40.

The survey has been published by Eskom and is aimed at business executives.

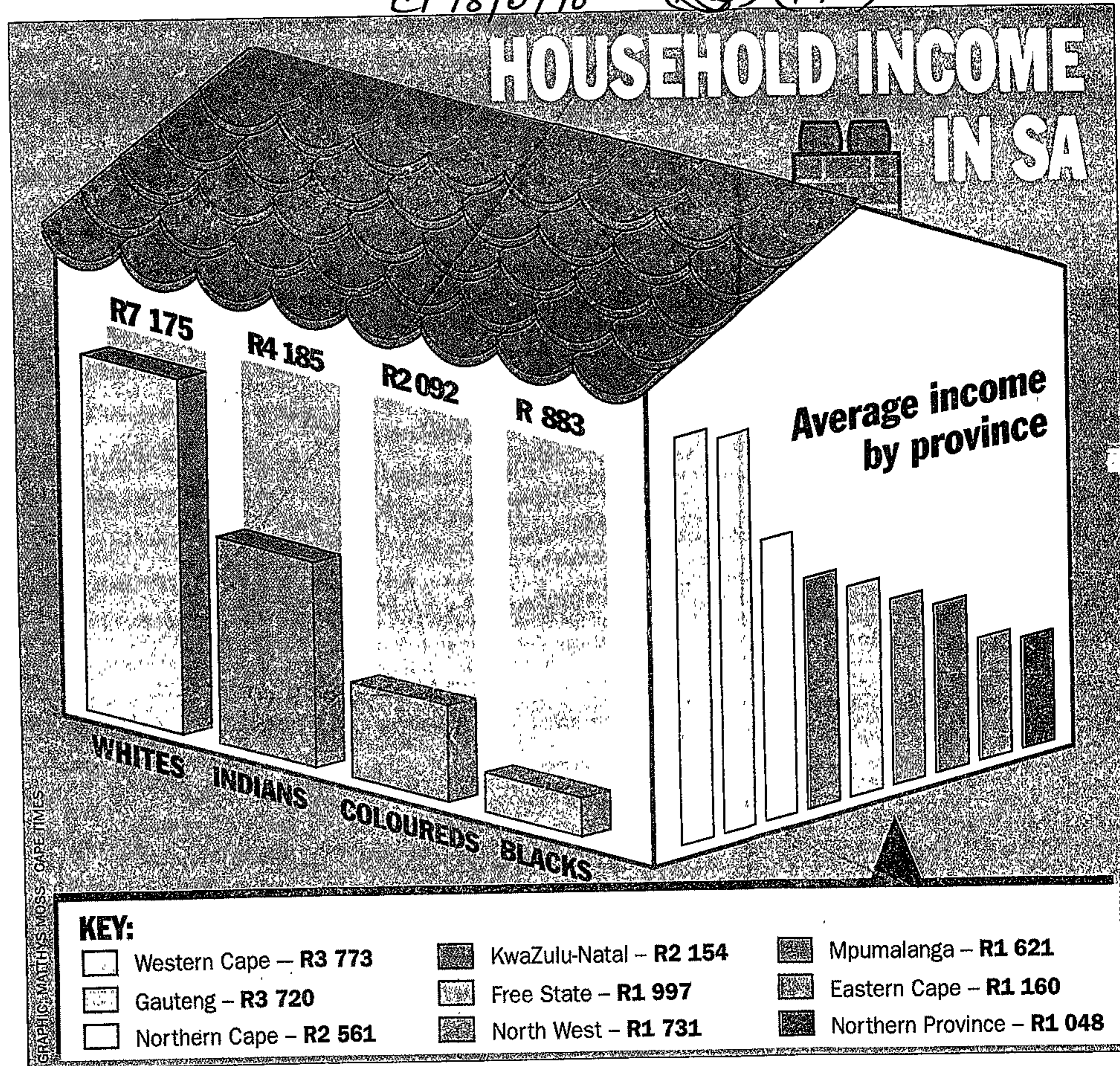
Dr Bob Mattes, project manager of Idasa's public opinion service, said the figures were an "obvious reflection of separate development and the coloured labour preference policy".

"It means that beyond all the arguments about racism and identity, there are real material and economic differences between whites, coloureds and blacks which translate into differences in political support," he said.

Dr Amanda Gouws, senior lecturer in political science at Stellenbosch University, said the May 29 election results in the Tygerberg and Central sub-structures meant the ANC would have strong nominated representation on the Metropolitan Council — good news for Africans. This was because of the political formula which located half the Tygerberg seats in Khavelitsha "Council may re-direct services to Africans — if we want to eradicate inequality that's a sound policy to follow," she added.

The survey found the average quality of life on a 10-point scale in the country was 6,5, in the Western Cape it was 7,4 and 7,9 in the Northern Cape. These provinces were followed by KwaZulu-Natal (6,8), Gauteng (6,6), Mpumalanga (6,5), Free State (6,3), Eastern Cape (6,2), Northern Province (5,5) and North West (5,5).

Turn to Page 5



# Nissen blames NP for RDP delays

CHRIS BATEMAN

49A  
CT 20/6/96

CONFLICT in "less than five percent" of Western Cape RDP forums was being used by his NP opponents to marginalise all forums and delay their accreditation, RDP and Economic Affairs MEC Mr Chris Nissen said yesterday.

Delivering a fiery budget speech, Nissen said moves to institute "participatory democracy" had met with resistance from his NP colleagues in the provincial RDP cabinet committee.

He said this resistance stemmed from "a lack of understanding of governance and democracy".

"Building a vibrant civil society does not mean replacing government or creating a fourth tier of government," he stressed.

Nissen said that since November 1995, 22 RDP projects costing R6,3 million had been funded from the provincial discretionary fund, with a strong focus on job-creation.

This financial year a total of R610m had been earmarked for Western Cape RDP projects, including primary school nutrition and pilot land reform.

Nissen said his department was working with the Olympic Bid Committee and "various task teams" to link infrastructural needs to RDP projects.

His department also aimed to ensure the province's development needs were not marginalised "in the drive to become the bid city".

# Natural gas to fuel economic boom

(49A) ARG 29/6/96

■ The Western Cape is set to become the first South African province to be supplied with natural gas as an energy source. The gas, which will be piped from the Bredasdorp Basin, could serve as an economic catalyst for the region.

**WILLEM STEENKAMP**  
Staff Reporter

THE Western Cape could face a major economic boom with the establishment of a gas network which will ultimately meet a substantial part of the energy requirements of the entire region.

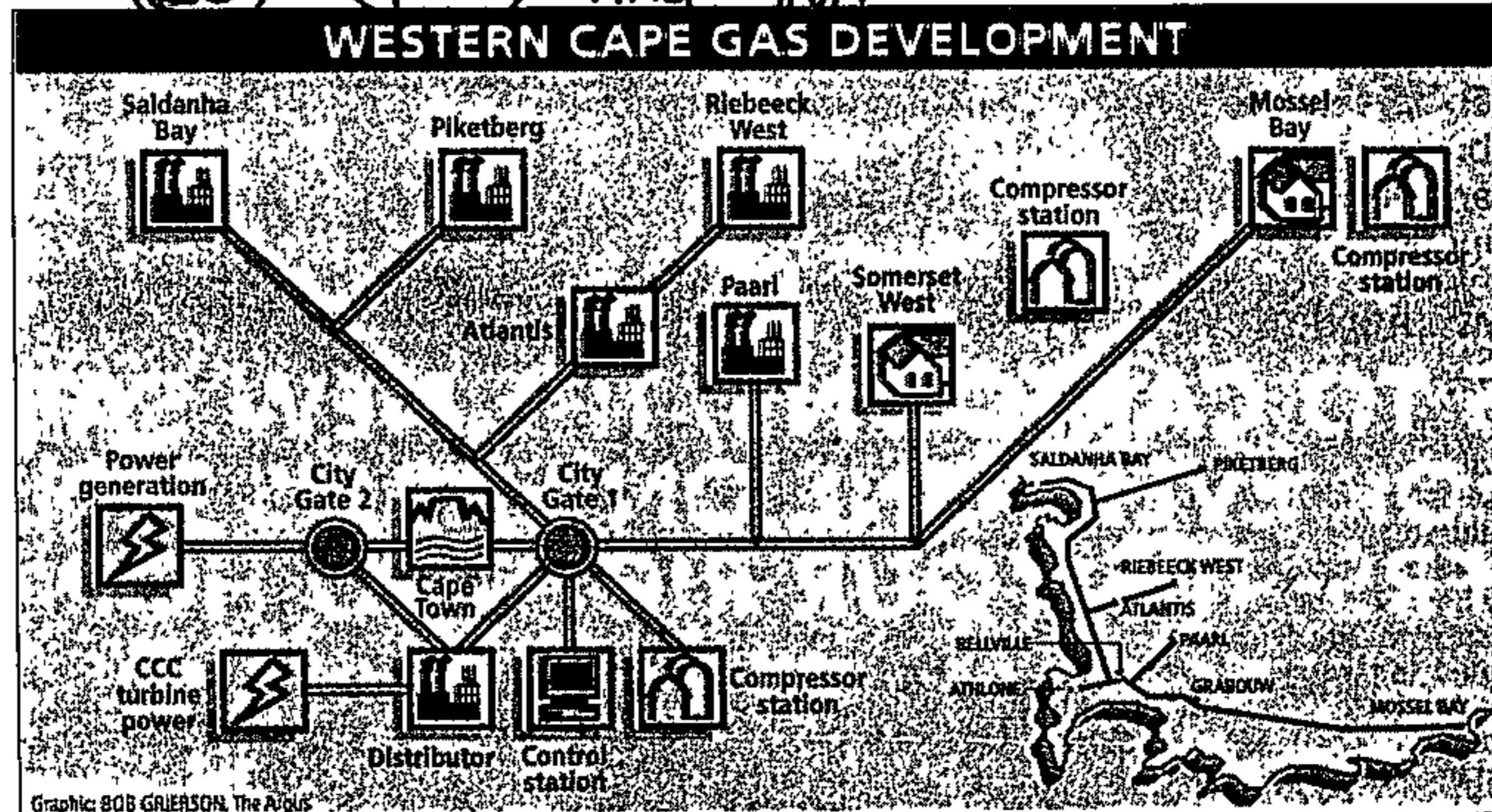
In an exclusive interview with SATURDAY Argus Soekor has disclosed that a comprehensive study to establish whether gas reserves could meet the energy requirements of the Cape and form part of a network to serve the whole of the Southern African region is nearing completion.

Gas is one of the cleanest energy resources and once pipelines have been laid, it is relatively cheap to pipe gas from gas fields off the coast to different development nodes. In Europe and America gas is piped thousands of kilometres from the source to the user.

Soekor spokesman Jack Holliday, who has been closely involved in the project, said the company had already established that there was a substantial market for gas as an energy source.

The company had also determined there were enough gas reserves in the offshore Bredasdorp Basin to supply gas to the Western and Eastern Cape for at least the next 25 years and the possibility exists of more gas discoveries.

Mr Holliday said now that Soekor had established there was a substantial market for natural gas, a study was being done to



Graphic: BOB GRIERSON, The Argus

see if gas could be produced at an acceptable commercial rate for the user.

Johan Visagie, development economist at Soekor, said the change to gas as an energy source held the potential to transform the economic prospects of the region.

Cape Town electrical engineer Fred Berwyn-Taylor said the city would gladly buy gas as an energy source to power its power stations if it was available at a reasonable price.

Mr Berwyn-Taylor said that it would be fairly simple to convert coal burning power stations to gas burning stations.

It currently costs about R200 a ton to transport coal from Gauteng to feed power stations. The transport of gas would take place through a 45cm pipeline and would be much cheaper in the long run.

Mr Visagie said a major macro-economic disadvantage for the Western Cape was its distance from coal fields and the consequent high delivery cost of coal as an energy feedstock to the region.

This situation had precluded much industrial development.

It was envisaged that a gas pipeline could be constructed between Mossel Bay and Cape Town with branches to major centres

identified as growth points, including Paarl, Atlantis, Riebeeck West, Piketberg and Saldanha Bay. The gas delivery chain could be owned and operated on a commercial basis by private companies with no state funding requirements.

Mr Visagie said the gas industry in Southern Africa was largely undeveloped and in 1994 natural gas accounted for less than two percent of the total regional energy demand.

The International Energy Agency expects gas to meet 25 percent of world energy needs in the next century and indications are that this will also apply to regions on the African continent.

With gas projects such as Songo Songo in Tanzania, Pande in Mozambique and the huge Kudu gasfield near Luderitz in Namibia, there is potential for a future energy inter-dependence between South Africa and its neighbouring countries.

This could eventually see a cross-border supply of natural gas and the consequent escalated development of a natural gas industry in Angola, Mozambique and Namibia.

The realisation of the Western Cape gas option could also serve as a catalyst for the development of the Kudu gas field, offshore of Namibia, and the linking of gas produced from that field into the Western Cape transmission system.

Mr Holliday said there was a vast potential for other gas discoveries on the West Coast and, if and when these fields were developed, they could also be linked into the gas transmission system.

Mr Visagie said the development of the Western Cape gas project would contribute significantly to the Reconstruction and Development Programme by providing a convenient source of energy.

The infrastructure for domestic gas usage could be implemented in the RDP housing projects, resulting in a huge benefit for both the government and the communities concerned.

The use of gas would not only reduce overall energy costs, but would significantly stimulate regional industrial and economic development, Mr Visagie said.



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# W Cape to lose billions in revenue

(49A)

By TOM HOOD

ST 1/9/96

THE Western Cape faces a cut of billions of rands in the revenue it receives from government, says Ali Gierden, vice-president of the Cape Chamber of Commerce and Industry.

A new formula proposed by Parliament diverts 25 percent more cash to people living in rural areas and reduces the Cape's allocation from R2 145 a head this year to R1 363 in 2002. Total allocation will drop by R2 368-million from R8 378-million this year to R6 010-million in 2002. The figures allow for inflation.

"The formula is loaded by a weighting factor of 25 percent for people living in rural areas, which will sharply reduce the W Cape's allocation because of the small rural population. Moreover, rural people who migrate into urban areas such as Khayelitsha are not brought into this count," said Gierden.

"To channel resources from productive regions to rural areas runs counter to market forces and smacks of the former government's decentralisation policy which proved to be a costly failure."

The issue will be raised by the chamber at the Business Meets Cabinet symposium on Friday when business leaders meet Premier Hrnus Kriel and his ministers.

Another issue is a tax equalisation formula which attempts to compensate provinces with smaller tax bases. But again the Cape would be worse off, said Gierden.

# Western Cape faces a R472m budget deficit

BD 6/9/96 (49A)

Linda Ensor and  
Ingrid Salgado

THE dramatic cut in central government grants to provinces this year and unbudgeted expenditures by Western Cape education and health departments meant that the province was faced with a projected budget deficit of R472m this financial year, finance MEC Kobus Meiring said yesterday.

The disclosure of the budget shortfall followed criticisms by financial and fiscal commission director Pundy Pillay on Wednesday that government expenditure was being cut too fast and would seriously undermine the ability of provinces to deliver services.

Pillay told the Senate finance and public accounts committees an analysis of government's budget council projections for the 1997/98 fiscal year indicated that real expenditure by central government departments would have to be cut 17% and that of provincial governments by 7%.

Meiring also warned in an interview yesterday of the danger of service standards being threatened if budget cuts proceeded too fast. Budgeting in the 1997/98

year would be very difficult on the basis of the provisional figure for government's allocation to the Western Cape as further sharp cuts were mooted. A far higher deficit was likely, given estimates of departmental expenditures.

"We have embarked on a comprehensive effort to reduce expenditure, especially with a view to the coming financial years which will be very difficult to budget for in light of the recommendations of the FFC which try to achieve equity in five years and which will definitely be to the disadvantage of the Western Cape," he said.

Gauteng finance and economic affairs MEC Jabu Moleketi said yesterday the commission should have circulated its report among provincial authorities before making it public. He confirmed Gauteng's real expenditure would be cut by about the average 7%.

Tim Cohen reports that the finance department declined comment on the commission's complaint that expenditure was being cut too sharply, hitting provinces' ability to deliver vital services. A spokesman said the department would take up with the commission any differences it might have.

# City council 'failing hopelessly' to promote economic development

STW 11/9/96 (49A)

ANDREA WEISS  
METRO CORRESPONDENT

CAPE Town is "failing hopelessly" to promote economic development because it has put only eight of its 17 000-strong workforce on the job.

This assertion was made by Rod Young, development co-ordinator for the city, in a report he described as "brief and brutally honest".

Mr Young told the property and economic development committee of the Cape Town municipality that although the council was politically committed to economic development and had produced numerous policy documents to this effect, little had been achieved on the ground.

"It is remarkable, but true, that the political will and the adoption of so many growth promotion policies has had virtually no effect on the structure and functioning of council other than the formation of the property and economic development committee," he said.

"Outside of my office (three officials) and the economic development section of the town planning branch (five people), there are few, if any, of council's 17 000-plus staff who are employed specifically for the purpose of promoting economic development."

Mr Young said the development co-ordination team had achieved a great deal in facilitating pro-

jects such as Capricorn near Muizenberg and the development of the old power station site where the Hilton hotel is to be built, but it was severely overloaded.

"This problem has been critical of late and for the last six months or so it has been virtually impossible to get five members of the team together for a meeting because of other demands being made on their time," he said.

He urged the council to allocate more time and resources if economic development and job creation were to take off.

Mr Young also warned that developers were shying away from the Cape Town municipality because it took too long for them to get projects off the ground. He has suggested that the council consider allowing one-on-one negotiations with developers who have appropriate proposals. This would save them having to go through slow public competition processes.

Mr Young said the municipal ordinance allowed the council to make out-of-hand sales in exceptional cases where the council "is of the opinion that public competition would not serve a useful purpose or that it is in the interests of the community and the council".

He said this approach could be used for developments of substantial size and with significant job-creation potential.

# Cape Town top of the pops with business investors

(49A) ARG 18/9/96

**Johannesburg - Investors preferred to set up business in Cape Town in the second quarter of 1996, says a statement by Rode & Associates.**

They said this could be deduced from the fact that capitalisation rates for the Mother City were lowest of all cities for prime CBD office buildings, industrial leasebacks as well as regional shopping centres.

Rode said capitalisation rates for office buildings in Cape Town were moving in a very narrow range at a time when capitalisation rates for CBD offices appeared to be in an uptrend.

Even prime centralised office nodes such as Rosebank and Sandton in the greater Johannesburg area have been affected by this uptrend, despite low vacancy levels and higher real rentals.

During the survey quarter, capitalisation rates for prime CBD offices in Cape Town edged down to 10 percent.

This capitalisation rate was comparable to those for Sandton's CBD (10,3 percent) and Rosebank (10 percent).

Real rentals for prime CBD offices were rising in tandem with the upswing in the property cycle, said the Rode statement.

The most expensive prime office space in the second quarter was at Granger Bay (R49,34 a sq m a month) and V&A Portwood Ridge (R47,65).

Landlords in Rosebank, Johannesburg, achieved rentals of R45,23 during the same period. - Sapa

# New Cape corridor open soon

**POLITICAL WRITER**

(49A) CT 19/9/96  
THE Philippi-Wynberg development corridor would be officially opened at the end of next month, Transport Minister Mr Mac Maharaj said yesterday.

The corridor would promote better transport and traffic systems, increased employment, trading areas and densification of housing. He said similar development corridors were being planned in Durban.

Maharaj said at the release of the Transport white paper, that the

transport plans for the 2004 Olympic bid were being co-ordinated by the Cape Town municipality with the involvement of both the national and provincial departments.

Maharaj also said he and Safety and Security Minister Mr Sydney Mufamadi had met representatives of the two Cape Town taxi associations, Codeta and Cata, on Tuesday and had agreed on the regulation and licensing of taxis to allow control to be exercised over the taxi industry.

# It's confirmed: Western Cape is the best place to live in SA

ESTELLE RANDALL  
LABOUR REPORTER

**People in the Western Cape can expect to live to a ripe old average age of almost 68 - five years longer than those in other provinces.**

This is according to the latest report from the Central Statistical Service (CSS) which says the life expectancy in the Western Cape of 67,7 years is above the national average of 62,8 and Gauteng's 66 years.

Most adults living in the Western Cape - 94,6 percent - are also literate, compared to 82,2 percent for South Africa as

a whole in 1991.

The quality of life in the Western Cape compares well with countries such as Singapore and Venezuela when measured in respect of longevity, health and the ability to communicate.

But this province is only the third main contributor to South Africa's Gross Domestic Product. The Western Cape contributes 13,7 percent of the total value of goods and services produced while Gauteng contributes 37,7 percent and KwaZulu Natal 14,8 percent.

Main contributors to the Western Cape's economy are

manufacturing (23,1 percent), tourism (20,5 percent) and agriculture, fishing and forestry (6,5 percent).

The per capita income here of R13 490, an average earned by each person in the province, is the second highest in the country. Gauteng has the highest per capita income of R19 261.

Based on existing figures, the 3 721 200 people in the Western Cape comprise only nine percent of South Africa's total of 41 244 430 people, and its population density of 28,8 people a square kilometre compares well with the national average of 33,8 people.

49A ~~26~~ ARG 25/10/96

# Sedco I boosts W Cape trade

ARL 26/10/96

(49A)

The conversion and upgrading of the Sedco I rig to a floating production unit in Simon's Town is now nearing completion and has brought considerable business to the Western Cape.

The contract is part of Soekor's R340-million plan to exploit the E-BT oilfield in the Bredasdorp Basin off Mossel Bay. The first oil is expected to be pumped in February next year.

The project is South Africa's first oil development and first floating production platform.

The giant project involves a joint operation by several international and local business houses.

This involved the procuring and upgrading of Sedco I for the oil field, wellheads, the well installation works, calm water buoy facilities, commissioning the field, transporting oil to the refinery and acquiring an export tanker.

The rig Sedco I is a suitably customised semi-submersible vessel similar to those used by Soekor in South Africa's offshore environment in the 1970s, and will operate in a water depth of 120 metres at the E-BT site. Oil will be pumped from a depth of 2 300 metres below the sea floor through two production lines to the Sedco I.

The rig and associated process and buoy equipment belong to Soekor and Energy Africa.

After the rig's four-month conversion and upgrade - which includes the modernisation of the accommodation, the upgrading of mooring systems to withstand South Africa's offshore conditions; enhancing the drilling equipment for the full work-over capacity; and installing the storage capacity of nine tanks, totalling 30 000 barrels - the rig will be towed to the oil field site.

A dedicated storage and transport tanker is scheduled to arrive in South Africa after conversion work on the ship has been carried out.

Babcock Construction was awarded the prestigious contract of refurbishing Sedco I by Schlumberger Logelco Inc.

Babcock sees it as significant that the conversion is being undertaken at Simon's Town and could be a forerunner for Babcock refurbishment contracts not only on rigs operating off the South African coastline, but also off the west African coast.

Wherever possible Babcock uses subcontractors and local labour to generate and expand local employment in the region. That is the word from Babcock's constructions, sales and marketing director.

Babcock will undertake a major inspection of the rig to determine the required repairs to its structure.

A large volume of piping and equipment will be replaced and new production modules installed to enable the rig to take on its own production role.

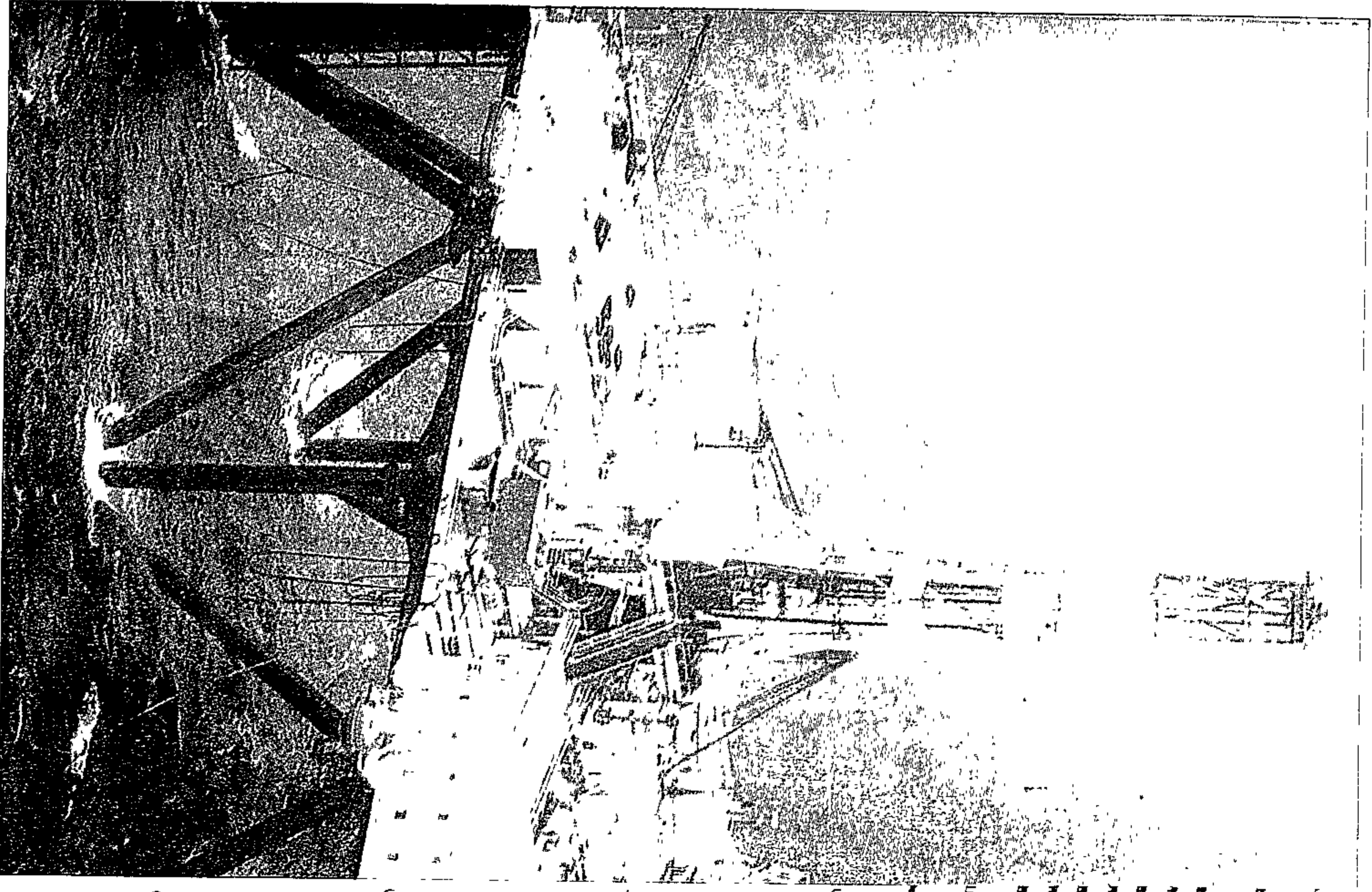
Babcock is no stranger to marine work and has been undertaking this in the Cape for some years.

Babcock has for many years performed major work on Royal Navy ships at its Rosyth yard in Scotland, and has accumulated considerable marine experience, which it has been able to call on for the Sedco I contract.

This is a significant step by Babcock Africa in retaining its business in the Western Cape.

At its peak, the multi-disciplinary contract will mean the employment of a task force of several hundred people.

A number of other unrelated industries have assisted in putting the project together.



Major Cape business: the conversion of the platform Sedco I to a production unit has brought valuable business to Western Cape industry

# City's poorest parts lose out on RDP funds

ANDREA WEISS  
METRO CORRESPONDENT

(49A) (283)

ARC 31/10/96

Some of the poorest parts of Cape Town have missed out on a R40-million RDP allocation by the Cape Metropolitan Council because former black local authorities were in a state of collapse when applications had to be submitted.

Consequently, the CMC decided yesterday to give the lion's share of its RDP funding for this financial year to projects in the Tygerberg (R14-million) followed by R7,4-million to the South Peninsula municipality, R5,9-million each to Cape Town and Helderberg and R5,2-million to the Eastern municipality.

African National Congress councillor Les Rencontre pointed out that no submissions had come from Crossroads or Brown's Farm, areas which were desperately in need of RDP funds. He suggested the CMC agree to the 28 projects identified in this year's RDP funding, but said the next year's allocations should take cognisance of areas which had lagged behind.

Saleem Mowzer added his voice in support of the suggestion, saying the administrations for these areas had been on the verge of collapse and consequently did not have the capacity to make proposals.

CMC executive committee chairman Pierre Uys said it was not possible at this stage to decide how money should be spent in the next financial year, but these issues could be dealt with in the criteria for future RDP projects.

The 28 projects which will benefit from the R40,8-million allocation include five sports facilities, five community centres, three healthcare facilities, three infrastructure services, two public transport facilities, two libraries, two creche projects, two maintenance projects for public flats, a facility for the aged, one market stalls project, a night shelter and a planning project. The biggest budget item is the upgrading of community halls in Langa, Nyanga and Guguletu, where R4,6-million will be spent.



# Residents turn to crime as poverty hits Elands Bay

*Forced to steal to survive*

ARG 21/10/96  
(49A)

JOSEPH ARANES  
MUNICIPAL STAFF

Poverty in the West Coast town of Elands Bay is reaching such proportions that local residents are surviving by stealing vegetables from farms and smuggling crayfish and fish.

Elands Bay community leader Cyril Walker said although people were stealing food from the sea to feed their families, children scavenging through the town's refuse bins were also a common sight.

"Most of the town's men are fishermen and they earn real money only during the first two weeks of the crayfish season. But even then they struggle to survive because they need to pay back the loans they make during the off-season."

Mr Walker said it was common during the off-season for men, without any income, to borrow money from factory owners. By the time the season opened many owed hundreds of rands.

"This has forced many to dive illegally for crayfish during the off-season and sell them to make money," he said.

Local African National Congress

chairwoman Christine Newman said less than five percent of the community was employed and parents were feeling inadequate because they could not put food on the table for their children.

"Some of the women work on potato farms during the first six months of the year and many take some of the crop home because they cannot afford to buy potatoes. Others go down to the beach and remove black mussels from the rocks and hide them between their breasts."

Legally, the women were entitled to remove only 25 shellfish at a time: "They use the mussels and cockles to make stews although most of the time they have nothing else to add to their pots."

"The children go around the town scrounging for rotten vegetables to add to the pot."

"How can we blame the parents for allowing their children to do this when they don't have any food or money?" Ms Newman said.

She said about 90 percent of the houses in the community had no toilets and most people relieved themselves in bushes, which was adding to already emerging health problems.

# Development council launched

CT 5/11/96

(49A)

**CHRIS BATEMAN**

THE lack of a healthy "synergy" between labour, business and the Western Cape government was destroying the province's ability to promote economic growth, Premier Hernus Kriel said at Lynedoch yesterday.

Speaking at the launch of the Provincial Development Council (PDC), Kriel said that while the province compared favourably with the other provinces, it was below par by international standards.

The eight-person PDC — with two members each from labour, business, civil society and the province — will seek consensus in creating permanent jobs, promot-

ing small, medium and micro enterprises and boosting the informal sector.

The PDC was launched in spite of strenuous objections from the ANC to the appointment of two "non-official" members to represent the province.

Mr Chris April, acting chairman of the Provincial Housing Board, and Mr Theo Behrens, former chief executive of the Regional Development Advisory Committee, are the appointments in question.

The chairperson of the PDC is Mr Walter Scheffler, former chairman of the Afrikaanse Handelsinstituut, and the vice-chairman is Mr John Neels, a member of the provincial committee.

# Western Cape sets its sights on Olympian growth

**ST (BT) 24/11/96**  
The Western Cape is flourishing but the extent of future progress will depend on its attracting investors and containing crime, writes HEATHER FORMBY

**T**HE Western Cape has been the star province in terms of economic growth and is expected to grow ahead of other regions once again in 1996.

Last year, the region's economy grew by 4.3%, well ahead of national growth of 3.5%.

Wesgro, the Western Cape's official economic and marketing unit, expects a growth rate of between 4% and 4.2% for 1996, while the national economy may achieve just 3%.

Wesgro adjusted its earlier forecast of 4.5% because of rising interest rates, increasing crime, and the drastically devalued rand around 30% down on the year at the beginning of November, which dampened capital flows.

But Premier Hannus Kriel will not rest on his laurels. He would like 6% growth and has provincial government plans to create an environment suitable for growth and development.

"We need a stable, investor-friendly environment," he says. One of the reasons the Western Cape's growth rate is higher than the rest of the country is it doesn't rely on any one sector to pull it through the year. There are a

number of high-performing sectors which have grown or which have good prospects for strong growth in the future.

Wesgro sees growth potential in tourism, agriculture, finance, insurance and business services, commerce and retailing, property, education, training, arts and culture, construction, and industry.

Some sectors, such as wine, fruit and grapes, have benefited from the falling rand because of their increasing export base and the higher rand values earned. And for tourists, travelling to South Africa becomes cheaper. So tourism has also benefited from the lower rand.

It is still difficult to judge the impact of tourism in the region but its potential is thought to be enormous — even if Cape Town is not awarded the Olympics.

If it does play host to the games, the Western Cape economy is expected to receive a massive boost. During the next year a number of infrastructural and sports developments have to take place for South Africa to be a serious contender.

If the games are awarded to



**GROWING THE CAPE...** Premier Hannus Kriel, who has set his region a whopping 6% growth target for next year plus the goal of stopping crime in its tracks in order to make this possible

Cape Town, the Western Cape's investment strategy will change drastically.

Kriel says: "If we get the games, our infrastructure will become far superior to anywhere else in the country. There will be nothing, then, to stop the region becoming a major development area."

Other projects which are in a developmental stage include the Saldanha steel plant and the Century City entertainment complex.

The problem sectors of the Western Cape economy are those which rely on imports or which face increasing international competition. However, Wesgro says no

sectors are showing a significant decline — they are simply seeing slower growth.

Problems have arisen in the clothing and textiles industries because of the impact of the General Agreement on Tariffs and Trade and the phasing out of the General Export Incentive Scheme.

Poultry is showing slow growth because of cheap imports flooding the market, and wheat farming is battling as a result of declining competitiveness.

Lower consumer spending is being felt in retailing as are higher interest rates, particularly in furniture retailing. Another worrying factor in the Western Cape is the rapidly grow-

ing population, mostly because of an influx of people from other areas. Already it is estimated that 17% of the economically active population is unemployed.

While this is well below the 33% national average, it does require that growth picks up to avoid unemployment reaching the kind of crisis levels already evident in Gauteng and KwaZulu Natal, for example.

Kriel says creation of jobs and of new wealth is one of his government's priorities for next year. The region is forming an investment bank, in conjunction with the Swiss government, which will finance small businesses. However, more investment is needed in the region to solve the

unemployment problem.

The region also has a budget problem. The Western Cape receives almost 96% of its budget from the central government and cannot raise funds from any revenue sources besides hospital fees and car licences.

The province's finance minister Kobus Meiring, expects an over-run of R1-billion in the 1996/1997 budget, as was the case for the previous financial year.

The problem is exacerbated by the government's gradual reduction of the Western Cape's budget allocation from 12% of the total to 8%. "We might be all right if the total budget grew by a reasonable amount, but 3% growth a year is too little," Meiring says.

He says he has no alternative but to retrain people as 70% of the budget is spent on personnel. The provincial government has offered voluntary retirement packages to 6,000 teachers and another 6,000 will have to go by 2002. Retirement packages will amount to "hundreds of millions of rands", says Meiring.

The result will be roughly a third fewer teachers and a saving of about R1-billion at present remuneration levels.

The Western Cape's teacher-pupil ratio is apparently too low by new standards set by the Department of Education. "To break the standards down like this to achieve equity, is comical," Meiring says.

Crime is also becoming a problem for locals and tourists. Kriel says a task group has been appointed to investigate the formation of a metropolitan police force.

"If central government can't do anything, the province will have to tackle the problem," Kriel's idea is to form a regional police force to work with the SA Police Services and play a preventative role by being visible on the streets.

Next year will be a telling one. Crime can't increase and infrastructural improvements have to take place for the region to become more investor friendly. Only then will growth rise to the 6% or more hoped for by Kriel.

# 'No changes in Cape budget formula'

ARG 25/11/96

## *Squatters to be included* (49A)

**ALIDE DASNOIS**  
BUSINESS EDITOR

**The Financial and Fiscal Commission's proposals for the national budget allocation to the provinces will take into account the large number of people living in poverty in informal settlements in the Western Cape, commission chairman Murphy Morobe has said.**

Mr Morobe was reacting to a statement from the Cape Chamber of Commerce and Industry.

The chamber claimed in its bulletin last week that a "major concession" had been made by the commission. The chamber said the commission had agreed to count the people living in informal settlements as "rural" for the purposes of its budget allocation formula.

The formula, which is designed to tackle the huge inequalities between provinces, suggests provinces with bigger rural populations should get a bigger basic grant from the national budget.

Mr Morobe said in an interview the

commission had not made any "concessions".

"There have been no changes to the formula we propose," he said.

"Ruralness is a proxy for relative levels of poverty. Even people living in settlements within the city limits could be covered by this, if their living conditions approximate to those in rural areas."

The commission has suggested that from the 1997-98 financial year financial allocations to the provinces be based on a formula with five elements.

- A basic grant, based on size of population and weighted according to rural population.

- A grant for health and school education based on a ratio of one teacher for 38 pupils.

- A "fiscal capacity equalisation grant" designed to supplement the revenues of provinces with smaller tax bases.

- An institutional grant in 1996-97 - for each province.

- A spillover grant to finance services which overlap from one province to another.

# W Cape plans for growth

(49A) M+G (PMM) 29/11-5/12/96

Lynda Loxton

**T**HE Western Cape is relying on several "mega-projects" to help it cope with the expected national economic downturn and still maintain its growth edge over other provinces.

Minister of Economic Affairs Chris Nissen told a conference on regional economic prospects this week it was "rather pleasant" to be in a province with above-average growth. But it had to be aware of the "harsh realities" facing the country as a whole and the need to ensure sustainable growth.

Wesgro economist Wolfgang Thomas said this meant that the Western Cape had to get to grips with the new environment characterised by government spending cuts, trade liberalisation and the need to restructure broad sectors of the economy to make them more competitive.

The Western Cape hoped to soften the inevitable pain this would inflict on the economy by launching several mega-projects to promote job creation and stimulate economic activity to offset the expected downswing in consumer demand.

Although the Western Cape was still expected to beat national average growth of about 3% of gross domestic product this year by clocking up 3,6% to 4,2%, a slowdown was expected next year in line with the national average.

Both Nissen and Thomas warned against complacency about the ability of the Western Cape to beat national growth levels. Unexpected hiccups such as the recent floods on the south-eastern part of the province could, for example, prove to be a major setback.

The mega-projects the Western Cape is banking on include the R6,8-billion Saldanha Steel project now under way, infrastructural projects in anticipation of the bid for the 2004 Olympic Games, extensions to Moss-gas, the expansion of Cape Town's airport and harbour, the redevelopment of District Six, the multi-million rand Capricorn science park and a planned R500-million convention centre.

Chairman of Cape Town's economic development and property committee Hanief Tiseker said a site in Sea Point near the Victoria & Alfred Waterfront had been identified as the best possible site for the centre. It would have to be financed through a joint venture with the private sector.

Tourism has emerged as the big growth sector in the Western Cape but Tiseker warned that a great deal would have to be done to jack up the availability of accommodation and international flights at peak periods as well as service levels.

He said there were plans to increase the number of hotels to 115 from 100 between now and 1998. The number of rooms would be increased by 41% to 9 202 from 6 520.

Thomas said tangible development projects under way included the provision of housing and extensions to the V&A Waterfront. Although several other mega-projects were "being talked about ... one of the challenges facing us is that we must move more of those projects from the talking phase to the actual implementation phase".

He said a major problem with measuring growth in the Western Cape was the lack of reliable, disaggregated data for the province.

ECONOMY -  
W. CARE

1997 - 1.

# The costly Mother City - inflation near highest in SA

**AUDE DASHNOS**  
BUSINESS EDITOR

Latest official inflation figures confirm what most Capetonians have long suspected - inflation is higher in Cape Town than almost anywhere else.

Prices are rising faster in Cape Town than any other urban area except Durban, and much faster than the national average, says the Central Statistical Service.

Between December 1995 and December 1996 prices of all the items monitored by

the service rose by 10,3 percent in Cape Town compared with 9,4 percent in the country as a whole. Only in the Durban-Pinetown area, which showed an inflation rate of 10,4 percent, are prices rising faster.

The service monitors the prices of a wide range of goods and services in 14 urban areas to arrive at a national level for the consumer price index, the official measure of inflation.

More than 600 items are priced each month, from turnips to toothpaste, mealie meal to medical aid payments, chutney to

dry cleaning, house rentals, the interest on home loans, furniture, clothing of all sorts, car prices and parking charges, bus, train and air tickets - and even funeral expenses.

For several months Cape Town has been at or near the top of the inflation league. Cape Chamber of Commerce and Industry director Colin Boyes said the higher inflation rate was no surprise.

"Cape Town is more and more attractive to people from other parts of the country," he said.

"Higher demand from the huge influx of tourists and others coming to Cape Town has spurred higher prices. But I hope we will get on top of this inflation."

Boland Bank economist Francois Jansen said a scarcity of properties to let in the city could be pushing up rents, contributing to higher inflation. But on the whole, the figures baffled economists.

"It's not as if we are way off the delivery routes for goods," said Mr Jansen. "It's hard to see why prices should be rising faster here."

ARC 30/1/97

(497)

# Foreigners invested R8bn in Western Cape

Linda Ensor

BO 11/2/97

(49A) (48)

CAPE TOWN — Foreign direct investment in the Western Cape last year amounted to about R8bn with the investment of a further R2bn in the process of finalisation, provincial premier Hernus Kriel said in his official opening of the legislature yesterday.

Twelve companies were proceeding with plans to invest R2bn this year.

The province had also benefited from the dramatic increase in the number of tourists — provisional estimates suggested income from foreign tourists last year rose more than 12% to R3,3bn. Tourism now represented 7% of provincial gross national product.

Citing Wesgro figures, Kriel said R550m had been allocated to construction of large hotels in the metropolitan area in the next two years, with a further R180m tagged for platteland hotels, guest houses and extensions. Also, major projects in an advanced planning stage for completion in the next four to five years totalled R2bn.

Additional expenditure on tourism infrastructure could increase spending by R1,2bn, excluding the R1,5bn to be

invested in the extension of Cape Town's international airport.

He announced a number of new legislative measures to be tabled this year. These included the Western Cape Unfair Business Practices Bill which would include a number of consumer protection measures.

"Inputs for a new Businesses Act are also presently to be made to the trade and industry department with the aim of presenting national government with a concurrent piece of legislation which can simultaneously be enacted in the nine provinces," Kriel said.

Other initiatives planned included drafting of a provincial white paper on community policing; the establishment of a metropolitan police force; and a far-reaching re-evaluation of present development policy for coastal zones.

Finally Kriel announced the cabinet-approved names of the Gambling Board to be chaired by D Auret: deputy chairman and member of the Tender Board, M Isaacs; social work lecturer M Tshabalala; architect D Steenkamp; attorney N Hofmeyr; accountant B Kahn; and trade union official D Apollis.



the application by Business Day and its sister paper The High Court. In his opposing affidavit, others he had identified during his bail application would remain secret. "I submit that the disclosure of the court's appurtenance mentioned by Business Day and The Sunday Times.

# Western Cape set to break even as costs are cut

Linda Ensor

CAPE TOWN — The Western Cape provincial government's budget in the 1996/97 fiscal year would break even, a feat attributable to the R455m additional funds granted by central government and internal departmental savings of R195m.

Most of the state's additional finance, which fell far short of the extra R768m that the Western Cape requested, was earmarked for carrying redundant teachers for the full school year and for their severance packages. Finance MEC Kobus Meiring said in his speech on the adjustments bud-

get in the legislature on Friday that all departments were forced to cut expenditure. But he said health (R81m), education (R59m) and transport and public works (R35m) had borne most of the pain involved in operating within a final provincial allocation of R9,3bn.

Total expenditure for the year amounted to about R10,5bn, the shortfall being made up by rollovers of R355m, a R731m payment by central government for salary increases of civil servants, the R40,6m shift in functions from central government to the province and R74m from own income. Among measures introduced to achieve savings were controls on stores

(49A) Bb 17/2/97

at Grootte Schuur and Tygerberg hospitals and in district health services, as well as the closure of 500 beds at academic hospitals. In education, building projects and other capital expenditure were cut back or postponed. Meiring indicated that the Western Cape's budget for the 1997/98 year would be slashed further. He noted that over the past two-and-a-half years the number of posts in the administration had fallen 24% from about 105 000 to 80 804 on April 1 this year. "I know of no other state institution in our country that has had to do this. The fact is that it is expected of us to downsize further. The pain will therefore continue and intensify," he said.

## Fisheries white paper seeks to strike a balance, Jordan says

FISHING

Bb 17/2/97

# Job creation project for WCape

## LED not about promises, but delivery — Ruitters

(49A) (49A)  
ARLT 28/2/97

**ALIDE DASNOIS**  
BUSINESS EDITOR

Guguletu, Mitchells Plain and Atlantis are among nine areas targeted by the Western Cape Department of Economic Affairs for a new Local Economic Development (LED) programme aimed at job creation.

"This is not a programme of promises but of delivery," department head Tony Ruitters said at a briefing yesterday.

The LED programme was a key element in the province's economic policy, due to be released within two weeks, and would be developed in line with the Government's Growth, Employment and Redistribution (Gear) plan.

The province was aiming for the creation of 50 000 permanent jobs a year by the year 2000, economic growth of 8 percent a year and the quadrupling of exports. The Western Cape government was confident that it could beat the national economic growth target of 6 percent a year "by 1,5 percent or 2 percent", he said.

The nine areas targeted by the Led programme are Mossel Bay, Montagu-Ashton, Plettenberg Bay, Beaufort West, Vredendal, Genadendal, Mitchells Plain, Guguletu and Atlantis.

Mr Ruitters said a profile of the population, including data on unemployment, age and economic activity was being drawn up for each area. Key growth industries in each area would be identified and skill

shortages evaluated. A Local Business Service Centre would be set up by the provincial government in each area to boost the capacity of small and medium businesses and help them to network with each other and with bigger business.

The Department of Trade and Industry (DTI) incentives to small and bigger businesses would be used to attract investment to these areas.

The target towns would also be marketed abroad, said Mr Ruitters, with representatives taking part in any trade missions overseas.

Experience had shown that this was a good way to attract foreign investment.

The LED programme would fit in with the DTI's plans for local industrial parks,

one of which is in Lansdowne-Guguletu, Mr Ruitters said.

Provincial Minister of Economic Affairs Chris Nissen said the LED programme was "an economic solution to urbanisation".

The movement of people into Cape Town was not only from the Eastern Cape but also from smaller towns in the Western Cape, he said.

"By developing towns like Vredendal, Beaufort West, Plettenberg Bay and other towns in the Overberg, we are looking for an economic, rather than a political, solution to urbanisation."

Mr Nissen said he would soon be able to announce a major foreign investment in Mitchells Plain, most of it from Malaysia.

# Western Cape pioneers development scheme

(49A)  
Linda Ensor

28/2/97

CAPE TOWN — The Western Cape has pioneered a local economic and development programme as a way of implementing central government's macroeconomic strategy in the province.

The plan would be presented at the next trade and industry Minmec meeting for possible adoption at national level, economic affairs MEC Chris Nissen said yesterday.

Nine towns spread throughout the province — Mossel Bay, Montagu/Ashton, Plettenberg Bay, Beaufort West, Vredendal, Genadendal, Mitchell's Plain, Guguletu and Atlantis — had been identified for

targeted development initiatives.

The towns would receive special focus when trying to attract foreign investment and their existing industries would be strengthened and human skills developed.

Nissen said that the development of these towns would also assist in evolving an economic solution to the process of urbanisation.

Different reasons lay behind their selection.

For instance unemployment in Mossel Bay was estimated to be at 16 000 while Montagu's canning industry was suffering under the new general agreement on tariffs and trade.

The Italian, Danish, Spanish and British models of local economic development had been referred to in formulating a Western Cape model, director-general Tony Ruiters said.

Local business service centres had been established in each area which would attempt to create synergies between small, micro and medium-sized enterprises and big business. The service centres would also try create networks of co-operation between small, micro- and medium-sized enterprises.

# W Cape may go to court to challenge R780-m cut

POLITICAL CORRESPONDENT

(49A)

The Western Cape may go to the Constitutional Court to challenge its R780-million budget cut from the central government.

Provincial Finance Minister Kobus Meiring, commenting on

announcements in Parliament yesterday by Finance Minister Trevor Manuel, said the insufficient allocation to the Western Cape would have a serious effect.

"It will inevitably lead to a further decline in the already critical financial position of the province," Mr Meiring said.

The recommendations of the Finance and Fiscal Commission, set up to decide how to share funds among the provinces, had been implemented selectively.

This was compounded by the national finance department, which had failed to draft legislation authorising provincial legis-

latures to supplement provincial income, as envisaged in the interim constitution.

Mr Meiring said he had noted from Mr Manuel's speech that revenue sharing would be given priority attention this year.

The Western Cape's share of the allocation to provinces has

dropped over the past few years from 12 percent in 1995/96 to 10,7 percent in the coming year.

The Western Cape now gets 12 percent less than the previous year. "(It) has no other option but to urgently look at the matter and to investigate all, even constitutional, possibilities," he said.

PARL 13/3

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# Western Cape to probe 'inequitable' allocation

Linda Ensor

(49A)

BD 14/3/97

CAPE TOWN — The Western Cape provincial government would investigate the constitutionality of its R7,375bn budget allocation — R780m lower than last year — as it did not represent an equitable share of national revenue, finance MEC Kobus Meiring said yesterday.

In reaction Finance Minister Trevor Manuel told the finance committee yesterday that it would be "unfortunate" if the province applied to the Constitutional Court over its allocation, saying that provincial funding had been thoroughly discussed within the budget councils in a spirit of co-operative governance.

Meiring said the funds allocated to the Western Cape did not allow the province to provide basic services and to perform the functions it was constitutionally required to do. The province had asked for R690m more than it had received, so as to get the same nominal basic amount as last year, about R8,1bn.

Meiring said he would outline his course of action when he tabled his budget on March 20, but did not commit himself to approaching the Constitutional Court.

He believed that the financial

and fiscal commission's recommendations had been selectively implemented, while legislation had still not been drafted to allow provincial legislatures to supplement their income.

"The Western Cape's share of the allocation to provinces has now decreased over the past few years from 12% in 1995/96 to 10,7% in the coming year. Western Cape now receives 12% in real terms, or R780m, less than the previous year," Meiring said.

"It is totally unfair to expect any organisation to accommodate such cuts in one year, with disastrous consequences for service delivery to the public."

Such cuts were even more unpalatable when account was taken of the fact that substantial cuts over the last two years had resulted in the shedding of 25 000 public service posts, 15 000 of them in the past year.

Meiring said the lower allocation would exacerbate the Western Cape's already critical financial position.

The consequences for services and service delivery in the province would be "drastic".

Western Cape economic affairs MEC Chris Nissen (ANC) said the budget cut could be accommodated by setting new spending priorities.

# 'People's Budget' has sting in tail for high-income earners

By TROVE LUND

The new "people's Budget" will benefit the nation's poorest, but holds a menacing sting in its tail for upper income families and poses a threat to civil servants, economists say.

People earning less than R60 000 a year, about 85% of the population, stand to benefit the most because Finance Minister Trevor Manuel has dedicated three-fifths of the tax relief to them, effectively eliminating the effects of inflation for the lowest income brackets.

But couples like Grant and Simone Sowden, who are trying to educate three children and pay off their three-bedroom home, as well as items they bought on hire purchase, could have as little as R27 to spare each month. Sowden, a computer analyst

for Midrand Town Council, was stunned that as a person who earned R165 600 a year he was considered, along with others whose incomes exceeded R100 000, a high income earner.

"I thought my recent promotion would be the answer to making ends meet. But now I am in the highest tax bracket, with no way to escape. My company car is no longer a benefit," he said.

The family's basic monthly expenses include school fees, bond payments, payments on the R120 000 borrowed to buy furniture when their house burned down three years ago, part-time university studies, groceries petrol and entertainment - a total of R13 006 a month.

Sowden and his wife, who earns R6 000 a month as a legal secretary, will now pay a total of R13 233 in tax each month.

Econometric economist Azar Jammine also pointed out that the new tax structure stimulated "bracket creep". Even if the Sowden's annual increases were in line with inflation, Manuel's corresponding tax increase would result in people paying more tax

## Taxpayer is generally worse off

than they had before if increases moved them into a new tax bracket.

Manuel's sting has been felt most, however, in its attack on perks like travel allowances and housing benefits.

Previously, Sowden's company car came off his salary before tax. But now, 1,8% of the total

value of the car is added on as an additional part of his taxable salary. This effectively increases his taxable income by R21 600.

Public servants like Sowden, economists said, faced a further threat. Because the Government was spending less this year to reduce its deficit, low salary increases and measures to reduce the civil service were imminent.

Relieving financial stress with cigarettes or alcohol will, however, exacerbate the problem because taxes on these products have increased drastically.

Gauteng's Consumer Council has welcomed these taxes saying that they would ultimately reduce unhealthy habits that placed unnecessary burdens on social services such as health care.

The group also welcomed Manuel's move to slash excise duties because it gave the consumer

freedom to choose and would make local producers more competitive. Goods that previously attracted import duties of 32,5% or 37,5% will now be charged duty of 15%.

Sowden said, however, that even if furs and French perfume had been made more affordable, they were out of his reach as one of the country's "high-income earners".

The Budget's other new consumer freedoms included being allowed to keep foreign currency in a South African bank account. Owning property overseas will also be allowed, but any income from it will be taxed.

Econometric economist Tony Twine said that although the taxpayer was left generally worse off by the Budget, those who did benefit from the tax relief should use the opportunity to reduce debts.

# Cuts stall W Cape budget

JENNY VIAL  
STAFF REPORTER

(49A) (S)

ARG 19/3/97

**The Western Cape provincial cabinet today postponed its annual budget, due to have been tabled tomorrow, following huge government-imposed subsidy cuts.**

The cabinet is arranging meetings with President Mandela, Deputy President Thabo Mbeki and Finance Minister Trevor Manuel today.

The cabinet heard further evidence at its meeting today from its five biggest

departments on the effect of the R780-million budget cut to the province.

Premier Hernus Kriel said the cabinet supported equity between the provinces, but the extent of the cut was "simply not manageable".

The cut would have drastic consequences for health care, education, local government, welfare and essential maintenance of roads and buildings, he said.

Before the provincial budget can be finalised, urgent discussions will be held with unions, municipalities, organised trade and other concerned parties.

# Western Cape told to bite bullet on big budget cut

## *Social services and jobs under threat*

WILLIAM-MERVIN GUMEDE AND JENNY VIAL  
STAFF REPORTERS

**Finance Minister Trevor Manuel has told the Western Cape provincial government it will have to live with the R780-million cut in its budget allocation from the central government.**

At a meeting yesterday with President Mandela, Mr Manuel and Finance Director-General Maria Ramos, the Western Cape government was told to bite the bullet and make do.

The province had warned the budget

cut would mean job losses and reduced social services.

At a hastily arranged press conference yesterday, the Western Cape cabinet announced that the provincial budget, which was to have been tabled today, was being postponed to April 2 because of drastic subsidy cuts by the central government.

In last week's national Budget the Western Cape received R8,757-billion from central government, less than it asked for. Last year it received R8,378-billion.

The province says inflation has not been taken into account.

Western Cape Finance Minister Kobus

Meiring said the health, education and welfare budgets, which had already been extensively cut, would be worst hit.

Premier Hennis Kriel led a cabinet delegation that met Mr Mandela and Mr Manuel to plead for more money. Mr Kriel demanded an extra R400-million.

The provincial government will now hold urgent discussions with trade unions, teacher unions, municipalities, organised trade and other concerned groups.

The province would also re-examine the budget to see if it could further "rationalise and reprioritise", said Mr Kriel. The ramifications of the cut were "disastrous".

ART 2013/97

(283) (49A)



# Manuel takes tough line against Western Cape plea for more money

Linda Ensor

CAPE TOWN — Finance Minister Trevor Manuel took a tough line yesterday against Western Cape government pleas for an increase in its budget allocation, despite warnings that the R730m cut would mean a drastic pruning of social services and the loss of thousands of public servants' jobs.

Finance MEC Kobus Meiring said health and education, which have already been rationalised, would bear the brunt of the cuts, since most of the

welfare budget was statutory expenditure, and local government and roads works were relatively small votes.

Meiring said that even if all other departments, such as police, economic affairs, agriculture, finance and tourism, were closed down completely the savings would be insufficient.

Premier Hermus Kriel led a delegation of four MECs who met Manuel and President Nelson Mandela to plead for urgent financial relief, but Manuel warned them that the province would have to live with the Financial and Fis-

cal Commission's allocation.

Kriel suggested an additional R400m, slightly below the additional appropriations of the past two years, but Meiring said after the meeting that it seemed there was "no hope" for additional funds. The meeting followed a provincial cabinet decision to postpone the budget speech — scheduled for today — until April 2.

The provincial cabinet decided, if its meeting with Mandela and Manuel was unsuccessful, to embark on a programme of action during the next two

(49A)

BD 20/3/97

weeks, including consulting various stakeholders, keeping administrative staff fully informed, and making further efforts to rationalise and reprogramme spending.

The cabinet learnt yesterday of the savage cuts required to effect savings of R780m in real terms, and decided it could not bring about such a serious deterioration in the quality of life in the province. In last week's national budget the Western Cape received R7,35bn, 10% lower than last year. A senior provincial government

source said that achieving these savings would require a reduction in staff numbers, and consequently services, as personnel costs represented more than 80% of the provincial budget.

Kriel said that the provincial cabinet was in favour of equity, but the extent of its budget reduction was "simply not manageable". African National Congress leader in the legislature and health and welfare MEC Ebrahim Rasool said the urgency

Continued on Page 2

## Western Cape

Continued from Page 1

of the situation transcended the differences between political parties.

Meiring said he felt at his "wits end" at the weekend while preparing the budget and realised that he could not continue.

While approving of the commission's formula in principle, Meiring said the short time given for the budget reduction would make it unmanageable. Constitutional Court action was still a possibility but was on hold.

Meanwhile the finance MECs of the Eastern Cape, Northern Cape, North West, Kwazulu-Natal and Mpuma-

langa — delivered their budget speeches yesterday.

Most of the budgets showed an increase in social spending, with health, welfare and education departments getting the lion's share.

The Eastern Cape safety and security department was given a 331% increase over last year's budget; almost 92c in every rand of the Mpumalanga budget will go to public service salaries; and 38,6% of the North West budget went to education. Kwazulu-Natal allocated 80% to education and culture, health and social welfare; while education, health and welfare are to receive R1,58bn of the Northern Cape's R2bn budget.

See Page 4

BD 20/3/97

BUDGET FURORE

# Bite the bullet, says govt to Cape

**WESTERN CAPE** leaders are battling to come to terms with a R780-million budget cut imposed on the province by the central government. **CHRIS BATEMAN** reports.

**T**HE Western Cape government yesterday called off today's budget presentation, claiming that the R780-million slashing of their funds by the central government was "unworkable" and that to accept it would permanently damage local service delivery.

Postponing a budget on the grounds of insufficient funds is virtually unprecedented in South Africa.

It was also reliably learnt yesterday that the National Party and African National Congress in the Western Cape have struck a deal not to "slug it out" in public for two weeks, while the financial crisis is managed.

The crisis management includes urgent discussions with trade unions, teachers' unions, local government institutions and organised trade — followed by full consultation with the civil service corps.

Premier Mr Hernus Kriel and five of his exco members failed to

extract any further funding in an 11th-hour, face-to-face meeting late yesterday with President Nelson Mandela, Finance Minister Mr Trevor Manuel and his director-general, Ms Maria Ramos.

A spokeswoman for Manuel said last night that the funding was based on the Finance and Fiscal Commission (FFC) provincial equity formula, which had been accepted by all provinces.

She added: "It's going to be a very tough year — provinces need to bite the bullet."

Finance MEC Mr Kobus Meiring, Police MEC Mr Gerald Morkel, ANC leader in the House and Health and Welfare MEC Mr Ebrahim Rasool, and Roads, Transport and Public Works MEC Mr Leonard Ramatlakane formed the delegation.

Kriel — with the full backing of his ANC members — pronounced the cut "unmanageable", and promptly cancelled today's budget presentation by Meiring.

This was prompted by final sce-

enarios presented to yesterday's exco meeting by the chiefs of the province's five biggest departments. The scenarios had left the six NP and four ANC members "at a loss as to just how we go on", Kriel said.

While his exco fully supported achieving equity between provinces, the cut would have drastic consequences for health care, education, local government, welfare and essential maintenance of roads and buildings.

Meiring said the five main departments made up 95% of his budget, and the R780m cut represented between 10% and 12% of the province's entire budget.

MECs declined to detail the consequences of the cut because "we don't want to alarm the public and sensationalise".

Kriel said his government believed that the FFC provincial equity formula was being implemented with "suicidal and impractical haste".

Meiring later last night promised to revisit the budget — for the "ninth or 10th time" — in a damage-control exercise.

The budget presentation has now been postponed to April 2.

CT 20/3/97

(49A) (288)

# W Cape education, health, housing spending slashed

*Budget provision for R247-million deficit*

**WILLIAM-MERVIN GUMEDE**  
POLITICAL STAFF

The Western Cape government has slashed education, health and housing spending in its budget tabled in the provincial legislature.

The budget, unveiled yesterday by provincial Finance Minister Kobus Meiring, makes provision for a R247-million deficit. A request for more money was turned down by national Finance Minister Trevor Manuel.

The education budget is cut by R347-million, the health budget by R250-million, the agriculture budget by R23-million and housing, local government and planning by R9,6-million. But the police budget was almost doubled from R3,7-million to R6,3-million and welfare spending has been increased by R80-million. The sport and recreation budget has been increased by R13-million to R20,9-million. Of this amount, R11-million is earmarked for the Olympic Bid.

Transport and public works spending increases by R80-million to R750,9-million. Of this, R93-million will go to "special" Olympic projects, R50-million to transport projects and R43-million to sports priority projects.

Mr Meiring said the number of beds at Groote Schuur and Tygerberg hospitals would be cut to 1 000 and 1 200 respectively. School class sizes would increase to save



**Kobus Meiring: 'sad day for Western Cape'**

money and payments to old-age homes would be pegged at 1996/7 levels.

Other cost-cutting measures included the scrapping of all new construction projects and capital expenditure other than for computers and medical equipment.

"It is a very sad day for the Western Cape and a very difficult year, perhaps the most

difficult year in our history," Mr Meiring said. "On one hand our block grant is cut while on the other we are not yet allowed to augment our own income."

Mr Meiring did not rule out the possibility of taking Constitutional Court action to secure more money for the province.

The province budgeted for total spending of R9,525-billion. The bulk is for health (26 percent), education (35 percent), social services (23 percent) and transport and public works (eight percent).

The central government will fund 91,93 percent of this, while provincial income, mainly from hospital fees and car licences, makes up 5,28 percent. The balance is set off against the deficit (2,59 percent) and provincial revenue account income (0,2 percent).

Mr Manuel has said the overall allocation to the province increased in nominal terms from R8 378-million in 1996/97 to R8 757-million for the 1997/98 financial year. The Western Cape allocation of R2 197 for every person was much higher than the national average of R1 755 a person, he said.

Mr Meiring said that if non-discretionary allocations of R1 183-million – which included R971-million for improvements of conditions of service and R120-million to improve social pensions – were taken into account, the province was allocated R780,5-million less than last year.

49A

ARC 3/4/97

# Meiring hopes central government will cover W Cape deficit

(49A)

ARLU 3/4/97

**WILLIAM-MERVIN GUMEDE**  
POLITICAL STAFF

**The Western Cape government is banking on the national government to bail it out of a planned R247-million shortfall in its 1997-98 budget, says provincial finance minister Kobus Meiring.**

Unveiling his provincial budget yesterday, Mr Meiring gave no indication that the deficit could be funded by borrowing, saying only that the province hoped central government would come to its rescue.

The budget could be illegal because it made provision for the R247-million deficit, in spite of the province's request for more money being turned down earlier by Finance Minister Trevor Manuel - who is on record as saying that all borrowing for 1997-98 will be taken up by the national government.

Jennifer Wilson, Mr Manuel's spokeswoman, said the province had not followed the legal requirements of the Provincial Borrowing Act. The departments of finance and state expenditure were unsure about "the legality of budgeting for a deficit".

The Act allows provinces to borrow for capital expenditure and bridging finance if

they get the approval of a loans co-ordinating committee chaired by Mr Manuel.

Ms Wilson stressed that Mr Manuel believed all borrowing for 1997-98 would be taken up by national government.

Johan Fourie, the Western Cape treasury director-general, said the deficit was not illegal as no legislation prevented the province from budgeting for it.

He added that if cash flows were managed correctly the province would be able to pay all its bills as the R247-million deficit was a "relatively small amount".

The national director-general of state expenditure, Hannes Smit, said a province could plan for a budget deficit provided it was going to make it up somehow. This could be done by cutting spending or licensing casinos. However, income from casinos was unlikely to materialise in the current financial year.

If cuts were not planned for by the time the budget was tabled, they would have to be implemented during the year, he said.

An African National Congress spokesman said the party would be making concrete proposals on how to manage the provincial budget deficit.

All government departments had to implement a three percent budget cut in line with central government's commitment to reduce deficits before borrowing.

# W Cape Cabinet allocates R21-m to new RDP projects

**THABO MABASO**  
BUSINESS REPORTER

**Western Cape Reconstruction and Development Programme (RDP) Minister Chris Nissen yesterday announced that the provincial cabinet had approved the allocation of R21 million towards funding new RDP projects.**

Mr Nissen said R14,8 million would go to community projects in the metropolitan area, the Klein Karoo, Overberg, South Cape, West Cape and Winelands regions of

the province. A total of R5 million would go towards the upgrading of various sports facilities in rural areas and R2 million for the construction of multi-purpose centres in Hout Bay and Atlantis.

He said the R5 million for rural sports facilities was an effort to reach areas that the Olympic bid spin-offs would not be able to reach.

Overall, 26 projects in the province's various municipalities would benefit from the allocation. These included a project aimed at greening 10 schools that had no vegetation.

Each of the schools would receive R90 000, to be used for nurturing trees and grass within their premises.

Seven of these schools are in Khayelitsha and the others in Paarl, Noordhoek and Kleinvlei.

In total, R900 000 will go to the schools' greening project.

A total of R515 000 had been allocated for fynbos farming in the Klein Karoo town of Herbertsdale, with a view to possible exports.

Mr Nissen also announced that about R500 000 had been given to Streets, an

organisation working with children who lived on the streets.

The money would go towards building new dormitories and a skills training centre for the children.

An official in Mr Nissen's office said Streets received the funds after the organisation applied for a donation.

"They were given the funds because street children are a big problem and affect a number of things like tourism, the Olympic bid and the image of the city. We want to help alleviate that problem," the official said.

ARLT 21/4/97

247 (497)

# Cape gives RDP R21m

SIPHO VANGA

(49A) (257)

ST(CM) 6/4/97

THE Western Cape cabinet has allocated R21-million for RDP projects from the Provincial Discretionary Fund, the MEC for Economic Affairs and RDP, Chris Nissen, has announced.

A total of R14,8-million has been set aside for community based projects in the Cape Metropolitan area, Klein Karoo, Overberg, southern Cape, West Coast and Winelands regions. A further R5-million has been set aside for sports facilities and upgrading while Hout Bay and Atlantis have been allocated R2-million for building multi-purpose centres.

Nissen said the fund was aimed at benefitting previously marginalised communities.

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# Plan for a Western Cape stock exchange on table

(49A) CT(BR) 23/4/97

**MARC HASENFUSS**

Cape Town — The feasibility of a Western Cape-based stock exchange will be debated by the Cape Chamber of Commerce and Industry next week.

In a bulletin to members this month, the chamber advised that its economic and business issues committee would discuss the concept of a local bourse and the formation of capital markets.

This follows calls from certain quarters, including Clem Sunter, the Anglo American director, for the establishment of local stock markets.

Sunter was reported recently

as saying that the multiplicity of local stock exchanges could be more efficient in mobilising South Africa's capital than a single, centralised stock exchange in Johannesburg.

Colin Boyes, the deputy director of the Cape Chamber of Commerce and Industry, stressed yesterday that it was premature to speculate on the formation of a Cape stock exchange. "We're approaching the discussions with an open mind."

He indicated that the committee would also be looking at the possibility of setting up structures for raising venture capital for Cape Town companies.

# Cape Town inflation still higher than other SA cities

49A  
BUSINESS EDITOR

ARG 24/4/97

Inflation in Cape Town is still outrunning the national average, Central Statistical Service figures for March show.

For the country as a whole, the year-on-year change in the consumer price index dropped in March to 9,6 percent from 9,8 percent in February.

But in the Cape Peninsula, inflation is running at 9,9 percent.

Of the major cities, only Bloemfontein and Durban show higher inflation rates than Cape Town.

But on the food price front, the Cape Peninsula scores better, with food price inflation running at 9,5 percent a year in March compared to the national average of 9,8 percent.

Except for the Witwatersrand, where food inflation is running at a comparatively low 8,5 percent, all the big South African cities showed faster food inflation than Cape Town.

In Port Elizabeth, food prices shot up 11,7 percent, in East London by 11,5 percent, by 11,2 percent in Bloemfontein and a staggering 13,3 percent in Durban.

In the country as a whole, consumers benefited from a drop in meat prices, down 0,4 percent from February to March, while prices of milk, cheese and eggs, fats and oils, fruit and nuts and vegetables all rose between 1 percent and 1,8 percent over the month.

Once again, prices rose faster in chain stores than in smaller retail outlets.

Food prices in chain stores were up 8,8 percent over the year and in other shops 8,1 percent.

The consumer price index for March was also kicked upwards by a 9,6 percent hike in the costs of education, as the Central Statistical Service included new figures for school and university fees after its annual survey.

Next month's figures will include higher prices for water in some urban areas, higher toll fees and increases in the prices of medicines, newspapers and magazines, and homeowners' insurance, the Central Statistical Service said.



# German group invests in Cape

BUSINESS REPORTER

ARG 29/5/97

(49A) (49)

**German laundry group Bardusch has taken on South African partners and is opening a branch in Cape Town in July.**

Bardusch's head office is in Ettlingen, Germany, and it also has offices in the United States and South America.

The South African branch is its first investment in Africa.

Bardusch SA will be based in Montague Gardens.

The company specialises in leasing and laundering of hospital and hotel linen and workwear in ultra-hygienic conditions.

It has already invested R2,5 million in a new laundry machine that has been imported from Germany.

Managing director Carina Redelinghuys said Bardusch operated a "barrier laundry" system that prevented cross-contamination of garments.

The laundry would create about 50 employment opportunities.

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## '20 000 new jobs in Cape this year'

BUSINESS EDITOR

(49A) (E)  
ARG 2/6/97

More than 20 000 new jobs have been created in the Western Cape this year, says provincial Minister of Economic Affairs Chris Nissen.

He told the Cape Town Sakekamer that the province was well on track to meet its target of 50 000 new jobs this year.

Small-business promotion, plus support for mega-projects and for labour-intensive sectors, such as building, housing, the film industry, telecommunications and tourism, would help to create more jobs, he said.

Mr Nissen criticised the Western Cape government for not moving fast enough to pass on a share of provincial tenders to small black businesses.

The government and business leaders in the province should take corrective action to give black business, and particularly small business, opportunities to join the mainstream economy.

"In this regard, in my opinion, our business leadership as well as the provincial government are being tardy," Mr Nissen said.

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# Nissen fights for Europe investment - and his job

## Mission punts 'Cape of capabilities'

ARTS 4/6/97

(49A)

**TYRONE SEALE**  
FOREIGN SERVICE

**Edinburgh - Western Cape Economic Affairs Minister Chris Nissen is putting on a brave face for the benefit of European investors while he fights to keep his job.**

Mr Nissen and a delegation of about 20 have just spent two days in Edinburgh where, under the auspices of the Europe-South Africa Business and Finance Forum, they have been promoting investment in the Western Cape.

Wesgro, the Cape Chamber of Commerce and Industry, the Foundation of African Business and Consumer Services (Fabcos) and various Cape entrepreneurs are following Mr Nissen on an investment mission that is taking the delegation to London today and to Bonn next week.

Pleading with investors at the Edinburgh conference yesterday, Mr Nissen said he hailed from the "Cape of capabilities", which boasted the highest regional human development index in the country, but said the province still needed to create 150 000 jobs and quadruple exports by 2000.

He listed the Capricorn science and technology park, Olympic infrastructure, expansion of Table Bay Harbour, a R600-million upgrade of Cape Town International Airport and economic corridors linking his province with the Northern Cape and the Eastern Cape as projects in which foreign investment was required.

A Cape entrepreneur said later Mr Nissen had been unprofessional and had left investors confused by failing to identify priorities among the projects he had listed.

Asked at a press conference afterwards whether his projections enjoyed consensus

within the National Party-controlled provincial legislature, Mr Nissen said the most important consideration for him was what the people of the Western Cape needed and wanted.

However, interviewed after the press conference, he conceded his projections were effectively African National Congress plans, "but I obviously don't want to get investors involved in our battles".

He said he was aware that Premier Her-nus Kriel was targeting him and planning to relieve him of the economics portfolio.

Mr Nissen said he would fight to retain his post, which had been part of negotiations between the NP and the ANC.

He acknowledged his portfolio was crucial to the ANC's prospects in the 1999 election and said this was why would fight to stay in his job and why Mr Kriel was trying to place the post under NP control.

# Western Cape investment at R8,5bn in 16 months

(49A) BD 27/6/97

Linda Ensor

CAPE TOWN — Total direct investment in the Western Cape in the 16 months to end-December last year amounted to R8,5bn, according to the provincial economic affairs department annual report released yesterday.

As not all investments were reported, the figure could be considerably higher. UK investments totalling R600m were mainly concentrated in the manufacturing and hotel industries, Malaysia's R500m in construction, hotel development and property, and the R270m from

Hong Kong mainly in manufacturing. French investment of R45m was made chiefly in the oil industry and R30m from the US in financial, manufacturing and retailing sectors. One of the biggest single foreign proposed investments was the R275m Thai development of a hotel and golf resort in Knysna.

The report noted that on the basis of an estimated gross regional product of R67bn — a 3,6% rise year-on-year — an estimated 55 000 jobs were created in the formal and informal sectors of the regional economy. This would only have made a slight dent in the estimated number of un-

employed of 300 000.

Gross regional fixed investment was about R12bn, or 13% of the national aggregate, with the investment thrust centred around the Saldanha-Vredenberg area, the agricultural sector, a range of infrastructure projects and the established industrial sector," the report said.

About R16bn worth of exports originated from the Western Cape last year. Simultaneous with the release of the annual report, economic affairs MEC Chris Nissen released a discussion document translating the national growth, employment and redistribution (Gear)

strategy to the specific economic profile and needs of the Western Cape.

The paper would be distributed to all stakeholders over the next two months with a view to submitting a revised document to the Cabinet and ultimately the provincial legislature.

Nissen said the province was committed to achieving a regional economic growth rate of 8%, that is about 1,5% to 2% above the national average growth rate set by Gear, by the year 2000. It would also strive to contribute 50 000 new jobs a year to the Gear target of 400 000 a year. This would represent 12,5% of the

national target.

Particular importance had been attached to driving Gear through local, community-based economic development initiatives and to creating linkages between big and small companies.

Also high on the agenda would be the promotion of small and medium-sized enterprises, which constituted about 47% of the total number of businesses in the province. The informal sector was estimated to comprise 52% of all business.

In addition, attention would be given to sectors and subsectors with a significant growth potential.

### **Namibia likely to power Western Cape's industry**

Heavy industry in the Western Cape was likely to be powered by Namibian gas in four or five years, Colin Boyes, the deputy director of the Cape Chamber of Commerce and Industry, said yesterday. Shell Exploration and Productions Namibia has been investigating the market prospects and has asked the chamber to help it contact businesses with high energy consumption.

Boyes said a number of industries, including Saldanha Steel, had shown interest in the possibility. He said South African electricity was among the cheapest in the world because the country had immense coal reserve. But there had been talk of changing the Eskom policy of a uniform charge countrywide, and setting up five utility companies to serve different areas. If this happened the Western Cape, being at the end of the national grid, would probably have to pay more. — *Audrey D'Angelo, Cape Town*

(49A) CT(BR)19/6/97

# Boraine unveils plans for 'user-friendly' city

CITY EDITOR *ARL 2/7/97*

Cape Town city manager Andrew Boraine has a business plan aimed at making the municipality user-friendly, "responsive and accessible" to the public.

He announced the plan at yesterday's ceremonial meeting to mark the official formation of the new City of Cape Town administration.

Objectives included housing, homelessness, primary health care, community services and facilities, safety and security, and municipal infrastructure and services.

A "one-stop shop" on the civic centre's ground floor would be opened for the approval of building plans.

Another key objective was to produce a spatial framework for the physical integration of the city and better management of the environment.

The city also aimed to achieve an equitable and effective valuation, tar-

iff and service charge system within two years.

An important new focus would be the promotion of economic development, including good management of business districts, with the emphasis on better regulation of traffic, parking and street trading.

An economic development unit was to be established to deal with such issues as the effective planning and use of the port.

The city aimed to promote affirmative action, gender equality, good labour relations and training.

It also aimed to create a more "efficient organisation geared to meeting new challenges and priorities".

Mr Boraine urged citizens to make Cape Town "a leading city" in what Deputy Ppresident Thabo Mbeki had called the "African renaissance".

He wanted to see Cape Town become a cosmopolitan city known for its diversity and tolerance.

20 000 JOBS CREATED IN TWO YEARS

# R7,8bn economic

49A CT. 2/7/97 CT

**THE ECONOMIC** outlook for the Western Cape is good with thousands of jobs being created and foreign investments backing local growth. Political Writer **KARIN SCHIMKE** reports.

**A**LMOST 20 000 jobs have been created in the Western Cape in the past two years and more than R7,8 billion worth of foreign investment has streamed in, signalling that the provincial government's economic policy is on track.

These figures, backed by documents from the Department of Economic Affairs and Reconstruction and Development outlining the investments, render the provincial government's economic policy document feasible and support the business community's growing optimism.

The policy document was released last week and outlines the department's intention to create 50 000 new jobs a year until 2000.

Provincial MEC for Economic Affairs, Mr Chris Nissen, said: "This is not pie in the sky. We have been very realistic about this figure, which is based on our performance over the past two years."

The figures are based only on measurable foreign investment.

An economist with Wesgro, Mr Wolfgang Thomas, said: "These are the glamour projects. What is more important is that parallel to this there have been lots of normal unspectacular developments."

"While formal projects get attention, the bulk of investment and jobs has come from other sectors."

There were no figures to support this, he said, but discussions with business people from across the sectors has shown that people were feeling upbeat about the Western Cape economy, Thomas said.

Head of Economic Affairs and RDP in the province, Mr Tony Ruiters, supported this argument.

"Because of the investment local business people are making in their own concerns, like staff training, we are confident and positive about continued growth. It shows domestic confidence in the economy."

Much of the provincial government's strategy for stimulating growth and creating jobs is centred on what it calls "mega-projects" and investment corridors.

At R2bn, Saldanha Steel is the largest capital project undertaken in the Western Cape. It anchors the West Coast development corridor which is likely to flourish because of satellite industries — like a cold rolling and coating plant, pipe manufacturers and cement producers — setting up around it.

According to the policy document, the mill itself will create 600 permanent jobs and an additional 1 800 direct jobs through "outsourcing" of catering, security and maintenance services. The West Coast corridor will be supported by the agriculture, tourism and fishing industries.

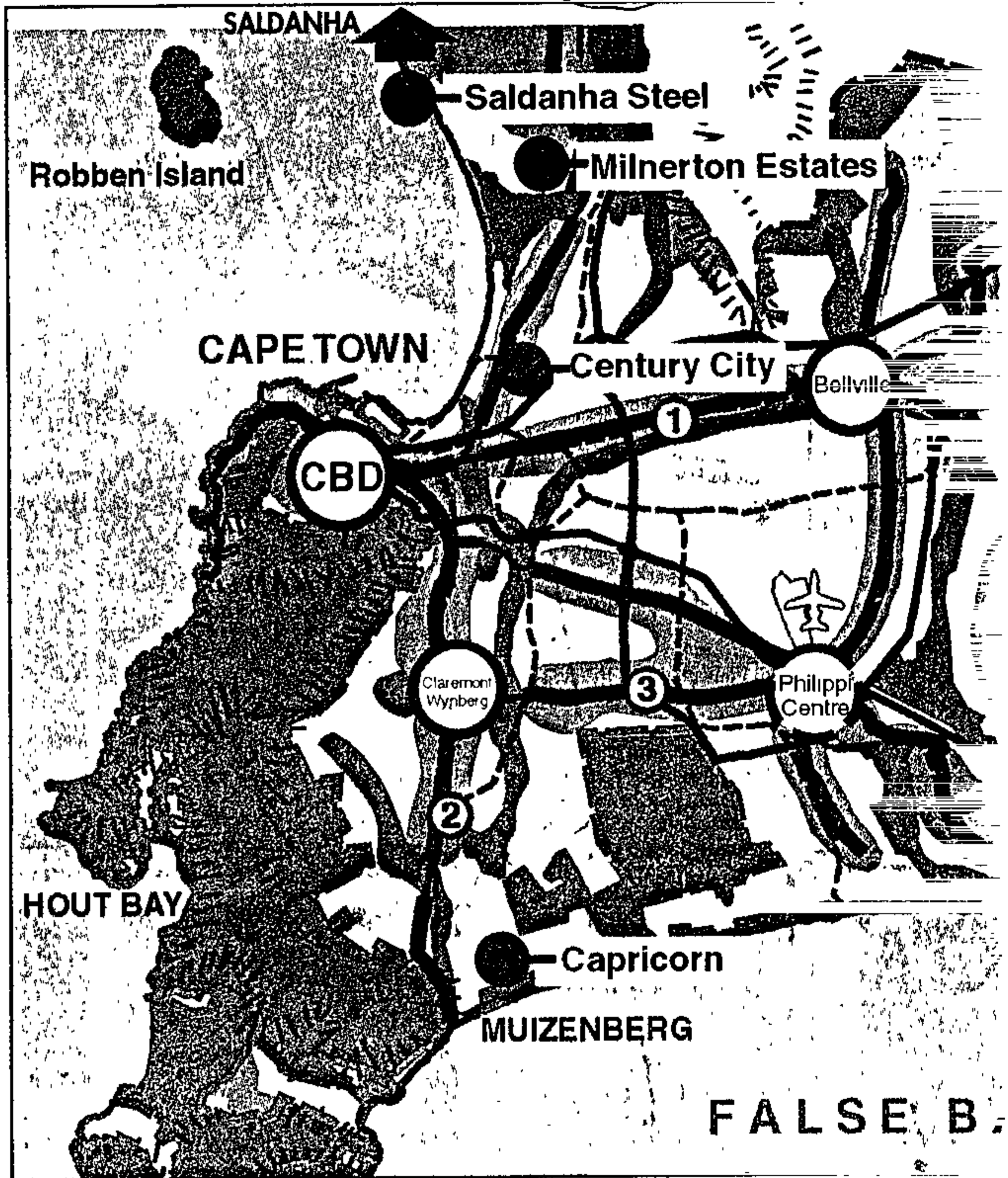
The R3,5bn Capricorn project near Muizenberg, a research and industrial park, could dominate industrial development in the southern substructure for the next two decades and directly create 19 000 jobs, it maintains.

Another project likely to stimulate economic growth is the Philippi East project, which is seen as "interventionist" as it will stimulate economic activity in a neglected area.

Philippi East falls inside the Lansdowne development corridor and will be an industrial, commercial and residential development. It will be linked to four other main economic areas, Cape Town's CBD, Claremont and Bellville.

The public transport system mooted recently by the provincial department of Transport and Public Works is aimed at connecting these areas.

Mr Anton Lotz, planning consultant for the Metropolitan Spatial Development Framework, the Cape Metropoli-



tan Council's vision for the city in 20 years time, said planning frameworks of this kind provided a basis for investment by identifying priority areas.

"Perhaps the most important immediate benefit of the this kind of framework is that both the public and private

sectors can use it to guide investment decisions."

Some of the foreign investment has gone to A Ruiters said this was necessary because of the large numbers of skilled but unemployed people who lived in the

It has been suggested that the number of per

**KEY economic growth areas:**

- West Coast corridor
- Southern Cape
- Greater Cape Town Metropole
- Overberg

**KEY "mega projects":**

- Capricorn Science, Technology and Industrial Park
- West Coast Investment Initiative — anchored in Saldanha Bay with its focus on agriculture, tourism, fishing and manufacturing in steel and related metals
- Philippi East/Lansdowne corridor — Industrial, com-

**commercial, retail and residential projects**

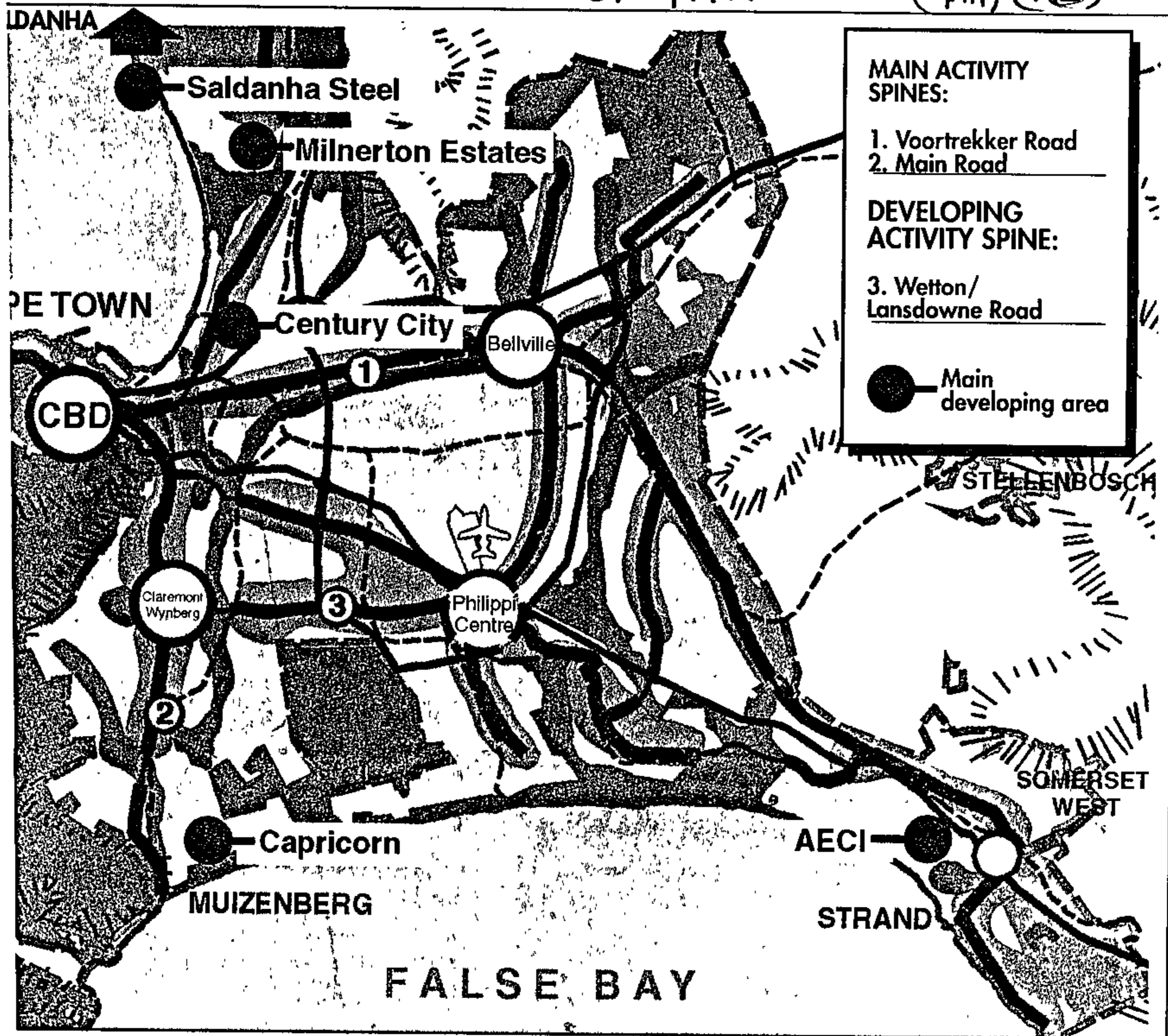
- Century City near Ysterplaat — part of a larger tourism and leisure initiative that includes a convention centre for the city centre, theme parks, casinos and 23 new hotels
- AECI project near Strand — waterfront, light industry, commercial and residential

FOREIGN INVESTMENT	
United Kingdom	
Hong Kong	
Taiwan	
France	
Germany	
USA	
Other	
<b>TOTAL:</b>	

# Economic boost

CT 2/7/97

(49A) (18)



In 20 years time, said plan-  
provided a basis for invest-  
as.  
at immediate benefit of the  
both the public and private

sectors can use it to guide investment decisions ”  
Some of the foreign investment has gone to Atlantis.  
Ruiters said this was necessary because of the large num-  
bers of skilled but unemployed people who lived there.  
It has been suggested that the number of people com-

ing into the province is greater than the number of jobs  
being created, but Ruiters says this is not a problem.  
“Whatever in-migration is taking place is in response to  
opportunities in the province and contributes to growth  
rather than creating a danger.”

**mega projects”:**

Capricorn Science, Tech-  
and Industrial Park

West Coast Investment  
Zone — anchored in Sal-  
Bay with its focus on  
culture, tourism, fishing  
and manufacturing in steel  
related metals

Philippi East/Lansdowne  
Zone — Industrial, com-

**mercial, retail and residen-  
tial projects**

● Century City near Yster-  
plaat — part of a larger  
tourism and leisure initiative  
that includes a convention  
centre for the city centre,  
theme parks, casinos and  
23 new hotels

● AECI project near Strand  
— waterfront, light industry,  
commercial and residential

**FOREIGN Investment in the  
Western Cape in past two years:**

United Kingdom:	R6 504 200 000
Malaysia:	468 000 000
Hong Kong:	270 000 000
Thailand:	250 000 000
France:	121 500 000
Holland:	190 000 000
Taiwan:	45 000 000
Belgium:	2 000 000
<b>TOTAL:</b>	<b>R7 850 700 000</b>



# Western Cape growth not satisfactory

DD 30/7/97 (49A)

**Samantha Sharpe**

CAPE TOWN — The Western Cape's rate of economic growth and job creation was far from satisfactory, despite its outperformance relative to the rest of the country, according to the region's investment and trade promotion agency, Wesgro.

Wesgro chairman Yusuf Pahad said in the latest annual report that Western Cape regional growth had maintained a higher and more stable level than the country as a whole, with gross regional product increasing 3,8% last year against 3,4% nationally.

In spite of the relatively

healthy state of the regional economy, the rate of economic growth and the number of jobs being created fell far short of the targeted gross domestic product growth of 6% and 50 000 new jobs a year.

Pahad said the province would have to expand industrial and agricultural exports if it wanted to lift its performance levels, with joint action demanded from some sectors and business niches.

Productivity and quality performance of local industries would have to improve to make the region ready to face further tariff reductions and closer interaction with trade-partner countries. "This also implies higher spending

on technology transfer and local research and development."

Attention had to be given to the timeous completion and maximum impact of strategic mega-projects like Saldanha Steel and Capricorn, he said.

"Efforts to strengthen small business support and achieve a broad-based small enterprise upsurge have to be intensified and better co-ordinated, with education and training needs of the growth sectors to be addressed."

Pahad said the region had to strengthen economic ties with neighbouring provinces and the Southern African Development Community.

# Western Cape first in growth

(49A)  
AUDREY D'ANGELO

CT(BR) 5/8/97

Cape Town — Gross regional product growth of 3,3 percent was likely to be achieved in the Western Cape this year, well ahead of the national average of 2,7 percent, Wesgro, the regional investment and trade promotion agency, said in its annual report, released yesterday.

But this was "far from satisfactory", said David Bridgman, Wesgro's chief executive officer, because real growth of 6 percent in gross domestic product and 50 000 new jobs a year were firm targets in the Western Cape.

Bridgman said Wesgro had shifted most of its investment promotion efforts towards southeast Asia, "with Latin America likely to be added soon".

"Africa — in particular the SADC countries and Uganda, Kenya, Ghana and Egypt — has been recognised as increasingly important for both trade and investment interaction," he said.

Bridgman said his organisation, which worked with most of the new provincial support agencies in other parts of South Africa, was trying to include joint investment missions in its annual programme.

He said private fixed investment in the region had expanded rapidly over the past year, "probably well in excess of the already high national figure".

# R1bn investment boost for W Cape

(49A)  
CT 7/8/97

**KARIN SCHIMKE**  
POLITICAL WRITER

OVER R1 billion has been pledged for investment in the Western Cape during a winter investment-hunting trip to Europe by Western Cape Economic Affairs officials.

If this money reaches the province by December, it will mean over R8,8bn worth of investment has streamed into the province through the intervention of the department in the past 2½ years. Over 20 000 jobs can be created with this money.

Western Cape Economic Affairs MEC Mr Chris Nissen, with a 22-person delegation, attended three conferences in Europe in June to highlight investment opportunities in the telecommunications, tourism, electronic and metal fabrication sectors in the province.

The investments that have flowed from this mission is a Western Cape property fund capitalised at R250 million; a UK-based scap-

folding company in a joint venture valued at R100m (and expected to create 300 jobs); a metal company, also in a joint project valued at R40m; a construction company with the potential value of about R60m and a potential R700m venture capital fund with three Scottish-based financial institutions.

Nissen said yesterday that an Italian delegation was expected to visit the province in October as a result of a very successful mission to Emilia Romagna and Milan.

Two German companies, one in tourism and the other in engineering, were also holding talks with Western Cape businesses with a view to forming joint ventures.

Wesgro economist Professor Wolfgang Thomas said: "These are the glamour projects. What is more important is that parallel to this there have been lots of normal, unspectacular developments. While formal projects get attention, the bulk of investment and jobs has come from other sectors."

# R1-bn on way to fuel Cape

## jobs bonanza, says MEC

### Overseas marketing foray lures investors

ASHLEY SMITH  
STAFF REPORTER

An economic surge in the Western Cape's manufacturing sector, centred on such key areas as Saldanha, Mitchell's Plain, Philippi and Atlantis, could result in a dramatic drop in joblessness.

This is the view of the provincial MEC for economic affairs, Chris Nissen, who disclosed yesterday that foreigners were about to invest more than R1-billion in the province.

Mr Nissen recently headed a highly successful delegation to investment conferences in Scotland, Germany and Italy.

Investments and potential investments resulting from their marketing of the region as an international investment opportunity include:

- A R250-million boost for the Western Cape Property Fund.
- A R100-million project to be managed

jointly by a scaffolding company and a black-owned engineering firm, creating 300 jobs.

■ A R40-million venture between an international metal company and a local one.

■ A potential R700-million venture capital fund with three Scottish financial institutions.

During the trip, the group had also highlighted the "enormously beneficial effect" hosting the 2004 Olympics would have on Cape Town and South Africa, Mr Nissen said.

Although a recent survey showed unemployment in the province to be 17,3%, a figure of 25% would be "closer to the truth", Mr Nissen said.

Results of the survey were "misleading", because so-called employed people working as informal traders were dependent on the weather to earn their living.

Mr Nissen said if the manufacturing sector was boosted sufficiently by foreign and local investment, unemployment should

drop to 5% in the near future.

"The Paris Chamber of Commerce, the largest in the world, has taken a keen interest in the Western Cape as a potential investment opportunity.

"This renewed interest is mainly because of our short-listing for the 2004 Olympics," he said.

The appointment of Meyer Kahn to the police service was also seen as a positive step by investors.

Tony Ruiters, head of economic affairs and the reconstruction and the development programme in the Western Cape, said such initiatives as the R2-billion Saldanha Steel project should stimulate growth in fishing, agriculture and manufacturing industries.

Other projects which would be catalysts for further growth in the manufacturing sector included the R3,5-billion Capricorn project near Muizenberg and the Philippi East project, Mr Ruiters said.

AR 6 7/8/97

(4-9A)

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# Western Cape budget deficit balloons to R1bn

50 11/8/97 (49A)

Linda Ensor

CAPE TOWN — The Western Cape's projected budget deficit has ballooned to about R1bn, from the R247m anticipated four months ago when the provincial budget was tabled, health MEC Ebrahim Rasool said on Friday.

He was speaking after the provincial cabinet's meeting with Deputy President Thabo Mbeki.

"We are hoping that our discussions will inform government thinking on the province's finances," Rasool said.

He also said that his department anticipated a R400m over-expenditure this financial year, largely because it could not retrench 8 000 people.

Mbeki did not commit to more funding, but did not refuse outright as he did two weeks ago when he met Eastern Cape premier Makhenkesi Stofile.

Mbeki was informed by finance MEC Kobus Meiring that practically all provinces had overspent their budgets, mainly on the two most labour-intensive departments of education and health.

Meiring said the problem of in-

adequate funds had been exacerbated by the substantial salary increases given to public servants during the past 15 months.

"Although the understanding was that this was to have been balanced by a substantial decrease in personnel numbers, no such decrease has taken place.

"In fact, except for the 12 000 retrenchments in the Western Cape in the previous year, practically no other retrenchments took place in the rest of the country and total employment has in fact increased."

Meiring said the Western Cape's budget deficit would be exceeded because there was no tool except for the voluntary severance package to retrench staff. This was vital if provinces were to balance their books.

Rasool said he had indicated to Mbeki that there was no way the budget deficit could be avoided without immediate top-slice funding for unique health services at tertiary hospitals and the ability to retrench staff.

Transport MEC Leonard Ramatlakane was concerned over his department's financial inabil-

ity to maintain buildings, facilities and transport infrastructure.

"My maintenance budget is no more than 30% of the annual requirement and a tremendous backlog has built up through the years."

In a letter to Mbeki appealing for more funds, Democratic Party provincial leader Hennie Bester noted that "the budget reductions are cutting a swathe of destruction through our provincial public service. At the very least your government should be sympathetic to appeals from this province".

"Whereas the Financial and Fiscal Commission based its calculations on the Western Cape having 8,7% of the national population, the 1996 census suggested the population was in fact 10,9%," he said.

Responding to Mbeki's appeal in a speech to the provincial legislature that the Western Cape help other provinces, premier Hennis Kriel said this was only possible if there was sufficient money to do so.

He said it was unrealistic to achieve equity between all the provinces in five years.

# More than 90 000 jobless in W Cape

LENORE OLIVER  
STAFF REPORTER

ARG 20/8/97  
Joblessness in the Western Cape has reached alarming proportions, with more than 90 000 people applying for unemployment insurance benefits this year.

And the Labour Department's employment services section, which tries to find jobs for the unemployed, says that more than 40 000 people have registered with it so far this year.

Rashieda Wentzel, deputy-director of employment services, this compared with 41 495 in the same period last year.

"There is a slight increase, which is to be expected as unemployment figures rise," Ms Wentzel said.

"Although the increase is not that big, it is important to remember that not all unemployed people are registered with us. Other people go to private employment agencies which are less focused on unskilled workers."

Jobless people's details are put on computer and staff provide employment counselling and placement in appropriate career markets.

Their details are also sent to other

provinces. Applicants include matriculants, skilled and semi-skilled workers.

Employers needing permanent or casual staff can contact the department. The service is free.

"Although the service is free to employers and employees, this does not mean the service is inferior," Ms Wentzel said.

Her department's success rate for career counselling and placement was between 8% and 11%.

"We have a higher success rate than other provinces because our area is more industrialised and there are more job opportunities."

Ms Wentzel said it was difficult for matriculants to find jobs because their school subjects were often inappropriate to the world of work.

"We also need a change of mindset among people who believe they can do only one job.

"For example, many people with matric come here believing they can be only domestic workers.

"We are trying to move away from being just civil servants because we want to provide an integrated and professional service to employers and employees," Ms Wentzel said.

# Anglovaal gives black businesses in Western Cape a R31-m boost

BUSINESS EDITOR

Contracts valued at R31-million have been put in the hands of black business in the Western Cape by conglomerate Anglovaal this year.

Anglovaal's Western Cape procurement programme, administered by Cape Town consultant Sam Montsi, made purchases totalling R9,7-million in its first year of operation, between September 1994 and September 1995. The sum jumped to nearly R24-million in the year to last September.

And between October last year and July this year, contracts for a total of R31-million were awarded to black businesses in the region, ahead of the budgeted R30-million for the year.

A list of qualifying black businesses is drawn up, and any business which meets the criteria may be added to the list. The Anglovaal companies taking part in the programme meet

the black businesses every month, with each assessing the performance of the other.

Anglovaal group company Grinaker Building Cape spearheads the initiative, working with the National

**'We offer training to the workforce and a management course to the company's owner'**

Association of Black Contractors and Allied Trades (Nabcat) to involve small black construction businesses in its projects.

Grinaker managing director Pierre Rousseau said: "With the aid of Nabcat, we identify emerging contractors

ARIS 4/9/97

(49A)

who then are given individual parts of the major contract to run as their own. "Together, we offer training to their workforce and, perhaps more importantly, a business management course to the company's owner."

He said contracts completed in this way included the Wingfield prison complex and the Bellville sports and entertainment centre, where black contractors won contracts valued at R7,5-million.

Mr Rousseau said as the stadium, completed for the world junior cycling championships, would be used for the Olympics if Cape Town won this week, Grinaker had decided to apply the Olympic social upliftment charter.

In the 10 months ended July, Grinaker Building Cape had also bought nearly R12-million in supplies through the Anglovaal procurement programme.

Anglovaal had expanded the programme to Gauteng in February.

# After bid blow, city can aim for new 'gold'

## 2004 experience can be channelled now into development priorities

AR 8/9/97

(49A)

NOW THAT CAPE TOWN HAS LOST THE BID TO HOST THE 2004 OLYMPICS, WHAT WILL BECOME THE FOCUS OF THE CITY'S DEVELOPMENTAL EFFORTS? CITY EDITOR ANDREA WEISS TAKES A LOOK AT THE HARSH REALITIES THAT WILL FACE CAPE TOWN IN COMING YEARS - WITH NO OLYMPIC DREAM TO HOLD ON TO

Cape Town is a city which is having to face up to itself in the cold, sober light of day, the Olympic dream shattered, with the question on everyone's lips "What comes next?"

While losing the bid has been greeted with disappointment and despair in many quarters, there is also a sense of relief as people begin to realise that our lives are not going to be dominated by preparing for the Olympic Games.

Instead, it's time to focus on priorities. Among these must feature economic development (with tourism and the building of an international convention centre at the top of the list), public transport (as a means to promoting development), the provision of "housing, housing, housing, housing and housing" (to use a phrase from city manager Andrew Borame) and the protection of our most precious natural asset - the environment.

### What I love about us, and what makes us work, is that we keep comparing ourselves to the best

The question that now arises is how do you go about achieving the same objectives, but without access to the "quick-fix" resources that were likely to flow from a successful bid?

David Bridgman of the Western Cape Investment and Trade Promotion Agency (Wesgro) believes that the city's war is against poverty and the way to win this war is to promote economic growth.

The Olympic bid went hand in hand with some valuable planning tools. For starters, it drew heavily on the Metropolitan Spatial Development Framework (MSDF), a framework which aims to bring about a more compact city, offering work and leisure opportunities close to people's homes.

One of its key components is the

otherwise have been without the extraordinary experience of bidding for the 2004 Games

Bidding has taught the city many lessons in how to compete internationally and how to successfully forge public, private sector partnerships. Cape Town has been given an edge in the international focus through the bidding process, and now has a window of opportunity to improve its tourism industry and attract associated investment.

But the main focus of the bid was developmental, starting from the premise that the Games would be used as a catalyst to fix structural problems entrenched by an apartheid past.

The problems the bid sought to address have not changed. The city will just have to work harder at finding the money to fix them.

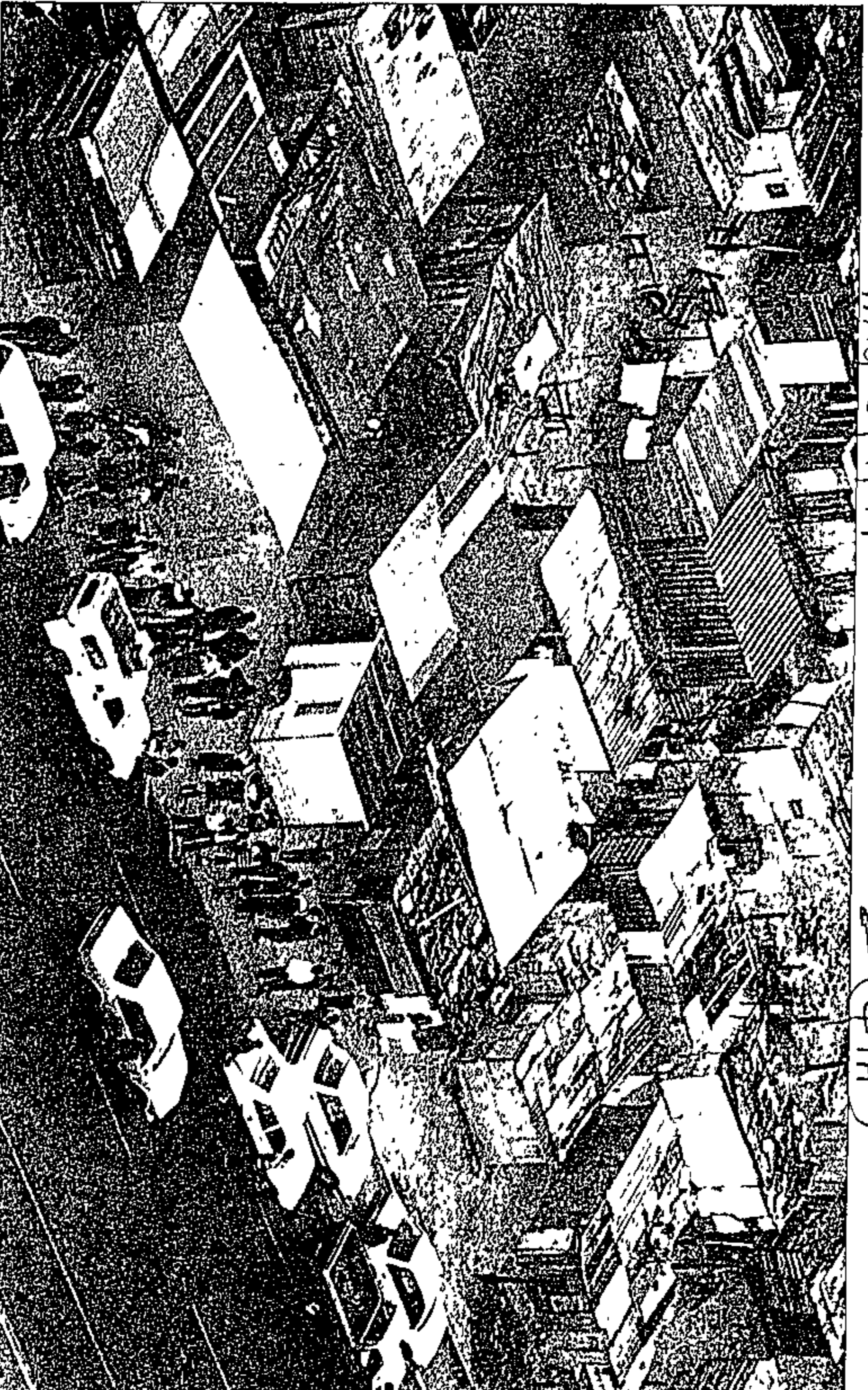
Chief among these problems is that the vast majority of the poor are concentrated in areas furthest from economic opportunity, on the Cape Flats. Olympic planning focused on creating greater opportunities in these areas and improving transport.

The question that now arises is how do you go about achieving the same objectives, but without access to the "quick-fix" resources that were likely to flow from a successful bid?

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One of its key components is the



HANNAH THURF

Room for improvement: these shanties on the Cape Flats are just one area on the Peninsula that can be improved dramatically now that lobbying for the 2004 Olympics is over

idea of developing activity corridors closer to where the majority of people live, thus reducing the need for the great commute to and from dormitory suburbs to work opportunities.

Thus was born the Welton, Lansdowne corridor concept aimed at attracting development to the impoverished south-east corner of the city with a new central business district in the Phillip area.

Money for the Welton/Lansdowne corridor is happily not Olympic-related, but flows from RDP initiatives, with the Department of Transport picking up much of the tab. The framework also addresses the

issue of public transport.

This is a matter which it says should be given priority to reduce the number of cars on the road to prevent a burgeoning problem of congestion and pollution.

Dr Bridgman's view is that Cape Town is in the same position as London was in 1860 before it acquired effective public transport.

"At some stage, the city either stops growing or it puts in a public transport system and keeps growing," he postulates. His view is endorsed by metropolitan transport director Dave Eadie, who makes the point that if Cape

Town is to improve its transport, and is unlikely to get the money directly from the Government, some other way of raising the money will have to be found.

This could include making an appeal to the citizens of Cape Town to endorse a public transport levy which could be built into car ownership, petrol or raised from toll roads.

Ideally, what he would like to see is the kind of public transport which is as successful off-peak as it is during rush-hour commuting times. "To sell public transport, you have to cater for off-peak," he argues. Draft legislation, which would

enable transport providers to tender for certain routes within certain planning specifications, is in the pipeline. On the housing front, the Olympic Games were never widely regarded as a major provider of houses.

Fears were expressed, notably by the Development Action Group (DAG), that they might have quite the opposite effect.

The group argued that the Games would potentially heat up the property market to the point where it would drive out tenants vulnerable to price increases and put pressure on the construction industry to complete Olympic projects rather than focus

on low-cost housing. In its post bid comment, DAG has commended the Olympic bid company, the Government and business for pursuing the bid with fervour on the grounds that their ability to "harness tremendous resources has been encouraging."

The organisation has expressed the hope that the same enthusiasm will be used to tackle developmental needs in Cape Town. In anticipation of a yes-vote, city planners also came up with an imaginative idea for making Parliament more attractive in Cape Town by encouraging the development of the eastern section of the city as a parliamentary precinct.

With the Games no longer on the cards, this initiative adds impetus to the argument that Parliament should remain where it is.

While the Olympic Games would have been a catalyst which could have spurred the economy into meeting these demands, this would only happen if key sectors were promoted and developed.

Significant sectors include manufacturing (responsible at present for 23.29% of the Western Cape's gross regional product), commerce, catering and accommodation (read tourism) which accounts for just over 20% of the gross regional product.

In Dr Bridgman's view, tourism has to be the biggest economic potential for the region. This is because it reaches into so many other sectors which have to provide all the things which are needed to make it work.

The convention centre, too, is on the cards with the potential for attracting huge numbers of visitors to the city.

Ultimately it comes down to a question of confidence. "What I love about us, and what makes us work, is that we keep comparing ourselves to the best," says Dr Bridgman.

Cape Town was confident enough to put itself on the line internationally and emerged an Olympic finalist. Now it needs to build on that confidence to see it through to the 21st century.



# Foreign billions land in W Cape

*'Massive' increase*

ARL 11/2/97 (49A) (11)

**WILLIAM-MERVIN GUMEDE**  
POLITICAL STAFF

**A whopping R8-billion in direct foreign investment has flowed into the Western Cape in the past year and another R2-billion is on the way.**

In addition, tourism is estimated to have brought in R3,3-bn in foreign exchange in 1996 - 12 percent more than in 1995.

The province's efforts to attract trade and direct foreign investment were starting to bear fruit, Western Cape Premier Hernus Kriel told the provincial legislature in his opening address yesterday.

Mr Kriel said this was a "massive" increase over investment in the region in previous years.

He said direct investments in the province in 1996 topped the R8-bn mark and the figure was expected to jump to R10-bn when about 12 outstanding direct investment initiatives were finalised.

According to provisional estimates, tourism had brought R3,3-bn in foreign exchange into the province, an increase of 12 percent on the previous year's figure.

Mr Kriel said budget cuts which came into effect late last year had put a huge burden on health provision and people should

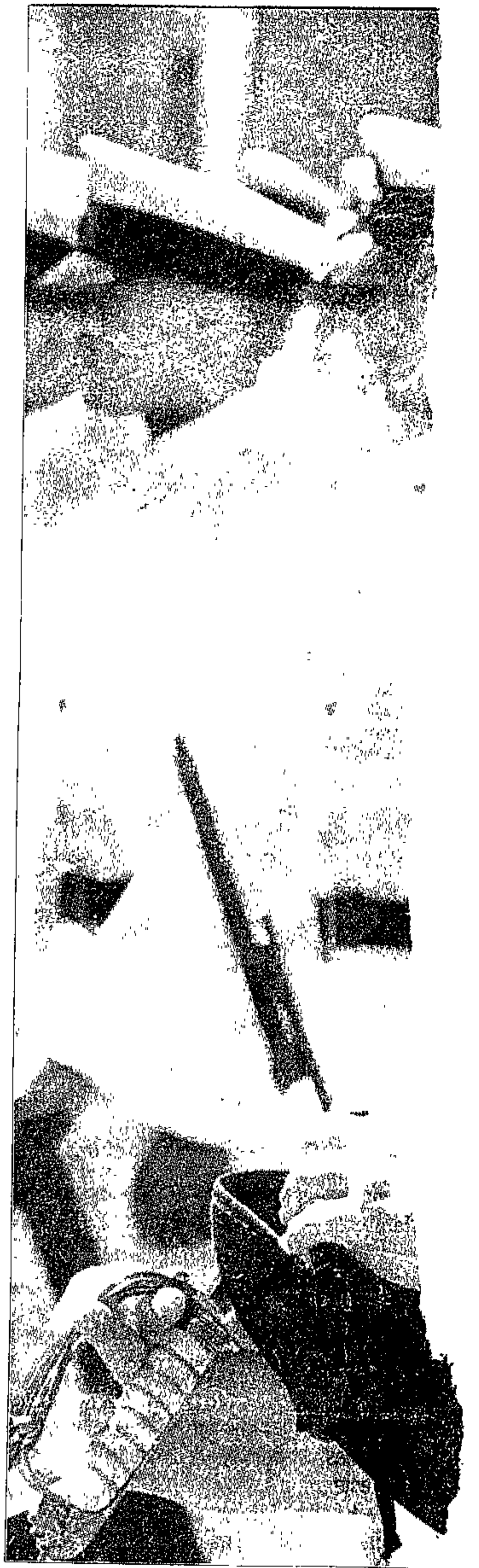


**Hernus Kriel: provincial efforts 'bearing fruit'**

expect the scope and scale of health services offered by the province to be reduced.

He said 3 100 health workers had taken voluntary severance packages and only 700 of them would be replaced.

About 600 newly-appointed school principals would take up the posts of those who took voluntary severance packages. The



To page 3

**Bad hair day: the infamous south-easter gets up to**

P.T.O

FM 12/9/97

49A

# Scattered by Social Ills

The champions of SA's Mother City are battling to protect its safe-haven status as the relentless influx of new arrivals stretches resources to breaking point

FM 12/9/97



Cape Town was not always thought of as a haven — a final middle-class retreat from SA's tides of squalor, crime and insecurity. Indeed, the Cape Peninsula cradling the vicariously lush of the city that failed to persuade the Olympians was first seen as forbidding and desolate.

In the 15th Century, the Portuguese poet Luis de Camões — laureate of the voyages of discovery — portrayed the craggy, Ambros-shrouded land as the bones of an immortal giant called Adamastor, dejected in a war of rebellion against Jupiter.

Adamastor speaks to the wanderers who have found him. It is clear that mere strength is of no avail against the heave and lull of weep over my woes began to realise that late was against me and to feel the weight of displeasure at what I had done. My deen turned to hard earth, my bones to crags. These limbs you see this frame were then projected across the vast water's spaces until, finally, the gods overtook the transformation of my huge body into this terrific headland.

Like this, the template were laid down successive layers of economic and political control, most recently those of the apartheid State. When the print can still be seen in the city's virtually unerring ethnic habits whereby the gradations of privilege have been retained. While the Group Areas Act and municipal zoning have been grafted

more than a decade their effects are everywhere apparent.

What gave Cape Town and its satellite towns and farm lands a unique racial twist was the Nationalist declaration that the Western Cape was a preferential labour area for whites and coloureds — in that order. Africans seeking work were at the bottom of the queue, and also the primary victims of the notorious midwinter raids on their pitiful shacks in places such as Crossroads where the crushed-up mass of humanity — largely without basic necessities — can still be seen by visitors arriving at Cape Town airport.

The growth of Crossroads was substantially due to an influx not merely of work-seekers but of wives and children wishing to live with their husband-workers — many of them hitherto confined to single-sex barracks in the old townships of Langa, Manga and Gugulethu. New housing for blacks was frozen for decades.

The pressures ultimately had several effects: the world saw the barbarity of the evictions, the authorities attempted to get certain community leaders onside and so triggered factional violence and knifings. A shanty town was built on the windy dunes of the flats in a belated attempt to accommodate the rising black population.

Today, of the 4.3m inhabitants of the Western Cape — almost three-quarters of the greater Cape Town area — only a million are black. There are fewer whites, 1.95 million, and the overwhelming demographic fact of the region is its population of 2.3m coloureds and Asians.

However, the accuracy of population statistics is frequently questioned and the issue is of major importance to the provincial budget. For 1997-1998, the Western Cape received a 1.7% share of the national Budget R47 billion, down from 1.7% in 1996-1997. In coming months the province is likely to appeal for further funds on the basis of census figures that suggest a higher target population than previously thought. It is clear that there is a significant discrepancy between the National Party's population figures and official census figures.

Since the province is controlled by the NP led by Herens Kriel, it is evident that the coloured people comprise the majority of that support and mean that it could be inferred that many of them despite their own sufferings under apartheid identify with the rhetoric and aspirations of the white minority and the non-racial United Democratic Front — one of whose leading patrons was Allan Boesak — set a pattern of fighting injustice that was specifically 'not ethnic'. The matrons on parliament and the prominence of Archbishop Desmond Tutu made Cape Town a familiar to world, relevant audiences in a way that tends now to be forgotten.

Government's removal of District Six, a coloured area on the slopes of Table Mountain, became an international symbol of injustice and lives on in song and legend. Furthermore, while it is true that the province is geographically isolated from the interior, the Western Cape had profound political significance in the struggle-racked 1980s. It could be said without exaggeration that the absence of Nelson Mandela was in the air. Though born in the Transkei and through he pursued his legal and civic work primarily in Johannesburg, the pressures of his racial separation are a familiar

**POPULATION MID-1997**

Cape Metro	2,295,000	67.6
Winelands	2,295,000	6.9
Breede River	2,295,000	6.8
Southern Cape	1,850,000	6.5
West Coast	1,178,000	4.5
Overberg	1,100,000	4.1
Little Karoo	1,100,000	2.5
Central Karoo	1,100,000	1.2
Western Cape Total	4,972,000	1.2

**Western Cape as % of SA total**

Population	2,295,000	9.6
White	1,047,000	2.9
Coloured	965,000	24.4
Indian	1,060,000	22.4
Number of Households	1,060,000	1.2
Population Increase 04	100,000	1.2

**Formal and Informal employment in the Western Cape 1996**

Sector	Number	% of RSA
Agriculture, forestry, fishing	158,000	9.1
Manufacturing and mining	316,000	18.3
Construction and repairs	117,000	6.8
Electricity and water	11,000	0.6
Commerce, catering and accommodation	237,000	13.7
Transport and communication	105,000	6.1
Financial and business services	98,000	5.7
Social, personal and government services	388,000	22.4
Survival activities and unemployment	300,000	17.3
<b>TOTAL</b>	<b>1,750,000</b>	<b>10.0</b>

WHO WORKS WHERE

But what of the 'loss' of the 2004 Olympics? The Cape Chamber of Commerce chooses to be upbeat, saying government has in any case committed R225m for the upgrading of sports facilities in Jasonagar areas and has accelerated R200m spending on transport infrastructure, a notable deficiency in a city which enjoys a degree of infrastructure unparalleled in Africa.

It remains to be seen whether — with plans in the bid now the subject of heated re-negotiations — government will feel obliged to spending tied in a limited enterprise of building provincial government schools. This can be a double-edged sword. On the one hand, it would

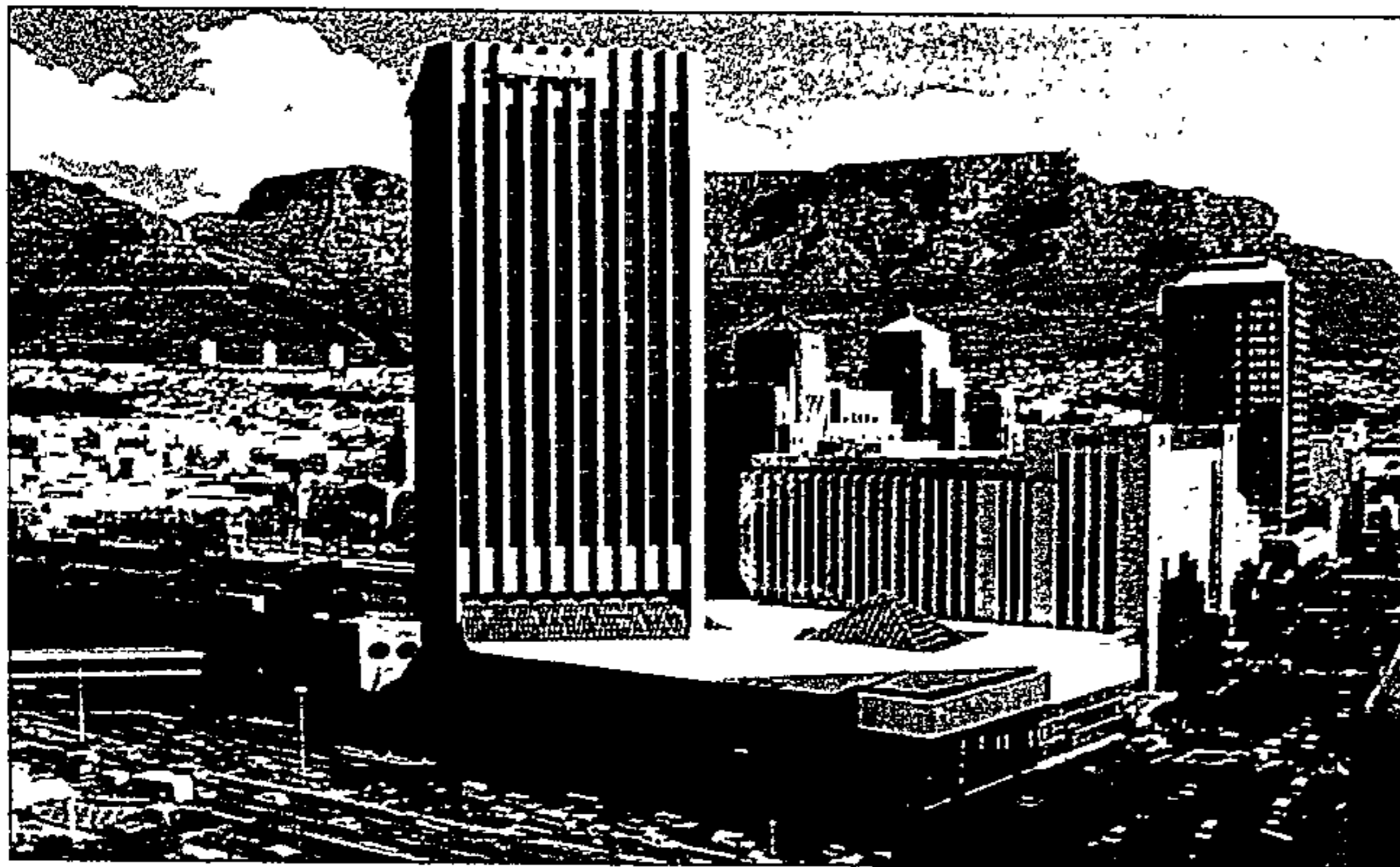


**CAPE TOWN CBD**

# The city wins, even without rings

(49A)  
FM 12/9/97

Olympic failure doesn't deter cagey Canadian's multimillion bids for Cape Town city centre properties



*Sanlam's Golden Acre Bird's offer reflects a different view about Sanlam's book values*

**A** Toronto-based international property investor, Patrick Bird, has offered to buy most of Sanlam Properties' Cape Town CBD commercial stock — even without the 2004 Olympic Games.

The deal was not struck before the September 5 Olympic bid deadline because the offer was too low, says Sanlam asset manager Fanie Lategan. But after Cape Town's failure, Bird is still keen to discuss "more realistic" prices and is going ahead with other deals in the city.

Lategan refuses to comment on whether he will reconsider Bird's offer.

One of the key properties Bird wants to buy is Sanlam's Golden Acre shopping centre near Adderley Street station. Most of the commercial properties he is eyeing are valued at more than R20m each.

Bird would not be drawn on his talks with other institutional sellers, which — including Old Mutual Properties — are anxious to reduce their exposure to property.

Bird, who was born in SA, denies his activities were linked to the Olympic bid. But since the bid failed, he says he intends

taking a tougher line in the negotiations.

International property speculation in the run-up to decisions about successful Olympic bids is not a new phenomenon. Much speculation also takes place in the run-up to the actual staging of the Games, particularly in the sentiment-driven residential market.

"But most speculators usually sell their residential property long before the Games take place," says commercial broker Geoff Caradoc-Davies, who acts for Bird.

Contrary to the view that property prices close to Olympic stadiums escalate the most, Capital Alliance property investment director Mike Flax says international experience is that CBD property rises fastest. Certainly, this happened in Sydney.

"I happen to believe the Cape economy is strong," Bird said before the bid was decided. "It has tourism which has grown annually by 22% and it has export-related earnings which give it its strength."

"From a real estate perspective that is fundamentally positive compared to the Reef, which does not have the same drivers

and whose yields are more like those of Argentina and many other developing countries."

He said he had been working with Lategan since March. He dismisses as insignificant reports from Cape Town conveyancers and agents that private buyers had made offers for residential stands in Fresnay, Camps Bay and Muizenberg (near the Philippi development corridor) amounting to between R20m and R30m, with premiums attached should Cape Town win the Olympic Games of between 0,5% and 35%.

The issues, he says, are "just too complex to attach to a single event."

He says his interest is rooted in the Western Cape's growth — which he puts at 6%. "It's a straight economic play with a post-industrial economy externalising and gradually moving into intellectual property industries."

In recent months several CBD properties have changed hands, one of them the Strand Street parkade for R50m-R60m. Caradoc-Davies says many more are in the pipeline. Good rental growth is expected in Cape Town, office rentals are expected to double every six years. Bird says he is looking for initial yields of 11%, which he says are in line with Western economies.

Speculation about the fate or fortunes of the Cape Town CBD market is far from over. If parliament leaves, there will be a substantial overhang of B- and C-grade office space for a couple of years, with rental growth in that category remaining static but expected to grow thereafter. Another variable is the pending 1999 site-based rates revaluation, which is causing a great deal of uncertainty and anxiety.

But the mood remains buoyant and private investors of substance are looking for investment property.

*Alison Goldberg*



*Caradoc-Davies . . . many bigger deals done and pending have not been publicised*

# Boland poised for jobs

## Asmal's ambitious R190-million water project will

# bonanza

### provide work for thousands

ST(CM) 21/9/97

(49A)

CHARL DE VILLIERS

**I**MPOVERISHED Boland communities are poised for a jobs bonanza with Minister of Water Affairs Kader Asmal planning to splash out an extra R190-million on his department's "working for water" programme.

The funding could treble the ranks of the 3 200 formerly jobless "hackers" who have cleared more than 61 000 ha of water-guzzling invasive plants from Western Cape mountain catchments and riverbeds in just under two years.

Professor Asmal is hoping to get backing from cabinet for extra expenditure which would also create thousands of similar jobs in other parts of the country.

He disclosed the funding bid while announcing his department's action plans to help reduce the risks of a potentially disastrous El Niño drought which is expected to hit summer rainfall areas by November.

Widely considered to be one of the government's most effective RDP-related projects, the national working for water programme has generated more than 6 500 jobs since October 1995.

Ministerial advisor Dr Guy Preston said up to R40-million from the state's poverty relief fund could be spent on accelerating the Western Cape "Fynbos" catchment reclamation project.

"Depending on what comes out of the cabinet meeting in two weeks' time, we could create up to 8 000 additional jobs on the fynbos project with money which has to be spent before March next year," he said on Friday.

Scientists reckon that it would take at least 10 years to clear virgin infestations in the Western Cape, and another 10 years for crucial follow-up operations.

Project managers are slowly phasing in an incentive-based piecemeal system which has cut costs per hectare by about 46 percent in other parts of the country.

The Western Cape wage bill accounts for 70 percent of the R48,4-million allocated to the fynbos project for 1997/8 financial year.

Besides job creation, Asmal's "war on weeds" is a key element in his strategy to promote sustainable use of scarce water resources, postpone expensive capital projects and take potable supplies to the millions of people who do not have direct access to water.

"Clearing mountain catchments of alien vegetation can increase water yield by more than 30 percent — the equivalent of 200 mm of annual rainfall — and is far more environmentally-friendly than building expensive new dams," Fynbos project co-ordinator Christo Marais said.

Engineers suggest that greater Cape Town could save a whopping 90-million m<sup>3</sup> of water a year if the CMC's conservation measures matched those of the Hermanus municipality, which cut consumption by 32 percent during the past summer.

Based on the metropole's average annual consumption of 281-million m<sup>3</sup>, a 32 percent savings could keep a new dam for the Western Cape the size of Skuifraam full for a year — and irrigate more than 10 000 ha of land or supply water to 640 000 people.

Asmal has also given the public till October 17 to appeal against his effective approval of the R560-million Skuifraam Dam at Franschoek — which will only go ahead, however, once he is satisfied with the Cape Metropolitan Council's water conservation programme. The Cape Town City Council has recommended setting up a special unit to oversee a reduction in water consumption.





HANNES THART

Planning backlog: developer John Clarke and Claremont councillor Ian Iversen discuss the Cape Town Municipality's delay in planning approvals

# City staff, cash crisis delays developments

## *Planning department service 'lousy'*

ART 11/10/97 (49A)

JILYAN PITMAN

**Understaffing and a lack of money to employ planning experts at the Cape Town municipality has reached crisis proportions, delaying several multi-million rand developments in the city.**

Developers are so desperate to get delayed developments approved that they are prepared to pay the salaries of extra officials to ensure that plans are approved timeously.

But executive director of planning and economic development at the council David Daniels said he would not take their money because it was the municipality's job to offer the service.

He said contingency plans were now under way to sort out the crisis.

Sea Point councillor Chris Joubert said the council was aware that delays were costing developers millions and that developers believed they got "shoddy" treatment from officials.

"We know the situation is serious but we intend to rectify it as soon as possible. We simply cannot do this to developers. We need to roll out the red carpet for them."

Mr Joubert said multi-million rand developments took several months to get passed and smaller household plans should take a maximum of four weeks. "We are not taking this lying down. We will sort it out."

Managing director of Bellandia, John Clarke, who is working on a R6-million development in Claremont, said in letters to municipal officials he was "horrified" to discover "that the examination of our working drawings, together with those of other developers, is being delayed because the municipality does not have the R9 000 required to fund the overtime necessary to address the backlog".

Mr Clarke, who would like to start building his 15 loft apartments and 15 two-bed apartments next week, said it was a case of "penny wise and pound foolish". He said he was desperate to have his plans looked at as soon as possible because his company would incur huge costs if there were delays.

"It's a pathetic situation, they have no money to pay staff. I would gladly pay to have my plans scrutinised timeously," he said.

He said his company had, over the years, paid large sums of money to the municipality in rates, examination fees, connection fees, electricity and water charges and felt it had a right to expect prompt service.

"We have an escalation clause of R1 400 a day for every day the plans are delayed beyond October 31. We will also incur a loss of interest on the profit of the development as a result of delays."

Southern suburbs councillor Ian Iversen said he contacted the municipality on September 30 and was still awaiting a reply. "We are supposed to be an economy-friendly city, but it's not happening. Nobody takes the initiative, they just leave things to get worse."

Faircape Property Developer Michael Vietri said frozen posts had not yet been unfrozen.

"Problems in that department have got worse. Everything takes twice as long as before and it's got really bad in the past nine months," he said.

He added that administrators spent their days in meetings and it was difficult to get them to reply to queries.

Philip Flockton, managing director of Shearwater Homes, another development company, said the municipality was making huge profits out of developers, but the service was "lousy". "If they can't do the job, maybe it should be sub-contracted to archi-

fects."

Cavalier Homes managing director Sarrell Bernberg said something was "not right with the council".

He added: "The municipality does not treat us as clients. The odd individual is helpful but the crux of the matter is that the city council is in chaos because of the new substructures. All the municipalities are guilty of being purposely bureaucratic."

He said one of his architects had actually left his company because he could not handle dealing with municipal officials.

John Schooling of Stag Homes said municipal staff were disorganised and lacking in motivation to get plans through the system. "There is no accountability and officials are not sticking strictly to the law."

Mr Schooling said he was busy with five big developments and did not believe chipping in to pay for extra staff would help. "I don't believe it's an issue of money."

"Developers also feel if they make a fuss they will get more hassles and more hold-ups. We are in a horrific state."

"Since our 1994 Developers Forum, where we outlined everything we needed to get things speedily done, everything has come to nought. Developments are not getting approved timeously," he said.

Mr Daniels said with restructuring a lot of people had been transferred or posts had been frozen.

"Seven posts, five of which will deal with plans, will be unfrozen soon. Hopefully, that will alleviate the problem for developers. We do have a crisis."

He said the municipality had an obligation to do the job and catch up on the backlog.

"We won't take developers' money because it's not proper. It's kind of them to offer, but we must resolve this ourselves."

# 8000 jobs at risk if Parliament moves

*'R3-billion will be lost'*

ARG 4/11/97

**CLIVE SAWYER**

POLITICAL CORRESPONDENT

**Cape Town will lose 8 000 jobs and R3-billion if Parliament moves.**

Philip Black, a professor at the University of Cape Town's School of Economics, said medium to long-term income of more than R3 billion would be lost to Cape Town.

Professor Black, who led a study into the impact of moving Parliament to Midrand, said a "whole new complex" would have to be built, which would bring the Gauteng city more than R500-million in investment.

"Once Parliament is up and running in Midrand, then that annual injection of money will come to

Midrand and be lost to Cape Town," he said. This impact on Cape Town would be felt not only by the staff of Parliament, but also by suppliers in sectors ranging from food and beverages to office supplies.

Asked whether there were steps Cape Town could take to compensate for the huge loss of jobs and money, Professor Black said this had not been part of his brief.

Possibly the provincial government could take over part of the complex, and perhaps some could be converted to office space.

He said it made sense to move Parliament to Gauteng or Midrand. If Parliament was moved to Midrand, the Government could build a rapid-rail system to link it to its offices.

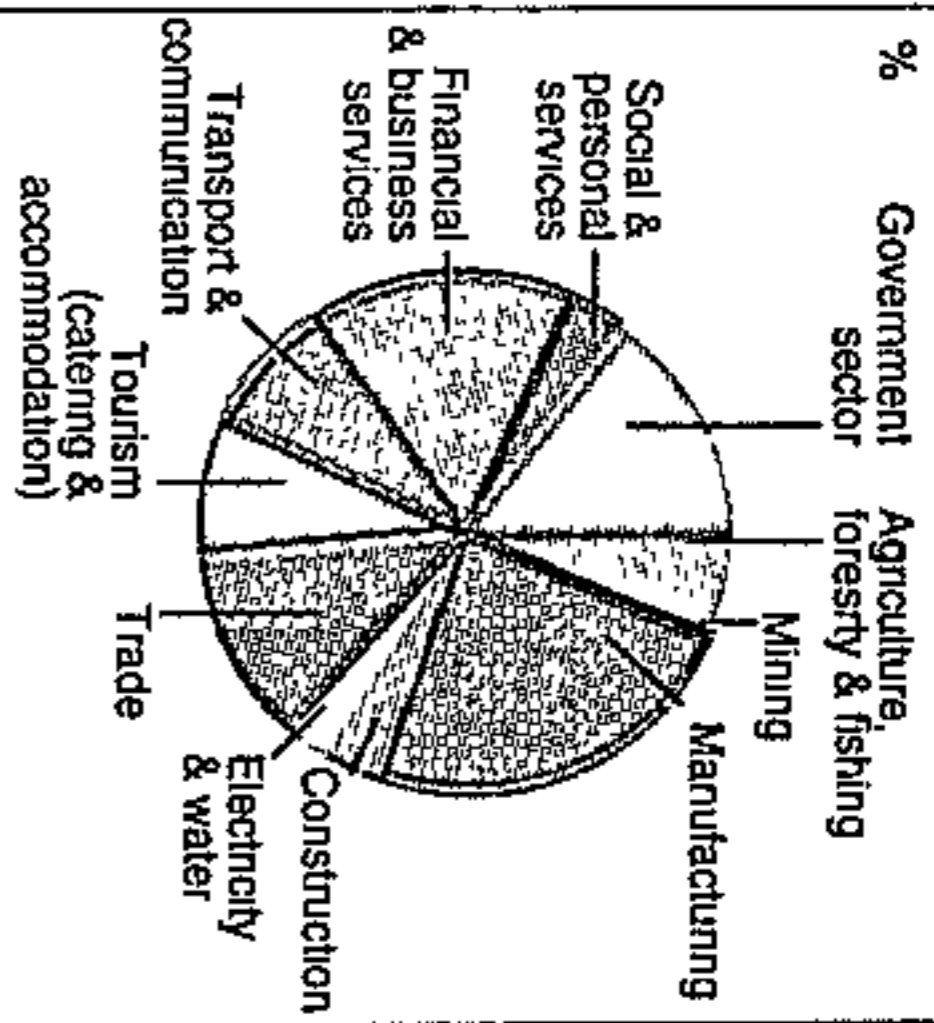
"The Midrand development complex is perhaps more suited to putting in place a very prestigious Parliamentary complex, more so than is the case in Pretoria."

Kallie Hanekom, executive director of the Citizens Alliance for Parliament, said taxpayers would be horrified by the catastrophic impact on jobs.

"The pointless exercise of building a palatial new complex in Gauteng would mean only that our already lopsided national economy would tilt even further," he said. The alleged and unproven savings of concentrating all power and economic benefits in Gauteng would be offset by the damage to economic equity and national unity, Mr Hanekom said.



## Western Cape gross regional product



Graphic: SARAH EVANS. Source: WESGRO ESTIMATES. BASED ON LATEST AVAILABLE SARIB DATA AND ADJUSTED CSS REGIONAL BREAKDOWN (LATEST AVAILABLE IS 1994)

# Good growth expected in Western Cape

Samantha Sharpe

CAPE TOWN — The Western Cape could look forward to a renewed economic upswing in the next two years with gross regional product growth rates of about 4% and 4,5% forecast for next year and 1999 respectively, the region's trade and investment promotion arm, Wesgro, says.

This was despite losing out on the 2004 Olympic Games and the possibility that Parliament could move to Pretoria or Midrand.

Wesgro CEO David Bridgman said, that based on its relatively broad range of key sectors — agriculture, tourism, industry, trade and financial services — the Western Cape had continued to show better than national average growth last year and this year.

This would continue into next year and beyond, fuelled by substantial growth potential in exports, tourism, agriculture, food processing and supplemented by growth in physical infrastructure.

In terms of individual sectors, the investment agency said the loss of the 2004 Olympic bid had not significantly affected the Cape's short-term tourist prospects — the sector was estimated to contribute between 8% and 10% of the region's revenue — even though it may have dampened longer-run growth prospects.

"On balance, we should view the tourism industry as a major growth sector in 1998/99 as far as investment, employment and diversification of services is concerned. In a more indirect way, the tourism boom also has a significant stimulatory effect on the property market."

On the agricultural sector, which enjoyed a 6% share in gross regional product and 9% in regional employment, Wesgro said the prospects for at least a 2% to 4% real growth in agricultural value added next year seemed good. Industrial turnover should

BD 11/11/97

(49A)

# Cape

grow in real terms at a rate of 4% to 4,5% during next year, the investment agency said, with the benefits of the Saldanha Steel Project likely to result in a major increase in value added.

Strong labour rationalisation trends, linked to information technology innovations, would prevent a major increase in employment in the financial and business centres which were nonetheless forecast to expand at a rate of 4,2% to 4,8% in 1998/99, Wesgro said.

# Economic empowerment 'vital for the Western Cape'

## Director-general warns of weaknesses

ART 12/11/97

(49A)

**LEWELLYN JONES**  
BUSINESS REPORTER

A failure to tackle economic empowerment will slow down growth in the Western Cape, warns Tony Ruiters, director-general of the Western Cape Department of Economic Affairs.

Speaking in a panel discussion during the annual Wesgro conference in Sea Point yesterday, Mr Ruiters pointed to several gaps which, unless they were addressed, would slow down - if not halt - economic development.

"First, there is a gap in economic empowerment," Mr Ruiters said.

"In five years' time we must not only be able to show strong economic growth, but that it has gone hand in

hand with economic empowerment."

Mr Ruiters said there was progress along these lines, but that it was skewed. He singled out the construction industry as one that had made great strides in subcontracting out to new and emerging businesses.

But he believed the lack of progress in other industries could not be laid exclusively at the door of big business.

He said black businesses had to involve themselves in a "constructive engagement" with established

**'Black business must  
organise itself into  
constituencies and  
negotiate as a group'**

business.

"Black business must organise itself into constituencies and negotiate as a group."

Next, Mr Ruiters noted that between business and educational institutions was still not operating to its full potential. He believed this networking was vital if Western Cape businesses were going to compete in the global market.

But he also believed certain industries were too complacent in the drive towards global competitiveness, singling out the canning, clothing and textile industries.

"If they do not restructure their businesses in the short-term, they are going to be in serious trouble just a little longer down the line."

Mr Ruiters also fired arrows at the financial institutions which he said needed to be less conservative and "build a culture of investing in the development capital market".

He believed many small and emerging businesses with good potential for long-term growth were being starved of capital because of the lack of such a culture of development among the institutions.

Mr Ruiters also expressed concern that development was too focused on the metropolitan areas.

"We cannot afford a situation where the metro areas grow faster than the platteland," he said.

# West Coast project targets

## R10-bn for investment

(49A)

### Ambitious plan gathers momentum

**EDWARD WEST**  
DEPUTY BUSINESS EDITOR

The Department of Trade and Industry and the Western Cape department of economic affairs plan to attract up to R10 billion of local and international investment to the West Coast.

Department of Trade and Industry deputy minister Phumzile-Mlambo Ngcuka said yesterday at the launch of the West Coast Investment Initiative appraisal document - which forms part of government's spatial development initiatives - that the R10 billion investment figure was conservative and included R8 billion for the Saldanha Steel project.

To bolster the West Coast project, a conference would be held from February 25 to February 27 at the military academy at Saldanha to showcase the region's potential in the minerals, industry, tourism, agriculture, fishing and infrastructure sectors.

The region stretches from Atlantis in the south to Saldanha Bay, Vredendal, Citrusdal, Clanwilliam, Plekberg, Moresburg, Malmesbury, Wupperthal and surrounding towns.

West Coast Investment Initiative project co-ordinator Dr Laurine Platzky said detailed information on proposed projects in minerals and industry would be made available at the conference in an "Investors Inventory".

Mrs Ngcuka said a feasibility study was under way for the construction of a road between Veldrift and Strandfontein.

It was important to dovetail the road with economic and tourism potential and three options on the possible siting of the road were being

considered. The feasibility study was expected to be completed by December this year.

Negotiations were under way with military authorities to introduce commercial partners for the Langebaanweg airport. An industrial devel-

### 'Negotiations under way to introduce commercial partners for Langebaanweg airport'

opment zone would be sited around the Saldanha Steel plant to attract, among other things, steel product factories and investments in automotive component and electrical appliance manufacture.

Mrs Ngcuka said other investment possibilities in the region would include community-based projects. These consisted of tourism-related developments and investment in boe-goe, rooibos tea and herb facilities

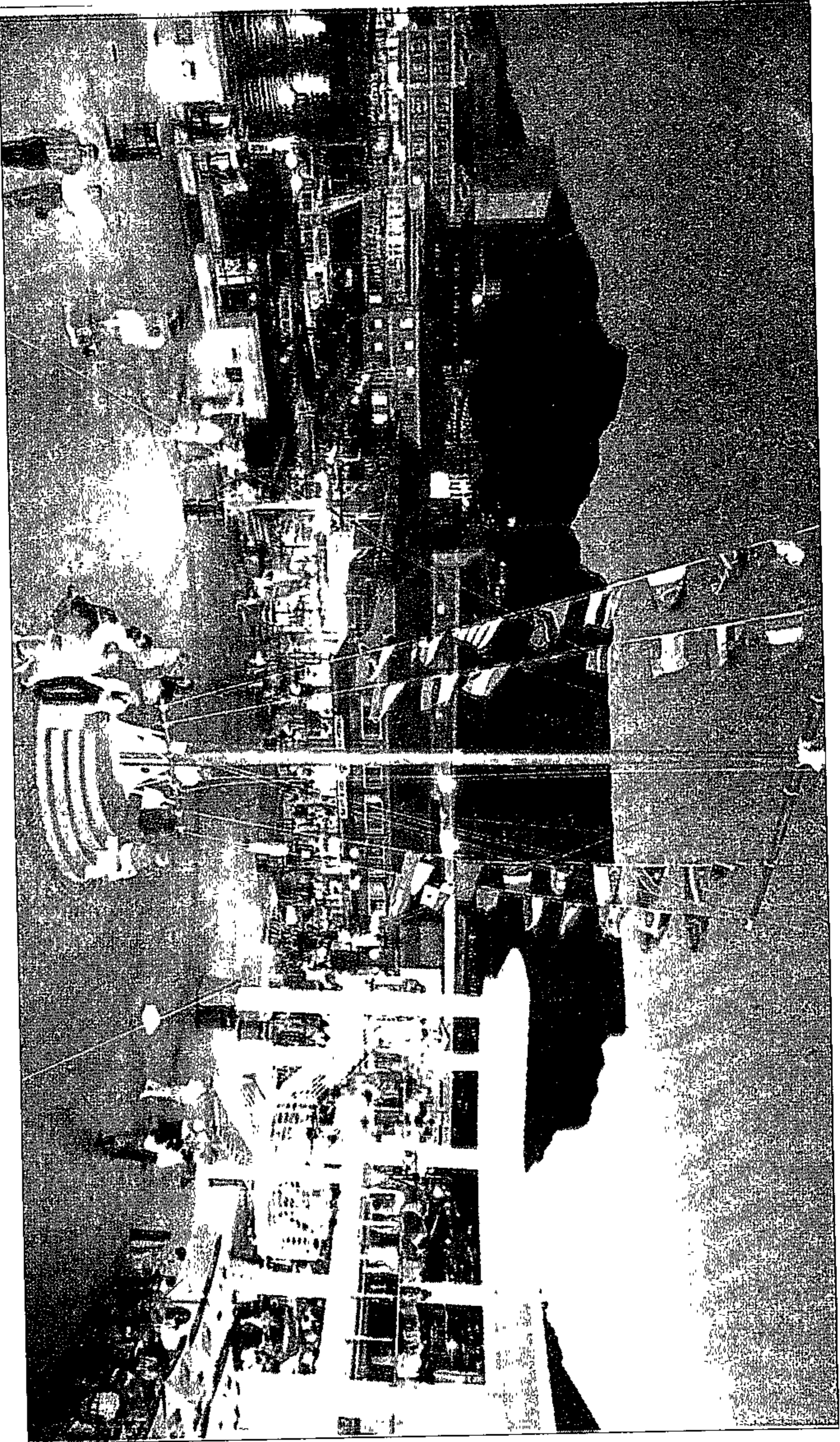
AR 13/11/97

and products as well as investment in high value marine culture and fishing type products such as mussels.

A catchment study - to be completed at the end of this month - of the Olifants/Doring River area was being carried out by the Department of Water Affairs and Forestry, which could highlight a potential 600 hectare increase in the land available for cultivation and result in a R1,2 billion initial investment in bulk and on-farm infrastructure.

The industrial development zone around Saldanha Bay would provide stable labour relations, predictable environmental regulations, common services and common infrastructure and property management. The location of zone close to the harbour would also enhance special facilitation of the control of imports and exports. Current upgrading of the port, which includes two additional general cargo quays, would be completed early next year.





Night sight 20 million visitors are expected to visit the V&A Waterfront this year

# Waterfront will bring 15 500 new jobs to Cape Town

BUSINESS EDITOR

By the year 2004 the number of new permanent jobs created at the Waterfront will total 15 500, says V&A Waterfront Company managing director David Jack.

Addressing the Waterfront '97 conference yesterday, Mr Jack said by the end of last year 7 000 permanent jobs had been created.

Construction activities were expected to add 22 500 jobs, mostly at labourer level, over the 15-year devel-

opment period from 1987 to 2004.

Research had shown, Mr Jack said, that for every new job created at the Waterfront, two other jobs were created elsewhere in the Western Cape.

Last year 18 million people visited

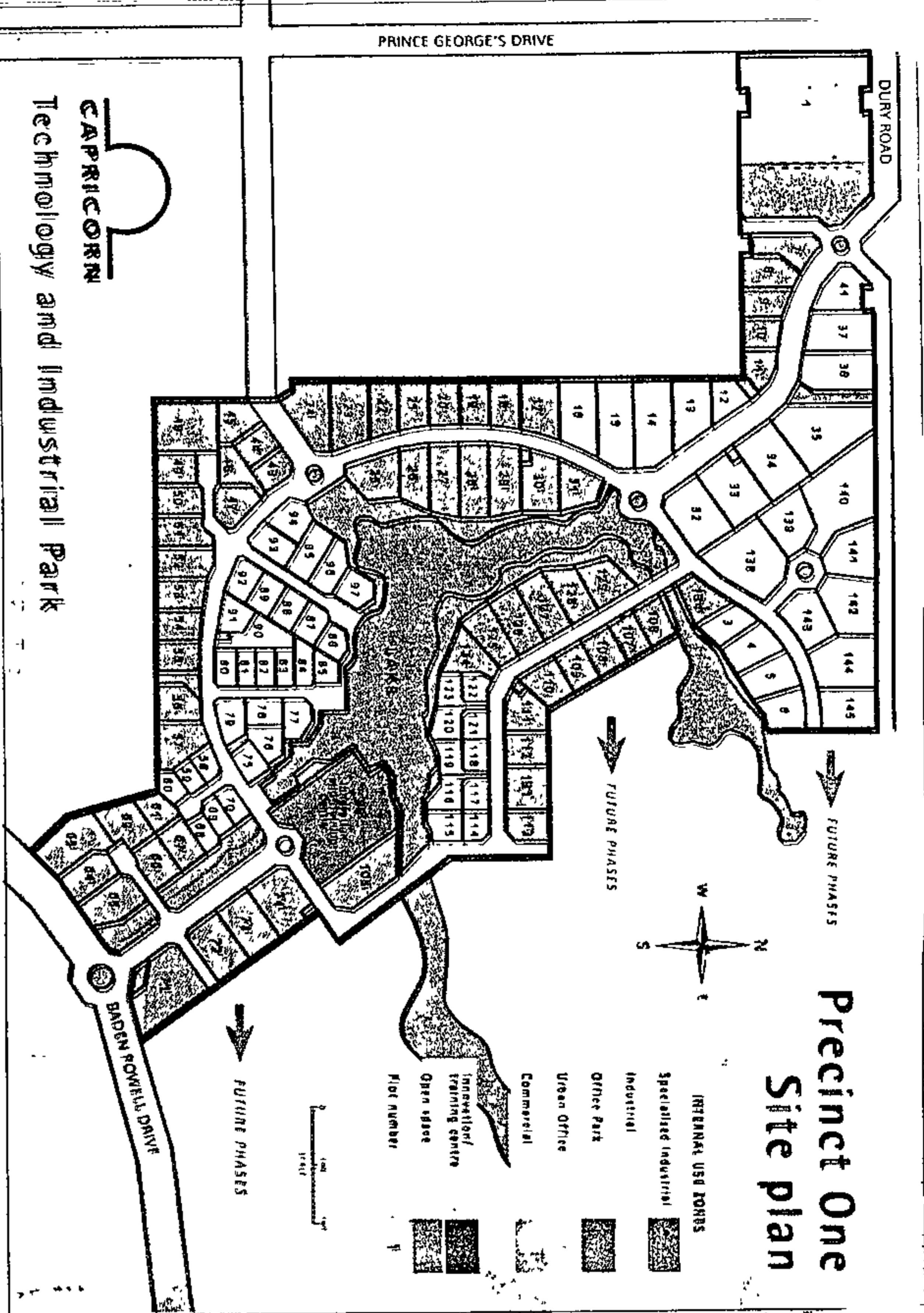
the Waterfront and this year 20 million people were expected, 20% of them foreign tourists.

The focus on local customers who visit all year round was one of the reasons for the Waterfront's success, Mr Jack said.

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19/11/97

49A



**FIRST PHASE:** This is a representation of the envisaged Capricorn Technology and Industrial Park. Building work on the park will start in January. An Environmental Advisory Board will be set up to screen and monitor industries which will be allowed there.

**THE CAPRICORN Industrial Park** has been touted as a science research park, but 45% of the site will have light industries. **MELANIE GOSLING** reports.

# Pollution potential at Capricorn

## Controls 'at park's initiative'

**ENVIRONMENT WRITER**

**"HIGH risk" industries,** which have the potential to pollute the environment and constitute a health hazard, may be among those established at Capricorn Technology and Industrial Park to be built near Muzenberg.

Construction begins in January. Wildlife and Environment Society of SA (WESSA) spokesperson Mr Andy Gubb said yesterday "People get the impression Capricorn Park industries will be harmless because they are classified light, but they are not in

ence research park", but 45% of the site would be light industries. Capricorn has done an environmental impact assessment (EIA) on the site, but WESSA said this was inadequate as it did not disclose details of possible industrial impacts on the environment and the adjacent communities.

"There was also no public participation process, so most people don't really know what's going on," Gubb said.

WESSA believed Capricorn should do a risk assessment on all industries allowed there so that an environmental management

"Some manufacturing processes may use PCBs, but their use is controlled by SA law at all times," Naidoo said.

He was concerned that the claims by WESSA created the impression that they were being imposed as a result of their campaigning, which was incorrect. Most of the environmental pollution control systems were Capricorn's initiative and it was "disingenuous" for WESSA to claim otherwise.

Capricorn had employed leading environmental consultants to draw up guidelines for

Board was being established at Capricorn's initiative and not imposed by the province.

The auditing of companies was also a Capricorn initiative and would be done where necessary.

Companies applying for plots would have their impacts judged against guidelines being drawn up by Capricorn. Naidoo said the EMS was not being drawn up as a result of negotiations between WESSA, the council and Capricorn, but were drawn up by Capricorn's consultants "long before Wessa took an interest



**NEW PARK:** An aerial view shows a superimposed image of the Capricorn Technology and Industrial Park near Muzenberg with Manna Da Gama in the background.

(491) (491) 871197

Technology and Industrial Park to be built near Muizenberg. Construction begins in January.

Wildlife and Environment Society of SA (WESSA) spokesperson Mr Andy Gubb said yesterday: "People get the impression Capricorn Park industries will be harmless because they are classified light, but they are not. In South Africa, potentially hazardous industries still fall into this category."

The rezoning approval allows for about 40 categories of industry, some of them high-risk such as the manufacture of motor vehicle parts, refractory ceramic products, pumps, gears and transformers. Some involve metal finishing, which produce liquid waste containing acids and heavy metals. Ceramic manufacture can produce harmful air emissions.

The manufacture of electronic motors, generators and transformers produce PCBs — hazardous organic pollutants — which, if released into the environment are not destroyed, but are taken up into the food chain in a similar way to DDT, a poisonous insecticide. PCBs can cause birth defects in mammals at the top of the food chain. The European authorities rule that there should be no detectable PCBs in effluent released into the environment.

Said Gubb: "Capricorn has residential areas around it. It is also close to the proposed False Bay Coastal Park, to the coast and is on an area with a high water table, which means groundwater could become contaminated. There could also be noise and air pollution and industrial accidents."

He said the development had created the impression of a "sci-

ence corridor" and that the environmental impacts on the environment and the adjacent communities. "There was also no public participation process, so most people don't really know what's going on," Gubb said.

WESSA believed Capricorn should do a risk assessment on all industries allowed there so that an environmental management plan could be drawn up to control them. WESSA also called on Capricorn to develop comprehensive strategies for waste management, air emissions and for emergencies such as spillages.

Initially, neither Capricorn nor the South Peninsula Municipality were interested in adopting management strategies as comprehensive as these, WESSA said. Because of these problems, WESSA appealed to the provincial authorities to have the rezoning set aside.

The province did not set it aside, but imposed extra controls on the Capricorn development. One was that an Environmental Advisory Board be set up, which WESSA had called for, which would screen and monitor development at Capricorn. It will consist of representatives from Capricorn, the municipality, property owners, the Department of Water Affairs, an environmental control officer and a member of the public.

Companies applying for plots at Capricorn will have their potential environmental impacts scrutinised by this board before plots are transferred. Province also said Capricorn could only develop once they had drawn up an environmental management system (EMS) to the satisfaction of all parties.

This system sets out guide-

lines which companies have to follow to manage things such as waste disposal, emissions or industrial accidents. Companies will be audited annually to ensure good environmental performance.

This system is now being developed jointly by Abbott Gro-dicki Pty Ltd and African Environmental Solutions. It was at the insistence of WESSA that council employed consultants to group the industries into high, medium and low risk categories.

Gubb believes WESSA has been doing the job of the municipality who should have insisted on these controls to protect the environment and human health. "We have been a lone voice fighting for these controls. We've been doing the work of the council. These industries have the potential to pollute the environment and to affect people's health. This is the steepest uphill battle we have ever had in Cape Town," Gubb said.

They had threatened to take being imposed as a result of their campaigning, which was incorrect. Most of the environmental pollution control systems were Capricorn's initiative and it was "disingenuous" for WESSA to claim otherwise.

Capricorn had employed leading environmental consultants to draw up guidelines for developing and managing the park to minimise risk. They were aware of the high water table. The park's man-made lake and wetland were to control and filter polluted water before it entered the sea. Road run-off and accidental spillage would be constantly monitored and cleaned, Naidoo said.

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— WESSA spokesperson

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Naidoo said the EMS was not being drawn up as a result of negotiations between WESSA, the council and Capricorn, but were drawn up by Capricorn's consultants "long before Wessa took an interest in the site".

Capricorn was committed to the ISO 14000 Environmental Management System which was an international benchmark.

Capricorn's public relations company said WESSA "had never even heard of" ISO 14000 when Capricorn first discussed it with them.

detailed application and assessment procedure.

The EMS is a result of negotiations between Wessa, the council and Capricorn.

Said Gubb: "We understand why the Western Cape wants this development from an economic point. We're not against development, but it must be in the right place with the right environmental and health controls. We believe Capricorn falls on both accounts."

South Peninsula Municipality was faxed this article and asked to comment, but did not respond.

Earlier, a spokesperson said they were committed to the principles of the polluter pays, of integrated pollution control and sustainable development.

They would oversee the construction of Capricorn's phase one by providing an environmental control officer.

They had had meetings with WESSA and Capricorn to resolve issues of concern. "The issues which remain to be solved are not ones of principle but ones of scale of solutions available."

# Western Cape push to attract British investors

## 'High skills level, excellent infrastructure'

TYRONE SEALE  
INDEPENDENT FOREIGN SERVICE

London - British potential investors in South Africa have been given glowing reports about doing business there - by compatriots who are already active in the post-apartheid economy.

The compliments flowed liberally during a conference in here last week to entice British companies to open shop in the Western Cape.

The conference was organised by former ambassador to London Dennis Worrall's Omega Investment Research, in association with the Western Cape government, the Federated Chamber for African Business and Consumer Services (Fabcos), the Western Cape economic development agency, Wesgro, and other groups.

Western Cape Economics Affairs Minister Chris Nissen presented his province as the "Cape of Capabilities", telling delegates it was unfortunate that overseas many thought of South Africa in the same terms as Rwanda or Burundi.

He said Cape Town's short-listing for the 2004 Olympics reflected the province's vast technical and human resources which in turn was reflected in the fact that the Western Cape had a higher growth rate than any other province.

However, the investment roadshow at London's elegant Dorchester Hotel, where Deputy President Thabo Mbeki spent two nights this week, gained most of its momentum from the testimonials provided by offshore investors who are currently active in the Western Cape.

Speakers at the conference agreed that foreign investors were attracted to the Western Cape by its natural beauty, high levels of professional skills and its manageable crime rate.

This made the province an ideal base for operations in the rest of South Africa and Africa, and elsewhere in the southern hemisphere.

Simon Sherwood, of Orient-Express Hotels Inc, which operates the Mount Nelson Hotel in Cape Town, boasted that in nine years the hotel had become the fastest-growing investment in

the group's small but internationally renowned empire of exclusive hotels.

Masoud Alikhani, chairman of Agrifarm International Limited which has acquired the Delaire Winery, one of the Western Cape's most prestigious estates, has invested in South Africa for the past five years.

His company specialises in developing new technology and other products in agriculture.

Mr Alikhani, who was born in Iran and educated at the Hebrew University of Jerusalem, noted that while in the past 10 years a great deal of Western capital had been invested in emerging markets, South Africa had not received its fair share of this interest.

He compared South Africa's recent development with transition in the former Soviet Union and in Iran to illustrate why investing in South Africa was a safe bet.

He pointed out that the political systems in the Soviet Union and apartheid-era South Africa collapsed at roughly the same time. But, said Mr Alikhani, while

the Soviet economy collapsed along with the political system, in South Africa the economy grew in spite of the political crisis, because of the integrity of financial systems and services, and infrastructure.

"We invested in the agricultural sector in South Africa because it offers great opportunity. Being in the southern hemisphere, we can use our expertise and manpower to help other areas, including the northern hemisphere.

John Kempster, managing director of UK-based Rolls Royce Industrial and Marine Power Limited said Cape Town, where the company manufactures industrial boilers and power generation equipment, was an excellent export platform, particularly to the rest of Africa.

Already, 45 percent of the products produced in Cape Town were exported, and the company was using the Mother City also to develop business in South Africa.

"Western Cape infrastructure is excellent, and the skills level is higher than in other parts of Africa."



Economy → (49A)

1996 ~~1997~~

# Committee formed to help economic growth

**Linda Ensor**

CAPE TOWN — The Western Cape government yesterday appointed an advisory committee to formulate an economic strategy and vision for the province.

Committee members, who will be supported by leading economists, include Pepkor chairman Christo Wiese, University of Cape Town rector Dr Mamphela Ramphele, and Nedsteel chairman Patrick Parring.

Business Promotion and Tourism MEC Hennie Bester said the committee had been asked to focus on job creation and the positioning of the province within five-to-10 years as one of the most vibrant and competitive regional coastal economies in the world.

The strategy, likely to be finalised by early next year, would identify industrial sectors with the best potential to lead economic development, the best policy instruments to promote growth, and the necessary institutional framework and appropriate performance indicators to monitor and evaluate progress in the economy.

Bester said the strategy would be extensively canvassed with interest groups throughout the Western Cape. Provincial governments' powers to steer the economy was limited, but a large part of a country's competitive edge was derived from other factors.

(49A) BD 1/12/98

# State slammed for its lack of incentives

ET(MR) 1/12/98 (49A)

LYNDA LOXTON

Cape Town — Leading Capetonians slated the government yesterday for not doing enough to provide local and foreign investors with investment incentives, while taxing them too heavily.

Christo Wiese, the chairman of Pepkor; Mamphela Ramphela, the vice-chancellor of the University of Cape Town; Patrick Parring, the chairman of Nedsteel and of the Western Cape Business Opportunity Foundation; and Hennie Bester, the province's minister of business promotion and tourism, all said South Africa could become a competitive and high-growth economy such as Ireland or Mauritius if the government put its mind to it.

"We do not believe in giving incentives before we tax investors," said Ramphela.

"We do not have the maturi-

ty to understand that it pays to postpone milking the cow."

Wiese said South Africa should follow the example of neighbouring countries such as Zambia and Mozambique and shake itself free of the

mindset "that we do investors a favour by allowing them to invest" in the country.

The business leaders were speaking at the launch of an economic advisory team appointed by Bester to help the

Western Province map out a long-term economic strategy that would create jobs and make the province the most competitive regional coastal economy in the world.

Wiese suggested the province could become a financial services hub if land was set aside for a financial services park and municipal tax exemptions were offered.

Bester said the region could become an important film-making centre given the right incentives.

Wiese said his group had been encouraged to go into the Zambian market by incentives offered by President Frederick Chiluba, while Mozambique's Graça Machel had helped the group establish a regional shopping centre.

This help had been "not just nice words" but hard and fast incentives that made it worthwhile for businesses to invest, he said.



**GOOD HOPE** Hennie Bester (left), Mamphela Ramphela and Patrick Parring are upbeat over a long-term strategy for the Western Cape

PHOTO: ANDREW BPC/W/14

Economy - WESTERN CAPE

1998 - '99

# Western Cape runs out of cash

CLIVE SAWYER  
POLITICAL CORRESPONDENT

**The Western Cape is weeks away from a cash-flow crisis which will see it millions of rands in the red.**

But outgoing provincial Finance Minister Kobus Meiring says that although the province's bank account will go into deficit in March, steps are being taken to ensure salary and pension cheques are honoured.

The province has asked the national

ARG 16/1/98 (49A)  
Department of Finance "as a safety precaution" to advance money from next year's budget, but Mr Meiring said the Western Cape government would do its utmost to ensure this money was not needed.

Provinces are not allowed to go into overdraft, although some other provinces have done so already.

According to cash-flow projections given to the legislature's standing committee on

To page 3

CAPE ARGUS, FRIDAY, JANUARY 16, 1998

## Western Cape runs out of cash

From page 1

ARG 16/1/98 (49A)  
finance, the Western Cape will have a closing bank balance of about R89-million by the end of this month.

This is a sharp decline from the April closing bank balance of R793-million.

Next month, the province will go into what is euphemistically termed a "negative cash-flow situation" with a balance R119-million in the red.

In March this will plunge to R799-million. Official estimates are that payments by the province next month will total about R893-million, and more than R1,1-billion in March.

Spending projections for the 1997/98 financial year, produced in October, predicted a shortfall of R782-million. Salaries and pensions make up 72% of expenditure.

The cash-flow crisis is expected to be a priority issue for Lampie Fick when he takes over from Mr Meiring on Monday.

Finance Ministry sources said urgent work had been done on ways to save the situation.

One of the biggest-ticket items in the past financial year has been the payment of salary increases for teachers, which pushed expenditure in October past the R1-billion mark.

# City inflation lowest - survey

BUSINESS EDITOR

Cape Town is winning in the inflation stakes, according to the latest figures from the Central Statistical Service.

The Cape Peninsula and Pietersburg recorded the lowest inflation rates in the country over the year to December, with prices ris-

ing only 5%. For the country as a whole, the inflation rate was 6,1%, down from 6,8% over the year to November.

Food prices rose 6,4% over the year, the lowest annual rate of increase since 1996.

Over the month, food prices rose 0,7%, with meat prices up 0,9% and prices of

fats and oils up 0,5%. Prices of fruit and nuts (up 1,9%) and of vegetables (up 1,8%) recorded bigger jumps but these were partly offset by drops in the prices of tea, coffee and cocoa.

Among the major urban areas, Kimberley recorded the highest inflation rate. Durban had the highest level of food inflation.

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11/11/99

## WESTERN CAPE

fm 6/2/98 (49A)

## Splashing out both on and off the waterfront . . .

Development plans should boost an already booming economy

**S**A's southwestern jewel is adding some shine. With the Western Cape economy already expected to grow 1%-1,5% faster than SA's Gross Domestic Product over the next two years, the province will now have the benefit of major new capital investments.

These include a proposed new chemical plant at Saldanha Bay, a new convention and exhibition centre on the Cape Town Foreshore, expansion of the Victoria & Alfred Waterfront, five new casinos, the multibillion rand Century City development — and more.

The R7bn Saldanha Steel project is due to be commissioned later this year and a major expansion is underway at nearby Amic's Namaqua Sands — a heavy minerals project producing titania slag for export.

Mintek, a State-funded minerals research organisation, has proposed plans to develop a R5bn cluster of four chloride factories at Saldanha Bay.

The mooted plant, expected to generate export revenues of R2,5bn/year, would refine and add value to titania slag produced at Namaqua Sands.

Details of Mintek's feasibility study for the chloride cluster will be revealed to potential local and international investors at a February 25-27 West Coast Investment Initiative conference at Saldanha Bay.

Mintek envisions the treatment of local salt to produce chlorine and caustic soda and subsidiary products. "The principal products for export are titanium dioxide pigment, titanium metal, magnesium metal and some surplus caustic soda. Low-cost electricity will keep down overall costs," says Mintek assistant director, techno-economics division, Mike Freeman.

The joint plan of the Western Cape government, the Cape Town Municipality and the Cape Metropolitan Council (CMC) to build Cape Town's first major convention and exhibition centre on the Foreshore, close to the V&A Waterfront, is well-advanced, and will benefit directly from the granting of a casino licence in the city.

"The successful bidder for the Cape Town metropolitan casino licence will have to pay the provincial government R135m to-

wards the development of Cape Town's first major convention cum exhibition centre — or as the provincial government wishes," says Armand le Roux, administrative secretary to the provincial Minister of Finance & Agriculture.

The Western Cape casino licences will be granted soon.

The casinos will provide a further draw in the province that is already a favourite for tourists. According to deputy director of the Cape Chamber of Commerce & Industry Colin Boyes, a recent Satour survey showed that the Waterfront, Cape Point, Table Mountain, the Wine Route and the Garden Route are the five most popular SA destinations for foreign tourists.

CMC chairman Pierre Uys says there were 22m Waterfront visitors last year and the new, enlarged, revolving cablecar up Table Mountain is a big hit.

V&A Waterfront MD David Jack says that in December alone an estimated 2,2m visitors flocked to the shopping mall and entertainment complex.

"Responding to market demand, we are now also developing two new office complexes, while the new 220-room Commodore Hotel was completed in record time for opening just before Christmas.

"The whole complex now boasts seven hotels, while two more — a 450-room Holiday Inn Garden Court financed by Liberty Life and a 400-room hotel being financed by the Cullinan group — are going up on the Foreshore," says Jack.

The Waterfront's next stage, says Jack, may include "about 600 new residential units around the new small-craft marina in the sheltered, north-facing area".

However, the Waterfront faces a new rival, about 7 km inland near Milnerton. Billions of rand are pouring into the massive 250 ha Century City complex, being developed by the listed Morex group.

When completed, it will feature a regional shopping centre of 120 000 m<sup>2</sup>, hotels, up to 600 000 m<sup>2</sup> of office space, 3 700 residential units, a 1 500-seat theatre, to stage world-class musicals, an African theme park, a water park and a wetland system.

Arnold van Huyssteen

# Western Cape turns down Manuel's financial aid offer

OWN CORRESPONDENT

(49A) Nov 19/2/98

of the tight budget.

Cape Town - Despite the fact that thousands of jobs could be jeopardised, the Western Cape government has refused Finance Minister Trevor Manuel's offer of financial help, claiming it would give the central Government too much power over its affairs.

"We don't need the money," said Armand le Roux, spokesman for Finance MEC Lampie Fick.

Manuel has asked Parliament to allocate R1,5-billion for conditional grants to be made available to provinces which undertake to manage their finances better in future.

Fick said in a speech to the provincial legislature this week the Western Cape would seek other ways of managing its deficit, although he gave no indication of what would be done to save the jobs of teachers and other provincial employees which are under threat because

The province's deficit for the current financial year, estimated at R1,066-billion in September, was now estimated at R627-million, Fick said.

Instead of taking up Manuel's offer, the province would probably apply to the national treasury for an advance on next year's budget allocation to cover the deficit. This would mean the Western Cape could avoid the judicial management to which it would be exposed under the constitution if the province accepted Manuel's offer, he said.

Provinces which would like a slice of the R1,5-billion will have to submit a plan to bring spending in line with resources.

Clive Sawyer reports that provincial director-general Niel Barnard has said the restructuring of Western Cape departments will be completed by July 3. This restructuring would include achieving the best use of funds and resources, and avoiding duplication.



# Fick under the whip for refusing Manuel's cash

ARG 23/2/98

(49A) (49)

**CHENÉ BLIGNAUT**  
STAFF REPORTER

**Western Cape Finance Minister Lampie Fick's decision to reject the Government's financial help has had a mixed reception in the provincial parliament.**

The African National Congress accused Mr Fick of basing his decision on "political reasons" during the second reading debate on the Adjustments Appropriation Bill on Friday.

But the minority parties strongly supported Mr Fick's decision.

They warned that by accepting the offer the Western Cape would be handing over control to central government.

ANC finance spokeswoman Tasneem Essop accused the National Party of "lying" to the people of the province about the

financial crisis and of "creating panic" over the past few months when "they knew they could have managed their finances differently".

Daniel Silke of the Democratic Party said the offer was an attempt to reassert control over the provinces.

"The Western Cape is being penalised for being a relatively prosperous province," he said.

He said the package could not be used to save jobs but was intended to cover debt already incurred by the provinces.

Eleanor Lombard of the Freedom Front said the central government had a "hidden agenda" to take over control of the provinces.

Michael Louis of the African Christian Democratic Party said the province had to have "very good financial control" if it rejected the central government's offer.

# Govt targets west coast for development plan

Samantha Sharpe

CAPE TOWN — Government would support the Cape west coast as a key player in its spatial development initiative (SDI) programme with the area's underused economic potential offering favourable conditions for export-orientated growth and job creation, President Nelson Mandela said yesterday.

The programme is one of government's key investment strategies, aimed at leveraging private sector participation into the Maputo development corridor, Phalaborwa, Lubombo, Kwazulu-Natal, the Wild Coast, Fish River and the Cape west coast.

At a west coast investment initiative conference in Saldanha Bay, Mandela said the area's abundant natural resources and good infrastructure provided an ideal setting for industrial growth, with opportunities in tourism, agriculture and manufacturing.

Central to government's strategy was a partnership of private and public

sectors — a partnership the conference could help establish, he said.

Sapa reports Trade and Industry Minister Alec Erwin said government aimed to garner R9 private sector investment for every R1 it spent, with the west coast well located for industries wanting to tap the export market, while enjoying good infrastructure, cheap power and a stable water system. Contracts for four projects in the area worth R16,4m were signed at the conference, two involving the cultivation of orchards, one the manufacture of small household appliances and one a welding and construction enterprise.

Other infrastructure projects to be presented at the conference included the building of an industrial development zone next to the Saldanha harbour, the extension of the west coast road and the laying of an underwater pipeline from the Kudu gas field, off the Namibian coast, to Saldanha Bay.

Mineral processing projects involving capital expenditure of \$1,96bn had been approved in the west coast area.

BD 27/2/98 (49A)

ET 27/2/98

# Cape Town gets top credit rating

**METRO EDITOR**

(2/19) (49A)

THE City of Cape Town has been given the highest credit rating of any municipality in the country.

International experts called in to scrutinise its financial affairs surprised the council by awarding the city an exceptionally high credit "quality".

"We knew we'd have to borrow money over the coming months to finance some of our capital development programmes, so we invited an international credit rating agency to do a full assessment of the municipality," said financial director Mr Philip van Ryneveld yesterday.

"There are local authorities that are not regarded as financially sound and cannot borrow money, so we felt the best thing to do was to subject ourselves to this in-depth and thorough procedure."

A spokesman for the company that did the assessment, Fitch IBCA, said Cape Town came up with the "high" credit ratings of A1 for the short-term and A+ over the longer-term. This basically means that anyone who lends Cape Town money is likely to be paid back.

● See Page 7

# Investors gather at Saldanha

**A** MAJOR investment drive on the Cape West Coast moved into top gear yesterday when more than 500 local and international investors gathered in Saldanha Bay to hear President Nelson Mandela and other high-profile politicians extol the virtues of the region.

Projects valued at more than R26,12 billion will be presented to delegates during the two-day workshops which began yesterday.

The West Coast is one of eight so-called spatial development initiatives (SDIs), which have been targeted by the Trade and Industry Ministry as having high potential for economic growth and job creation.

Mandela said the Government's development plans were contributing to a restructuring of the economy that was akin to an industrial revolution.

## West Coast SDI off to a good start with projects worth R9,6-bn approved

The West Coast had underutilised economic potential and offered favourable conditions for sustainable export-oriented economic growth and job creation, he said.

Mandela called for a partnership between the Government and private sector to fully exploit the opportunities that were available.

Yesterday's proceedings of the West Coast Investment Initiative Conference were opened by Trade and Industry Minister Alec Erwin.

He said the Government aimed at garnering R9 of private sector investment for every R1 that it spent. The West Coast was well located

for industries wanting to tap the export market and had good infrastructure, cheap power and a good water system, he said.

Erwin stressed the need for projects to be managed with appropriate sensitivity to the environment.

Contracts for four projects in the area worth R16,4 million were signed at the conference. Two of these involved the cultivation of orchards, one the manufacture of small household appliances and one a welding and construction enterprise.

The projects were partially funded by the Industrial Development Corporation.



**Nelson Mandela**

Saldanha Steel chairman Bernard Smith said he anticipated that the plant would begin producing its first steel in May and its first iron in October. Plant

operations were disrupted by industrial unrest two weeks ago.

The R6,8 billion Saldanha Steel Mill is one of the core projects of the West Coast SDI. It is expected to export more than R1,8 billion worth of steel each year.

Infrastructure projects to be presented at the conference include:

- The building of an industrial development zone adjacent to the Saldanha harbour;
  - The extension of the West Coast road to serve coastal towns in the region; and,
  - The laying of an underwater pipeline from the Kudu gas field, off the Namibian coast, to Saldanha Bay.
- Mineral processing projects involving capital expenditure of R9,6 billion have already been approved in the West Coast area. —Sappa.

(49A) *Sawyer 27/2/98*

# Report reveals Cape income gaps

ROY COKAYNE

Pretoria — The income of whites in the Cape Peninsula is substantially higher than that of blacks and coloureds, says a new report by the Bureau for Market Research (BMR) at Unisa.

Whites earn R30 700 a head compared with R8 876 for blacks and R14 102 for coloureds, the report says. It attributes the large difference to household size, saying that white households are smaller.

The report, *Income and Expenditure Patterns of Households in the Cape Peninsula*, by Johan Martins, a professor of the BMR, says the average household income of R90 668 for whites in the Cape Peninsula last year was more than three times that of black households at R27 337 and 78 percent higher than coloured households at R50 980.

It adds that more than 75 percent of the income of coloured households was attributable to salaries, compared with 70 per-

cent for black households and 68 percent for whites. The report said the average age of the head of the household for blacks was 38,6 years, compared with 42,6 years for coloureds and 46,2 years for whites.

"It follows that pension constitutes a greater share of the total income of whites (7 percent) than of coloureds (5,7 percent) and blacks (4,3 percent)," it said.

The report said black households devoted 30 percent of their cash expenditure to food against 20 percent among coloureds and 19,2 percent among whites.

"Besides food, blacks spend 11,8 percent of their income on clothing and footwear and 11 percent on housing and electricity," it said.

"Among coloureds, food is followed by housing and electricity at 18,6 percent, income tax 11,2 percent, and transport 9,5 percent.

"By contrast, expenditure on housing and electricity tops the

list for white households at 22,3 percent, followed by food at 19,2 percent, income tax 16 percent and transport 9,7 percent."

The report said that of the R7 844 black households spent on food in 1997, R2 654 or 33,8 percent was on meat and meat products, compared with 31,2 percent of the R9 491 food bill for coloureds and 37,5 percent of the R15 742 total food budget for whites.

It added that on reaching an economically active age whites, and to a lesser extent coloureds, left the Cape Peninsula temporarily to further their studies or to launch their careers elsewhere. The opposite was true for blacks.

The report says it may be assumed that substantial numbers of blacks, particularly in the 20 to 30 years age group, were attracted to the Cape Peninsula by the possibility of job opportunities.

However, it said an analysis had revealed that only four out of every five black households were supported by a salary earner.

CT (DR) 4/3/98

(128) (49A)



# Western Cape budget aims at new growth drive

ET 19/3/98 (268) (49A)

**KARIN SCHIMKE**

THE Western Cape's provincial budget for the coming year is by no means a bright and happy one, but foundations are being laid for growth even while social spending continues to gobble up more than 85% of the total budget.

However — in spite of major spending on health, education and social services and a slight increase in each of their allocations — retrenchment packages in education and health will remain part of the financial landscape for the coming year as the province works towards an ideal personnel

expenditure of only 53% of the total budget instead of the current 55%.

This translates into a (not unexpected) cutting of staff in health and education services. While provincial Health MEC Peter Marais would not commit himself to any figures until he had consulted with unions and other affected parties, he did indicate fewer than 4 000 people in the provincial health services would lose their jobs. This did not mean the figure was necessarily close to 4 000, he said.

Western Cape Education Minister Nick Koomhof said the speculated figure of 4 500 teachers who had to be out

of the system by the middle of this year was an overestimate; the true figure was about half of that.

But, while there are increases in the allocations to the "big three", this year will also see increased allocations for those areas of provincial administration that contribute towards growth. These include an increase in the tourism budget of 80%, an increased allocation to the province's economic marketing company Wesgro of 75% and an increase in the community safety budget of 30%.

This final increase would be spent on creating a healthy and safe investment and business environment in the

Western Cape, Community Safety Minister Gerald Morkel said.

In addition, a new form of income for the province is one step closer to being realised this year after Public Works, Asset Management and Media Minister Michael Louis tabled a new bill in the legislature yesterday allowing the province to buy or sell its land assets.

This was not, Louis said, an intention on the province's part to sell "the family silver", but merely a tool for managing the province's assets better.

He said almost 30% of the province's office accommodation was leased, a figure which could be reduced by housing

departments "effectively, efficiently and economically" in the province's own buildings.

The Western Cape finances, under political leadership this year of Mr Lampie Fick, are going to be run so strictly that there is no possibility at all for overspending in the 1998/99 financial year. Neither will the province budget for a deficit like it did last year, he told a press briefing.

Fick said that in the light of serious financial constraints, the province had a "fight or flight option" and it had decided to fight.

□ Turn to Page 6

## West Cape budget growth

□ From Page 1

ET 19/3/98 (268) (49A)

Steering away from the well-worn argument that the province was being punished by the central government for being run by the National Party, Fick said in his budget speech yesterday: "We have accepted the uncomfortable reality of our budget proposals as a statement of what we have and what we do not have. We have accepted that there is no recourse elsewhere, no blame to be laid outside, no good Samaritan who will come and save us from our lot. We will have to manage."

But for some this attitude comes a little too late.

"This spirit of dealing with finances," said the ANC's Ms Tasneem Essop, "could have been adopted three years ago. First (the NP-run provincial government) goes and sows all this mayhem, all this chaos, all the instability, and now, suddenly, it changes its attitude. It's welcome, but it's late."

An ANC statement on the budget stated: "On the face of it, this is a budget that accepts the national financial framework. The devil could yet be in the detail."

What remained to be seen, said Essop, was who would benefit from the increased expenditure on health, education and social services.

"For instance, in agriculture, will the increased expenditure be felt by small black farmers? Or will they still be seen as just an add-on to the agricultural community? This perception that to spend money on the province's disadvantaged is just a little additional responsibility must change. It is the responsibility."

# 'Privatise Western

Cabinet probe recommends province sells its hospitals, nature reserves, and transport facilities

CHARL DE VILLIERS

ST (em) 28/3/98 (49A)

# Cape'

transport facilities

**A** HIGH-POWERED investigation has proposed sweeping privatisation of the Western Cape's assets, including its hospitals, nature reserves, real estate and transport facilities.

A report has found that the provincial administration lacks proper policy and suffers from wasteful duplication and inefficiency.

Special Investigation: Cabinet Assignment (SICA) consultants G Steinmetz and J N Hamman say the province needs an injection of private sector investment. To achieve this, it proposes a new investment body to attract fresh capital from the province's businessmen and get rid of money-guzzling assets.

Reporting to Western Cape director-general Niel Barnard and a management team, Steinmetz and Hamman call for a corporate structure headed by the cabinet and provincial administration.

One leg rests on a business development corporation to be established as a company, wholly owned by the province and driven by the Department of Economic Affairs. Known as the "Bus-DevCorp", the company should start with a stated capital of at least R100-million, say the proposals.

The other leg would constitute non-commercial, service-orientated statutory boards answerable to the province.

Proposals by a so-called Special Investigation: Cabinet Assignment team have already sent shockwaves through Cape Nature Conservation, which fears that powerful interests in the provincial administration are intent on frustrating its bid to become a statutory board.

Senior CNC officials have warned that the proposals fly directly in the face of plans endorsed by the provincial cabinet two years ago to establish a Western Cape parks board with the independence to run reserves profitably and invest the surplus in conservation.

But this has been denied by Environment MEC Gerald Morkel, who this week said: "It would be unwise to stall the transformation process of CNC at this advanced stage. I am strongly in favour of the board retaining its income and development of resources, and that the board's activities be open for public scrutiny."

Both Morkel and provincial deputy director-general Karel du Preez said the cabinet had not yet formally approved the SICA recommendations. However, the consultants' report dated September 17, 1997, stated that a task group had already been set up in the provincial treasury and Department of Transport and Public Works to "investigate the commercial possibilities of provincial assets".

Two other SICA teams were also looking at the provincial transport fleet and immovable property as means of "optimising" assets. More than one investigation was being conducted in the Department of Health.

# So what did we get out of the Olympic bid?

## Good buildings, economic empowerment... and important lessons

(49A) ART 30/3/98

If you had peered through a gap in the grubby vibracrete wall at the Turfball sports grounds a little more than a year ago, the scene before you would have seemed - as I recorded it at the time - dully unremarkable.

A lone concrete mixer was noisily churning its way through piles of sand and stone, for no obvious purpose. Slightly more interesting, if only because it was almost impossible to fathom what it was or what it did, was the lowering pile-driver, a tall, bright-red, drill-like contraption that gave off mysterious puffs of dust every few seconds as it slammed reinforced rods into the scrappy field of grass.

And that's what it was - just a scrappy field of grass.

That fairly depressing crack-in-the-wall view expressed a lot of things about Cape Town's bid at the time: the public apathy, the determined resistance of so many to seeing the bid as an instrument for development, for investment, for jobs, and the weariness of the few who felt they were banging their heads against a brick wall of public indifference.

That's all past now. Athens's victory in the September 5 Olympic vote put paid to Cape Town's Games aspirations. Thank heavens, many say.

But, what about that R86-million, the initial Government investment in the bid's seven priority projects? Was it a waste? Who benefited? What's become of the proposed facilities?

Well, they might be running a bit behind schedule, but the seven priority "Olympic" projects launched in the Peninsula at the end of 1996 will be finished within budget this year and with a creditable 59% average "affirmative" rating - participation by small black companies and contractors who, under old tendering conditions, would never have had the opportunity to work on big, multi-million rand projects.

In the case of the Turf Hall Road site in Athlone, the R10.6-million softball facility, now only weeks away from completion, is an impressive world-class profile, a sleek 3 700-seat stadium that will be home to the Peninsula's softball fraternity, and an attractive venue for international events.

No less than 57% of the budget for the facility has gone to small, black firms

### SPECIAL REPORT



A brace of good buildings, genuine economic empowerment to the value of some R40-million, and some important lessons about how best to transform the construction industry are, as a sum, the legacy of the Olympic bid's priority projects. Special Writer **MICHAEL MORRIS** spent a day revisiting seven building sites on the Cape Flats.

Contractual difficulties have virtually brought the R5-million project to a halt, but project co-ordinators Amsa management services are working with all the stakeholders to try to resolve the impasse, and they are confident the difficulties will be overcome.

Extensive redesigns after the bid's failure led to delays in the projects at Belhar (R18.25-million) and Philippi East (R18-million), but both are already huge structures that are expected to be completed towards the end of the year. Both will serve local communities in various ways - for sporting, cultural, educational, and community activities.

Contracts with small black companies account for 63% of the budget at Belhar, and 59% at Philippi East.

The R16.7-million multi-purpose centre at Mew Way in Khayelitsha - with a 54% small black business share - is remarkable for the fact that it's already booked up until 2002. It is under budget, and will be completed within weeks.

Some smashed windows at the far advanced R4-million youth centre in Scottsdale indicate some of the pitfalls of locating new buildings in areas characterised by high levels of disaffection, especially among young people.

But it is to provide the young with facilities to do an

project ends later in the year.

The R2.4-million Grassy Park project - a hall extension and development of an outdoor baseball facility - was finished in December. About 77% of the budget went to black contractors.

In all cases, except possibly the last, the projects will serve as catalysts for commercial and other development, helping to create more jobs and business opportunities for the surrounding communities.

Arguably, the more significant element of the legacy could well prove to be the sum of intangible benefits, chiefly lessons.

Combining fast-tracking - getting the projects up and running in the shortest possible time - with a strong affirmative element has been far from plain sailing.

In one case, it turned out that the winning tenderer - the company had the lowest price and the highest RDP-points score - knew "zilch" about big project work. This, however, was not evident when the tender was awarded.

Conventionally, contracts for projects like these are designed for a main tenderer who takes full control of the project and sub-contracts for bricklaying, plastering, roofing, plumbing and so on.

In these contracts, the tenders were broken up into smaller tender packages specifically to make it easier, or possible, for smaller black companies and contractors to have a go at winning, say, the electrical or roofing contract.

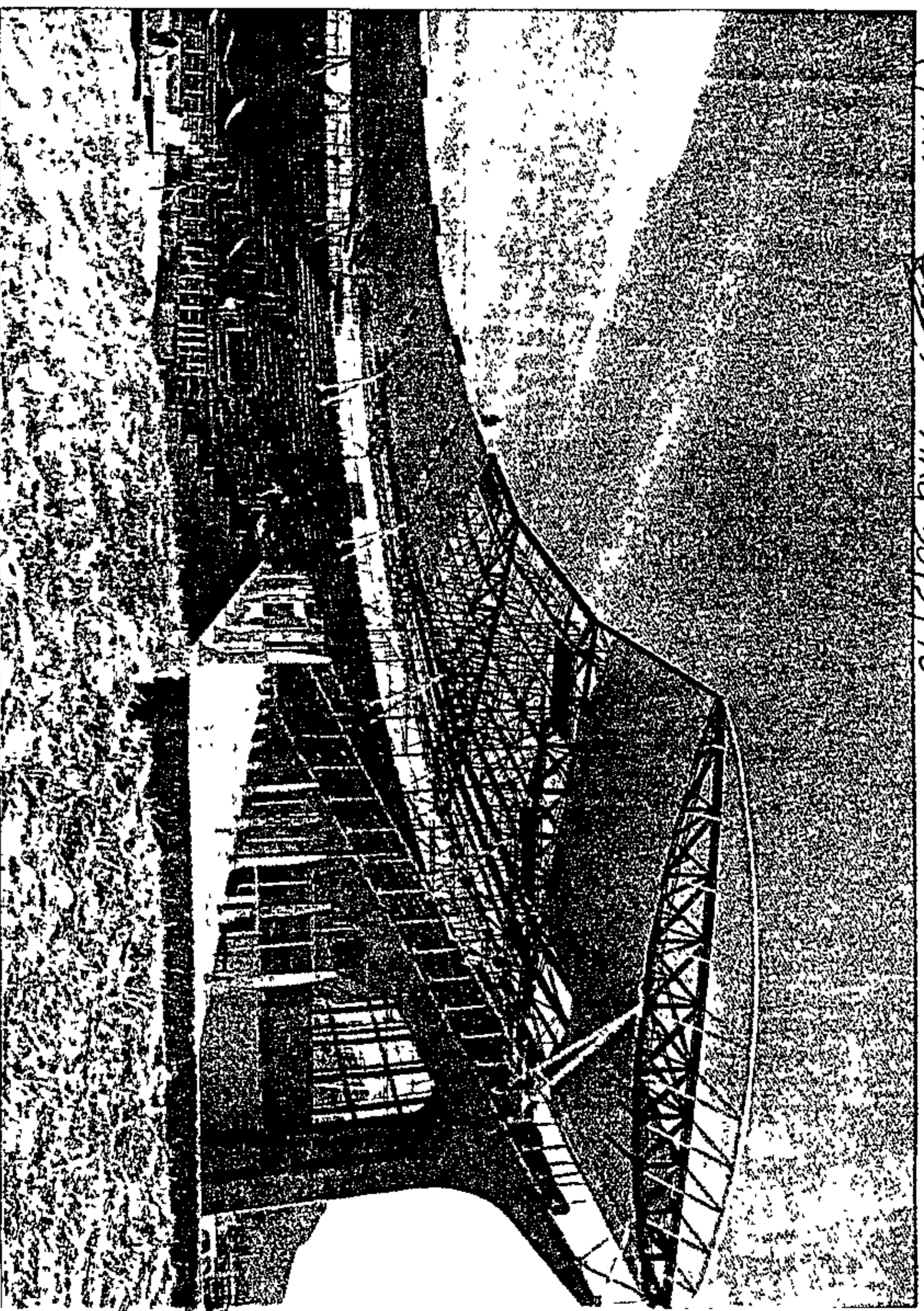
Oversight of all seven contracts was maintained by Amsa.

Amsa Cape managing director Rob Addison notes that the conventional view is that this kind of affirmative approach invariably leads to cost over-runs, delays and a drop in quality.

"We have proved this is not so. We are within budget, and the delays are chiefly the result of the bid having been lost. That meant some of the buildings had to be redesigned.

"But it is not easy. For a start, there is a need to streamline the tender process. It's far too complicated. And there's also a great need for business management training so that new contractors understand how to budget, manage cash flows and operate confidently in the market."

The bid requirements that a high



Top flight: the sleek, wing-like roof of the new Turf Hall softball stadium in Athlone is both a reminder and a heritage of the classy ambitions of Cape Town's Olympics plan

LEON IESTRAID

because the work was below standard.

Provincial officials, who are anxious to see public money spent well, are cautiously optimistic about the outcome of the priority project experience.

"I think there have been some compromises, but ultimately it is to the benefit of the larger community," said one.

There is open scepticism in some quarters that fast-tracking and affirmative tendering are compatible.

But, given the political and time constraints of the Olympic priority projects, there is consensus that the sum of it - a collection of useful buildings, a



# Good buildings, economic empowerment

(49A) (288)

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No less than 57% of the budget for the facility has gone to small, black firms.

The experience in Langa has been a less happy one: the grey, starkly skeletal concrete structure bears little relation to the smart facade promised by the artist's impression of this multi-

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But it is to provide the young with facilities to do and learn interesting and entertaining things that the centre is being built.

Between 30% and 50% of the budget will have been spent on work undertaken by black contractors by the time the

project ends later in the year.

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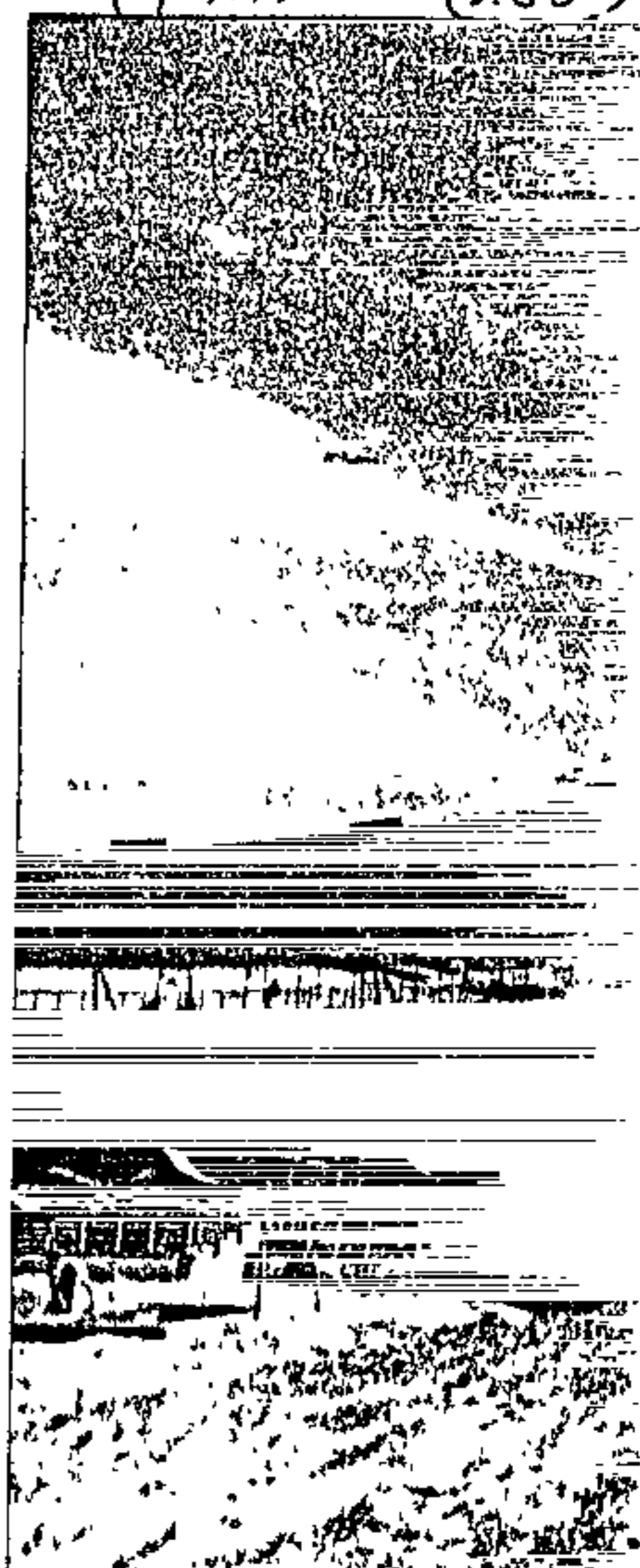
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The bid requirements that a high percentage of the labour be drawn from surrounding communities also presented difficulties. In some cases, workers had to be trained to do basic building tasks - and in one instance, some walls had to be broken down and built again



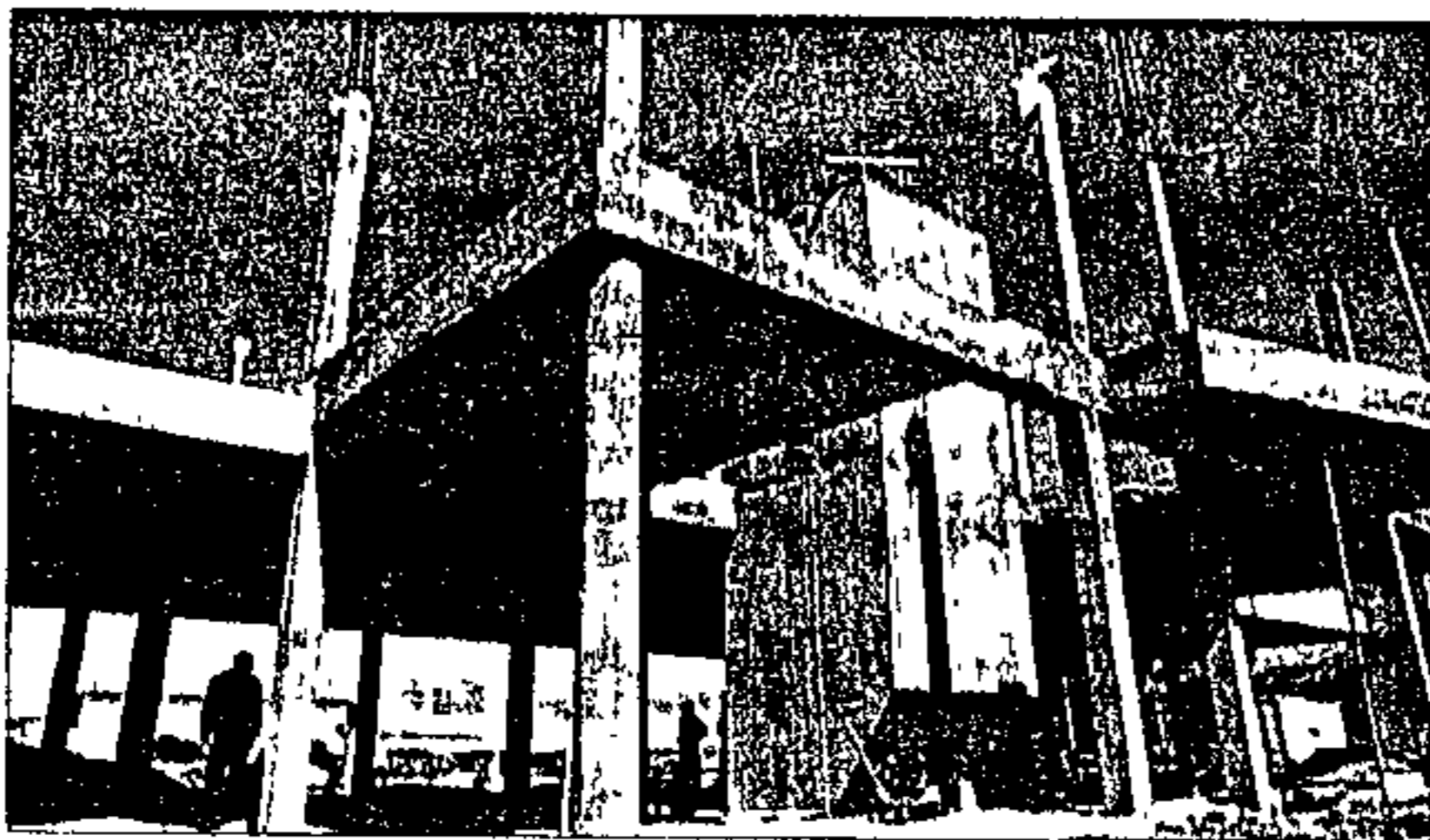
Top flight: the sleek, wing-like roof of the new

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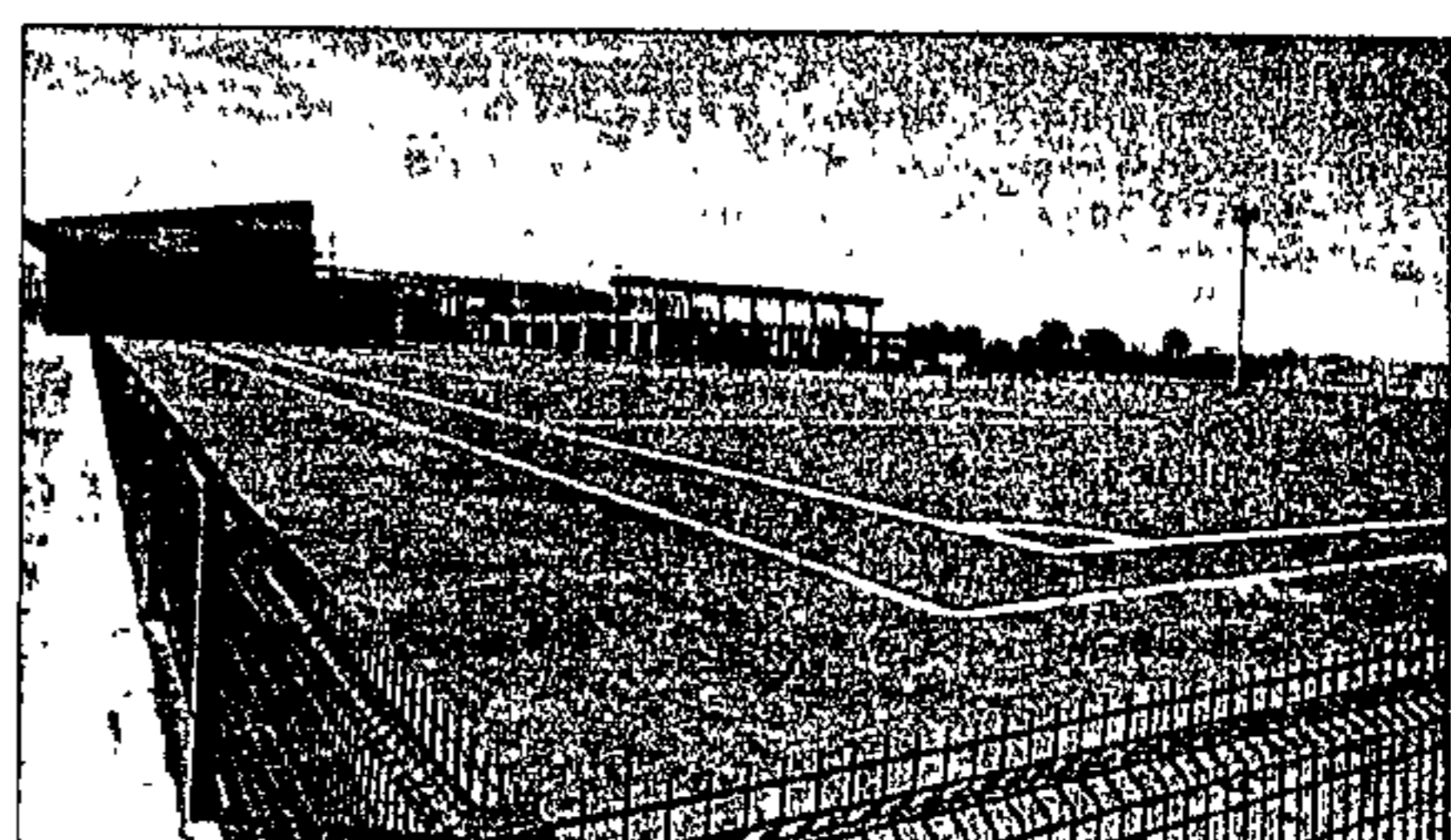
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There is open scepticism in some quarters that fast tracking and affirmative tendering are compatible.

But, given the political and time constraints of the Olympic priority projects, there is consensus that the sum of it - a collection of useful buildings, a skills transfer to workers and small businesses, a more equitable sharing of resources, and a trial run of sorts for a new tendering process that could transform the construction industry - is, without doubt, a positive legacy.



Dogged by delays: progress has been slow at the Olympic priority project in Langa



Built to last: the Philippi East facility boasts a durable, low-maintenance synthetic field

## Khayelitsha 2004 sports centre on the mark

(288) (49A) ARG 30/3/98

There was once nothing more than a rubbish dump at the Mew Way intersection in Khayelitsha, just a smelly mound with a ragged fringe of shredded plastic flapping in the wind.

Today, this unlikely site has been transformed by the almost-completed R16,7-million world-class sports centre - an Olympic bid priority project, earmarked as a boxing venue - that, believe it or not, is fully booked to 2002.

The project is "under budget" and is expected to be finished on time, by the end of May.

And, in a signal instance of the

economic empowerment for disadvantaged businesses, the "affirmative business enterprise" participation - small builders struggling to get into the construction sector - runs at 54%, well above the 30% bid requirement.

The new sports centre was located in Khayelitsha by the bid planning team in part to serve as a catalyst for other development. Project manager Eugene Heeger is confident that, when it comes on stream, it will do just that, drawing crowds and creating business opportunities that will help create jobs and bring hope to a poor community.

Bookings for the venue include box-

exhibitions, and business and cultural events, according to Desmond Diamonds, community liaison officer for Amsa management services, the project co-ordinators for all seven Olympic priority projects.

The Government provided R86 million for these projects. They were intended to confirm Cape Town's capacity to host an Olympic Games. Provincial officials monitoring the projects say all of them will be finished within the R86-million budget.

The other six projects are:

- A R10,6 million softball facility in Athlone

- recreation hall in Belhar
- A R5-million multi-purpose hall in Langa
- An R18 million indoor multi purpose hall in Philippi East
- A R4-million multi purpose hall in Scottsdene
- A R2,4 million multi-purpose hall and baseball training facility in Grassy Park

One of the most significant legacies of the process has been the achievement of an average 59% participation by black contractors.

Three quarters of the labourers on the sites have been drawn from the

# R230m loan will assist Cape

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 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

# ANC mishandled budget, says new trade minister

CLIVE SAWYER  
POLITICAL CORRESPONDENT

The investigation by provincial auditor-general Willie Brits of the financial dealings of the Western Cape economic affairs ministry while it was under African National Congress control should be finished within three months.

The investigation was requested by Hennie Bester, who inherited the ministry, now called trade, industry and tourism, after the cabinet reshuffle in the wake of the new Western Cape constitution.

An absence of regular and accurate financial statements had allegedly led to the department failing to spend substantial sums of money on worthwhile projects, Mr Bester said yesterday during his budget debate.

He had also referred "one specific matter which had been raised by certain members of this house" to the auditor-general.

Contacted for comment, Mr Bester declined to disclose what

ARG 29/4/98 (49A)  
this matter was.

Mr Brits confirmed he was conducting an investigation and a performance audit.

As was standard procedure, the performance audit would investigate financial matters and issues such as the cost-effective use of money in the department.

Asked whether he had found irregularities, Mr Brits said investigations were still at an early stage.

He confirmed he had sent two "management letters" to Mr Bester's department requesting information. His findings would be ready in about three months.

The economic affairs portfolio was held first by the then provincial ANC leader Allan Boesak, who was succeeded by Chris Nissen.

Mr Nissen has since left the ANC leadership and the legislature to head up the Masakhane campaign.

Mr Bester told the provincial legislature the department he inherited had had serious management problems.

His first task when he took over had been to bring stability and certainty to the financial management of the department.

He had requested the auditor-general's investigation and had set up an audit committee consisting of representatives of his department and the auditor-general's office.

An experienced government accountant had been appointed on a contract basis to regularise the systems of financial approval, accounting and payment in the department.

It was hoped with these measures to have regular and accurate financial statements available to the management team of the department.

"The absence of such statements was a major problem in the past (and) resulted in the department failing to spend substantial amounts of money on worthwhile projects in the previous financial year," Mr Bester said.

Mr Nissen could not be reached for comment.

# Western Cape has 'huge potential'

Linda Ensor

CAPE TOWN — Sector-based strategies were vital to catapult the Western Cape economy into higher growth, trade and investment agency Wesgro said in its biannual report to the provincial legislature yesterday.

Provincial economic growth had outstripped that of the national economy in the past few years by at least one percentage point, but heightened efforts in all sectors were needed to improve growth and per capita income.

"The Western Cape has the potential to grow in a wide range of sectors, covering agriculture and fishing, the manufacturing sector and construction as well as, increasingly, the tertiary or

(49A) services sector," the report said.

Wesgro called for new incentives to promote focused action for subsectors or industries. Core clusters identified were the tourism and conference industry, corporate headquarters, beverages and wine, steel and metal processing, hightech, shipping, ship repair and harbour facilities, film, video and TV production, agriculture and fishing niches, tertiary education, training, quality clothing and craft products.

The agency found no appreciable dent in unemployment, estimated at 300 000 or 17% of the workforce. New jobs just matched the number of new jobseekers. The province's economic focus was shifting from agriculture and manufacturing to services.

# More jobs, less crime the

# Way to boost Cape growth

# Report says 6% to 7% rate is the target

(49A) (49A)

**CHENE BUGHAUT**  
STAFF REPORTER

The Western Cape is wealthier than the rest of the country, but the province has to create more jobs, boost productivity and reduce crime before it can compete with the rest of the world.

This is trade promotion agency Wesgro's assessment of the state of the provincial economy in a 70-page report tabled in the provincial legislature yesterday. It gives guidelines for future growth and will be repeated every second year.

The provincial economy grew 3% in 1997, about 1% higher than the national average, but low compared to Asian and, recently, even African standards, the report said.

Between 30 000 and 40 000 new jobs were being created in the province every year, scarcely enough to absorb the 40 000 new entries into the job market.

This still left 300 000 people (17% of the

provincial population) without jobs.

"At least we have not been going backwards," said Western Cape Minister of Tourism, Trade and Industry Hennie Bester at a press conference yesterday.

Although the province had been doing "remarkably well", Mr Bester said it would take a "Herculean effort" to improve economic growth beyond the present rate.

Wesgro chief executive officer David Bridgman agreed. "There is no quick fix to the province's economy. In the end, it boils down to better management and doing the small things better," he said.

The province's achievements in recent years included an increase in tourism, both in the metropolitan area and the platteland, a property boom which stimulated new developments, increased industrial and agricultural exports and visible progress with small business, affirmative action and black economic empowerment.

Challenges facing the province included

increasing economic growth to 6% or 7%, creating more jobs, reducing crime, boosting productivity and creating more opportunities for small businesses.

The report said the province had to focus on a few sectors such as tourism, attracting corporate and institutional headquarters, wine, beverages and fruit-juice niches, developing a hi-tech sector, strengthening shipping and harbour facilities, expanding film, video and TV production and developing new niches in agriculture and fishing.

Mr Bester emphasised the importance of developing partnerships with top companies in other parts of the country.

Although infrastructure was well developed, serious bottlenecks existed. These included the need for a convention centre, an inner-city mass transport system, upgrading of train services, upgrading of informal housing areas and re-use of vacant public buildings and the fight against crime, the report said.



ARL 1/9/98

## WESTERN CAPE IN FOCUS

# W Cape economy <sup>(49A)</sup> has performed well

## ... but joblessness stays at 300 000

ED WEST  
DEPUTY BUSINESS EDITOR

### Provincial development indicators

The Western Cape economy may have performed well over the past few years but unemployment has remained static at about 300 000 people, according to a new report by the province's economic development agency Wesgro.

Wesgro says in the first of bi-annual reports that the progress of the Western Cape economy so far has been "encouraging, but unfortunately not sufficient to either be complacent or to have met reasonable development goals".

Trade, Industry and Tourism Minister Hennie Bester says that while jobs have been created at a rate of about 30 000 to 40 000 a year, this has not led to a drop in unemployment as the annual increase in the labour force amounts to 40 000 people a year.

The Wesgro report shows that average household incomes have increased in the province, particularly among black and coloured households, but existing income disparities are declining very slowly.

Black empowerment has made significant progress in the area, though it is still far from sufficient in the eyes of most disadvantaged communities.

Productivity in the province remains unsatisfactory if compared worldwide and, in particular, with "newly industrialising countries", but the process whereby productivity will rise steadily has already started, Wesgro says.

Exports have increased dramatically, particularly for wine, fruit and juices, but a broad-based export culture remains more of a goal rather than a reality.

Industry and vocation-specific training initiatives have expanded in the province, but are still overshadowed by adjustments in public schooling, so there is insufficient attention on meeting the demands of the job market and of international competition.

Wesgro says the stream of foreign investments and foreign joint venture partners into the province has increased significantly, even though the share of total investment in the country is small and needs to be increased.

Public perceptions about the role and significance of the small business sector have undergone major changes and some small business support measures are now available.

Progress has been made in the institutional and fiscal restructuring at provincial, metropolitan and local levels, but visible progress at these institutions on meeting the challenges facing these restructured institu-

	Population %	% of GDP	% in Poverty	Adult Literacy %	Unemployment % 1995	Housing Shortage '000	Infant Mortality per 1000
Eastern Cape	15,6	5,9	7,6	62	61	41,4	230
Free State	6,6	2,5	6,2	45	62	26,1	115
Gauteng	19,0	7,2	37,7	21	83	20,9	790
KwaZulu Natal	20,4	7,7	14,9	49	60	33,1	385
Mpumalanga	6,9	2,6	8,2	43	57	33,4	60
North-West	7,9	3,0	5,5	41	57	32,8	225
Northern Cape	1,9	0,7	2,1	46	67	27,2	12
Northern Province	10,8	4,1	3,7	68	55	41,0	100
Western Cape	10,9	4,1	14,1	18	76	17,5	185
RSA	100,0	37,8	100,0	-	63	29,3	2,1 mill

Revised GSS estimates for 1996      1994 CSS      1995 Household Survey  
Mortality per 1000 live births      Data derived from publications by DBSA, HSRC, CSS

tions, such as fiscal restraints and services backlogs, is often still quite some distance away.

"Shortcomings, which can be found in many areas, cannot be blamed on any single institution, nor can they be linked to either

the public or the private sector alone. They have to be linked to virtually all segments of the economy and all stakeholders. A faster rate of real growth and per capita income will need action at all levels and heightened efforts in all sectors," the report notes.

### Household survey 1997

	Coloured	White	African
Annual earnings per head	R14 102	R30 700	R8 876
Average household income p.a.	R50 980	R90 668	R27 337
Salary share of earnings (%)	75%	68%	70%
Average age of household head (years)	42,6	46,2	38,6
Cash expenditure % on food	20,0	19,2	30,0

Source: BMR press release

### South Africa and Western Cape GDP growth 1994-1998

	GDP in South Africa		GDP in Western Cape	
	R million	Real Growth*	R million	% of RSA
1994	385 092	2,5	53 874	13,9
1995	430 872	2,9	60 500	14,0
1996	484 057	3,1	67 600	14,0
1997	529 557	1,7	74 600	14,1
1998	575 000	1,8	81 800	14,2

WESTERN CAPE IN FOCUS

# Dramatic rise in core exports is over

## R16,65-billion exports last year

DEPUTY BUSINESS EDITOR

The period of dramatic increases in the exports of core agricultural products in the Western Cape is probably over and more will have to be done to build up a formidable export promotion system in the province.

This is according to the province's economic development agency Wesgro, which estimates that the province exported products worth R16,65-billion last year, with agricultural raw products accounting for R1,85-billion of the total.

The abolition of single channel marketing had opened new opportunities "but has also created problems; in essence, it has made us more vulnerable in the short term".

This situation was aggravated by the phasing out of the General Export Incentive Scheme and the closure of the South African Foreign Trade Organisation, even though the steady depreciation of the rand provided some relief.

Diversifying export markets and prod-

### 'Abolition of single channel marketing has opened new opportunities'

ucts was costly and organisationally demanding, particularly for the Western Cape, which was reliant on a narrow range of agricultural exports such as wine, fruit, juices, wool and meat, Wesgro said. Support structures for small business exports was still lacking, despite the good intentions.

Wheat farming in the province faced the challenges of high production costs, low price imports and competition from Free State farmers. Poultry farming was being challenged by imported products, and massive restructuring was underway.

Increasing world market competition and local oversupply necessitated a dramat-

ic effort to restructure the ostrich industry.

Canned fruit producers were being challenged by saturated export markets and EU-protection measures. Exporting the fruit to Gauteng was proving uneconomic, while little headway was being made into other African markets.

After years of rapid export growth, further market penetration of wine exports was at risk in some areas. With regards to deep sea fishing, resources were limited, and the industry was under pressure from other countries to share South Africa's fishing resources, Wesgro says.

Employment in the province's agricultural sector had remained relatively stable over the past few years, but was likely to drop in some product niches - like the harvesting of grapes, where machines are being introduced.

The fishing industry was barely able to maintain its level of employment, given static overall catches, technological changes and a shift, albeit limited, towards smaller, black-owned firms, Wesgro said.

## Delivery of low-cost housing in Western Cape

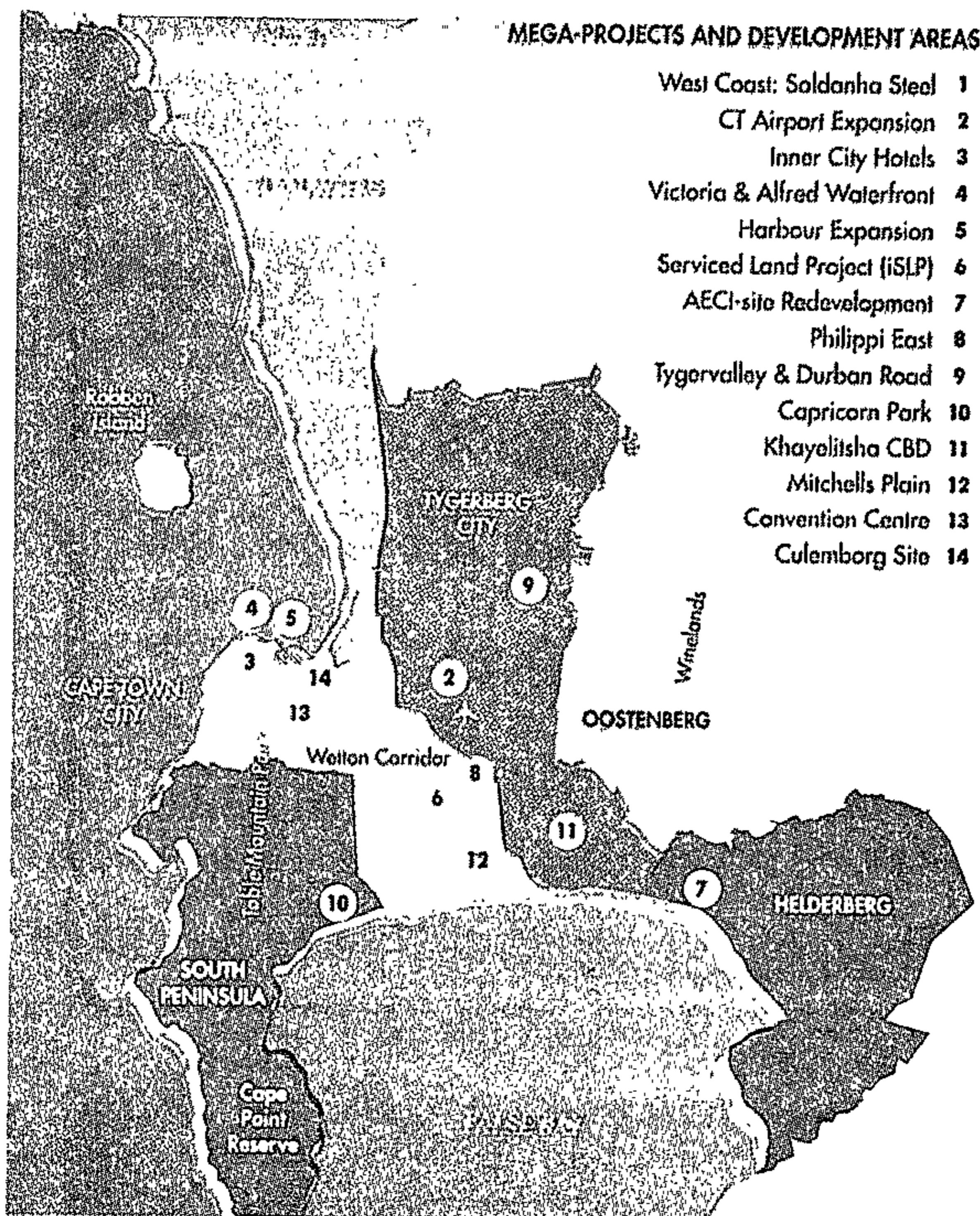
Since January 1995 60 000 housing units and serviced sites have been completed - 42 000 in platteland

24 000 sites/units currently in the pipeline, half of them in the metro and half in the platteland

91 000 units approved for National Housing Subsidy - 40 000 metro and 51 000 platteland

R1.2 billion subsidy approved (R811 million platteland) - R410 million paid out (R338 million in platteland)

## Projects in the pipeline



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# Manuel defends SA's performance in 'unrealistic' report

Alan Fine (49A) (18A)

WINDHOEK — Finance Minister Trevor Manuel criticised the World Economic Forum's Africa Competitiveness report yesterday, saying aspects of it bore little relation to reality.

While acknowledging the value of the report to the continent, he questioned its "optimism index", which put SA at the bottom of a list of 20 countries where the survey was completed. The index was derived from interviews with members of countries' busi-

ness communities.

Manuel said it was inconceivable that SA could be at the bottom of a table headed by Mozambique, where the economic situation was far poorer than SA's.

He also highlighted what he said was another logical inconsistency: the Namibian survey found fear of currency risk low, while in SA it was high. He asked how this could be given that the Namibian dollar was linked to the rand on a one-to-one basis. Manuel joined several African political leaders in calling for stepping up the cam-

paign for debt relief for African countries.

Responding to criticisms that SA's progress towards structural economic reform was too slow, he said this perception was incorrect and was due to the time lag involved before the effects of economic reform came through. A recent study had found this period was three to four years, and SA was still within that time frame.

Commenting on the performances of Mauritius and Botswana, Manuel said they had been able to begin their reform programmes up to 10 years ago.

BP 19/5/98



□ DEVELOPMENT

(49A) eT(DR) 21/8/98

### Plans afoot to map W Cape growth path

Hennie Bester, the Western Cape minister of trade, industry and tourism, said yesterday he planned to establish a small team of economic leaders to map out a growth path for the province.

Addressing the annual meeting of Wesgro, the provincial investment and trade promotion agency, he said this would not be "a long drawn out process, but short and focused". The team would be backed by industrial and regional development experts with the aim of positioning the Western Cape as the gateway to Africa. Bester paid tribute to David Bridgman, the outgoing Wesgro chief executive, who will become programme manager of the World Bank's Multi-lateral Investment Guarantee Agency in Washington, DC. — *Lynda Loxton, Cape Town*

# Western Cape needs economic blueprint to keep growth on track

(49A) ARTS 25/5/98

The Western Cape is on the road to a prosperous and dynamic future, but if it really wants to go places a few bottlenecks must be removed, writes **DONWALD PRESSLY**

Anyone who travels in by car from the southern or northern suburbs each day to work in the Central Business District can feel the pulse of Cape Town. Traffic jams, flaring tempers and crowded pavements speak volumes: the Western Cape is on a growth path.

The Western Cape, however, must not rest on its laurels. Unless we take our future in our hands, we will become a victim of our own success. This region simply has to develop an economic vision, a planning blueprint to handle this growth – and to ensure that it works to the advantage of as many people in this province as possible.

The release of the Western Cape Investment and Trade Promotion Agency (Wesgro) report on "The Western Cape Economy on the way towards Global Competitiveness and Social Stability" provides a very useful point of departure.

The good news is that the Western Cape is performing better than other

provinces: the gross regional product grew at least 3% last year, about 1% higher than the rest of the country. We are keeping up with the demand for new jobs. But the growth is not high enough: we are not reducing the number of unemployed below the 300 000 at which it has stood for some time.

Growth of 6% to 7% would turn this economy around and allow us to be the gem of the southern African subcontinent and a guiding light to others.

Short of waving a magic wand, one may well ask how this can be achieved and what role the public sector can play.

The central Government itself has set a 6% growth target for the Western Cape. The much-vaunted growth, employment and redistribution strategy says the creation of 50 000 jobs each year is within range. At present we are creating about 40 000 jobs with about a 3% real growth rate, although this is only absorbing the natural increase in the size of the workforce. While we are not going backwards, we are not making a dent on the lives of the unemployed. These are real people with families to feed. They also require housing, education, transport and clothing.

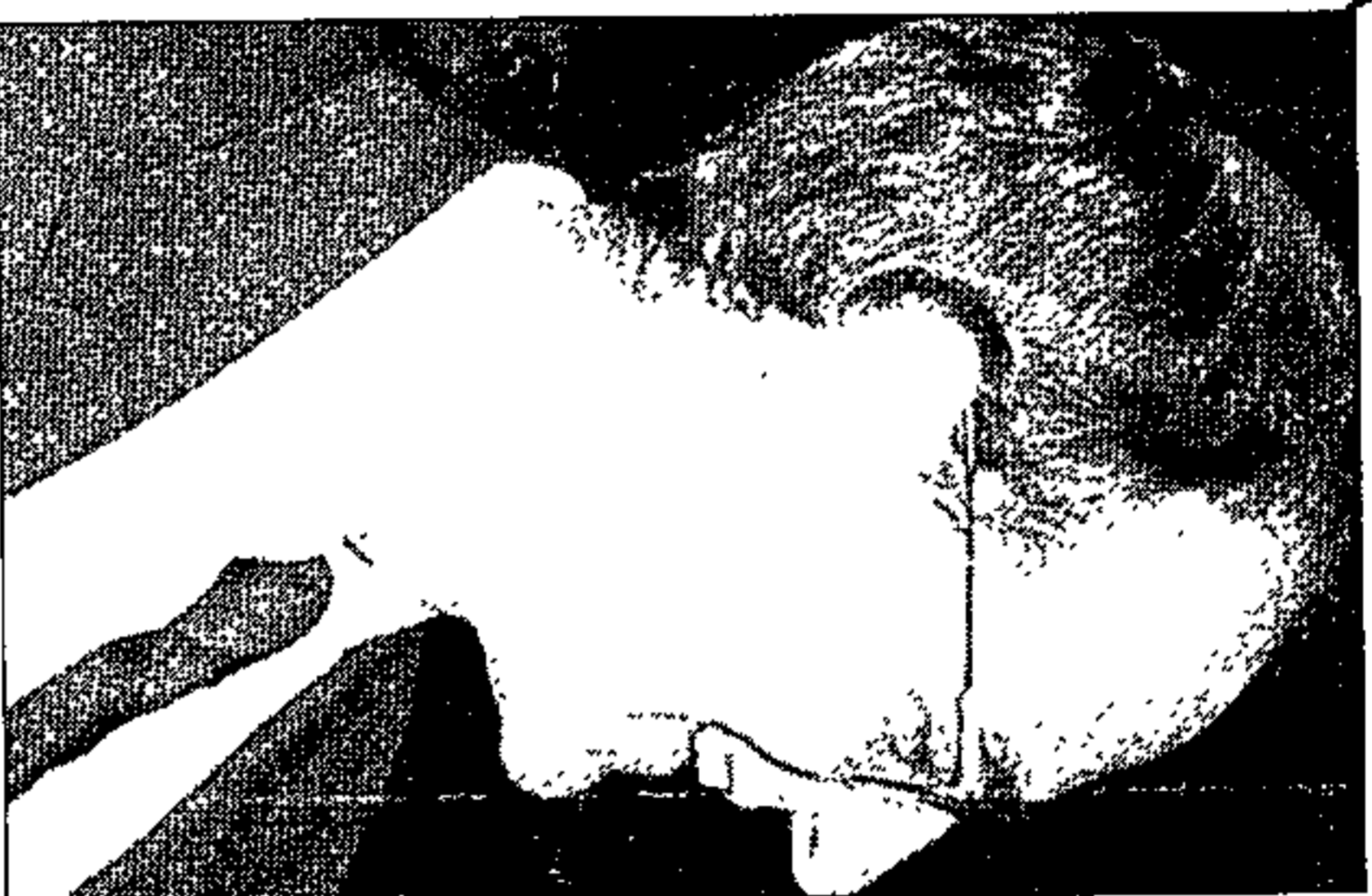
The answer to our problem must include the following: we need foreign investment inflows, increased

housing construction and higher labour turnover through more dynamic management.

The Western Cape Department of Trade, Industry and Tourism, now under Hennie Bestler, is directing its energies forwards focused growth points to maximise job creation. This, we believe, is the key to resolving secondary problems such as provision of housing, education and transport, although interventions will be required in these areas from time to time.

On the micro-level, this means educating young South Africans about entrepreneurship at schools, and using the weight of the department – from minister down to each official – to market this province as a region of good service and solid growth. In short, the department is there "to sell" the Western Cape, as a region grappling with its challenges and building on an already solid foundation of growth.

The department has a wealth of research from Wesgro, established just two years ago by an act of the Western Cape Legislature, on which it is based its future growth strategy. We know the province has the potential to grow in a wide range of sectors – including agriculture, fishing, manufacturing and construction



**Vision for future:** Hennie Bestler

– not to mention the services needed. Indeed, the emphasis will fall on the services sector, including tourism, in the years ahead.

But in short, the Western Cape needs to maintain its wide sectoral spread of increasing international and national competition, lower import duties and declining transport

costs. Therefore the focus has to fall on the creation of a business environment conducive to general economic growth, which includes:

- Secondary and tertiary training institutions responsive to sector-development needs.

- Financial institutions geared to the demands of sector growth.

- Public-sector institutions willing to accommodate regulatory and planning needs of expanding sectors.

- The maintenance of an attractive living environment.

These four areas demand action in different facets ranging from crime control to faster training reforms, with many different institutions responsible for specific action.

The department's measure of its own success in the years ahead will be the success of a "cluster focus". This incorporates the concepts of maximising scarce management and support facilities as well as economies of "cluster synergy". What this means in layman's language is that industry experts (particularly in the private sector) will be drawn in to help build on their success in partnership with new players. Wesgro has earmarked the following "high priority" areas:

- Further expansion of tourism and the conference industry.
- The attraction of corporate and

institutional headquarters to the Western Cape.

- Maintaining growth momentum in the wine, beverages and fruit juice niches.

- Developing up and downstream niches in the steel and metal-processing sector.

- Developing a local high-tech sector, with particular emphasis on telecommunications components, the IT industry and precision engineering.

- Strengthening the competitiveness and market share of Cape Town's shipping, ship repair and harbour facilities.

- Expanding film, video and TV production.

- New niches in agriculture and fishing.

- Tertiary education and training.

The DTTT will focus on utilising its resources, including the Western Cape Tourism Board and Wesgro, in achieving unity of purpose between the public and private sectors.

To spur industrial growth, it is now necessary for the DTTT, business leaders and support agencies to develop appropriate action programmes.

This will involve preparing a detailed database of local firms in each of the 10 clusters, establishing a cluster group to shape the initiative and

liaise with support agencies, and assessing the strengths and weaknesses of clusters.

Joint action by firms in the cluster will be strengthened, for example to open foreign markets, attend international events, co-ordinate advance training and research efforts and facilitate technology transfers.

To drive this initiative, the minister will convene a co-ordinating committee made up of representatives of each of the key sectors. This committee will meet regularly to monitor growth performance and shortfalls.

But growth will be slowed down if certain bottlenecks are not removed. The metropolitan area of Cape Town simply has to resolve its mounting traffic pressures. Planning is at an advanced stage in developing a short-distance mass transport system inside the city bowl. This could include the introduction of trams and a light rail system connecting the Waterfront to the CBD and the airport.

If the DTTT and the private sector fail in this task, we will simply be saying goodbye to jobs – and be condemned to waste thousands of hours in traffic jams.

■ *Donwald Pressly is the spokesman for Western Cape Minister of Trade Industry and Tourism, Hennie Bestler.*



# Film invaders pour money into Cape

ARG 30/5/98

~~ARG 29/5~~

(49A)

MATTHEW ALDAG

South Africa's reputation as the Hollywood of the South is growing as foreign film makers flock here, bringing in hundreds of millions of rands yearly to Cape Town alone.

There were fears that South Africa would enjoy a brief post-apartheid life as "flavour of the month" before subsiding into Third World obscurity.

But on the contrary, the trend to make foreign films here is growing as moviemakers take advantage of the favourable exchange rate and cheap local labour to shoot blockbuster movies.

"More documentaries and feature-length films than ever before are being filmed in Cape Town," said Glynn O'Leary, chairman of Cape Town film and TV production house Six Street Studio.

Mr O'Leary believes up to R250-million was spent in Cape Town by the film industry in the past 12 months.

"I expect that to go up in the future," he said.

Bevil Schwartz, also of Six Street, said the local industry was booming.

He said foreign film makers normally brought one or two directors and then subcontracted the rest of the technical and crew to local sources, which was far cheaper than importing the whole crew.

The value of the rand against other currencies "gets producers more film for money", said Mike McCarthy, film maker and chairman of the Cape Film and Video Foundation.

He said foreign producers used relatively inexpensive local labour without losing quality. "South African technicians are among the best in the world."

South Africa's location in the southern hemisphere makes it an attractive film venue because during the northern winter, when European and US film makers edit rather than shoot in their own gloomy weather, cameras collect dust.

Travelling to South Africa provides warm sunshine in December and January, and inexpensive local film crews.

"That's the secret of why they come here; the timing and the soft rand," said Mr McCarthy.

A sound infrastructure, English as one of the official languages, and the newly opened doors of democracy all played a part in the growing popularity of South Africa as a movie production destination.

South Africa's economy stood to gain as film makers spent money on restaurants, expensive hotels, car rentals and entertainment, commentators said.

AREA NOT FOR INDUSTRIAL USE

# Poor hit hardest as firms told to close

CT 3/6/98

(49A)

**WORKERS FROM THE poverty-stricken Philadelphia area could lose their badly needed jobs if the firms they work for have to close. Staff Writer ERIC NIBAZALULA reports.**

**W**HEN Philadelphia farmers Steve Theron and Gerald Brune each opened up small factories in the area and employed nearly 100 local workers, they thought they were doing a good deed by providing jobs in a poor area.

But now the Blaauwberg Municipality has told them to shut down their operations as the area is not zoned for industrial use.

Philadelphia was in the news recently because of the widespread prostitution there. With poverty rife, many local residents also scavenge on rubbish dumps, trying to feed their families.

Theron, who invested R10 million in his small knitting business which employs 85 people, said some of the farmers had told him they were grateful that he had moved to the area to provide jobs for the impoverished community. Theron said he never expected any

problems when he decided to open his business, although some farmers had complained about the noise.

"This farm area was first used as a drive-in cinema. Then as a disco and a dance hall. I was stunned when I was told that some of our neighbours had complained. We were making far less noise than the drive-in and disco," he said.

Stanley Visser, director of planning and economic development in the Blaauwberg Municipality, told the *Cape Times* that the plots on which the small businesses were built were zoned for agricultural and residential purposes.

"We received complaints from the neighbouring farmers who said the area would soon be turned into an industrial area and they wanted it to remain rural. We tried to be flexible to these people (business owners) and asked them to apply for rezoning."

Some applications had been

received, but had been turned down because of the complaints.

Visser said: "We support job creation. We have started a study which will look at where sites for small businesses could be built. I know this might take some time, but we need to take into consideration those who complained. We can't allow people to just open businesses wherever they want to."

Brune, who has a business making spa baths and employs 12 people, mostly from Philadelphia, said he would be glad to work with his neighbours to solve what seemed to be a noise problem.

"But the farmers I have spoken to had not raised any complaints."

Brune said he believed he had a right to open a small business on his property which could help him and his family and other people in the area get something to eat.

"We are not intending to open a big industrial area here," he said.

Government reports said that small businesses had a big role to play in providing jobs and lifting the standard of living of other people.



**SURVIVAL:** When the rubbish trucks come to the dumps, scores of people from different directions run towards the trucks to get food for their families.

PICTURES: THEMENKOSI DWAYISA

# Cape job seekers thrown lifeline

ARG 17/6/98

(49A)

(177)

A potentially far-reaching youth programme is being launched in the Western Cape today to give an initial 2 000 young people work experience and guidance on future careers.

The project will seek to place 2 000 interns in Western Cape companies and institutions for six months to better equip them in the search for jobs.

They will get experience and advice on opportunities in the job market.

Thousands of young people leave schools, colleges, universities and technikons every year with little hope of getting work, often because they do not have experience. Starfish 2000 has been conceived to remedy this problem.

Western Cape companies and institutions will be encouraged to take part in the programme as a social responsibility contribution to a solution that has wider socio-economic benefits.

Participating companies stand to earn Reconstruction and Development Programme points in competing for state tenders, as well as favourable media exposure.

The project is the brainchild of the Cape Argus, the Cape Chamber of Commerce and

MICHAEL MORRIS



How Starfish 2000 plans to bring hope to the young - see Job Shop inside today

Industry, the Association of Personnel Service Organisations and the Departments of Public Works and Labour. Various other organisations including Good Hope Radio have joined the founding group in turning the skills-transfer concept into a dynamic, workable programme.

The project will be run by the long-established non-government organisation Careers Research and Information Centre (CRIC). Full details are published in the Cape Argus's Job Shop supplement today.

Starfish 2000 takes its name from a parable that expresses the virtue of actively working towards a solution, even when the problem seems insurmountable. The parable tells of a man surrounded by thousands of

beached starfish, painstakingly throwing the creatures back into the water, one by one.

When questioned about the apparent futility of his task, the man replies, as he throws back another starfish: "It makes a big difference to this one."

Cape Argus editor Moegsien Williams said today: "It is imperative that we get as many starfish back in the water as possible.

"We must give hope and vision to the post-apartheid generation, and we believe Starfish 2000 is a key contribution to achieving that goal."

The project "brings together a network of business, government and non-government organisations committed to harnessing the energy and potential of all stakeholders in the economy in pursuit of the common goal of giving young people a kick-start in life".

Public Works Minister Jeff Radebe has given his support to the initiative.

He said: "The emphasis on skills transfer and imparting job experience ... captures the philosophy of teaching a person to fish, rather than merely providing a day's wages.

"Ultimately, the success of Starfish 2000

To page 3



CAPE ARGUS, WEDNESDAY, JUNE 17

## Job seekers given hope in

## new project

ARG 17/6/98 (49A)

From page 1

will be determined by the degree of entrepreneurship we are able to instil and harness.

"I believe it is this promise that Starfish 2000 holds out for potential candidates: the chance to gain entry into a saturated job market and grow their own prospects there - either through proving their value to the host company or using their experience to open an enterprise."

Charl Adams of the Cape Chamber of Commerce and Industry said: "Starfish 2000 is an attempt to reduce the number of struggling starfish on the shores of life. We are making a difference."

He noted that in view of the trend among bigger companies to "outsource" many of their operations, Starfish 2000 gave employers an opportunity "to provide a valuable service as a nursery for young entrepreneurs".

Matt Esau, a director of CRIC and chairman of the Starfish 2000 board of trustees, said: "This initiative comes at a crucial time for young people."

At this stage, Starfish 2000 is canvassing support among companies.

A date from which interns will be invited to apply will be announced as soon as possible.

CAPE ARGUS, TUESDAY, JULY 7, 1998

# Dying CBD needs a kiss of life - expert

## *Waterfront-style team needed*

ARG 7/7/98 (49A) (217)

**SHARKEY ISAACS**  
STAFF REPORTER

**Congested, dirty streets ruled by "parking terrorists" and gangs of street kids, unmaintained public space, faulty traffic lights, broken signage, scruffy buildings ...**

This is the bleak picture of a dying Cape Town business district painted by a property expert who has appealed for the proper management of the city centre to stop the flight of commerce and capital.

Theodore Yach, commercial property director of a leading property company, told the economic development and property committee of the Cape Town municipality yesterday that the CBD was in an unhealthy "Catch 22 situation".

Office tenants were clamouring for more parking and municipal planners were increasingly restricting private vehicle access to the city to force people to use public transport.

He said the city had no perceptual management and this was one of the "negatives" for the promotion of commerce and tourism.

On the positive side, the CBD was central and had entertainment, excellent views, good shopping, proximity to the sea and mountain, atmosphere, national monuments and character.

He recommended the creation of a joint council-stakeholder task team and a non-profit management company like that which ran the Waterfront.

Committee chairman Hanief Tiseker said the establishment of a

CBD management similar to that at the Waterfront was out of the question in terms of the constitution. But the committee noted Mr Yach's suggestions and asked him to approach the city manager with his advice.

Councillor Belinda Walker of the Democratic Party said that while she supported most of Mr Yach's suggestions and perceptions, the DP had mooted several plans to improve the situation and make the CBD safer.

She claimed city planners were putting the "cart before the horse" in limiting parking to force people to use public transport. The public transport system left much to be desired - and now Metrorail was proposing to reduce security on trains. Bus and minibus taxi services also had their problems, Ms Walker said.

... and ...  
... of ...



## DEVELOPMENT

# West Coast initiative's first fruits are finally starting to bud

VERA VON LIERES

In February, local and offshore investors gathered in Saldanha Bay to sniff at the investment opportunities of the West Coast Investment Initiative. Five months down the line, the first fruits of that gathering are finally starting to bud.

As with other spatial development initiatives (SDIs) set up by the department of trade and industry, the central goals of the West Coast Initiative include creating jobs, boosting exports and broadening the economy's ownership base through small and medium entrepreneurs, farmers and manufacturers.

"Because the West Coast Initiative has been action-oriented, we are getting beyond the ideological issues," says Laurine Platzky, the project manager for the initiative.

Long-term investments will take some time to become visible on the West Coast, where the principal employment sectors are fishing, agriculture and mining followed by manufacturing and services. But things are moving.

There has been serious interest from offshore investors as far away as Japan, India and Saudi Arabia.

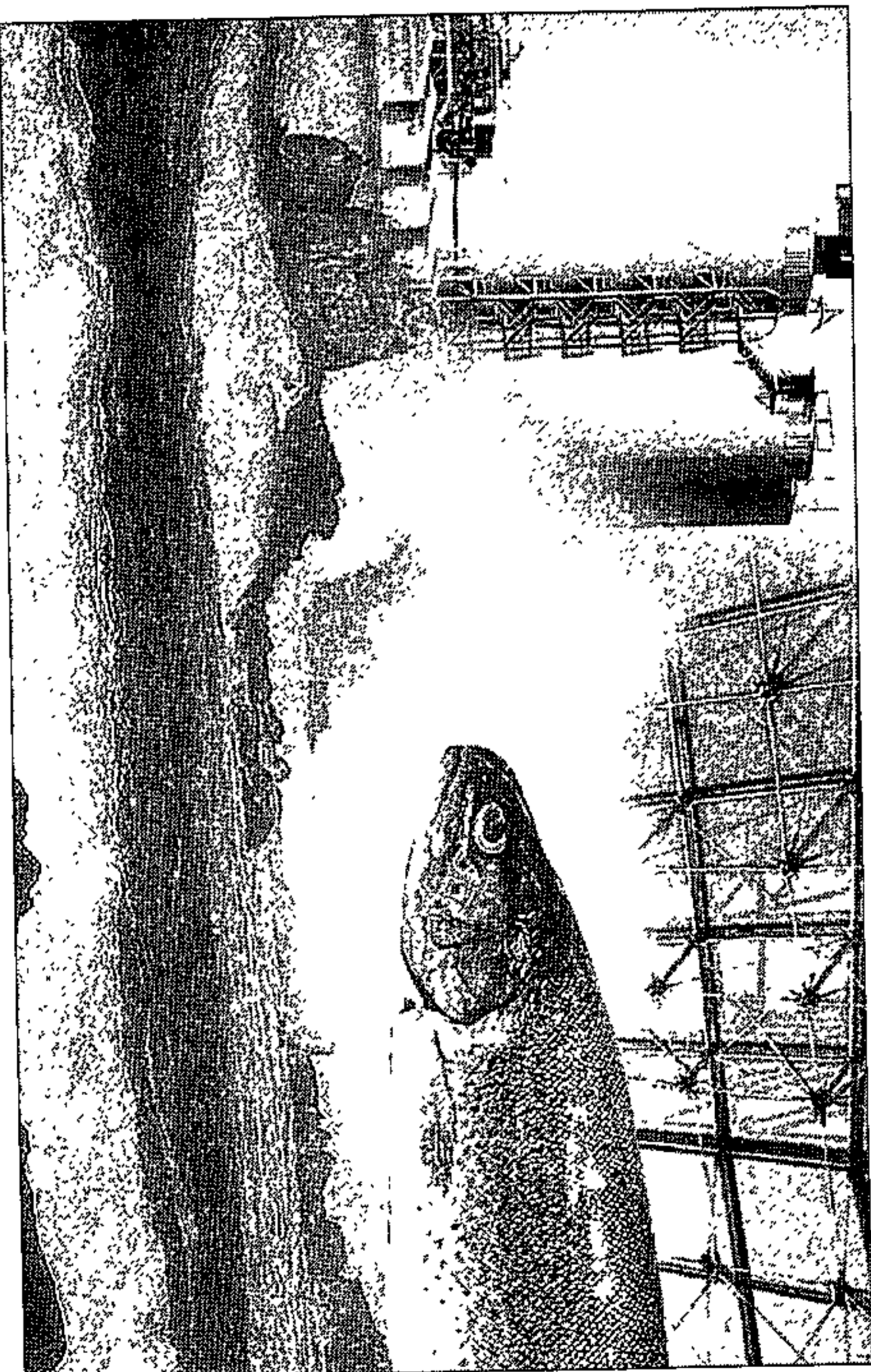
"We are likely to hear about smaller and medium-sized projects at this stage," says Platzky. "The initial period was an exploration and follow-up phase, deepening the level of information on some projects."

The first two months were spent talking to small and medium enterprises in the area, getting an idea of what they were doing and planning to do.

"The mass of growth in the region is concentrated in the Saldanha Bay/Vredenburg area, and that is where the biggest chance of industrial success lies," says Platzky.

Difficulties during the initial period included the small business sector's lack of organisation and the sensitive nature of environmental issues in developing property along the West Coast, lauded as one of the most beautiful and bountiful coastlines in the country.

A key question, now that the project is in its second phase, has been how to boost northern



areas such as Lamberts Bay. "Here, a lot of work is being put into public-private partnerships (PPPs)," says Platzky.

Development nodes on the West Coast include mining and mineral beneficiation, fishing, agriculture (notably community projects in rooibos, wheat straw

and fynbos), industry (particularly soda ash and steel production) and tourism.

Platzky says the various projects, worth R20 billion altogether, aim to create around 20 000 jobs in an area where unemployment ranges from about 15 percent to 23 percent.

Saldanha Bay, home to the R7 billion Saldanha Steel Mill, is the area's development heart. The Saldanha Steel project, a joint venture between Iscor and the Industrial Development Corporation, is one of the largest private capital projects in South Africa.

Anglo American's R2,1 billion Namakwa Sands heavy minerals mining and beneficiation plant is situated close by. Sea Harvest, the big fishing operation which recently agreed a milestone empowerment deal, is also located in Saldanha Bay.

In the 1960s, the National Party government introduced a controversial "growth point" strategy aimed at developing "homelands" such as the Ciskei.

The main difference between "growth points" and SDIs is that the growth point strategy was pursued mainly for political purposes, Platzky points out.

SDI objectives differ markedly in their genuine assessment for developing a region, she said. One of the objectives of SDIs, to boost exports, is critical for the West Coast area.

Another objective, to optimise existing infrastructure and resources, means working with existing industrial workforces and industrial land in places such as Saldanha Bay and nearby Atlantis.

So far, investors from India and Saudi Arabia have shown serious interest in limestone

and marble projects in Vanrhynsdorp. Owners of diamond quartzite and wollastonite deposits have had queries from Japan.

On fishing and mariculture projects, most interest has been in abalone.

There has also been offshore interest in wheat straw, rooibos and fynbos community projects.

In May, vegetable exporters in the region discussed the establishment of joint ventures with Italian companies.

Platzky says exciting citrus processing projects to give farmers 50/50 empowerment are also currently under way.

Challenges in the months ahead include moving the West Coast Initiative from the pre-feasibility stage to fully scoped projects, and issuing requests for proposals for all the PPPs.

Also on the agenda is a small, medium and micro entrepreneur follow-up conference for investors early in 1999.

"What we will be looking at (in months ahead) is matching skills development with incoming investors' demands," says Platzky.

CT (MR) 21/7/98

(49A)

# Making spring last all year on the West Coast

**Ann Eveleth** looks at plans to make <sup>(49A)</sup> economic well-being more than a brief tourist boom

M+G 2-8/10/98

**M**ost Septembers a sea of wild flowers drowns the rugged protrusions of the Cedarberg mountains that separate the quaint mission villages of Wupperthal from the Atlantic seaboard. In that lucky month, the narrow roads lead bands of tourists into this remote region.

The tourist money sparks a welcome, if brief, economic boom for the string of tiny Western Cape towns. Wupperthal's Lekkerbekkie restaurant fills up, and the string of cottages, industries that form the mainstay of this Moravian mission station's economy attract visitors.

Piet Gertze, manager of the local Velskoen handmade shoe factory, explains the difference these visitors

make. "We usually sell about 10 pairs of shoes a day. But from August we get big orders because of the flower season. People come for the flowers and see the shoes, and now we are working very hard."

But the boom only lasts a month or two. And some years, when the rain misses its crucial pre-blossom beat, the flower-gazers don't come.

Local industries employ only a handful of the 2 300 residents of Wupperthal and its 10 far-flung satellite villages. The rest eke out a living from subsistence farming, and feed their children with the milk of a small herd of communal goats.

Four out of five of the primary schools kept alive until recently by the church face closure now that



Fancy veillies: Piet Gertze works on a rush order for velskoene. PHOTOGRAPH: ANN EVELETH

they depend on state finance. Attempts to build a second crèche have failed because most locals can't afford to make even a small monetary contribution.

"We're crying out for development. All our educated people have to go to Cape Town and other areas to make a living," says Reverend William Valentyn, the local pastor and chair of the local council.

The close-knit community — mainly descendants of freed slaves who found refuge in the mission — is banking on the West Coast Investment Initiative to bring development to their remote corner of the world. It is one of eight spatial development initiatives (SDIs) that together form the bedrock of the government's trade development plan.

An organic rooibos tea project, started in March this year, forms the centre of Wupperthal's aspirations. "Although rooibos tea was first exposed to Europe via the Moravian church, the trade with Germany later prompted other farmers in Clanwilliam [about 40km north-west of Wupperthal] to grow it."

"The Rooibos Marketing Board then set quotas which limited Wupperthal's production. But the best rooibos grows wild on the mountains here," says Ferdinand Engel, a local man who grew up in the nearby Elim mission station. He has joined forces with the Western Cape's trade and investment promotion agency, Wesgro, in a bid to remind the world that Wupperthal is the real "world rooibos capital."

"We started a community-owned company in March to produce organic rooibos and we sold 20 tons — our entire crop. Unfortunately, we had to settle for R5 a kilo because the price went down. But other companies are sitting with 100 tons they can't sell because the European markets want organic rooibos." Engel expects production to double during December's harvest.

Wupperthal's 110 new rooibos entrepreneurs — processors, harvesters and cultivators — have big plans for their venture. A new tea court, built with a R300 000 Reconstruction and Development Programme grant, allows the tea to be sifted, crushed and dried on the premises.

"Now we are negotiating with the British government's division for international development for funds for a feasibility study on processing, sterilising and packaging rooibos. We are looking for joint-venture partners to build our own packaging plant," says Engel.

Wupperthal's rooibos project is one of 120 West Coast Investment Initiative investment opportunities identified by Wesgro and the Department of Trade and Industry.

Project manager Laurine Platzky says its primary objectives include promoting exports to increase for

exchange earnings, the creation of sustainable jobs and entrepreneurs, better use of existing resources and infrastructure, and increasing black empowerment and small, medium- and micro-enterprise ownership.

The proposed projects are tipped to generate nearly R20-billion in investment and to create 20 000 new jobs. They target tourism, fishing, mariculture, agriculture and agri-processing, and infrastructure.

The big-money projects centre on minerals and industry. Iscor's controversial R6,8-billion Saldanha steel mill is the focal point of the West Coast Investment Initiative.

Providing 600 new jobs and already processing 1.2-million tons of hot rolled steel coil a year, Saldanha is expected to attract a string of downstream industries to the 1 350ha industrial development zone.

The R850 million Dufenco steel processing plant under construction down the road is a 50/50 joint venture between the Industrial Development Corporation and Swiss-based steel traders Dufenco.

The company will process about 50% of Saldanha's steel output when it opens for business early next year, adding about 35% to the value of Saldanha's steel and creating a further 190 permanent local jobs.

Like Wupperthal's tea, Dufenco's steel is solely for export. The company will use Portnet's R300-million Saldanha Port project, in keeping with the SDI vision. But is that where the economic trickle ends? "We are looking for further investments in South Africa, but we have no policy on ploughing profits back into the country," says Henrie Botes, Dufenco project director.

Platzky says the SDIs hope to generate enough economic spin-offs from downstream industries, employment and tax revenue to offset the ebb and flow of foreign investor capital.

An International Labour Organisation (ILO) report on export processing zones released this week points out that many zone-operating countries have anticipated similar long term spin-offs, but few have managed to develop a wide range of domestic export industries on the basis of zone investment.

"If export processing zones are to realise the full knock-on economic effects desired by the host countries, greater linkages with the domestic economies need to be forged," the ILO report says.



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# NEWS

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## Despite bomb threats, it's business as usual in Cape

CT (MR) 6/10/98

(49A)

**ADELE SHEVEL**

Johannesburg — Despite mounting concern and crisis meetings after the bombing of the Planet Hollywood restaurant in August, and about 500 phoned bomb threats, Cape commentators yesterday insisted it was business as usual for property, tourism and industry.

Premises targeted in these threats included businesses, railway stations, South African police stations and facilities, residential houses and schools. Leon Wessels, the service's Western Cape provincial commissioner, told the area's portfolio committee.

There was concern immedi-

ately after the bombing, when a series of meetings were held with industry, said Johan Neethling, the vice-chairman of the Western Cape Tourism Board. It was expected tourism would be affected but the blast had not had the effect on tourism as had last year's shootings in Luxor, Egypt.

But Neethling said tourism was not growing at the same rate as it had after the 1994 elections. "In 1995 tourism was growing at about 25 percent a year ... this year there has been a 9 percent drop in tourists."

Rick Taylor, the chief executive of Cape Metropolitan Association, said the bomb might have slowed down direct foreign

investment "just a touch" but investors were still interested.

Samuel Seeff, the managing director of Seeff Property Services, said property prices were not expected to suffer as it was hoped and believed that the event was a one-off. The Cape was still perceived as more of a safe haven, even though there was a growing criminal element. Property prices were more dependent on confidence in the country, interest rates and the exchange rate.

Colin Boyes, the deputy director of the Cape Chamber of Commerce and Industry, said the threats had been factored in and companies, especially export groups, had held up well.

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# ANC'S ABOUT-TURN On Gear strategy

By Themba Molefe and  
Charity Bhengu

**T**HE Government is to review its economic policies, especially the Growth, Employment and Redistribution strategy (Gear), amid speculation that South Africa faces job losses and severe poverty (49%).

The African National Congress national executive committee said yesterday that Gear projections on growth, interest rates and employment would not be met within set time frames.

The ANC NEC made these observations at a press briefing at Gallagher Estate in Midrand after a two-day special meeting to address the current domestic and international economic crisis.

Trade and Industry Minister Alec Erwin said: "The adjustments to address Gear are necessary. The NEC agreed that detailed work needed to be done to address these changed circumstances, while retaining the coherence and strength of our policy."

This preparedness to adjust Gear is intended to bring the ANC closer to its alliance partners - the Congress of South African Trade Unions and the South African Communist Party - which have been critical of the Government's macro-economic policy.

In the past the SACP has said Gear has failed to address the need for socio-economic transformation. It has argued that the macro-economic



**African National Congress economist Max Sisulu, Trade and Industry Minister Alec Erwin and ANC general secretary Kgalema Motlanthe after a special meeting in Midrand to address the economic crisis facing South Africa.**

PIC: LEN KUMALO.

policy should be aligned with transformation goals.

Cosatu has also criticised Gear as a "neo-liberal programme serving the interests of financial capitalism and undermining the working class".

Consequently on more than one occasion, President Nelson Mandela has spoken very strongly to Cosatu. He felt it was irresponsible for the federation to declare that its stance (on Gear) was not negotiable. But

Mandela has also said that the strategy was not cast in stone and should be measured against its goals. ANC economist Mr Max Sisulu said Gear had targeted a growth of over two percent and had not anticipated the

current one percent achieved.

"The world's economic growth is down by about 40 percent and this is worse than the United States' 1929 great depression," Sisulu said.

However, South Africa is less affected than some countries in Latin America and the Far East.

Meanwhile, the ANC said the Government structural changes had clearly strengthened the South African economy and made it more resilient in the face of external pressures.

Erwin said: "There is a very real threat of a severe reversal of development and industrialisation leading to greater poverty and job destruction, particularly in developing countries.

"It is in this context that we have to continue to strengthen our economy and make carefully considered adjustments to policies where necessary to deal with the financial crisis and its impact on our economy. Of concern is the effect of lower growth and high interest rates on employment creation and investment."

Insiders said yesterday that points of difference among the alliance partners had been narrowed down, especially on Gear and economic issues.

The alliance partners met behind closed doors to iron out a programme for the coming alliance summit, planned for later this week.

The meeting also discussed the tactical approach to the summit which is regarded as a stepping stone to the jobs summit later this month.

# 'Rich' W Cape faces budget allocation cuts

(49A)

STAFF WRITER

CT 21/10/98

NEW information about population trends, education levels and standards of living will compel the government to review its provincial budget allocations over the next five years, and the Western Cape, which showed up as one of the richest and most developed provinces, would lose some of its allocation, Finance Minister Trevor Manuel has warned.

The census revealed that the Western Cape is the province with the highest standard of living, lowest unemployment rates and best education levels.

Unemployment is the lowest in the country (17,9%) compared with a national rate of 34%.

Education levels are the best in the country, with 10,8% of the Western Cape's population having received post-school education, compared with the

national level of only 6%. The percentage of people in the Western Cape who live in formal housing is also the highest in the country, at 76,1%.

Newly appointed Western Cape finance MEC, Leon Markowitz, said the census figures showing that the Western Cape had fewer people than expected in predictions was a "serious blow".

"It's quite obvious that the results will have a drastic effect on our equitable share of the budget. "It's a serious blow and very unexpected."

Markowitz said the new census figures would impair the ability of the province to budget in coming years.

"It points to the necessity for all the provinces to be able to raise their own taxes and let the population decide what the province's priorities are," he said yesterday.

● See page 17

# Census 96 set to hit W Cape in the pocket

STAFF REPORTER

(49A) ARG 21/10/98

The Western Cape will become relatively poorer over the next five years as its budget is cut by national government because there are fewer people living here than originally estimated, according to the official results of the 1996 census.

Provincial budgets are determined on the basis of a formula based, on among other things, population and development criteria.

According to the preliminary estimates of the 1996 census, published in June last year, the Western Cape had 4,1-million citizens but yesterday President Nelson Mandela announced the final result showed there were only 3,9-million people living in the province.

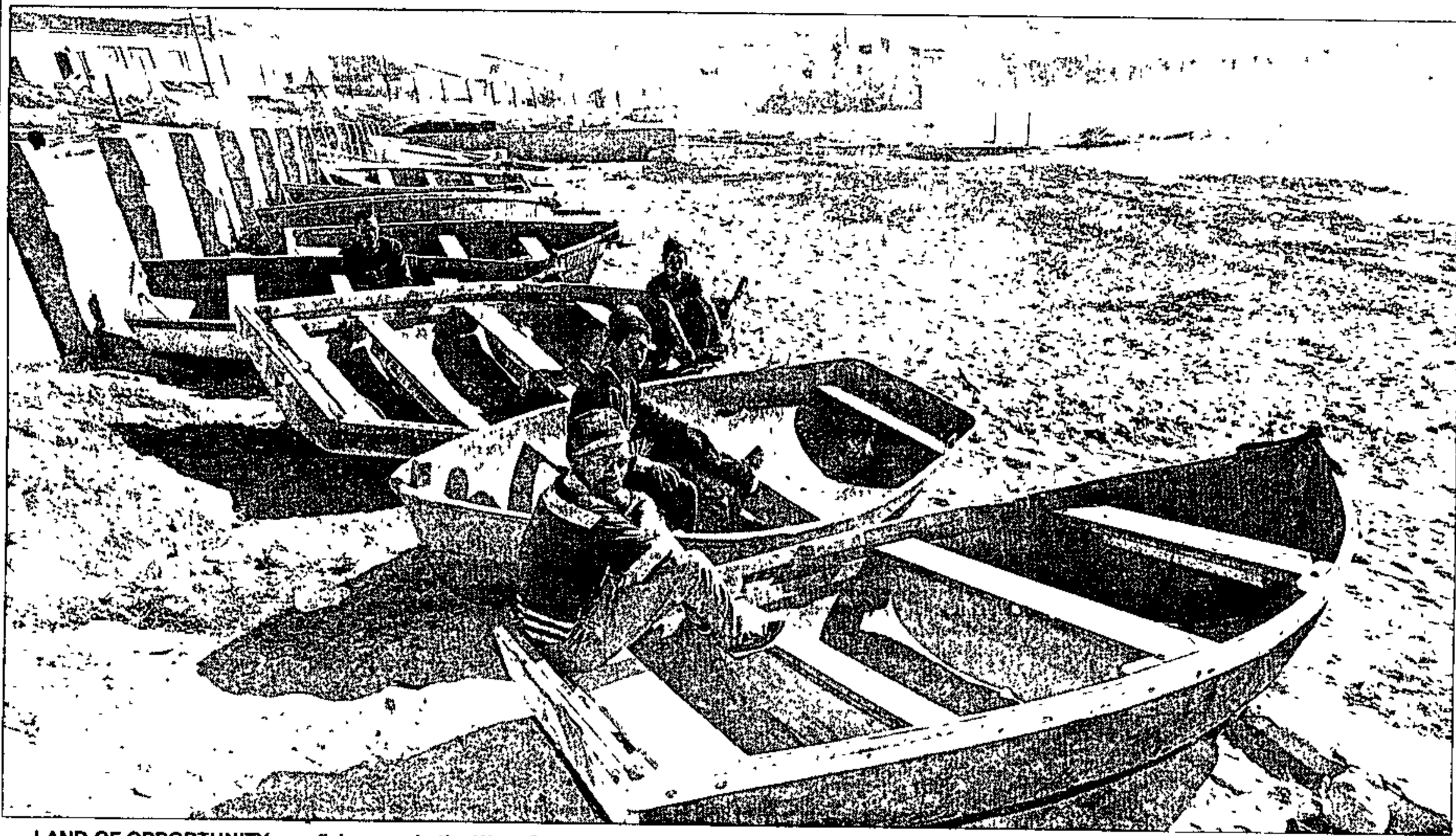
Provincial Finance Minister Leon Markovitz said the census figure was a serious blow which would drastically affect the provincial coffers.

Mr Markovitz said he could not say by how much the budget would be cut but said the true effects would be felt within the next two to three years.

"This further indicates the need for central government to allow provinces to raise their own levies and taxes so we can prioritise our spending," Mr Markovitz said.

On the up side, the census results showed that the Western Cape had the highest percentage of people with higher education qualifications - 10,6% of people aged 20 years and above. Only 6,7% of people in the province aged 20 years and above have had no schooling at all.

The bulk of the country's coloured population, constituting around 54% of the province's 3,9 million people, live in the Western Cape. Other groups include 21% blacks, 21% whites and 1% Indians. There are also more women than men living in the province - with 1,9 million males and 2 million females.



LAND OF OPPORTUNITY ... fishermen in the West Coast village of Doringbaai hope development in the region will net new job openings for locals

## Seeding West Cape's fertile soils

(49A) ST(MT) 1/11/98

Minerals, fossils, rooibos tea, crayfish and a lot of industry could transform the West Coast, writes ANGUS BEGG

**A** DIRT road from the industrial-tourism complex of Saldanha Bay to the fishing centre of Lamberts Bay in the Western Cape symbolises all that the coastal strip of the province has and lacks in terms of development — plenty of potential and sometimes woeful infrastructure

But, with a little help from the investment gods and an intriguing combination of fossils, fish, zinc smelters and rooibos tea, it's hoped that this region will take off as South Africa's latest growth area.

Part of the Department of Trade and Industry's efforts at stimulating growth in underdeveloped parts of the country through Spatial Development Initiatives (SDI) — like the Maputo Corridor — it is known as the West Cape Investment Initiative (WCII)

The WCII has targeted a num-

ber of different sectors — minerals and industry, agriculture and agri-processing, fishing and mariculture, tourism and infrastructure — in its bid to attract local and foreign investors to assist in utilising the full economic potential of the area

It is hoped such development of the region will provide previously disadvantaged communities with sustainable jobs and opportunities for equity partnerships

A fossil park just outside Langebaan lagoon — not too far from those by now famous human footprints and in a region that is recognised internationally as being of archaeological importance — was unveiled to the media recently, an area the

WCII hopes will become a major tourist attraction.

Around the corner at Saldanha, the Saldanha steel mill and Namakwa Sands heavy minerals processing plant are the major components of what is a growing industrial complex and Anglo American is planning a zinc mine.

At the almost completed Duferco steel mill, a Swiss-South African operation around the corner, project director Henle Botes says he knows of foreign groups who have expressed interest in the area, "but that's as far as it goes at the moment"

Looking at the industrial future of the area, the plan is for an industrial development zone of 1 350ha to be set up next to

Portnet's Port of Saldanha

A visit to Saldanha harbour revealed a large, underutilised port that is close to a number of operations that could, but still do not, benefit from its adequate export facilities

On the way to the fishing centre of Lamberts Bay, a visit to Elands Bay, from where Japan gets much of its crayfish, shows the place to be in desperate need of repair and upgrading, while in Lamberts Bay itself, the talk is of much-needed jobs for the fisherfolk.

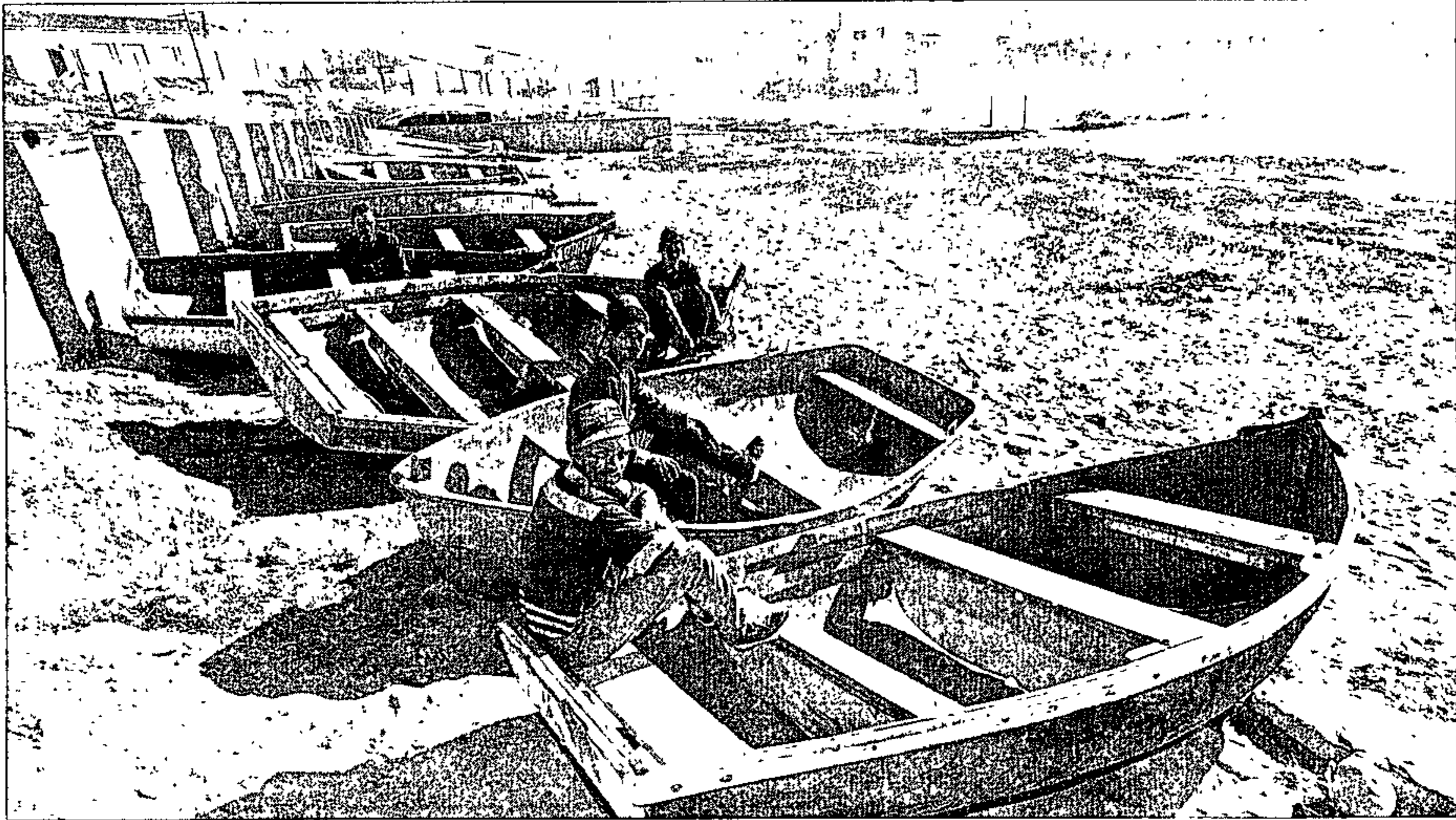
Lamberts Bay mayoress Marla Barnabas says they don't have too much faith in tourism as a labour-intensive alternative. Nevertheless the WCII is keen to promote the tourism potential of the area, especially

on the back of the spectacular but unfortunately all too short (about a month in duration) Namaqualand flower season

Tessa Doyle of the Lamberts Bay Tourism Association says that, while more bed and breakfasts are being built, the town still hasn't the visitor numbers to sustain them

Two hours inland, at the mission-station town of Wupperthal at the end of a dirt road deep in the Cedarberg, the community celebrates its recent export of 20 tons of organic rooibos tea to Germany and the Netherlands, and hopes to export double that next year

Driving between cold steel mills, a newly opened fossil park, a fynbos-covered coastline and the organic rooibos tea of the Cedarberg, it's clear that the region has something going for it — industry most probably currently offering the most opportunities



LAND OF OPPORTUNITY... fishermen in the West Coast village of Doringbaai hope development in the region will net new job openings for locals

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(49A) ST (M) 1/11/98

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# Jubilee wants SA debt scrapped

(49A) Sowetan 6/11/98

By Claire Keeton  
Feature Writer

**T**HE Jubilee 2000 South Africa campaign, launched in Cape Town yesterday, is calling for the cancellation of South Africa's foreign debt of about R17 billion - as part of the international campaign to have Third World debt scrapped by 2000.

The global campaign is rapidly gaining momentum in the wealthy G8 countries to whom debts are owed, with supporters in seven of the eight countries having launched campaigns recently for meaningful debt relief.

"This is a very feasible campaign. It is well-researched and thought out," said Jackie Boule, programme director for the South African National NGO Coalition (Sangoco). Non-Government Organizations (NGOs) and religious groups are key supporters of the campaign worldwide.

Boule said: "This is not about developing countries renegotiating on debt repayments which would affect their credit rating negatively. It is about those who provided the credit cancelling the debt."

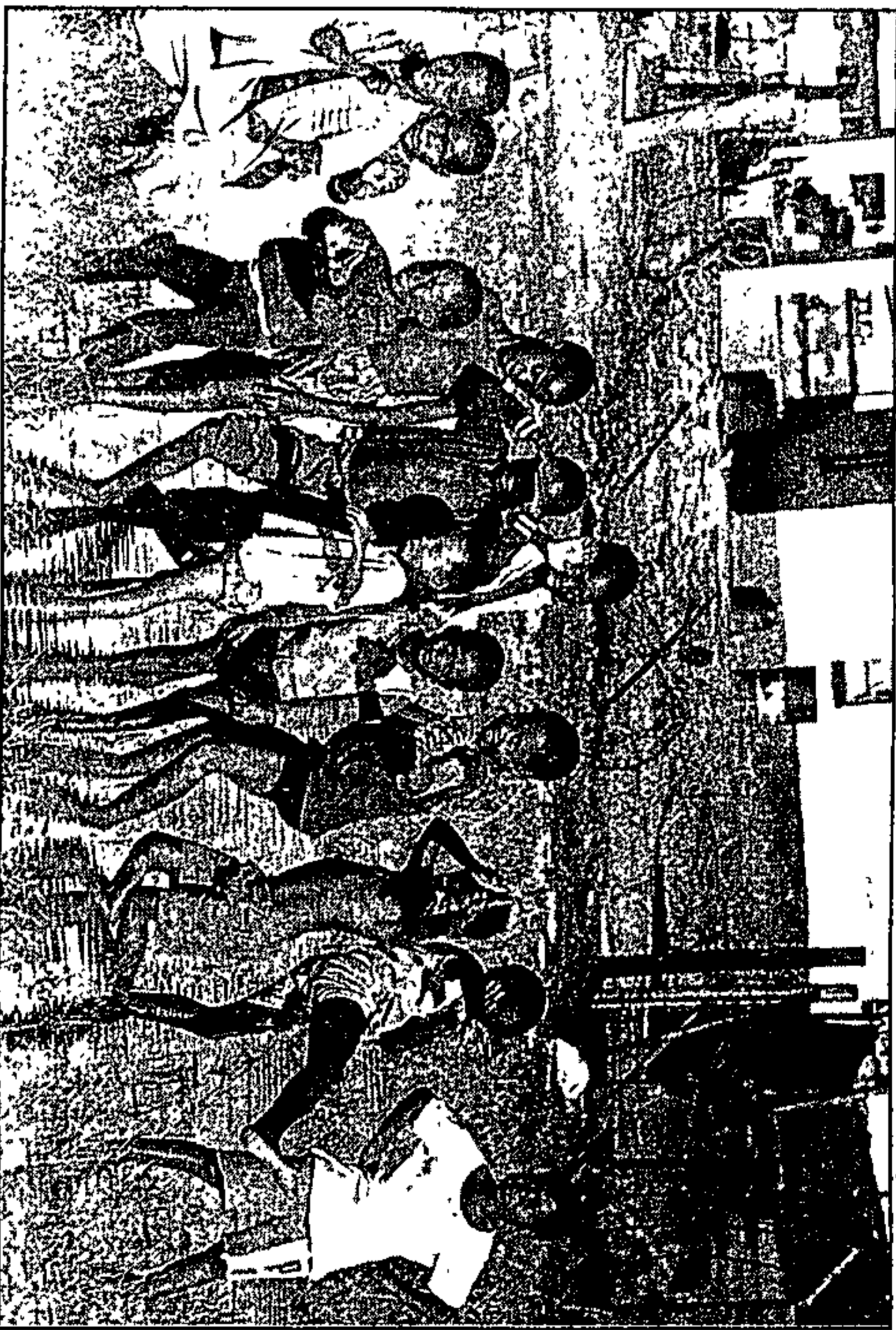
Finland is the first government to give political support to the campaign by approving policy to support the cancellation of debts of developing countries, many of which have high poverty levels.

"The Finnish government is committed to Jubilee 2000 (J2K) and is seeking a multilateral agreement together with Canada," interim secretary of the South Africa campaign Neville Gabriel said yesterday.

He said Germany and Sweden had launched campaigns calling for the scrapping of apartheid debt and debt in Southern Africa. France and Japan had already launched J2K campaigns, and the United States campaign would be launched soon.

"The launch, in quick succession, of national campaigns... has reason to make creditor governments nervous," said international Jubilee 2000 Coalition spokesman Nick Buxton.

"They know that their resistance to popular global pressure for debt relief



The international Jubilee 2000 campaign estimates the cost of meeting basic health, nutrition, education and family planning needs for the whole of Africa at about R45 billion a year, yet sub-Saharan Africa paid the developed world R75 billion in debt servicing in 1996.

will soon be untenable."

Gabriel said "if there ever was an odious debt", the debt accumulated under apartheid was an example of it, and for this reason it should be scrapped.

"Jubilee 2000 is calling for a once-off cancellation of South African foreign debt based on the odiousness of the debt. We do not foresee this need arising again in South Africa."

Gabriel said among the issues South Africa's J2K campaign must clarify would be a cutoff date for apartheid debt; who borrowed money, for whose benefit; how this affected the poor; and how it continues to affect the economy.

"The aid which is pushed into Africa at the moment is pointless," Gabriel commented.

"For every US dollar of aid (R5,60) that flows into sub-Saharan

Africa, at least \$1.3 (R7,30) - and this could be as high as \$11 (R61,60) - flows out in debt servicing."

Gabriel said most Third World debts, estimated at R 2 240 billion, were unpayable and the rich countries of the North could afford to cancel them.

For example, US company Microsoft Corporation alone makes about R190,4 million in profit a day, the amount that sub-Saharan Africa pays every day in debt servicing, according to the international J2K campaign.

It estimates the cost of meeting basic health, nutrition, education and family planning needs for the whole of Africa at about R45 billion a year, yet sub-Saharan Africa paid the developed world R75 billion in 1996.

Gabriel said there are precedents for debt cancellation, many for ques-

tionable reasons, and this campaign has compelling reasons.

"Jubilee 2000 would give Africa a chance and contribute to the recovery of the international economy," said Gabriel.

He said debt cancellation would have to be negotiated by representatives of indebted and creditor countries.

"They would have to look at the terms on which debt was written off. It would need to be a transparent and democratic process. Countries would need to consider what happens to the benefits from debt cancellation."

"The increased resources (from debt cancellation) must be linked to social and productive spending, not go on arms and wars," Gabriel said.

South African Municipal Workers' Union (Samwu) representative Anna Weekes said the money South Africa

spent on paying interest was not reducing the size of its debt and that money could be used for infrastructure.

"We will never pay back the full amount. It does not make economic sense and is destabilising the country," she said, explained Samwu's support for the campaign.

The Congress of South African Trade Unions, the South African Council of Churches, the Southern African Catholic Bishops Conference, the World Conference on Religion and Peace, the Environmental Justice Network Forum, Black Sash and Sangoco are among the organisations supporting Jubilee 2000.

"We have thrown our weight behind Jubilee 2000 in a South African context, because debt repayment is a critical stumbling block to the funding of development," said Boule.

"We are also aware of the legacy imposed by apartheid in the region, and the burden other countries in the South are experiencing. It is an opportunity for international solidarity."

The Jubilee 2000 Africa campaign was launched in April this year and the first International Jubilee 2000 campaign will be held in Rome, Italy, later this month.

Gabriel said South Africa already has a strong committee in Gauteng and one in KwaZulu-Natal, and that it would be setting up regional committees in Eastern Cape, Northern Province and Northern Cape.

The two-day launch conference, which started yesterday, will elect office-bearers, determine policy and adopt a founding declaration for the South Africa campaign.

High-profile patrons of the campaign locally include religious leaders Archbishop Desmond Tutu, Archbishop Njongonkulu Ndungane, Dr Beyers Naudé, Archbishop Denis Hurley, Chief Rabbi Cyril Harris, Imam Rashied Omar, Dr Farid Esack and Charly Majiza.

Wits University vice chancellor Professor Colin Bundy, poet Dennis Brutus, Dr Barney Pitsoana and writers Fatima Meer and Don Mattera are also patrons.

# City shapes up as African 'Silicon Bay'

*Hi-tech bid to transform region*

ART 9/11/98

(49A)

**MICHAEL MORRIS**  
SPECIAL WRITER

**Turning Cape Town into South Africa's hi-tech capital – the "Silicon Bay" of Africa – is the goal of a new drive among technologists, city officials and economists to make the most of the Cape's key assets in boosting economic growth and creating jobs.**

They say the Western Cape has most of the requirements needed to match the success stories of hi-tech innovation centres in California's Silicon Valley, in Israel and Taiwan, and that the few deficiencies can be overcome relatively easily.

The region has already begun to develop a hi-tech base in the Technopark at Stellenbosch, the Capricorn science park near Muizenberg and through the Adamastor Trust, built around a nucleus of university scientists.

Prime movers behind the hi-tech mission are the City of Cape Town, the Electronics Industries Federation, the Adamastor Trust, Capricorn, Cape IT and organisations promoting small business and industrial development, including Wesgro.

They argue that the new initiative could counter the "brain drain", attract new talent and cre-

ate demand for scores of "spin-off" companies.

A task group is being formed to take the project further.

The "hi-tech capital" vision was consolidated at a one-day seminar hosted by the City of Cape Town earlier this month.

The multi-billion-rand hi-tech industry in South Africa, which employs more than 31 000 people, is cited as one of the keys to wealth creation.

Geoff Hainebach, president of the Electronics Industries Federation and former chief executive of Siemens Telecommunications in South Africa, said the "most urgent challenge in South Africa's effort to follow up its political miracle with a similar economic transformation is unemployment".

He said: "The economic value added by manual labour is the lowest on the scale, and concentrating on labour-intensive industries alone would relegate our economy to the lower end of the economic ladder.

"Hi-tech industry on the other hand adds the largest economic value and therefore produces the most wealth. Wealth generation is what is needed to provide the benefits that are lacking for most of South Africa's citizens."

Malcolm Calderwood, econ-

omic planner for the City of Cape Town and organiser of the hi-tech seminar, said the idea behind the project was to develop a campaign to exploit factors that favoured Cape Town as a technology centre, and to put in place the things needed to make it succeed.

The key would be to set measurable goals – "like setting up at least 15 start-up enterprises a year".

Mr Hainebach said: "We are applying our minds to bringing the initiatives together and getting around a table to firm up goals.

"We need to decide what categories of industry or technology we need to attract, and define what help they will need."

He said the Cape's success factors included a work force with relatively high technical competence and the region's natural attractions, which underpinned a high-quality lifestyle, one of the factors in California's Silicon Valley development.

There was also a "top-notch" university and technikon infrastructure.

"It turns out there is no shortage of money, but the challenge is to find and put people in place who can look after money in the start-up phase of enterprise development."





# Core growth sectors for the Western Cape identified by Wesgro monitor

Alan Fine and Sapa

(49A)

CAPE TOWN — The Western Cape Economic Monitor for 1999, published yesterday, has identified eight core growth sectors for the region.

The annual monitor is published by Wesgro, the region's joint private and public sector investment and trade promotion agency, and was released to coincide with the organisation's Business Prospects Conference held near Stellenbosch.

The monitor identifies tourism, hi-tech industry, financial services, agriculture, film and TV, steel and metal processing, clothing and crafts and medical services as sectors to be targeted for growth.

The focus on tourism, already the region's most promising sector, includes attention to be given to plateland tourism.

In the hi-tech arena, in addition to the Capricorn Park project near Muizenberg, the monitor envisages a spread of the sector to other industrial areas including Stellenbosch, Montagu Gardens and Somerset West.

It proposes further efforts to consolidate Cape Town as a leader in the asset management, banking and other financial services field.

The monitor, and discussion at the conference, ad-

vocate a focus on "niche" agricultural products rather than "commodities". These would include dairy products, ostrich, poultry, pork as well as enhancing the region's wine and fruit and food processing capacity.

Wesgro also proposes the establishment of a provincial film office. It wants to attract one or two international film companies to the region and generally to increase the province's market share in film and TV production.

The completion of the Saldanha Steel complex is seen as an opportunity to develop related metal production plants, including downstream metals processing and beneficiation.

Opening the conference, Western Cape business and tourism promotion MEC Hennie Bester said job creation was the provincial government's top priority next to fighting crime. His vision was of an "innovation-based" regional economy whose primary export focus was the southern African region. "It is important to grow our linkages in these areas," he said.

The Western Cape economy was expected to grow by about one percent this year, down from previous predictions of four percent, Bester said. However, the number of new jobs created would be between 20 000 and 30 000 less than the number of new entrants to the labour market, he said.

BO 12/11/98

# 'Cape Town's investment future depends on visitors'

Samantha Sharpe  
and Nicola Jenvey

(49A)

BD 17/11/98

CAPE TOWN — The Western Cape offers a wide range of tourism-related investment opportunities for informed entrepreneurs or investors, although much depends on attracting more visitors to the region, says consulting firm KPMG.

KPMG unit manager Andrea Sartori said in a joint Wesgro/KPMG Western Cape leisure and tourism report, there had been considerable investment in new products and infrastructure to support tourism in the Western Cape in recent years, providing a solid backdrop to future growth.

However, for investment returns to be achieved, an increasing number of tourists had to be attracted.

"If this growth does not occur, the danger of oversupply may have a negative effect throughout the province."

Identifying investment opportunities in the region as ranging from private sector-led projects in excess of R100m to private business and investment opportunities valued at between R500 000 and R100m.

The increasing openness of the SA economy and the outward orientation of the Western Cape business community suggested more investments could be channelled into areas including hotels, restaurants, touring and transport, manufacturing, and entertainment.

Investment could take the form of the purchase of local business by a local, an upcountry or a foreign buyer who continued to expand it, or by local enterpris-

es taking in joint venture partners to expand or modernise the firm.

Foreign/external partners could start a new business or enter a joint venture with local groups, while the expansion of local firms could be funded with external loan capital or additional equity.

Existing or new firms could also join international or national franchises or business partnerships in creating new investment opportunities.

KPMG also said that Durban's ailing tourist marketing body, Tourism Durban, should be overhauled to limit political representation from the City Council and to include greater private sector participation.

Releasing its report on the strategic review of Tourism Durban, the consultancy said the marketing body should rationalise its priorities in line with international best practices, rather than being "the dumping ground for every conceivable tourism effort in KwaZulu-Natal".

The report indicated that Tourism Durban's structure encouraged "empire building and protectionism".

The solution was to identify source markets before branching into niche tourism areas.

Proposals were for the revised board to have a cross-section representation that balanced politics and business, but excluded direct political participation. This would create strategic communication channels with the city.

The report also urged that a dynamic and innovative leader be appointed to head the revamped marketing body to ensure credibility with key stakeholders.

# R550m lifeline for Cape Flats

TOM HOOD

(49A)

ST(CM) 24/1/99

A R550-million lifeline for the impoverished Cape Flats is expected to get the go-ahead from Cape Town City Council on Thursday.

They will be asked to give the green light for the Wetton-Lansdowne-Philippi Corridor project, which aims to bring industry and thousands of houses and jobs to the area, despite a freeze on new capital developments.

All spending committees have decided to back a five-year business plan proposed by the city's director of planning and development, Basil Tommy. This involves spending R100-million a year.

Saleem Mowzer, chairman of the executive committee, said the city would target areas of poverty and strategic disintegration.

Proposals include building about 2 500 houses in 13 key projects. Youngsfield military base has been identified as a major housing site. Vacant land around Kenilworth racecourse may also be earmarked for housing. The Wynberg-Youngsfield area is regarded as the key to the Corridor project.

Most of the public sector spending, R202-million, will go to Philippi area. The old 40ha cement factory site is expected to get a major office development.

Projects in the Hanover Park, Guguletu and Manenberg areas could cost R217-million.

# Cape centres on 'core growth areas'

Patrick Wadula (49A)

THE Western Cape's development thrusts for global competitiveness will be narrowed to specific sectors of the economy, says Western Cape business promotion and tourism MEC Hennie Bester.

Addressing the Exporters Club of SA recently, Bester said the core growth thrusts for the Western Cape were tourism, the events and convention industry, hi-tech industries, the financial services "agro-niche", film and TV production, metal processing and steel downstream products, quality clothing and craft medical services, research and equipment. **BD 25/11/99**

The major export market for the province was Britain. In 1997 14,3% of all exports to the value of R1,65bn went to the UK. "The US was our second-largest, receiving 9,3% or R1,07bn of Western Cape exports," said Bester.

Mozambique was the Western Cape's largest African export destination and third-largest export market, receiving R720m worth of the province's exports in 1997.

"We are determined to position the Western Cape as one of the most competitive regional coastal economies in the world. There is no doubt that this vision will depend ultimately on the success of our export efforts."

Bester said a lot of emphasis over the next few years would be on creating an economy that was internationally competitive over a broad range of economic sectors.

"We will have to invest heavily in the quality of our human capital and the logistical networks without which movement of goods, capital and information is simply not possible," he said.

The region had few mining activities — a declining sector in other provinces.

Bester said the Western Cape had gradually developed its export capacity over the past decade — in particular the agricultural sector such as deciduous fruit, grapes and fruit juices, and some industrial niches.

Bester said the locational disadvantage of the Western Cape had become less significant recently, given the rapid advance in hi-tech information systems, the relative decline in transport costs and the growth in foreign trade.

# R500-m lifeline to link Flats to economic corridor

(49A)

**NORMAN JOSEPH**

METRO REPORTER

AR 2/2/99  
A R500-million project to build a link road from Wetton to Philippi – through the heart of the Cape Flats – has moved a step closer.

The City of Cape Town is to contribute more than R30-million to the project, known as the Wetton-Lansdowne-Philippi Corridor. Construction is due to start in July or August.

In October 1997, the council approved the Metropolitan Spatial Development Framework (MSDF) which included the corridor project.

In June 1997, the Department of Transport allocated R25-million to the project which is being spearheaded by the council on behalf of the department.

Executive committee leader Saleem Mowzer said the project was a partnership between the council, national and provincial government, Cape Metropolitan Council and the department, which was the key figure.

The corridor is one of four projects proposed in the MSDF, which aims to reverse the apartheid-era separation of disadvantaged communities from the city's business districts.

The project envisages an economic corridor linking the business district of Wynberg to the proposed economic hub of Philippi, creating thousands of jobs. The link road will pass through the heart of the Cape Flats, where a large percentage of the city's workforce live.

Most Flats workers have to travel a long way to work in central Cape Town, Wynberg or Bellville.

It is hoped the link road will be a catalyst for more shopping complexes and job opportunities on the flats, creating thousands of jobs and enabling people to work closer to home.

Approached for comment, Mr Mowzer said the venture was one of six in the country "with a national significance". He said the council's planning work was completed and "we are looking at the private sector to invest in the project".

# Intersite gives Western Cape a R584-m boost

SHARKEY ISAACS  
SPECIAL CORRESPONDENT

ARG 19/2/99  
(49A)  
Intersite, the railways' property arm, is set to give the Western Cape economy a boost by releasing more sites for development.

Nearly 60% of already approved national projects, worth R584-million, will take place in the region, says Transport Minister Mac Maharaj.

Mr Maharaj said last night that 22 public-private sector partnership developments to a value of R269-million had already been completed in joint property portfolio ventures which were expected to give a valuable boost to the Western Cape economy.

Of the total national investment of about R1.3-billion on the portfolio, R480-million was capital expenditure. Of this, Intersite's Western Cape region had invested some R55-million in capital expenditure over the past five years, he said.

Intersite was now releasing 11 new sites belonging to the SA Rail Commuter Corporation for development proposals. It was also launching nine public-private sector developments totalling R100-million.

Among the latest developments were projects earmarked for Belhar, Southfield, Stellenbosch, Crawford, Kuils River, Kenilworth and Thornton stations.

Seven sites owned by the National Roads Agency and alongside national roads in the Western Cape were also to be developed. These included projects on the Durbanville Interchange on the N1 and the Airport Industria Interchange on the N2.

He said the Western Cape private sector was to be commended for forming partnerships with the Government on much-needed infrastructure projects, while also seizing the unique business opportunities which the station developments offered.

An example was the recent R34-million development at Mitchell's Plain, in which the new station was incorporated into a shopping complex.

Intersite had turned the property portfolio's latent value into an income-generating tool by using property assets not earmarked for future rail expansion and integrating them into the economic mainstream.

Most of these commercial developments, totalling almost R800-million, were completed on a leasehold basis.

# Province! It's a

# Good news, fiscus

KARIN SCHIMKE

R4 (49A)

ET 25/2/99

WESTERN CAPE education will have R45,73 million to spend on building and maintaining schools this year — R6,6 million more than it had in the past financial year.

This good news emerged from a Western Cape budget characterised by restrained spending.

Following a grim year of teacher retrenchments, the education department came out tops in Finance MFC Leon Markovitz's budget speech yesterday. With no allocation made this year for voluntary severance packages, teachers can rest assured that no more retrenchments lurk in the wings.

Since so many teachers left the provincial teaching system last year, spending on salaries has dropped significantly from R3,442 billion last year to R3,307bn this year, or by 3,9%.

Education MFC Nic Koornhof yesterday said personnel expenditure in education had been decreased to below

90%. Of the total spent on education, 89,2% will go to salaries this year.

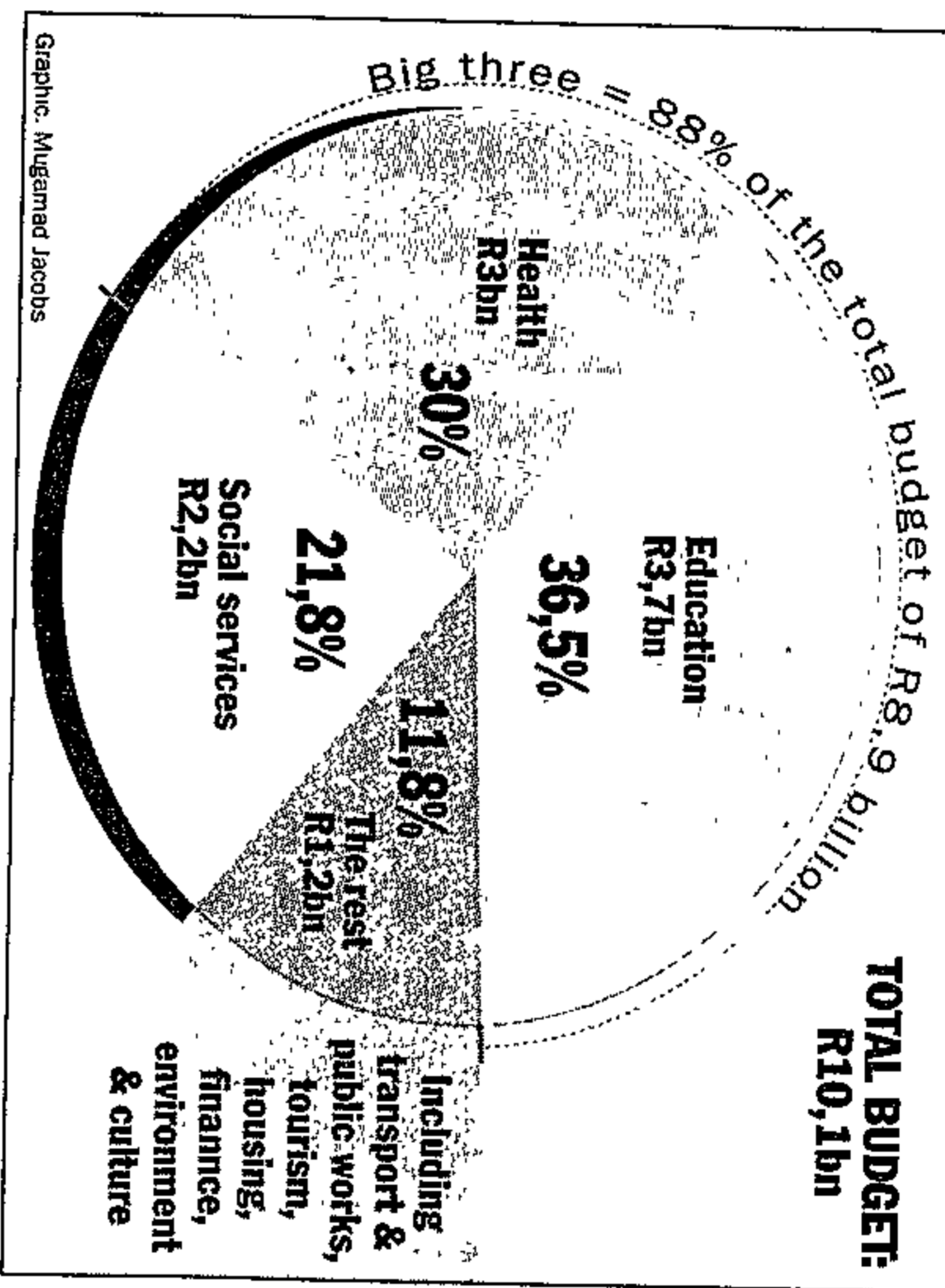
"Despite this, schools are operating at an improved educator:learner ratio of 1:33 in secondary schools and 1:39 in primary schools," said Koornhof.

In a remarkable show of fiscal restraint, the Western Cape managed to bring down its 1998/99 over-expenditure of R618 million to a projected over-spend of only R26m in the coming year. By next year, it is hoped, departments will not be overspending at all, said finance chief J C Stegmann.

Health has been allocated just over R3bn, maintaining a similar level to last year. Health also had to undergo "radical downsizing" last year, but spending on primary health care has increased from 14,7% in 1995/96 to 18,7% in 1998/99.

Expenditure on primary health care is to be increased from R275m in 1995/96 to a total of R602,8m in the 2001/02 financial year, representing 19,1% of the total health budget.

## WESTERN CAPE PROVINCIAL BUDGET 1999/2000



Markovitz said: "The policy of free primary health care services, while not without problems, has improved equity of access to poor communities. There have been substantial increases in primary health care utilisation."

He said patient visits to community health centres in the Cape Metro alone had increased by almost one million from 1994 to 1998, while visits to dis-

trict surgeons in rural areas had doubled during the same period.

"Progress has been made in addressing inequalities and there have been achievements — 52 new clinics have been built, mainly in areas where services did not previously exist, and 29 primary health care centres upgraded."

He said the health department envisaged increases in funding to two

under-resourced regions in the Western Cape — the West Coast Winelands and the Boland Overberg regions.

Perhaps the worst news of the new budget — not unexpectedly — was the 9,72% cut in the budget for Transport and Works from R568m last year to R512m this year.

Markovitz said that at the end of last year the estimated backlog in construction, rehabilitation and maintenance of provincial roads stood at R800m.

A glimmer of hope lies in potential income from the granting of casino licences. However, Markovitz was adamant that no provision had been made for anticipated casino revenue.

This follows last year's prediction that casino licences would bring an extra R137m into the provincial coffers, which came to nought because of alleged irregularities in the granting of licences.

Criticism from the ANC and DP came in the form of concern over the province's ability to bring in money.

The DP's Daniel Silke said Markovitz had not dealt adequately with more innovative ways to generate revenue for the province. The DP believed public-private partnerships remained an unexplored option.

The ANC's Tasneem Essop was concerned that the province had not "maximised collection of potential provincial revenue sources through effective collection methods".



PROVINCIAL BUDGETS

# Western Cape to receive R259m less for expenditure

## WESTERN CAPE



Linda Ensor

CAPE TOWN — The Western Cape government would have R259m less to spend in the coming financial year than the final expenditure figure of R11.5bn for the current financial year, Finance MEC Leon Markovitz said in his budget speech yesterday.

No provision was made for departmental over-expenditure this year.

Health (R3bn), education (R3.7bn) and social services (R2.2bn) all suffered real declines in their allocations as the Western Cape responded to a declining share of the national allocation for provinces, a struggling economy and the fact that no provision could be made for revenue from the casino industry which was estimated at R70m this year.

Markovitz estimated that these factors reduced total revenue over the three years of the medium-term expenditure framework by R1.5bn, and meant essential capital and maintenance projects had to be deferred — R310m (R414m) was allocated to capital expenditure.

One reason for the reduction in the Western Cape's share was that the census brought a downward adjustment of about 160 000 inhabitants in the province's population. Markovitz said this factor alone wiped about R157m from the central government's allocation but increases elsewhere meant the Western Cape's share would fall by R133m.

Total revenue from national government amounted to R9.9bn, of which R8.3bn was the equitable share. R1.5bn in conditional grants, and R203m for improvements in the conditions of service of public servants.

Personnel costs make up 57% of total allocation due to salary increases and improvements in conditions of service

(1998) 20/2/99

Personnel expenditure including the improvement in the conditions of service amounted to R5.8bn or 57% of the total budget. Markovitz said the province had not been able to achieve the prescribed 52% limit on personnel expenditure because of the heavy impact of salary increases.

He said there was an urgent need for provinces to be empowered to raise their own revenue. In the meantime, all additional income generated by the department of economic affairs, agriculture and tourism above the budgeted amounts in the medium-term expenditure framework would be retained. All other departments would be allowed to retain 50% of additional revenue.

The transport department's allocation declined from R353m to R336m and planning, local government and housing's from R112m to R100m because of the cessation of last year's once-off local government transition grant.

The premier's vote rose from R5m to R13m to cover the cost of establishing an internal audit unit costing R1.8m and a strategic planning unit. A new ministry, to establish a gender-equality commission, a youth commission and a policy framework to empower the disabled, received R3.5m.

Markovitz said progress had been made in addressing problems of over-expenditure and debt management. In 1997/98 over-expenditure stood at R618m, while last year health and education overspent by R48m. Net accumulated debt had been reduced from R458m in 1997/98 to R405m at the end of the current year.



Western Cape Finance MEC Leon Markovitz delivered the provincial budget for 1999/2000 yesterday

Picture: TYRONE ARTHUR

# Foreign investment adds R770 million-plus to Western Cape coffers

**KARIN SCHIMKE**  
POLITICAL WRITER

FOREIGN direct investment in the Western Cape amounted to R770 million from April 1997 to December 1998, directly creating 1 658 jobs.

This represents only investments facilitated by Wesgro, and the actual figure of foreign invest-

ment in the Western Cape is probably substantially higher than this.

These figures came to light yesterday when provincial Business Promotion and Tourism MEC Henne Bester delivered his budget vote speech in the legislature.

With the financial co-operation of Wesgro, the Business Promotion and Tourism department also start-

ed a Cape film office to market and develop the province as a location for film, television and photography production.

Bester said: "The size of this industry, which has close linkages with the tourism industry, should not be underestimated. The most recent information indicated that expenditure by foreign film companies in the Western Cape

amounted to R400m and that 55% of foreign productions done in South Africa came to the Western Cape."

Bester said Cape Town's attraction as an international business location was expected to lead to further inflows of investments and had generated interest among entrepreneurs. Foreign tourists also trekked to

the Western Cape in droves, and in January this year Cape Town International Airport recorded its highest-ever (48 350) arrival of foreign visitors.

Bester said the V&A Waterfront had reported its best month ever in December last year.

Local tourism, however, was not doing as well, and Bester attributed this to the fact that increased

CT 3/3/99

interest rates last year left South Africans with less money in their pockets.

Bester reported some bad news, saying that retail turnover and clothing sales were down and durable consumer goods like furniture, household equipment and car sales faced drastic declines.

"Similarly, the construction sector may only just have reached

(499) (999)

the trough of a deep recession. Even our biggest-ever provincial mega-project (Saldanha Steel, with R7 billion investment just about to be completed) faces extraordinary challenges in the light of a 'bottomless' world market for steel."

On the other hand, mega-projects like Century City and the casinos would help to counter the con-

struction recession, with residential and office construction also expected to turn around.

Bester said: "The message emanating from all these trends for the Western Cape government and business community is loud and clear: Notwithstanding a wide range of serious cyclical and structural obstacles, the preconditions for faster growth are there."

Western Cape coffers

# Western Cape in line for financial Oscar

(49A)

ST ARG 13/7/99

## 'We're becoming SA's little Switzerland'

**WILLEM STEENKAMP**

The Western Cape has become the prime destination for local and foreign investors, outperforming the country's eight other provinces.

Western Cape Premier Gerald Morkel said the province was fast becoming the little Switzerland of South Africa.

For the past two years the province has attracted investments of more than R2,5-billion a year, while in the first two months of this year investors pumped more than R780-million into the province.

According to Mr Morkel, 30 of the country's top economists and financial analysts and senior officials in the Department of Trade and Industry have rated the Western Cape as the top performer in practically every financial category.

Saturday Argus has reliably learnt that the province will be awarded the foremost financial performance award by top financial analysts next month. The sought-

after award is seen as the Oscar of financial excellence.

The announcement will be made at a special function.

And, in a report on the financial management of the Western Cape, Auditor-General Henri Kluever also rated the province as the best-run administration in the country.

Mr Morkel said the people who evaluated the performance of the province reached their findings independently and after doing their own research.

"Both the award and the sentiments expressed by Mr Kluever were unsolicited. Clearly this is a huge compliment to the region. The prestige, coupled with the award from the

independent financial analysts and economists, will add a further boost to the popularity of the Western Cape," said Mr Morkel.

"Both locally and internationally, it has become the premier tourist and investment attraction in South Africa and possibly Africa.

"We have now truly become the

tourism and financial gateway to the continent."

Mr Morkel said the Western Cape's track record set it apart from other provinces.

A partnership between the public sector and private business had ensured positive growth and development in the province, despite the fact that the national Government had cut back on the budget for the province.

"The partnership - and here one has to mention highlights such as the rent-a-cop scheme, the adopt-a-school project, the development of growth strategies for the province, the development of a convention centre and the formation of draft regulations to ensure the maximum returns on the province's property portfolio - is going from strength to strength," said Mr Morkel.

"We have the highest pass rate for matriculants, we have the lowest illiteracy rate and lowest unemployment in the country.

"We are the country's most popular tourist destination, and then, of course, we have Table Mountain.

"We are the leading province in this country and we intend to continue being the best," said Mr Morkel.

*'We truly  
are the  
tourism and  
financial  
gateway  
to the  
continent'*

# Financiers urged to boost self-employment

**TYRONE SEALE**  
Special Writer

Black economic empowerment is not about "doing a little darkie a favour, but about taking care of our joint survival in this country", says Phumzile Mlambo-Ngcuka, Deputy Minister of Trade and Industry.

Addressing the West Coast Investment Initiative conference to promote small and medium-sized enterprises in the region, Ms Mlambo-Ngcuka made a plea yesterday for more self-employment.

This was necessary and attractive, as half of those employed earned less than R1 500 a month.

According to the International Labour Organisation, some of the most impoverished people in South Africa were in regular work.

Just over a quarter of employed people earned less than R500 a month, Ms Mlambo-Ngcuka said.

"Self-employment is an attractive option. People need to explore this and be given support."

She said too many people depended on a few large companies for employment and there were not enough new companies to spread opportunity around.

Entrepreneurs had to be given greater support by financial institutions, while the Government would continue assistance for small and

medium-sized enterprises.

Jan de Bruyn, chairman of the three-year-old, nearly R8-billion Saldanha Steel project, said this undertaking would create thousands of jobs through out-sourcing, and inspiring the launch of new businesses to support the project.

According to a Wesgro report on the economic impact of the steel project on the regional economy, about R1,5-billion was added to the gross product of the West Coast during the construction phase of the project.

During this time about R340-million was paid out in salaries and wages to local people. Local businesses earned R470-

million and black-owned firms and black individuals benefited to the tune of R122-million, with about R10-million channelled through construction projects undertaken by black firms on the West Coast.

About 72 new firms have been established on the West Coast since the steel project moved in. Saldanha Steel is out-sourcing a range of services from security and office cleaning to catering and pest and weed control.

The conference at Club Mykonos is hosted by the West Coast Investment Initiative, one of the Department of Trade and Industry's eight spatial development initiatives. The best-known of these is the

Maputo Corridor, which is promoting economic growth on a route that cuts across the border with Mozambique and which will ultimately provide Gauteng producers with efficient access to Maputo harbour.

With economic growth of around 10% a year, the West Coast is one of the fastest-growing regions in South Africa, and the West Coast Initiative has projects valued at about R120-billion on its books, with potential to create 20 000 jobs.

William Smith, Western Cape manager of the Industrial Development Corporation, a State-owned development finance institution, said 60% of projects it funded were based in the Western Cape.

ARC 21/12/99

SPS

(49A)



# Tsogo Sun bids for Cape casino licence

MD 31/3/99

(49A) &

(288)

## R3bn Century City retail and leisure centre aims to create jobs

### Business Day Reporter

EMPOWERMENT partnership Tsogo Sun has presented plans for a R3bn casino, retail and leisure development to the Western Cape Gambling Board.

The Casino du Cap development is planned for Century City outside Cape Town. It will include canals, luxury hotels, theatres, restaurants, shopping lanes, a theme park and cinemas.

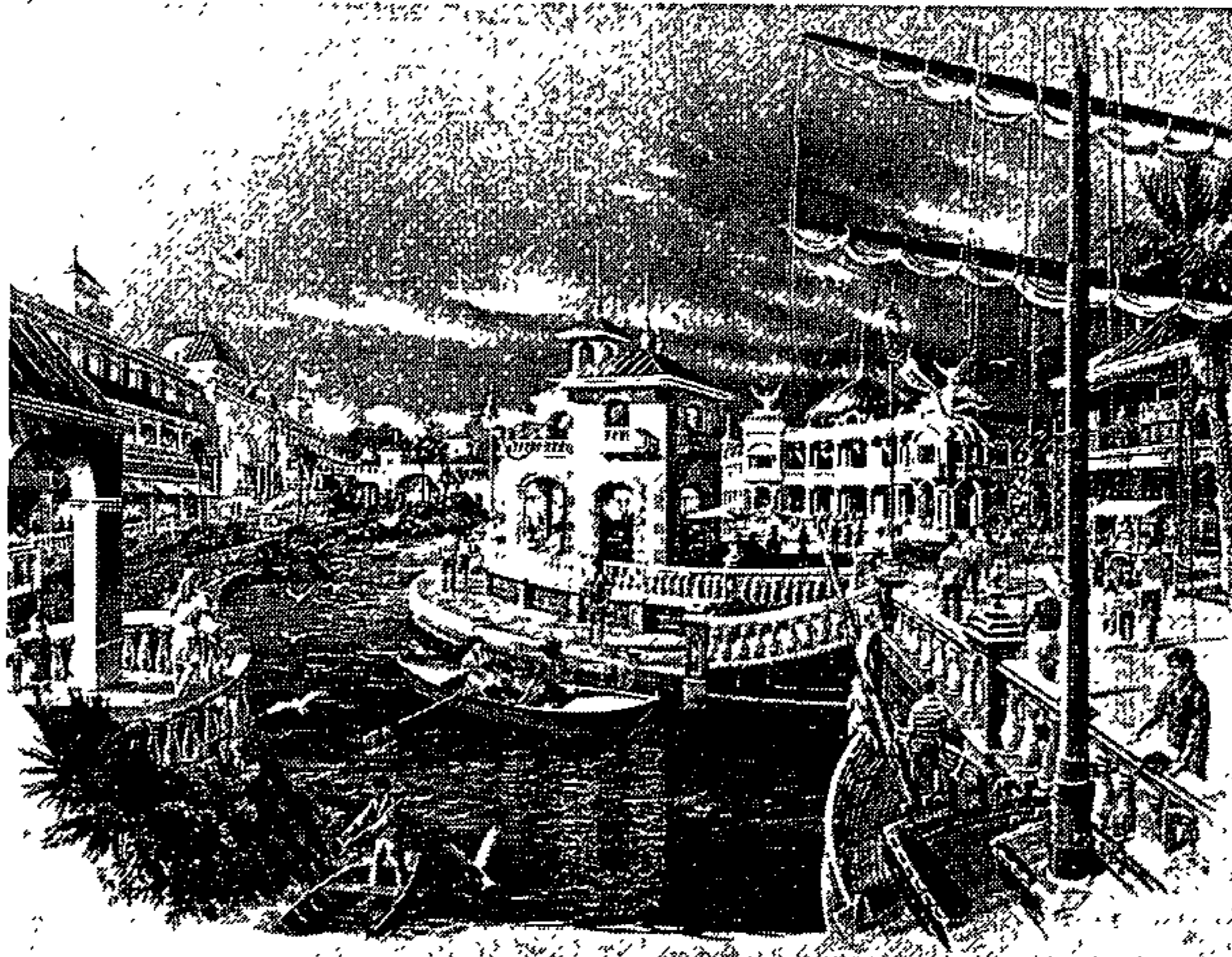
Tsogo Sun is one of five consortiums bidding for a single casino licence in Cape Town. A decision is expected by June.

The developers say Century City will be a significant creator of permanent jobs, with employees drawn from Cape Town and its surrounds. Local people will be trained in the skills required at casinos and other parts of the development.

Tsogo Sun, a partnership between Tsogo Investments and Southern Sun, has formed other partnerships for casino bids in SA. Each partnership includes local empowerment groups. So far, it has won two casino licences in Mpumalanga and one in Gauteng.

The Western Cape partnership, Tsogo Sun Western Cape, has been formed by Tsogo Sun Holdings (49%), Century City Investments (29%) and Vukani Leisure (25%).

Vukani is a vehicle for the advancement and empowerment of previously disadvantaged Western Cape communities. The Blaauwberg Community Development Trust will use income from its investments to uplift the communities of Atlantis, Dunoon, Mamre, Marconi Beam, Pel-la and Witsand.



An artist's impression of the grand canal, which will be part of the Casino du Cap development.

Southern Sun has strong roots in the Western Cape, where it has invested in hotels for nearly 30 years and is a significant employer.

In Gauteng, Tsogo Sun's Monte-casino project at Fourways, north of Johannesburg, will bring 23 000m<sup>2</sup> of "shoppertainment" into an already heavily traded area by Christmas 2000. Among the facilities will be a NuMetro cinema complex with 15 screens, as well as a 3-D cinema and virtual-reality theatre.

Jeremy Clark, property executive with leasing agents Colliers RMS, said Tsogo Sun was committed to ensuring the project offered both family and adult entertainment.

The Tuscan-themed casino, retail and entertainment development intends to be Gauteng's premier at-

traction. Apart from gaming and movies, entertainment will include a 2 500m<sup>2</sup> area incorporating electronic games, bowling and a "softplay" centre for toddlers.

Various branded food outlets will front on a central seating area for 350 people. Outside the food court will be a number of proprietor-managed speciality restaurants and bars catering for all tastes — "from oysters and cigars to delicatessens offering food from around the world", says Clark.

The retail area will have speciality stores and fashion outlets.

"The Tuscan theme will be reflected in the cobbled streets and facades, combining the latest in contemporary retail design with appealing aesthetics," he said.

# Boost for small businesses

MARTHA QUMBA AND THRONE SEALE  
STAFF REPORTERS

Co-operatives and emerging small businesses in the Western Cape have a chance to broaden their horizons and enhance their bottom lines through the newly-established Western Cape Co-operative Forum.

Launched last weekend, the forum is based at the Guguletu indoor sports complex, where entrepreneurs and co-operative members are able to meet.

Between 3 000 and 5 000 people in the Western Cape are active in co-operatives that encompass wine production, small-scale farming, the making of building products, sewing, home industries, catering and credit unions, among others.

The new regional forum is affiliated to the National Co-operative Association of South Africa (NCASA), which is supported by the Canadian International Development Agency and the Canadian Co-operative Association.

The national association offers a range of support and training services to co-operatives countrywide and helps members develop markets in South Africa and abroad.

The new Western Cape forum will expand existing co-operative networks which provide self-employment for great numbers of women from disadvantaged areas.

The forum is, however, keen to offer its services to all entrepreneurs in the province.

At the launch, John Sipamla of the municipal office in Guguletu

said: "I'm very pleased to see a majority of women in the forum. Women understand the impact of poverty."

He said the Cape Town Municipality would assist new entrepreneurs with land upgrades, health inspections and other services.

Deputy Mayor of Cape Town Arthur Jacobs appealed to the forum to work with the municipality and to observe by-laws that affect their businesses.

NCASA director Kwedi Mkalipi said the new forum would consolidate ties with co-operatives elsewhere in Africa to make people in this region "less dependent and spoon-fed".

"It is extremely important for us to have a growing co-operative for our children - and to show the world

that women can indeed make it happen."

He encouraged entrepreneurs to be diligent and to work together.

In return, he said, they would be offered business training and would benefit from the national association's contact with co-operatives in places such as Canada and Kenya.

Among those lining up to strengthen the new forum was the Rev Links Mfundisi, who said: "People must take the initiative to become self-employed. I had R50 when I started my business two years ago.

"I was selling sweets on the road, from home and at school. I later managed to make R400 a day.

"People should start thinking - and struggling to do things on their own. Nothing comes easy."

By Albert van Zyl

**T**HE 1999-2000 Budget maintains Government's commitment to tight fiscal discipline. Unfortunately, the minimal resources available for distribution are disproportionately skewed to wooing the private sector instead of alleviating poverty.

This is not a poverty budget – it is, in the first instance, an investment budget.

The Budget makes provision for R1.1 billion in poverty relief, an increase over the R850 million allocated last year. The fact that this increase has been targeted at poverty and employment-sensitive allocations, such as Public Works and Water Affairs, will assist with short-term poverty relief.

Furthermore, the significant nominal increase in health spending is pro-poor to the extent that there are increases allocated for immunisation and HIV-Aids programmes.

However, for several reasons we feel that the poor will not benefit significantly from the Budget as was claimed by Finance Minister Trevor Manuel.

We are aware of and accept the tight fiscal constraints but this requires that every effort be made to maximise available resources towards spending on the poor.

The Institute for Democracy in South Africa's (Idasa) analysis suggests that over the next year, spending on social services in provinces will continue to be cut in the face of stagnant provincial allocations and rising unplanned personnel costs.

Manuel claimed that social expenditures have been maintained despite fiscal constraints. This may be true in global terms, but it ignores the current trend of decreasing spending on school textbooks, stationery and medical supplies.

Even though provinces have largely met their deficit requirements (and even posted a surplus), the real overall transfers to provinces have decreased, while personnel expenditures will consume opportunities for reorganisation.

Growing personnel expenditure in largely stagnant provincial budgets have been financed by decreases in spending on school textbooks, stationery, medical supplies and capital spending in social services.

It may be claimed that efficiency

# Manuel's Budget

## locks out the poor

Source: 19/4/99



Finance Minister Trevor Manuel's 1999-2000 Budget maintains the Government's commitment to tight fiscal discipline. PIC. REUTERS

gains will offset real declines in provincial allocations. However, if current trends continue, efficiency gains are likely to be absorbed by personnel expenditure.

Our argument hinges on the unrealistic plans for Government personnel expenditure in the Budget. Personnel expenditure will create the greatest pressure on social services over the next year.

Over the Medium Term Expenditure Framework (MTEF) period (from now until the 2001-02 financial year), the Government relies on the decline of personnel spending to allow for reorganisation within the Budget.

This can only occur in two ways. Either civil servant salaries will decline in real terms or a large number will be retrained.

At present Government does not have the instruments necessary to retrench civil servants. Negotiations are being conducted with civil service

unions, but even in the most optimistic scenario, savings from retrenchments are unlikely to impact on the size of the wage bill before 2000-01.

Public sector wage decreases are even more unlikely. Increased personnel expenditure is thus likely to continue pressuring spending on services important to the poor.

Of further concern, and somewhat obscured by Wednesday's Budget, is the fact that the crowding out of social expenditures is likely to increase in the next two financial years (2000-01 and 2001-02).

The reason for this is that the brunt of lower Gross Domestic Product growth in 1997 and 1998 has been distributed predominantly in the outer years of the MTEF.

If we maintain the current deficit targets, there will be R5 billion less available for non-interest expenditure in the next two financial years than was anticipated at the launch of the MTEF.

in 1997-8. Reduced growth, but retained deficit targets, imply reduced social expenditures.

The trends in provincial allocations and taxation confirm the above argument that this Budget will not provide significant relief for the poor.

While the Budget does provide for greater equalisation of revenue allocations between provinces, this equalisation is unlikely to lead to greater equalisation in per capita social service provision between provinces.

This is because the overall allocation to provinces is decreasing in per capita terms. Thus, for example, Eastern Cape will receive the second highest per capita allocation by the year 2002, but its real per capita allocation will be lower than in 1997-8.

Further, the scale of backlogs in the weakest provinces and commitments to personnel expenditure will crowd out reorganisation within provinces. Taxation benefits were distributed

carefully to all income-earning segments of the population, but skewed towards the private sector.

Income tax rates for high-income earners stayed constant, while there is a decrease in the effective corporate tax rates from 35 percent to 30 percent.

High earners also benefited from the minister's reluctance to introduce capital gains taxes or changes to estate duty, let alone a tightening of fringe benefit taxes.

The reduction in income tax rates provides modest relief to lower-middle and middle-income workers, particularly those earning between R40 000 and R50 000 a year.

Two other factors weigh against effective poverty relief in the Budget. The decrease in the housing budget (5.8 percent in nominal terms) is unfortunate given Government indications that this is precisely the moment when labour-intensive house building is coming on stream.

The decrease in allocations to the recently formed Policy Coordination Unit in the Deputy President's office is also alarming.

The likely impact is to erode the opportunity created to coordinate poverty and employment expenditures for maximum impact (for which this unit was created).

(It is worth noting that the Youth Commission, for example, receives double the allocation to the Policy Coordination Unit.)

It also decreases the Presidency's capacity to monitor the impact of the Government Budget on the poor, preventing future refinements in targeting.

It is clear that the Government has not been able to adhere to the restrictive targets set in the Growth, Employment and Redistribution programme, particularly those relating to growth and employment.

It has not been able to meet many of the social targets set in the Reconstruction and Development Programme.

It is time to be honest and to formulate a new fiscal and social agenda that has the commitment of the entire nation.

Idasa calls for a national conference to establish a realistic medium-term timetable for macro-economic policy and poverty alleviation.

This process should end with a new set of targets linked to a set of poverty outcomes.

(The writer is an analyst at Idasa's Budget Information Service.)

LOW LEVELS OF CONFIDENCE

# Western Cape's 'crisis of the soul'

CT 19/4/99

**THE WESTERN CAPE** has the best living conditions in the country, but the lowest levels of satisfaction and confidence. **JUDITH SOAL** and **ROGER FRIEDMAN** report.

(49A) (301A)

**G**AUTENG and Mpumalanga are the nicest places to live in South Africa. The Free State is the province with the least going for it, followed closely by KwaZulu-Natal.

The most obvious contender for the crown, the Western Cape, is ranked just fourth. It is let down by a bad case of social depression; its residents seem to be experiencing a crisis of the soul.

As part of the *Reality Check* series which begins in the *Cape Times* 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 experience 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.

The ratings for the Western Cape are 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 employed, educated, fed 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.

In contrast, 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. Its people are less well-off, but much more positive. They say their lives have improved over the past five years and expect them to continue to get better in the future. Another plus is the low crime report.

The Northern Province is the poorest place in South Africa, but it ranks third because of the upbeat attitudes of its people and their confidence in the future. They may not have large salaries or running water inside their homes, but they are more likely to be positive.

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.

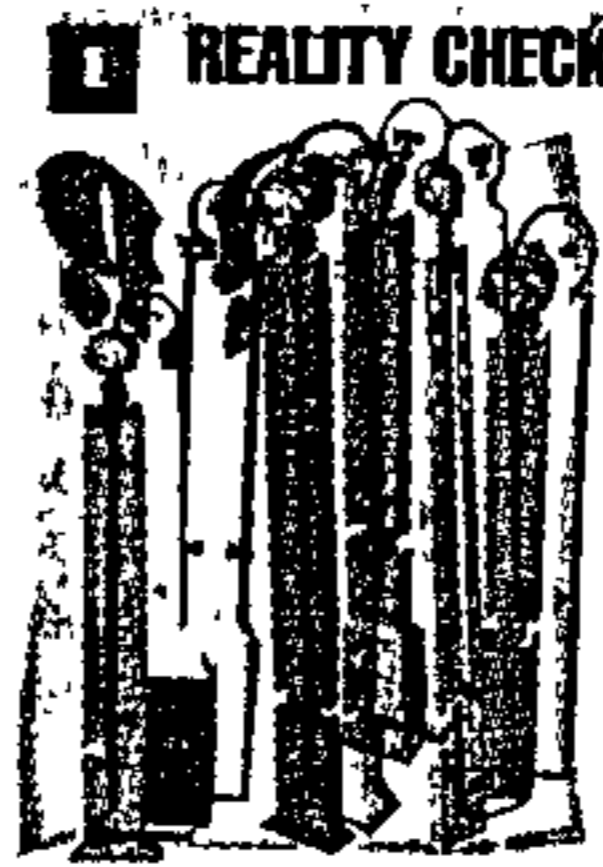
These two have more in common: KwaZulu-Natal and the Western Cape are the only provinces not to have voted for the African National Congress — perhaps a reflection of their disenchantment with the process of change in South Africa.

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 set up 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 and 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.

● See Page 17





# R50m for 'poor' on ice

**PRISCILLA SINGH**

THE Cape Metropolitan Council has taken a decision to scrap the controversial R50-million fund meant for poverty relief and to look at the matter afresh.

This decision follows a meeting yesterday at which the CMC and the City of Cape Town examined the allegedly unfair allocation of the R50m to cushy projects instead of to more urgent needs in poor areas.

The ANC-dominated Cape Town City Council declared a formal dispute with the NNP-led CMC about two weeks ago, saying that the CMC's about-turn on the criteria for the allocation of the money was "illegal, inequitable and unconstitutional". The CMC in turn accused the City of Cape Town of party politicking.

At the heart of the dispute was the CMC's allocation of money for local functions and services — in the areas where they live — to councillors appointed on a proportional representation basis. In other words, they were not ward councillors, yet they were giving money for services in their residen-

tial areas in what was believed to be a vote-catching exercise.

The CMC apparently ignored the City of Cape Town's list of areas badly in need of upgrading and proceeded to earmark R1,8m for protection against beachfront erosion in Camps Bay, R1,44m for the Hugo Lamprecht Music Centre in Parow and R530 000 for the upgrading of the Boshoff Gates in Newlands.

Salcem Mowzer, chairperson of the City of Cape Town executive committee, said the council welcomed the CMC's decision to scrap the "inequitable allocation of the R50m discretionary fund".

"We believe the position we have taken on the matter for the past four weeks has been thoroughly vindicated," he said. "We look forward to working with the CMC and other local councils in ensuring these funds are properly allocated to meet the needs of the poor on an equitable basis and as rapidly as possible."

Mowzer said the CMC's decision would affect equitable allocation of all local government funds in the future.

(49A) (2/23) ET 11/5/99

COUNCIL APPROVES R3,4-B N

# Budget boost for city's poor

CT 12/11/99

(49A) (2/3)

**THE ANC** got the City of Cape Town to adopt its R3,4 billion "budget for change", promising a boost to the lives of Cape Town's poorest residents. **PRISCILLA SINGH** reports.

**T**HE ANC-led council of the City of Cape Town secured a landslide victory last night by getting its R3,4 billion budget for the 1999-2000 financial year adopted — the first of its kind aimed at uplifting poor communities.

In a tense five-hour debate in council chambers, it was the vote of the New National Party that tipped the scales for the City of Cape Town to embrace the "Budget for Change".

For the first time, impoverished squatter communities will have access to services such as road sweeping, libraries and refuse removal. The announcement that, for the first time in 30 years, the council will sweep streets in Athlone, Hanover Park, Gugulethu and Manenberg was well received by councillors and community representatives.

The chairperson of the executive committee, Saleem Mowzer, said that in some areas of the city, people have never seen a library, and that so far the council has built seven libraries along with 10 new community halls.

"In Gugulethu, a new fire station is helping to prevent appalling suffering and material loss. We are spending R27 million fixing water leaks that are wasting this precious natural resource, thereby saving R10 million a year.

"We cannot be proud of local government when a man dies for

want of an ambulance a mere 500m from this council chamber, and when lame excuses are offered instead of real service to the people.

"This budget is a budget for change. Over the past months we have listened to the people we serve, the people who put us in office. We have heard your concerns and the budget is our response," Mowzer said.

The budget identifies five key areas that deserve "maximum attention":

- The need for land and housing. The city will contribute R125 million over the next five years to building affordable houses. Two show villages are currently being built in Gugulethu and Mitchells Plain, and on Friday the council will launch the Cape Town Housing Company.

- A cleaner city. The budget shifts more resources to cleansing and all formal households across the city will be provided with a 240-litre black container bin which will be emptied once a week. The city will also lease "green machines" and larger automated street sweepers.

- A safer city. Enforcement services will receive a large share of the funds set aside and 60 additional traffic officers will be employed. A further R6 million has been earmarked for the extension of the surveillance camera scheme, especially in Claremont, Athlone, Nyanga, Gatesville and Mitchells Plain. Municipal courts will also be

introduced to speed up prosecutions.

- Economic growth. The activities around the millennium, better cleansing and improved enforcement will enhance this process. The focus of this will be the Cape Town Partnership. Two significant projects in the coming year will be the building of a world-class convention centre on the Foreshore and the increasing likelihood of a project to "pipe" gas (in an effort to reduce pollution levels) from the Kudu gas fields off the southern Namibian coast. The Athlone Stadium will also be developed into a world-class soccer facility.

- Other priorities include increasing the information and awareness campaigns surrounding HIV and Aids, ensuring all billing and payroll systems are Y2K-compliant, and providing sports and recreational facilities in poor areas.

"This is a budget that puts our transformation agenda firmly on track and that gives relief to the poor without unreasonably impacting on wealthier ratepayers.

"For the first time we are taking our operating budget of R2,7 billion and using it to change the way we do business," Mowzer said.

Cape Town mayor Nomaindia Mfeketo was elated with the passing of the budget, which was also endorsed by city manager Andrew Boraine and executive director of corporate finance Phillip van Ryneveld.

"This is what local government is all about — making our neighbourhoods safer, giving children access to books and providing clean water and houses," Mowzer added after swinging the vote.

# 300 protest at lack of jobs in Saldanha

(49A)

SPECIAL CORRESPONDENT AND SAPA

ARC 9/6/99

More than 300 casual labourers protested outside the main gate of Saldanha Steel after marching through the West Coast town to highlight their grievances over the lack of jobs for local people.

They claimed jobs were going to "outsiders" and that of the entire complement of Saldanha Steel workers only three were black, with the rest being coloured or white.

Protesters from Vredenburg, Paternoster, St Helena Bay, Saldanha and surrounding areas blocked the entrance to Saldanha Steel yesterday.

Saldanha Steel spokesman Tom Ferreira said before the project began, the company met local leaders to define "locals" - people living in the area before June 30, 1996.

He said 400 of the 600 employees were recruited locally.

Other staff members were experts in certain areas, and their expertise could not be found in the West Coast or the Western Cape.

He said if the company were to ensure that 50% of Saldanha Steel project workers were black, as the workers were demanding, the company would be forced to drop the criteria set by community leaders.

Mr Ferreira said Saldanha Steel was negotiating with the protesters' representatives. He believed the labourers' grievances were directed at subcontractors "and it might be frustration at not getting jobs".

"The irony is that the majority of the people demonstrating are not locals," said Mr Ferreira, adding that production was continuing as normal.

He said Saldanha Steel had employed a business development manager whose main task was to ensure that subcontracting went to the local community.



**PARTNERS:** Western Cape Premier Gerald Morkel and Madeira's President Joao Alberto Jardim sign a co-operation agreement yesterday.

PICTURE: DENZIL MAREGELE

## Madeira, W Cape leaders sign trade and tourism deal

**ZINE GEORGE**

PRESIDENT Alberto Joao Jardim of Madeira, who arrived in Cape Town on Monday, has signed a co-operation agreement with Western Cape Premier Gerald Morkel.

According to Morkel, the agreement will lead to "the enhancement of small business, trade and tourism in the region. The 18% unemployment figure

in the Western Cape can be brought down through such co-operation."

While no specific projects have been launched, the agreement is aimed at strengthening the trade and tourism ties that have existed since 1988 when Cape Town and Funchul — Madeira's capital — were declared twin cities.

The island of Madeira apparently shares many similarities with the Western Cape. "In both regions tourism is

an industry of major importance — so is trade and fishing," explained Morkel.

He speculated that this might be why about 90% of the province's 40 000 South Africans of Portuguese origin come from Madeira.

"It's been years since our people left Portugal and Madeira. South Africa is now their home," said Jardim.

The Madeiran president will visit Port Elizabeth today.

(49A) (288) (74)  
CT 7/6/99

# Business exodus

Black entrepreneurs frustrated by 'minority-interest' Western Cape

ST(CM) 18/7/99 (49A) (30)

JANET HEARD

**T**HE Western Cape is in danger of losing some of its top business brains to Gauteng, according to the leaders of seven organisations who held an emergency meeting this week.

The business leaders, who collectively represent most black entrepreneurs in the province, warned the provincial government to begin consulting them on economic policy and empowerment.

The province is already facing a brain drain of frustrated black business people who feel the "minority-interest" government is sidelining them.

The leaders resolved to form a task group to engage the provincial government on its "tardy" implementation of affirmative action policies and its perceived resistance to the employment equity.

They represent the Black Management Forum, Foundation for African Business & Consumer Services, WC Business Opportunities Forum, National Black Contractors and Allied Trades Forum, Black Construction Council, Black Economic Empowerment Commission, SA Black Technical & Allied Careers Organisation and the African Builders Association.

"There needs to be more accountability, more effective consultation," said Jacques van der Heyde, a regional board member of the Black Management Forum.

"Our members are gatvol," said Darawees Gasant, national vice-chairman of the National Black Contractors & Allied Trades Forum. "They feel marginalised and believe there is no real commitment to empowerment."

"The irony is that we have a lucrative province, yet members relocate to other provinces, including the Eastern Cape. We are so sophisticated down here, but members choose to go and work in a chaotic province. That shows desperation," he said.

The group did not wish to be confrontational, he said, adding "Rather, this group can help bring about change, can help make something out of the economy. It can mediate between the provincial government and the agitation brewing on the ground."

Last year, the BMF reported that the Western Cape had lost 50 percent of its members to Gauteng over a two-year period.

The trend was continuing, said Gavin Pieterse of the Black Economic Empowerment Commission. "People relocate reluctantly. The reality is that it is a lot easier to do business in Gauteng."

"There is a feeling that there is still a lot of tokenism," said WC Business Opportunities chairman Patrick Parring, who also sits on an economic advisory committee of DP regional leader Hennie Bester's business promotion, tourism and property management department.

The leaders alleged that the provincial government in the past five years has been reluctant to implement empowerment policies — such as the national 10-point plan to make tenders more small business-friendly. The DP's objection to the Employment Equity Act was also a cause for concern.

"We want to know what their grand plan is. The message they send to business is that it is okay to exclude blacks," said the BMF's Joe Mwase.

The province adopted the affirmative procurement policy — which includes the 10-point plan — last December.

Bester and Premier Gerald Morkel could not be reached for comment.

# Billion rand bonanza

European business plans major investment in manufacturing for Western Cape

BOBBY JORDAN

ST(CM) 28/7/99 (748) (49A)

**F**OREIGN investment worth more than one billion rand, translating into thousands of jobs, is heading for the Western Cape.

The Western Cape Investment and Trade Promotion Agency announced this week that investment plans were at "an advanced stage" and heavy machinery was already piling up at the harbour.

Wesgro chief executive officer Peter Pullen said: "It's the first time ever that we've got more than R1-billion worth of 'pipeline' investment — it's extremely encouraging.

"We're quite cautious and we only classify something as 'pipeline' if we're pretty sure it will happen," he said.

The investors were mainly from Europe and would target the Cape's manufacturing sector, including significant developments in vehicle components, agro-processing and furniture production.

Pullen said the investment bonanza was one of several positive signs in the economy.

Interest rates had dropped to their lowest level in years and the number of business delegations was on the increase.

"The country generally is much more optimistic across the board and we're working much more closely with other regions," he said.

Wesgro hosted 102 business delegations from April 1998 to March 1999, representing 1 115 delegates. Significantly, many of these delegations were from China, where there is increasing interest in the Cape's tourism and agriculture sectors. There is even talk of a R500-million Chinatown development on a site close to the Cape Town.

Pullen said Wesgro attracted about R730-million worth of foreign direct investment during the last financial year, which translated into 1 483 direct jobs. Much of the investment was in the first quarter of this year — a sign that economic activity was on the increase.

"The South East Asian economic meltdown impacted badly on everything. There was a slow-down in the flow of investment. But it looks like we weathered the storm better than expected," Pullen said.

According to Hennie Bester, MEC for business and tourism, prospects for growth looked good.

He said the province had to take advantage of the global trend towards a knowledge-based economy. It should also make the most of its areas of "competitive advantage" such as medical technology and tourism.

But he warned about crime and the lack of skills training.

# Arms deal set to give W Cape big boost

ARG 29/7/99  
Simon's Town bonanza

ARGUS CORRESPONDENT (49A) (254)

Johannesburg - South Africa - and the Western Cape in particular - is beginning to reap the benefits of the proposed R29,7-billion arms procurement programme even though contracts have not yet been finalised.

Foreign governments have authorised investments and sanctioned joint ventures in strategic defence industries in the buildup to an expected Cabinet announcement next month.

The African defence summit in Sandton was told yesterday that R110-billion of investments was expected to boost the economy as a result of the acquisition by the SA National Defence Force of corvettes, submarines, jet fighters and helicopters.

Among the big beneficiaries will be Simon's Town, where corvettes and subs will be based.

The defence industry stood to gain at least R15-billion of investment, the conference was told, with the other R95-billion going to activities such as the construction of a harbour at Coega, the motor and electronics industries, a stainless steel factory and downstream plants, hospitals, schools and housing.

The Western and Eastern Cape, Gauteng and KwaZulu Natal have been targeted by the Government and foreign suppliers for new industrial activity, job creation, housing, and socio-economic infrastructure.

Armcor chairman Ron Haywood said the Western Cape and Simon's Town would benefit hugely from the contracts.

Millions of rands have already been spent or guaranteed for ventures linked to the procurement.

A large number of jobs in the skilled and semi-skilled sectors are expected to become available in the first seven years of the contracts and a significantly larger number from about 2006.

# Western Cape lures European investment

**BUNTY WEST**  
METROWRITER

TRADE and investment in the Western Cape is growing steadily, as shown by many joint ventures between European companies and local businesses.

Commenting on the positive development after the Western Cape Trade and Investment Promotion Agency's (Wesgro) annual general meeting, held on Monday, chief executive officer Peter Pullen said emerging black business was receiving joint venture capital from Europe (90%)

with the UK leading the field.

Wesgro, which sets out to promote economic growth in the Western Cape, achieved higher than expected growth in investment opportunities and job creation, despite poor 1998 growth.

The target was R700 million worth of investments and jobs for 800 unemployed people.

Pullen said Wesgro had exceeded these targets.

Wesgro brought in investment opportunities worth R730.5m and created 1 483 jobs.

"Much of the growth came in the first three months of 1999, (the last three months of the financial year)," Pullen said.

"This means the levels of confidence in the Western Cape are high and manufacturing, especially in the furniture trade, is getting a boost.

"Investment in the pipeline is three to four times higher than last year."

The agency, which set a goal of R700m and 1 500 jobs for 1999-2000, will raise these targets because of the good showing in the first three months of 1999.

7448

499A

27/18/18/99



# Getting that natural E Cape high

Peter Dickson

It's been growing in the Eastern Cape for centuries - the so-called Transkei gold sought after by cannabis connoisseurs from California to Vancouver. Its illegal trafficking in South Africa is estimated to contribute to as much as one fifth of the informal economy.

But while it is the smoky sister whose cash crop value is stunted by the unyielding backbone of the law, her chivalrous brother looks set to separate the rope from the dope and turn soft green leaves in this poverty-stricken province into hard green dollars.

The cannabis plant has two variants - male and female. The female is the one most in demand, she has a high tetrahydrocannabinol content which gives one a high while the male is an unpotent piece of rope.

The Eastern Cape government recently launched a multimillion rand hemp pilot project backed by leading international companies, at the respected Dohne Agricultural Development Institute at Stutterheim outside East London.

With a R1,45-million grant secured from the Department of Agriculture in March to develop a hemp capacity in the Eastern Cape, Bisho hopes to generate about 9 000 jobs when seed planting begins in the first week of next month at pilot project sites at Dohne, Keiskammahook, Umtiza and Libode in the centre of the Transkei's famed "Green Triangle".

The largely rural province is desperate to create jobs and find an export cash crop to help lift it from the economic doldrums. While the hardy cannabis plant, long acclimatised to the region, appears able to grow anywhere and under the driest conditions, putting a damper on drought is not the only motive for hitting on hemp.

MEC for Agriculture and Land Affairs Max Mamase, whose innovative and tireless efforts to boost Eastern Cape agriculture made him one of only three pre-Thabo Mbeki MECs to survive Bisho's post-election axe, says European companies are looking for "capable" southern hemisphere partners.

Mamase, who launched the project with Minister of Agriculture Thoko Didiza last Friday, said worldwide hemp sales are expected to reach R3-billion by 2001. Europeans are increasingly demanding natural fibres for products like

paper, clothing and biochemicals. European legislation, through tax incentives, was also encouraging using natural fibres in industrial applications. Mamase said 26 countries permitted industrial hemp cultivation, with the total acreage having increased fivefold over the last decade.

Mamase secured the government

grant through an arrangement with Austria earlier this year and subsequent negotiations with international companies on forming a joint venture company to manage local processing and coordinate exports to foreign markets as well as technological transfers.

The creation of small businesses

to process hemp is also envisaged. Emerging and commercial farmers will be able to apply to the Department of Agriculture to grow the crop, and will be involved in co-operatives from growing to agri-processing stages.

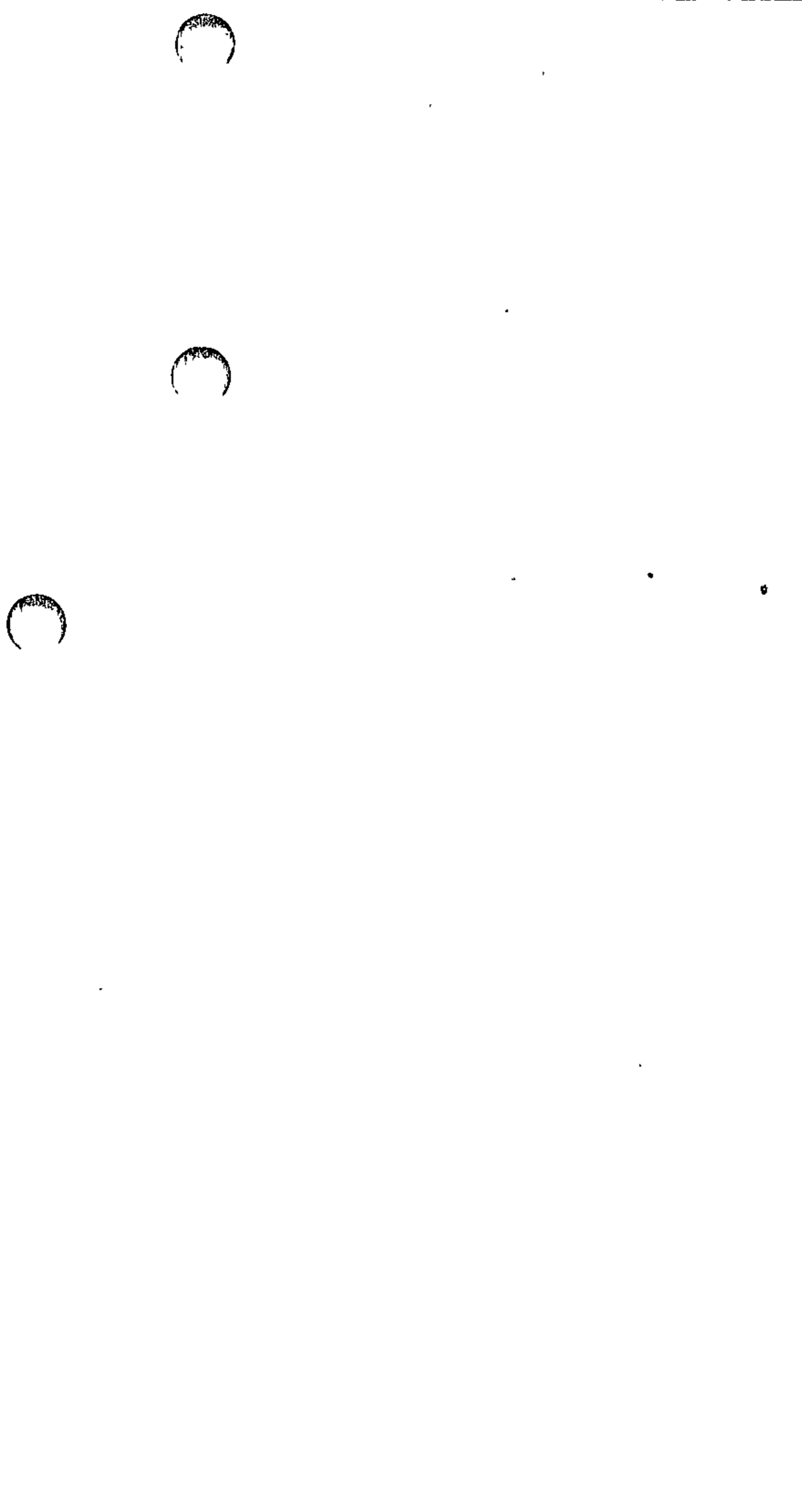
If the pilot project is a hit, the Eastern Cape will be able to harvest

its first non-narcotic cannabis crop in April next year, Mamase says.

Then there will be the legal minefield. Several South African laws prevent commercial hemp production and the crop can only be grown for research purposes through a licence issued by the departments of health and agriculture and the Medicines Control Council.

After enabling legislation is negotiated to separate hemp from marijuana, state land will be opened up for full-scale commercial production by next September, and Eastern Cape farmers may finally get to experience that elusive natural high.

(197) ③ (498) M+G 13-19/8/99



# Jobs boost for Atlantis

Foreign companies invest in battling town

ARG 6/11/99

(49A)

WILLEM STEENKAMP

**I**n a foreign investment coup for the Western Cape, two major international manufacturing companies are investing heavily in struggling Atlantis.

The operations will create jobs in the unemployment hit town and earn the Western Cape hundreds of millions in foreign exchange.

An international group of companies which is to manufacture agricultural equipment, such as small tractors for export to African and other foreign markets, has already moved into factories in Atlantis, and DaimlerChrysler has bought the Atlantis Diesel Engine (ADE) foundry to manufacture engine components.

Peter Pullen, chief executive of Wesgro which promotes economic growth in the province, confirmed the investments but said details of the developments would be

announced only in a few weeks, once all the agreements had been finalised.

It is understood the agricultural consortium will take over the bulk of the factory space at the now defunct ADE manufacturing plant.

Hundreds of people have already been retrenched at the plant and the new development promises a much-needed lifeline to the struggling population and economy of Atlantis.

The international agricultural tool manufacturing consortium will manufacture not only agricultural equipment but is expected also to build small tractor engines.

This investment coup follows the acquisition of the ADE foundry by DaimlerChrysler, for an estimated R175-million.

Jerry Klos, spokesman for DaimlerChrysler, said the acquisition would ensure the existing 700 jobs.

The foundry, the only engine component manufacturing plant of its

kind in the country, produces parts such as gearboxes and cylinder heads for heavy duty diesel engines.

Mr Klos said the foundry was producing about 27 000 tons of cast iron components annually, but this was to be pushed up to 40 000 tons. More jobs were likely to be created through the increase in production.

All the components manufactured at the foundry will be exported and the expected foreign revenue earned for the Western Cape by the end of this year will be about R400-million.

Foreign income will grow as production increases.

Pieter Greyling of ADE said although the engine manufacturing plant had closed and an estimated 700 jobs had been lost, ADE was selling off core businesses to individual companies to limit job losses.

The sale to DaimlerChrysler, the sale of the parts manufacturing division to a Pretoria company and the potential sale of several other busi-

nesses, would ultimately lead to a net gain in jobs, Mr Greyling said.

"The old ADE was made up of several core businesses. And although no diesel engines will be manufactured here anymore, we are in the process of selling off many of our core facilities.

"We foresee that the area will be turned into a state-of-the-art industrial park which will have a hugely positive economic impact on Atlantis.

"We are very excited about the way things are developing and we believe the closure of ADE as a business will, after the initial job losses, be a positive and job-creating exercise which will be to the benefit of the community," Mr Greyling said.

Several other exciting business deals through which black empowerment companies would take over businesses at the ADE plant were in the pipeline, further enhancing employment prospects in the area.