

HOUSING & HOSTELS - GENERAL

1992

MAY — AUGUST.

New decision denies protection to house buyers

(123) RAG 2/5/92

Voetstoots Warnings

TOM HOOD

BUYERS of houses purchased voetstoots now receive even less protection than before because of a recent decision in the Appellate Division.

And, sellers will have more of a safeguard against legal action by buyers.

So says attorney Mr Laurence Kaplan, partner in charge of the property department at a city law firm. In the past, the voetstoots clause afforded the buyer some protection if he could prove the seller was aware of a latent defect on a property.

"Clearly this was difficult to prove," said Mr Kaplan.

"Now, the buyer must prove not only that the seller was aware of the defect, but also that he concealed the existence of the defect to defraud the buyer.

"This places a heavy onus on the buyer who is seeking relief. He must prove that the seller had the intention of defrauding him."

Latent defects are those faults which cannot be detected on first inspection, but appear some time later. Common faults are rising damp, leaks in the roof and structural faults or cracks.

Buyers also could get into difficulty by buying a house for which the plans had not been approved by the local authority.

"This decision will make it virtually impossible for an aggrieved party to obtain relief," said Mr Kaplan.

The only solution was for buyers to get professional advice before buying.

R20 000 house plan at Delft being probed

(123)
ARG 2/5/92

TOM HOOD
Business staff

INVESTIGATIONS are being made to determine the feasibility of a total housing package as low as R20 000 at Delft — the House of Representatives' "affordable" housing project near DF Malan Airport on the Cape Flats.

Minister of Local Government Housing and Agriculture Mr PW Saaiman said: "We are calling for proposals for houses of R10 000, R14 000 and R18 000 — although we recognise that certain builders might find it very difficult to come in as low as R10 000."

Meanwhile other houses costing between R24 000 to R30 000 will be built for sale at Delft this year.

Following the allocation of R20 million by the new House of Representatives' Minister's Council for the services of Town 3 at Delft, Mr Saaiman

announced this week a new package deal for the development of a further 2 000 houses at Delft.

The R24 000 to R30 000 package buys a 35 m² to 45 m² house, the cost of which ranges from R14 500 to R17 000. The balance will be spent on services, the erf and subsidiary costs.

The Independent Development Board will grant a capital subsidy of between R6 000 and R7 000 to qualifying buyers — those who earn less than R2 000 a month.

Owing to the lack of State funds for the long-term financing of private housing, various ways of achieving greater private sector involvement in low-cost housing had been carefully investigated, Mr Saaiman said.

Mr Saaiman wants the private sector to make available R60 million in loan finances to individual buyers.

This, with an addition R20 million from the Develop-

ment Board as a capital subsidy for the project, should be enough to finance 2 000 homes at Delft, he said.

First National Bank has already agreed to finance a further 150 units on the capital subsidy basis, while the project team is negotiating with other institutions.

Some employers (notably Nampak and the Clothing Union Pension Fund Employers) had already come forward to help their workers buy homes at Delft.

Town 3 at Delft, the 2 400 site development, will be opened in September. These sites are being supplemented by about 800 sites now on sale at Roosendaal, Town 2 of the development.

Mr Saaiman said buyers would be expected to come forward with a 10 percent deposit, or a guarantee from an employer on the outstanding balance of the loan. The size of the deposit would vary between R1 200 and R2 400.

Land evictions go private

South 2/5-7/5/92

THE 'new' South Africa has spawned a new type of forced removal — by the private sector.

In the past, attorneys have successfully defended platteland communities, such as those at Reagle near Koster and Oukasie outside Brits, against forced removal by the state.

With the repeal of racial land legislation, communities like those at Goedgevonden and the Mfengu in the Eastern Cape have also sought legal help to return to land from which they were forcibly removed.

In the Eastern Transvaal, the Legal Resources Centre (LRC) has been involved for the past four years, through its rural legal clinics, in defending labour tenants faced with eviction.

Members of this group are among the most vulnerable in terms of land rights.

During an 18-month period up to July 1991, the LRC represented such tenant families. But the tempo of eviction of ten-

ants, many of whom have been there for generations, is increasing noticeably.

About 80 clients recently asked for help because they had received eviction notices, known as "trek-passes", or believed they were under threat of eviction.

Political flux, and perceptions about a possible re-allocation of land under a future dispensation, underlie what appears to be concerted pre-emptive action by a growing number of farm owners against possible future land claims by tenants.

Litigation in the local magistrate's courts and negotiation with farm workers has yielded limited success in promoting the legal rights of tenants.

It has not been possible to obtain for them the right of security of tenure.

Considerable success has been achieved concerning the right to a period of notice and correct legal procedures before eviction.

For some families negotiation has achieved more favourable terms of eviction.

But as an LRC attorney told a recent tenant meeting: "One thing we have not been able to win is the right to live on your land forever."

In this crisis, it has become apparent that the potential of protecting tenants' interests through litigation and negotiation in individual cases has been exhausted because of the limited legal rights tenants have.

In one Supreme Court case the judge said three months' notice was the minimum reasonable requirement.

Following advice by the the South African Agricultural Union, most farmers are now issuing three-month "trekpasses".

A successful challenge to this notion in the Supreme Court is still needed.

It is the LRC's view that notice must, at the very least, allow a tenant to sow and reap his annual crops, and to find adequate alterna-

tive accommodation.

A legal strategy alone can ultimately do little to protect people, other than to help highlight their problems.

What is required is collective political lobbying by tenants. Although some of the evictions will continue to be challenged in court, land rights groups and tenants are now acting to elevate their struggle to the level of national politics.

A meeting of the National Land Commission (consisting of land rights groups and attorneys involved in land rights issues) was held in November.

In February, a committee was elected at a conference of labour tenants as a start to articulating their needs and demands.

The conference called for, among other things, a moratorium on all evictions and resolved to meet the relevant sub-committee of Codesa, as well as arrange urgent political meetings with political leaders.

— The LRC Review

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MR PIERS Kenyon has an alarming sales technique. He throws petrol bombs at the wooden shacks he sells to squatter camps.

The South African builder says it helps convince customers in violence-hit communities that his specially treated shacks are fire resistant.

But lack of finance, not fire risk, is the main barrier to the building industry's dream of creating a boom out of cheap housing for the 7 million squatters in South Africa.

"We're all dressed up with nowhere to go," said Kenyon. "Lack of end-user finance is the main constraint."

Building companies erected a model squatter village near Johannesburg last month showing a range of sturdy, do-it-yourself "kit" homes of zinc, wood or concrete and low-cost sewerage, water and solar electricity systems.

The aim is to provide healthy, safe housing for some of the poorest and most volatile settlements and end a housing backlog estimated at more than 1.2-million units.

"This market goes to billions of rands. It's limitless," said Mr Sango Mboni of Dwelling Enterprises, which makes a R5 000 zinc home that can be assembled in half an hour.

Delegations from Botswana, Zambia, Namibia and Swaziland, as well as Western diplomats, were highly impressed by the exhibit at the annual Rand Show.

"It's very exciting," said Ms Jane Gold, chief town planner of neighbouring Namibia.

"In Africa there is definitely a change

LOW-COST HOUSING: Finance the problem

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in attitude towards South Africa and perhaps it's the right time to start marketing these products farther north."

Mr Bob Tucker, former managing director of Permanent Building Society of South Africa, said: "We have incredible technological capability to satisfy the needs of the people of this country and those to the north of us who are as badly deprived."

Builders argue squatters using a hodge-podge of scrap materials pay more in the long run because their homes disintegrate within weeks.

Builders' kits encourage squatters to learn formal construction skills and allow an incremental approach - insulation and frames first, then walls and ceilings.

The exhibit displays houses costing from R1 400 to R13 000, cheap solar power systems and toilets. Organisers say the show will be mounted in Kenya

and Angola.

But back home, builders are struggling to penetrate the market because white-oriented lending institutions have been reluctant to lend money to the blacks on society's bottom rung.

Development agencies have started

'You can't make money in this business if people won't pay, their mortgages.'

Development agencies have started pilot projects based on hire-purchase or on stockpiles.

The main banks and building societies say they are studying the market, but Kenyon says it could be two years before a viable home loans system for the poor is developed.

Initially enthusiastic institutions have left the townships in the past two years because of unrest, difficulties in repos-

sessing homes pledged as collateral and repayment boycotts by borrowers angry at shoddy building or political injustice.

Residents sometimes place a tyre on the roof of a repossessed home, signalling anyone moving in will be killed. Thieves can strip newly equipped homes in minutes.

"It's a market that has left us with very deep scars," said Mr Ken Maggs of building company Rabie Holdings.

"You can't make money in this business if people won't pay their mortgages."

Mr Hilton Katz of Schachat Homes Group said it was difficult to get finance for homes of less than R50 000.

Development Bank of Southern Africa researchers said most Johannesburg blacks earned R400 to R800 a month, too low to finance homes over R18 000.

"We put on the exhibition to show financial institutions that we have got

our act together and to encourage them to start taking risks," said Kenyon. "After all, squatter camps are part of the South African landscape. They are here to stay."

African National Congress housing expert Mr Basil Davidson said the exhibition's homes "could definitely fill a niche and they must be seriously considered".

But he had doubts about what he called industry's very sophisticated promotion of home ownership. The ANC wanted a choice of tenure, including communal ownership and rental.

Most township residents rent, but the government in recent years has started granting ownership to long-time residents.

The Urban Foundation development body says 174 000 homes must be built annually, four times the present rate, if the entire 37 million population is to have shelter by 1995.

South Africa spends only two percent of its gross domestic product on housing, less than half the five percent the World Bank says is the norm for similar developing countries. - Sapa-Reuter.

Agents slam rent control

GOVERNMENT'S recent decision to extend rent control for another year has been criticised by estate agents who say rent control is responsible for the fact that no new buildings have been developed for rental purposes over the past decade.

Camdons Group MD Scott McRae says the decision is meddlesome, ill-conceived, will discourage developers and will only cause prices to be pent up, resulting in major adjustments later.

"Rent control has been phased out of every right thinking country because of its adverse effects and distortions to the market place," he says.

Martin Charney of Martin Charney Estates agrees with this, saying rent control goes against market forces and that developers and investors will only come back into the market once rent control is abolished.

"Wherever there has been rent control, developers have stayed away. While many of these buildings are in dire need of refurbishment or demolition, the owners cannot afford to refurbish and are prevented from demolishing the building by the Act," he says.

The abolition of rent control will pave the way for these buildings to be either upgraded or demolished and rebuilt, thereby seeing new units being developed, for

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Reports by
PETER GALLI

which there is good demand, Charney says.

Commenting on whether development is viable in areas where these buildings are located, he says there is good demand for units in the lower price range of R50 000 to R70 000 — particularly for investment for rental purposes.

"Yeoville is a good example as there are numerous old buildings that could be demolished and rebuilt. It would be possible to build standard units of about 50m² in say a six-storey building, in that price range," Charney says.

Yeoville

McRae says rent control only succeeds in creating quasi-slums as landlords are unable to finance good maintenance and there is abuse by tenants who, in many cases, are able to afford more expensive accommodation.

"The net result was that existing rental accommodation was allowed to deteriorate and new rental accommodation developments were few. This sparked off a boom in conversion to sectional title sales which took even more rental space off the market," he says.

Presently, married tenants with a com-

bined monthly income of less than R2 000 a month, single tenants with a gross income of less than R1 200 a month and people of 70 or older, regardless of their income, are protected.

"This amounts to a shifting of the responsibility for housing such individuals from the State to the private sector. The chief negative effect is that it will continue to discourage investors in rental property and thus add to the growing shortage of houses," McRae says.

Charney agrees, saying less government interference and privatisation is the buzzword for the new SA.

SA Property Owners Association (Sapoa) executive director Brian Kirchmann says the issue is a sensitive one and cogniscence must be taken of the fact that there are people in need, and an alternative must be found for them.

"The market needs to dictate what is needed. Neither the commercial nor the industrial property market are regulated and both are governed by market forces.

"Both are in an oversupply situation, which is advantageous for the tenant," he says. The abolition of rent control could see a similar pattern develop in the residential market, which could help alleviate the housing problem.

"This will hopefully result in the creation of highrise buildings that offer decent accommodation at a reasonable price."

TRUST creating slums, says homeless group

By Zingisa Mkhuma

An organisation claiming to represent 8 million homeless people has launched a stinging attack on the Independent Development Trust (IDT), accusing the Government-funded body of promoting slum conditions.

The IDT was started in 1990 to provide site-and-service schemes for homeless people.

Dan Moshugi, president of Operation Masakhane for the Homeless (Omhle), said at a press conference in Johannesburg yesterday that the IDT was responsible for creating in-

stant slums, despite the brick and mortar structures it was building.

Mr Moshugi said the IDT channelled large sums of money to contractors who provided poor workmanship and did not consult the homeless people.

The 36 sq m houses in Vosloorus Extension 14 were built on 150 sq m sites, and had no room for expansion, he said.

"There is no privacy between the parents and children right now. What happens when the family grows? The erven are small. Ten years down the line, the houses would be falling

apart".

He said Omhle had building schemes where people built their own houses at reduced costs.

But IDT communications director Jolyon Nuttall has rejected Omhle's claims, saying that before the IDT embarked on its task of "trying to break the cycle of poverty in this country, it consulted widely, right across the political, social and economic spectrum".

The IDT invited Omhle to visit a selection of the 106 developments, with 100 000 serviced sites, to view for them-

selves how false their allegations were.

Mr Nuttall added that the IDT was addressing the need for advice and materials through its follow-up consolidation programmes.

Said Mr Nuttall: "In our experience, once people get a serviced site, they take it from there, with tremendous energy and resourcefulness arising from pride and ownership."

He urged Omhle to take a constructive role in resolving the housing needs of the country, rather than acting as a "gatekeeper" of the process.

ANC 'would channel funds from military'

(23) THEO RAWANA

AN ANC housing policy would seek to provide housing for all by diverting military expenditure towards this end, national executive committee member Thozamile Botha said yesterday.

SACP spokesman Essop Pahad said land for housing should be taken from the biggest land owners — the military and the mining houses.

ANC president Nelson Mandela, in a paper read on his behalf by constitutional head Zola Skweyiya, told the Sandton housing conference if 25% of GDP was used for housing, this would meet SA's needs.

The conference, with the theme "nation building through home ownership" was hosted by the National Association of Home Builders, and had as its vision the building of 1-million homes and provision of 2-million affordable sites by the year 2000.

Botha said the ANC envisaged a "cohesive housing policy which makes housing an instrument of socio-cultural and class integration".

He said: "This can be achieved by replacing all racially based housing institutions with non-racial, legitimate and accountable housing institutions."

All those committed to alleviating the SA housing crisis should evolve a "consensus position around (an) implementable and sustainable housing policy", Botha said. B10aw 8/5792

SACP secretary-general Chris Hani said there was a need for a more concerted effort to assist and develop the building industry.

"It is the duty of the state to house its less privileged people, but we are aware that the private sector can play an extremely positive role in assisting with the process. We would also encourage the financial institutions to make appreciably more finance available for housing," said Hani.

State duty to supply homes

Sowetan 8/5/92

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THE Government and local authorities cannot escape the responsibility of providing low-cost housing for the increasing urban population, Perm chief executive Mr Hugh Maclachlan said yesterday.

Speaking at a conference on housing in Sandton, Maclachlan called on all involved in developing national housing strategies to recognise the importance of the issue.

"They need to understand that there is a direct link between the socio-economic and political dispensation which is being thrashed out in the corridors of various negotiating forums on housing. The one impacts on the other."

Schemes for low income housing was not the domain of the banks alone. The provision of a paltry R1,56 billion by the Government for housing in the 1991/92 financial year was nothing short of a travesty.

"Nation building and a new social contract cannot develop if people find themselves being forced to live in shelters that cannot become homes.

"If South Africa is to become the leader, which should be its destiny, in Africa, as a harmonious, progressive country in which social and economic opportunity thrives, then the State, local authorities, private sector and community organisations all have the task of providing the infrastructure that can lead to home ownership."

Home ownership was the surest way for people to accumulate wealth and play their part in bolstering the economy. It was a matter of extreme concern that budgeted expenditure on housing for the 1991/92 financial year was "a miserable 1,8 percent of the Budget".

Turning to local authorities, Maclachlan said the renovation of highrise and other buildings which were allowed to decay during the infamous years of the Group Areas Act, was urgent.

"Local authorities should not be tempted to hide behind the fact that financial institutions are loathe to lend in some of these areas or that it is simply not their concern. It is their concern; the residents of these areas are their ratepayers."

- Sapa

HOUSING CONFERENCE-

Housing report will be sent to Codesa

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8/5/92

NATIONAL Housing Minister Leon Wessels promised yesterday that the recommendations of a major commission of inquiry into housing policy would be left to a transitional authority to consider.

Wessels told a national housing conference in Sandton yesterday the De Loor Commission had completed its task and would hand its keenly awaited report to him next week.

The Civics Association of Southern Transvaal has criticised the commission, saying it and other community organisations were not properly consulted. It has also urged government not to implement the commission's findings.

Wessels said yesterday commission chairman Joop de Loor would brief role players involved in housing.

Wessels said he considered referring the commission's proposals to a transitional body established by Codesa to be a priority "in order that all political role players may accept joint ownership for a future housing policy".

Wessels said a future housing policy called for joint planning. Deficiencies in the provision of housing were being aggravated by the high unemployment rate, sanctions and lack of access to loans.

Government assistance in the past did

THEO RAWANA

not adequately focus on the needs of the lowest income groups and even now a significant portion of state assistance was directed at middle and higher income groups who could afford their own housing.

The Perm CE Hugh MacLachlan said there could be no quick-fix to the housing crisis. "Yes, there are innovative schemes, and Perm has been in the forefront of developing some of them. But the resolution of the home ownership problem is a long-term one."

MacLachlan said financial institutions were there to serve people who needed and could afford finance for home ownership and were prepared to save.

"Our responsibility is to ensure that we safeguard the funds that are invested with us — funds that come from all sectors of the population, to ensure that they too can be part of the developing social contract."

Government and local authorities also could not escape their responsibility in providing low-cost housing, he said. He stressed the importance of joint decision-making and co-ordination between the authorities, private enterprise, representatives of the communities, non-governmental organisations and service organisations.

Property owners must face 'reality'

STAR 8/18/92. (218) (123) (218)

By Meg Wilson

Existing property owners can expect little sympathy from a government seeking areas suitable for low-income urbanisation, close to employment centres.

That is the message from John Mavuso, Transvaal Provincial Administration MEC, physical planning and development, who says homeowners are going to have to accept that their vested interests will be negatively influenced by the development of low-income housing areas close by.

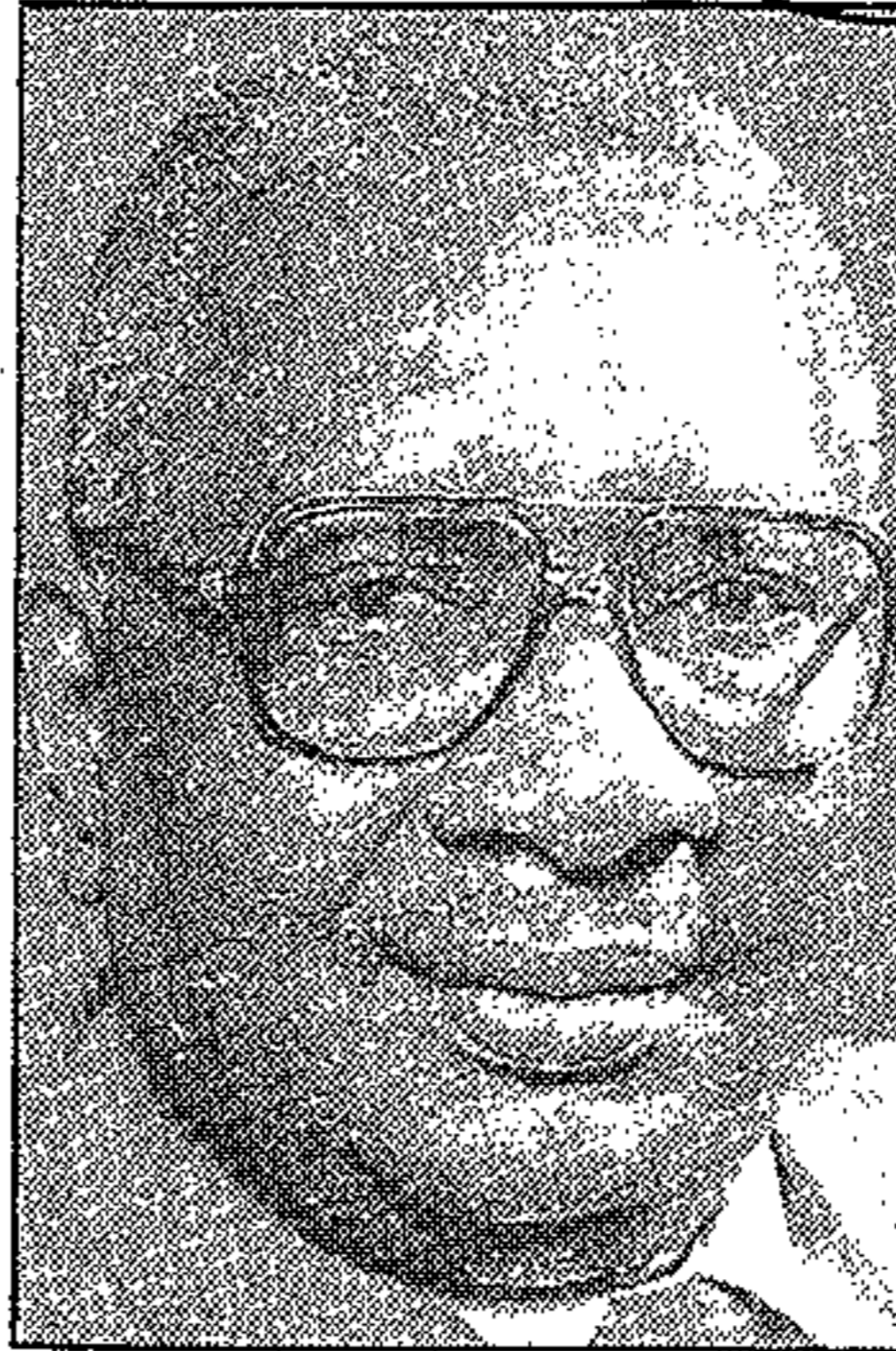
The process is necessary, he says, to rectify the imbalance in South Africa's urban structure.

He told delegates to the National Association of Homebuilders housing conference yesterday that the outcry experienced when the TPA tried to identify land for low-income development to the north of Randburg and Sandton was to be expected.

"But it is inevitable that a more balanced urban structure should be striven for, and the necessary steps then taken to bring it about, especially in those areas where no provision has been made to afford people the opportunity to acquire a home close to their place of employment.

"It will further have to be accepted that informal structures will become part of our urban structure, at least for the foreseeable future."

Mr Mavuso said the ultimate



John Mavuso . . . necessary process

housing goal was obviously "a dwelling of generally acceptable standard with the necessary amenities" but that the current enormous housing backlog meant the aim had first to be to provide the necessary sites with affordable services.

"What is envisaged is an approach which provides an opportunity for the poor person or family to acquire a piece of land on which they can erect their own house with the means at their disposal and of a standard they can afford."

However, he said, it was estimated that almost 70 percent of black families had a total income of less than R1 000 a month and it was evident that the risk and profit perceptions of mortgage lenders in the low-

income housing sector were still negative, which meant that the burden of catering for the sector still rested on the State.

As a result, the TPA had already become one of the largest township developers in the country, but the magnitude of the problem was so great that it had to seek ways and means for the private sector to become involved.

Mr Mavuso proposed three options, the first being that the TPA ask for submissions from the private sector to fulfil an identified need within a specific area for serviced sites and enter into an agreement for the delivery of a certain number of sites at an agreed maximum price.

This would mean that the identification, acquisition and development of land was left entirely to developers.

The second method which could be considered was that the Government acquire the land and then ask for proposals to develop it, within the required parameters. This would have the advantage of restricting interest and holding costs.

The third option was to make serviced sites available to builders to erect houses and sell them for their own benefit, with costs owing to the Government to be repaid only after such sales were made.

This method would enable the builder to deliver a product at lower than usual cost, as large capital outlays and holding costs would be eliminated.

Govt departments slammed for budgets

(123)

(123) CT9/5/92

A NUMBER of government departments were strongly criticised yesterday by the Joint Committee of Parliament on Public Accounts for the administration of their budgets.

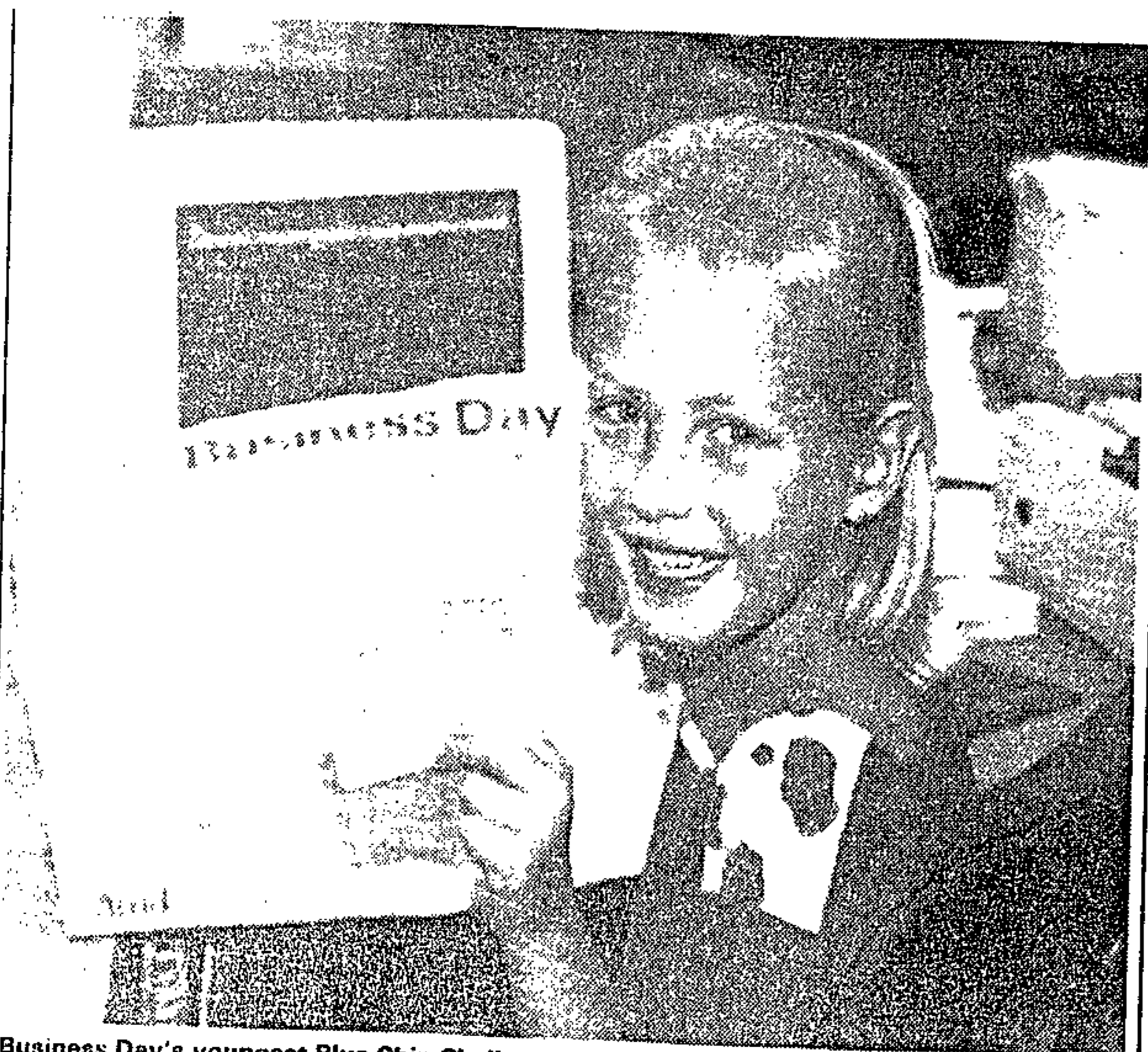
It expressed its "displeasure" at discrepancies in the allocation of outstanding loans and advances of the National Housing Fund between various government departments, own affairs administrations and the Department of National Housing.

"The committee is particularly concerned at the weaknesses inherent in the scheme which, concomitant with the lack of control and checking of claims received, facilitated irregularities over a lengthy period."

It noted with appreciation the initiative taken by the Department of Home Affairs to expose the abuses, that various cases had already been referred to the police for investigation, and that the department was busy with the recovery of irregular payments.

The committee said, in regard to the Commission of Administration, that it was "gravely alarmed at the failure, by whoever was involved, over a period of some years to verify physically, by periodic stocktaking, the stated contents of sealed containers received, taken on stock and paid for, and other components which, only after an audit query, it transpired were deficient".

the UK £1 coin and has been
falls of a standby offer to buy
discussions further discussions
Speaking at a banquet at the...



Business Day's youngest Blue Chip Challenge winner, Kelly Orme, 6, of Pinetown, scooped the pool on Friday to receive R1 800.

Hall urges business to bring peace

By Andrew Krumm
11/5/92
ANDREW KRUMM

NATIONAL peace accord chairman John Hall said at the weekend business was uniquely suited to halt SA's slide into anarchy and violence.

Speaking at the final day of the National Association of Homebuilders conference in Sandton, Hall said SA was made up of thousands of mini-economies, many unaware they were "on the endangered species list... Some communities are sinking into anarchy and violence and taking their business communities with them."

Although nurturing the peace accord was everyone's responsibility, the business community possessed the ability to play a major role as facilitator and mediator. He urged individual businesses, as "honest brokers of peace and stability" to become heavily involved through organisations.

"When violence becomes endemic, the downward spiral is hard to reverse — ask Marlborough businessmen," said Hall. He said economic growth could be achieved only through collaborative effort to restore peace.

Housing forum may still see De Loor report

GOVERNMENT's closely guarded De Loor commission report on housing policy might be made available to the National Housing Forum, its working committee chairman Khehla Shubane told a National Association of Homebuilders' conference in Sandton on Friday.

He said Minister Leon Wessels had indicated he would like to make the report available after local government finished processing it.

The forum was formed by the Indepen-

dent Development Trust and Development Bank last year to provide housing solutions, and includes trade union, business, political and development organisations.

Government withdrew from the forum in January, saying it was an attempt at "interim rule by stealth". Shubane said this sprang from unease over an agreement that decisions be binding on all parties.

By Andrew Krumm
11/5/92
ANDREW KRUMM

ANC

HOUSE OF DELEGATES

QUESTIONS

†Indicates translated version.

For oral reply:

General Affairs:

Transfer of homes to Blacks free of charge: policy

*1. The LEADER OF THE OFFICIAL OPPOSITION asked the Minister of Local Government and National Housing:

- (1) Whether the Government has decided on a policy to transfer certain homes to Blacks free of charge; if not, why not; if so, what are the details in this regard;
- (2) whether he will make a statement on the matter?

D140E

The DEPUTY MINISTER OF LOCAL GOVERNMENT AND NATIONAL HOUSING:

- (1) No; it is assumed that the hon member is referring to the homes which form part of the stock of State-financed family rental homes. In this regard I would like to mention that the National Housing Policy and Strategy Task Group investigated this aspect fully with a view to the formulation of proposals for a national housing policy and strategy. The Task Group's proposals will be regarded as part of the formulation of a new housing policy and strategy.
- (2) The Minister intends to further elucidate the handling of the report of the Task Group during the debate on Budget Vote No 29, later today.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, arising out of the hon the Deputy Minister's reply, I am going to ask an awkward question. Is the hon the Deputy Minister aware that the hon the Minister has written to me on this particular issue, which has been taken far further than the hon the Deputy Minister is aware?

The DEPUTY MINISTER: Mr Chairman, I was not aware of that fact, but if the hon the Leader

HOUSE OF DELEGATES

of the Official Opposition has a problem regarding my answer, he should feel free to submit his question in writing. We will then answer it.

Dog-fights/attacks on people by dogs:

investigation

*2. Mr M RAJAB asked the Minister of Justice:

- (1) Whether his Department is investigating (a) dog-fights and (b) attacks on people by dogs; if not, why not; if so, (i) what progress has been made, and (ii) what proposals is his Department considering, in this regard;
- (2) whether he will make a statement on the matter?

D143E

The DEPUTY MINISTER OF JUSTICE:

- (1) (a) and (b) Yes.

(i) and (ii) In the past on several occasions I have made mention of the fact that I have requested the Department of Justice to investigate into the whole matter pertaining to the occurrence of dog-fights and attacks by dogs on people. The first phase of the investigation has been completed and I may now announce that the Government has decided that—

* a Bill, in which dog-fights as well as attacks on people by dogs will be addressed, is to be published for comment shortly; and

* a project is to be launched in terms of which the dog ordinances and regulations of the Provinces and municipalities will be consolidated in a general dog statute, concomitant with the involvement of the various dog breeders associations, animal protection associations, interested state departments and other interested organizations on and preparation of such a dog statute.

The Bill referred to by me is in a final stage of preparation and further particulars will be announced shortly.

- (2) A statement is not necessary.

Phase 6 Export Scheme: abuses

*3. Mr M RAJAB asked the Minister of Trade and Industry:

- (1) Whether any abuses of the Phase 6 Export Scheme have been brought to his notice or that of his Department; if so, what are the relevant details;
- (2) whether his Department has taken any steps to investigate these abuses; if not, why not; if so, what steps;
- (3) whether he will make a statement on the matter?

D144E

The DEPUTY MINISTER OF TRADE AND INDUSTRY:

- (1) Yes, certain abuses have been identified by the Department of Trade and Industry and brought to my notice. These relate, inter alia, to rebates of excise duty granted to motor vehicle manufacturers by Customs and Excise in terms of the provisions of the Customs and Excise Act, 1964, in respect of the export of un-assembled motor vehicles by Beira Motor Industries (Pty) Ltd and bolts and nuts by CET Trading (SA) (Pty) Ltd (CET) and certain other export trading houses. In all instances the export values were overstated and the export proceeds were not repatriated. In the case of bolts and nuts the export trading houses concerned exceeded the overstated export value instead of the net foreign currency earnings to certain motor vehicle manufacturers.

The Department of Trade and Industry was only responsible for the payment of excess rebates to motor vehicle manufacturers on advice by Customs and Excise. Certain parties in the private sector were responsible for abusing the incentives in terms of Phase VI of the Local Content Programme for the Motor Vehicle Industry.

- (2) Yes, the following steps were taken:

(a) A Co-ordinating Task Group, consisting of representatives of the Department of Trade and Industry, Customs and Excise and the S.A. Reserve Bank was formed to investigate the abuses;

(b) Payment of the excess rebates in respect of which doubt existed was summarily suspended by the Department of Trade and Industry;

(c) The matter was referred to the State Attorney and a legal opinion was obtained from senior counsel;

(d) The Auditor-General and the Directors-General of Finance and of State Expenditure were fully informed in respect of the state of affairs;

(e) Following the suspension of payments, Beira Industries (Pty) Ltd instituted legal action against the State. The case was opposed by the State and a legal team gathered evidence in Hong Kong to which the motor vehicles were allegedly exported. The case was dismissed with costs by the Supreme Court on 22 April 1992.

(f) After CET was placed under provisional liquidation, additional liquidators were appointed at the insistence of the Department of Trade and Industry and Customs and Excise to attend to the interests of the State;

(g) Chartered Accountants were appointed as inspectors in terms of the Companies Act, 1973 to investigate, inter alia, the affairs of CET and its associated companies;

(h) The Commercial Branch of the S.A. Police and the Office for Serious Economic Offences were also included in the investigations;

- (i) A legal team is presently abroad to gather evidence with a view to possible legal action against guilty parties.
- (3) No, since the investigations have not yet been finalized, no further details can be supplied or a statement be made at this stage.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, arising from the hon the Deputy Minister's reply, was it ever divulged during the course of these investigations that officials of the customs and excise department, also of neighbouring countries, might possibly have aided such persons in undertaking such

CONF - P
HOUSE OF DELEGATES

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Own affairs: 'Millions lost'

Political Staff

MANY millions of rands had been lost in the creation of own affairs administrations, particularly through the separation of housing funds, the DP MP for Pinelands, Mr Jasper Walsh, said yesterday.

He said during the House of Assembly debate on the Budget and Auxiliary Services Vote: "In some areas the task of splitting balances between own affairs administration is not yet complete, despite years of trying." (23)

Subsidy bonus for single home-owners

123

STAR 13/5/92

CAPE TOWN — In future the rent subsidy scheme for first-time home-owners would be applicable to single people as well, Minister of Housing and Works in the House of Assembly Adriaan Vlok said yesterday.

Introducing debate on his vote, he also said the qualifying income limit for State-financed family housing units had been increased from R1 000 a month to R1 200. The maximum unit-cost limit had been raised from R30 000 to R35 000.

The income limits for calculating rentals of

welfare housing projects for the aged had been increased from R300 to R450 a month for single people and from R600 to R900 for couples.

The loan scheme for the protection of the aged would be extended.

Mr Vlok said 1 500 low-cost housing units would be erected at a cost of R35 000 each.

The Ministers' Council had also approved the free transfer of redundant schools to registered welfare organisation and the Development and Housing Board for conversion to low-cost housing. — Sapa.

SA's inefficient cities facing 'fiscal collapse'

STAR 13/5/92

123

South Africa's cities need to be restructured to accommodate the prime asset of any society — people.

That message came across strongly at the recent housing conference in Sandton organised by the National Association of Home Builders.

Professor David Dewar, of the School of Architecture and Planning at the University of Cape Town pulled no punches when he referred to the "extraordinarily inefficient cities which face fiscal collapse".

Huge subsidies

The main centres of the country he sees as generating huge volumes of movement over vast distances at costs which people increasingly cannot afford.

"Cities are held together by huge subsidies (R1,2 billion in the 1992 budget or 1,25 percent of total budget) and by indirect infrastructural subsidies which society increasingly cannot afford," Professor Dewar said.

"They are desperately inconvenient for most urban dwellers and yield very few opportunities to which people can respond."

The professor believes it is necessary now to restructure the major centres and to compact them by imploding growth



Reports by Frank Jeans and Meg Wilson

inward on under-utilised land and by increasing dwelling unit densities.

Seeing the improbability of getting a comprehensive policy direction on housing until, at

least, an interim government is in place, Professor Dewar said costs were rising sharply relative to people's ability to pay.

"The institutional capacity to undertake large housing programmes has been savagely eroded, credit is not remotely reaching the people who most require it and there is no clear policy direction or framework."

We might well face the fact that we knew less about housing than we thought we did and it was apparent that housing policy could never be equitable when viewed from the perspec-

tive of individual households.

"Some households will get, others will not."

Another city problem was the lack of traditional public space making.

"There is almost no design in the mono-functional housing estates, whether comprising formal or informal homes.

"Public spaces are vitally important and if properly created they at least enable poverty to be tolerated with some dignity, since poverty does not become a badge, identifying particular individuals who happen to be worse off than others."

fare, as was the case in the Doornkop area, was evidently far too exorbitant to consider. For this reason the Director-General requested that the search for other suitable and cheaper land should continue, which culminated in the identification of a farm in the Nonoti area by the Department of Agricultural Development: Administration: House of Assembly, who acted as our Administration's agent, since this Administration has no legal powers to acquire agricultural land.

The said Department appointed a valuator to value the farm and on the basis of the valuation of R4 067 700,00, recommended the acquisition thereof.

THE LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, on a point of order: The hon the Minister's answer to the first part of my question was "no". In replying to the second part of the question the hon the Minister is now covering the ground of an official interpellation that has been handed in.

THE CHAIRMAN OF THE HOUSE: Order! May I ask the hon the Minister whether he is responding to the question as it appears on the Question Paper or to an interpellation which is still to come?

Mr Y M MAKDA: Mr Chairman, in his reply the hon the Minister said that he was making a statement as requested under section 2 of the question. As far as the interpellation is concerned, it has not gone through the Whip's committee yet and it is not on the Question Paper. Accordingly, the rule of anticipation does not apply.

THE CHAIRMAN OF THE HOUSE: Order! The hon the Minister may proceed.

THE LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, on a further point of order: In the light of the fact that the hon the Minister's answer to question 3(1) is "no", there is no need for a statement.

THE CHAIRMAN OF THE HOUSE: Order! No, my interpretation is that although the request for the hon the Minister to make a statement on the matter is interrelated to the main question, it is still something that stands on

HOUSE OF DELEGATES

its own. The hon the Minister is entitled to make a statement on the matter.

THE MINISTER: The farm, totalling 365 hectares, is situated on the Natal North Coast about 65 kilometres from Stanger. The original asking price was R4 000 000,00, whilst the finally negotiated price was R3 332 750,00 for the land plus R567 250,00 for the pool A sucrose quota of 2 269 tons, totalling R3 900 000,00.

The farm in question is 9 kilometres from the nearest Mill and consists of—

300 hectares of registered land planted with sugar cane, 180 hectares of which is under a well developed irrigation system;

7 hectares planted with Lichis, under micro jet irrigation and which is nearing bearing stage;

0,5 hectares planted with mangoes, 2 years old; and

57,5 hectares for housing, roads and other non-usable land, such as river verges, steep bush land, etc.

The housing consists of—

a Main house of 500 square metres;

a garage of 170 square metres;

a spare/ration office of 76 square metres;

2 cottages, totalling 310 square metres;

a workshop of 264 square metres;

a packshed of 392 square metres;

16 compounds totalling 1 441 square metres.

Water for year-round sprinkler irrigation of approximately 265 hectares is available from 2 dams in the Mlengu and Nonoti rivers, even in extreme drought conditions.

Cane production over an 8-year period averages at 15 500 tons per year, which is equivalent to 1 940 tons of sucrose.

The all-inclusive price of R10 685,00 per hectare compares very favourably with the price of R12 760,00 per hectares which was recently paid for a nearby farm which lies 3 kilometres nearer to the Mill, has no irrigation infrastructure except a small portable plant and with no possibility of dam construction.

THE LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, arising out of the hon the Minister's reply, in particular with regard to the amount of approximately R10 000 per hectare paid for this particular piece of land, is the hon

the Minister aware of the fact that the Administration is considering leasing this land back to the seller and if so, at what price? Secondly, does the hon the Minister's Department value the advice given by the Natal Cane Growers Association which, by the way, was negative? Thirdly, is it not correct that the original report of the extension officers was negative and that they were subsequently pressurised by a new Minister to change the report?

THE MINISTER: Mr Chairman, I would like some time to go into all the details. I would like to reply to the question, but my answer would not be complete.

Mr N SINGH: Mr Chairman, further arising out of the hon the Minister's reply and his reference to an evaluator being appointed, could he tell us who this person is? Secondly, could he tell us whether the Agricultural Credit Committee was asked to value this farm?

THE MINISTER: Mr Chairman, I ask the hon member for Umzinto for his understanding. I will do the necessary research and give him an answer.

Mr N JUMUNA: Mr Chairman, further arising out of the hon the Minister's reply, may I ask him when the land was acquired and what the present status of the land is? Is the land being let or not? If it is being let, what are the terms and conditions? Furthermore, since the milling season has already started, I would like to know whether the crop on the land is being harvested at this stage?

THE MINISTER: Mr Chairman, the hon member for North Coast is a sugar cane farmer and, if I may say so, I think he ought to know whether it is the harvesting and milling season. I am not in the know about these issues. However, with regard to his two other questions, the land has been acquired by the general affairs department.

THE LEADER OF THE OFFICIAL OPPOSITION: As an agent!

THE MINISTER: Yes, as an agent. The hon member also wanted to know how long ago the land was acquired, and the answer to this is a month or two ago. I understand from reliable sources that the registration of the sale is almost through. That is all I can tell the hon member for North Coast at this stage.

Mr N SINGH: Mr Chairman, further arising from the hon the Minister's reply, regarding the registration of sale, would I be correct in saying that this land will be subdivided and sold off to farmers? I also wish to ask the hon the Minister whether he can give us the value of all the items he referred to as "housing" in his reply.

THE MINISTER: Mr Chairman, I will do so with pleasure.

THE LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, is there time for another supplementary question?

THE CHAIRMAN OF THE HOUSE: Order! I think there have already been five supplementary questions.

THE LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, there have been three.

THE CHAIRMAN OF THE HOUSE: Order! The hon the Leader of the Official Opposition may proceed.

THE LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, further arising from the hon the Minister's reply, in any transaction relating to the acquisition of land by our Administration, is it the policy of the Department to state that no agents were involved in the transaction?

THE MINISTER: Mr Chairman, I do not know what specific aspect of a transaction the hon the Leader of the Official Opposition is referring to, but I do not think that is a normal practice.

Amount paid to housing consultant

*4. **THE LEADER OF THE OFFICIAL OPPOSITION:** asked the Minister of Housing and Agriculture:

(1) What amount was paid to the housing consultant in 1991; **123**

(2) whether the contract period of this consultant has been extended; if not, why not; if so, (a) why and (b) for what period;

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

D138E

THE MINISTER OF HOUSING AND AGRICULTURE:

(1) R439 659,76.

HOUSE OF DELEGATES

(2) No.

The contract runs from 1 February 1991 to 31 May 1993.

(3) Yes.

Mr Chairman,

As will be recalled, during the debate following the answering of questions on this subject in the House on 19 March 1991, several members expressed their reservations and concern at the magnitude of expenditure to be incurred in engaging the services of the consultant.

Today, however, in retrospect some hon members have changed their earlier impressions for genuine and factual reasons.

Although I will dwell more comprehensively in my Budget Speech on the benefits which accrued to our Administration through the efforts and achievements of the consultant which amounted to a very significant financial saving, I wish to enumerate a few, in illustration, at this stage:

(a) The outflow of funds on budgeted projects during the past financial year reached a record high, whilst the total value of projects awarded exceeded R335 million.

(b) The number of houses built during the last financial year exceeded the target budgeted and is by a wide margin the highest number ever achieved during the lifespan of the Administration.

(c) The consultant successfully concluded negotiations aimed at achieving acceptability and affordability in housing provision in a climate of high inflation, e.g.:

House prices achieved on contracts in 1991/92 were on the same level as that of 4 years ago;

Limits on land servicing costs could be imposed by mutual agreement;

Appreciable reductions in respect of consultants' fees could be negotiated on the basis of standardization of house types, etc.

I have no doubt whatsoever in my mind that the Consultant achieved that which was intended by his appointment and the

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benefits referred to, fully justify the expenditure involved in engaging his services. I can only foresee more good accruing from his services now that he has obtained experience during the past year.

Thank you Mr Chairman.

THE LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, arising out of the hon the Minister's reply, is he aware that houses are only built three years after a scheme has been established? That is my first question. My second question is, does the hon the Minister deem it necessary to pay a consultant a salary which is twice that of a State President and more than twice that of a member of the Cabinet or a member of the Ministers' Council?

THE MINISTER: Mr Chairman, that question is a very arbitrary one. I want to be absolutely honest about the fact that I had my misgivings about this person. [Interjections.] However, hindsight tells me that he earned his salary. He has successfully undertaken many issues. I want to state categorically that, without exception, there is no other official such as he in that Department. He has made a definite contribution.

THE LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, further arising from the hon the Minister's reply, since he is justifying the State's trimming of expenditure, is he aware of the fact that the trimming of the prices of projects submitted by municipalities has been an ongoing exercise in the housing administration for the past 30 years, and that nothing new has resulted from it?

THE MINISTER: Mr Chairman, I do not want to differ with the hon the Leader of the Official Opposition. However, we never before have we had the degree of success we had last year when it comes to the trimming of costs. We have really recorded a marked improvement in that regard. That is what I mean when I say that considered as a whole, the engagement of this consultant has not been a loss.

THE LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, further arising from the answer of the hon the Minister, is it not correct that the successful trimming achieved last year was the result of the foundation laid three years earlier? [Interjections.]

THE MINISTER: Mr Chairman, I would not attempt to answer that question. One would have to be some kind of fortune-teller to do that, and I am not one.

MR H M NEERAHOO: Mr Chairman, further arising from the answer of the hon the Minister, is he aware of the fact that when the appointment was made last year, we were told that he could proclaim all unproclaimed areas into townships? However, a year and some months have passed. Is there any progress?

THE MINISTER: Mr Chairman, surely the hon member for Newholme realizes that the proclamation of townships does not happen overnight.

I want to assure the hon member that it is clear from the available records that quite a large number of townships have been proclaimed. As I have indicated this afternoon, there are certain encumbrances with regard to those other townships which are receiving the attention of the consultant.

MR N SINGH: Mr Chairman, further arising from the answer of the hon the Minister, will he agree with me that all the houses that were supposed to have been built approximately three years ago, as was promised on television, have not been built as yet? [Interjections.]

HOUSE OF DELEGATES

R26-m to appease white landowners

Sowetan 14/5/92

~~26~~ 123

Sowetan Correspondent

THE Government is forging ahead with plans to buy land from white plot owners outside Soweto for R26,5 million - in spite of warnings that the land might be useless for housing development.

According to a memorandum from the Department of Local Government and National Housing to the Department of State Expenditure, the Transvaal Provincial Administration is to buy out an area known

as Doornkop 239 IQ west of Soweto.

An unnamed Cabinet Minister allegedly promised the white owners the State would buy their land and the Cabinet was convinced it would "not be wise to not fulfil their expectations".

The memo, given to *Sowetan's* sister newspaper *The Pretoria News* by a source within the public

service, tells of a "ministerial liaison" with the owners who had complained of a wave of thefts and assaults in the area.

According to the memorandum, the Cabinet was approached to approve the transfer of funds set aside for the black community from the National Housing Fund to pay for the purchase because "the purchase of this land is the direct result of urbanisation and it is therefore regarded as justified to use funds allocated for the black com-

munity for this transaction".

The memorandum, addressed to the Director-General of State Expenditure, says the Cabinet approved the transfer of R26,425 million to the TPA in February this year while taking note of the "possible fruitless expenses associated with it".

The land was re-zoned in July last year for agricultural use after the TPA said the ground was dolomitic and could not be used for township development.

In an interview, one of the land owners, Mr Fanus du Plessis, a former National Party MPC for Roodepoort, said he had asked Finance Minister Mr Barend du Plessis to buy the land.

"He agreed with me the land should be bought by the Government," he said.

The Pretoria News has also been told the land deal had overridden normal channels and procedures because publicity might draw a flood of similar requests.

Good but too far off to stop squatting, says trust

Political Staff

THE Independent Development Trust has welcomed the De Loor report on a new national housing policy but has expressed some reservations.

IDT spokesman Mr Jolyon Nuttall called the report a significant contribution to the housing debate.

He welcomed the commitment to a uniform national housing policy under a single ministry.

The IDT welcomed the recommendation of a one-off capital cash grant for housing to poor people.

It said this was the basic system followed by the IDT approach to housing.

But Mr Nuttall said it would probably take at least 18 months to implement — and in the meantime unacceptable squatting was taking place and people were living in unhealthy and dangerous conditions.

"The report should therefore be seen as the start, and not the end, of the debate."

De Loor proposes sweeping changes to SA's housing

(123)

ARG 14/5/92

Political Staff

THE government-appointed De Loor Task Group has recommended an entirely new national housing policy with a new Ministry of Housing and a doubling of the state's annual housing budget to R3,5-billion.

A major house subsidy scheme for households earning less than R3 000 a month is at the heart of the report which task group chairman Dr Joop de Loor handed to Local Government National Housing Minister Mr Leon Wessels in Cape Town yesterday.

The report said the long-term goal of a new, completely non-racial housing policy should be to provide all South Africans with secure tenure of at least a formal, four-house room with a bathroom in a safe, healthy environment.

This was not attainable immediately and interim goals,

including building informal houses, would have to be set.

Dr De Loor said he was confident the basic principles of the report would be acceptable to all political groups — although extra-parliamentary groups (such as the ANC and PAC) had not formally taken part and had only been consulted individually and informally.

Mr Wessels said the report was not a government White Paper but was an important document to be debated.

The report recommended that all present housing functions of state departments should be transferred to a new department and ministry concerned only with housing.

All existing housing funds should be scrapped and replaced by a single private-sector housing finance corporation — a banking institution to mobilise house loan funds.

The subsidy scheme would be divided into four categories for different income groups:

1. Households earning less than R1 000 a month would get secure tenure — but not ownership — of an informal site with basic services.

2. Households earning up to R1 500 a month would get ownership of an informal site plus technical building assistance, for a deposit of 10 percent of their annual income, plus a regular monthly instalment.

3. Households earning up to R2 000 a month would get a one-off cash grant of R7 000 to buy a formal house, for a deposit of 15 percent of their annual income, plus instalments.

4. Households earning up to R3 000 a month would get a one-off cash grant of R6 000 to buy a formal house for a deposit of 20 percent of their annual income, plus instalments.

There was a backlog of 1,3 million houses, the report said.

Eskom to take on township supplies

B1049 1415792
ESKOM was negotiating with more than 100 black local authorities to either assist in the provision of electricity or take over supply rights and assets, a spokesman said yesterday.

In about a quarter of the cases, "serious negotiations" were likely to produce an agreement within the next few months, Eskom negotiating manager Martin Opperman said.

Civics Association of the Southern Transvaal (Cast) general secretary Dan Mofokeng said yesterday negotiations were nearing completion on taking over electricity supplies from black local authorities in Katlehong, Tembisa and Vosloorus. He said agreements would be signed "within two months", once Cast had put the details to its supporters.

Mofokeng said Eskom had agreed to certain criteria, including involving communities, preserving non-political council workers' jobs as well as clarifying the options regarding tariffs and the technical and financial implications.

Last week the Vaal Triangle Negotiating Forum indicated that "negotiations with Eskom had reached an advanced stage".

ADRIAN HADLAND

The negotiations form part of Eskom's electrification drive, which aims at supplying up to 170 000 houses a year for the next five years.

Mofokeng said a national energy supply and electricity forum would meet in August to discuss future energy policies.

He said the Development Bank of SA had been asked to convene the conference which would include representatives from the ANC, trade unions, political and community organisations, and Eskom.

Government had so far refused to participate until groups such as provincial administrations and white local authorities were asked to join.

Of the 3-million SA homes requiring electricity, 2,3-million fall within the ambit of local authorities or homelands.

So far only Soweto has agreed to transfer its rights and assets to Eskom.

Eskom spokesman Robin Larsen said the utility was installing prepayment electricity dispensers to cut costs while allowing consumers to control and budget electricity usage.

Housing

- 14/5/92
- The report also recommended that:
- A housing assistance scheme, graded according to income, be introduced as soon as possible to replace all existing subsidies (excluding for farm workers);
 - Density policy guidelines be drawn up and made available to all local authorities to use in compiling urban structure plans;
 - A housing finance corporation be established to support a new national housing department once state housing funds were dissolved;
 - The provision of houses, flats and rooms

(123) From Page 1

for rental be left to the private sector and to local authorities wishing to provide accommodation with their own financial resources. The Rent Control Act should be phased out as soon as possible and the Sectional Titles Act reviewed to simplify the sale, ownership and management of sectional title units; and

Informal housing be accepted as part of the solution to SA's housing crisis and no formal building standards be laid down for such structures.

● See Pages 7 and 16

Blueprint for housing may be stillborn

~~Billy Paddock~~ BILLY PADDOCK (123)

THE De Loor task group's work to draft a policy and strategy on combating SA's housing crisis is set to become the 34th housing investigation in 20 years whose proposals government will not implement.

The far-reaching 400-page report on the task group's 18-month investigation under chairman Joop de Loor said 198 000 houses a year would have to be built for the next 10 years to eliminate the housing backlog.

Government would have to increase spending on housing from R1,6bn to R3,5bn, with R1,8bn earmarked for assistance subsidies for the very poor and newcomers to urban areas. *Blyden*

Local Government and Housing Minister Leon Wessels said yesterday, when the report was released, that "no White Paper or legislation will flow from this report, although it is a very valuable input in the debate on housing". *14/5/92*

He did not want to act unilaterally and wanted to discuss the report with major political players and key housing groups.

He said De Loor and his team would hold briefing sessions, and he would simultaneously embark on consultations.

One of the options is to refer the report to a preparatory council on housing, which government had suggested to Codesa "to engage in the widest possible consultation". The aim of this would be to depoliticise housing, he said.

Task group member Nthato Motlana said that at the very least interim proposals should be implemented as these were in broad agreement with what communities wanted.

De Loor also urged that red tape be cut to ensure speedy approval of township development and the allocation of land for informal housing development. Otherwise, he said, it could be up to seven years before houses were built.

The report also proposed that rent control be phased out or scrapped to make rentals market-related.

Our political staff reports that the task force called for a single department of national housing.

To Page 2

Report urges major house subsidy plan

By Peter Fabricius
Political Correspondent

STAT 14/5/92

CAPE TOWN — The Government-appointed De Loor Task Group has recommended an entirely new national housing policy with a new, dedicated Ministry of Housing and a doubling of the State's annual housing budget to R3,5 billion.

A major house subsidy scheme for households earning less than R3 000 a month is at the heart of the report which task group chairman Dr Joop de Loor handed to Local Government and National Housing Minister Leon Wessels yesterday.

The report said the long-term goal of a new, completely non-racial housing policy should be to provide all South Africans with secure tenure of at least a formal, four-room house with a bathroom in a safe, healthy environment.

This was not attainable immediately and interim goals, which included building informal houses, would have to be set.

Soweto activist Dr Nthato Motlana, a member of the task group, said it was vital that the subsidy scheme be implemented immediately, as an interim measure.

Dr de Loor said he was confident that the basic principles of the report would be acceptable to all political groups — although extra-parliamentary groups, such as the ANC and PAC, had not formally taken part and had only been consulted individually and informally.

Mr Wessels said the report was not a Government White Paper but was an important document to be debated.

The report recommended that all present housing functions of State departments should be transferred to a new department and ministry concerned only with housing.

The Government would have to accept responsibility for the attaining of the national housing

goals and the Minister of Housing would have to explain to Parliament if it did not.

All existing housing funds should be scrapped and replaced by a single private-sector Housing Finance Corporation — a banking institution to mobilise house loan funds.

The National Housing Department's functions would be to set overall policy and guidelines and administer a subsidy scheme for low-income groups.

Second and third-tier authorities would implement policy.

The subsidy scheme would be divided into four categories for different income groups.

1/ Households earning less than R1 000 a month would get secure tenure — but not ownership — of an informal site with basic services. They would pay no deposit but would have to contribute to monthly service charges.

2/ Households earning up to R1 500 a month would get ownership of an informal site plus technical building assistance, for a deposit of 10 percent of their annual income, plus a regular monthly instalment.

3/ Households earning up to R2 000 a month would get a one-off cash grant of R7 000 to buy a formal house, for a deposit of 15 percent of their annual income, plus instalments.

4/ Households earning up to R3 000 a month would get a one-off cash grant of R6 000 to buy a formal house for a deposit of 20 percent of their annual income, plus instalments.

One of the goals would be to transfer all existing rented houses in low-income areas to tenants, mostly for free.

The subsidy scheme would get R1,8 billion a year from State coffers plus money through the Housing Finance Corporation.

The De Loor report said three out of four households in SA would qualify for some form of assistance.

Housing policy had never been adequate.

● Foundation stone for new SA on solid ground — Page 17

Alleged a char

Loans market collapses

STAR 14/5/92

THE breakdown in law and order had led to a collapse in the normal functioning of the housing loans market and an inability to enforce the legal consequences of non-payment, the De Loor report found.

Political action such as bond boycotts had caused significant losses to mortgage lenders and undermined the functioning of the process which sustained viable housing delivery.

Bond boycotts, together with a lack of affordability and the risk of non-recovery due to dismissals and retrenchments, placed constraints on the small housing loans market.

To sustain viable housing provision, the whole process surrounding home-ownership had to be allowed to function within established systems.

The State should provide remedies for mortgage lenders. — Sapa. □

Appeal to protect consumers

123
STAR 14/5/92

WIDE-RANGING exploitation and malpractice by some commercial housing developers, particularly of people in low-income groups, had led certain communities to challenge the role of the private sector in housing provision, according to the De Loor Commission on Housing.

Provision had to be made for a more effective form of consumer protection.

Malpractices identified by the Urban Foundation included falsification of income information, incomplete disclosure of associated costs (eg transfer costs), brokering firms which charged a fee to secure bond finance which was not reimbursed if the application failed, excessive deposits which were not refundable, collection of deposits by non-approved estate agents, and the illegal sale of sites to squatters. — Sapa. □

Building industry probe call

STAR 14/5/92

AN IN-DEPTH investigation into monopolies and over-concentrations in the building material supply industry should be undertaken, the De Loor Commission on Housing has recommended in its report.

The commission said the Government should also relax import controls and lower tariffs on building material to promote domestic competition.

The building material supply industry was dominated by a few local conglomerates protected from foreign competition by effective trade barriers.

In many instances, building material could be imported at substantially lower cost.

A superficial analysis of the suppliers' profit records indicated that prices were adjusted upwards to allow a supplier to maintain profit margins even when demand for a product declined. — Sapa. □

With the law...
this's first clash
H... GARY Bell

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STAR 14/5/92

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STAR 14/5/92

AN IN-DEPTH investigation into monopolies and over-concentrations in the building material supply industry should be undertaken, the De Loor Commission on Housing has recommended in its report.

The commission said the Government should also relax import controls and lower tariffs on building material to promote domestic competition.

The building material supply industry was dominated by a few local conglomerates protected from foreign competition by effective trade barriers.

In many instances, building material could be imported at substantially lower cost.

A superficial analysis of the suppliers' profit records indicated that prices were adjusted upwards to allow a supplier to maintain profit margins even when demand for a product declined. — Sapa. □

with the law
this's first clash
HOSPITALS GARY BEL-

Political Staff

CAPE TOWN — Wide-ranging exploitation and malpractice by some commercial housing developers among low-income people had induced certain communities to seriously challenge the role of the private sector in housing delivery, the De Looor task force said yesterday.

"Concern has been expressed about the large number of low-income families who have had no previous exposure to or experience in the formal market and are all too often exploited," it said in its report on proposals for a housing strategy.

Housing malpractice fears

Provision had to be made for a more effective form of consumer protection and advice without inhibiting the normal functioning of the market economy.

Malpractices identified by the Urban Foundation included falsification of income information which forced consumers into unaffordable commitments; incomplete disclosure of associated costs; brokering firms which charged a fee to secure bond finance which was not reimbursed if the application failed; excessive deposits

which were not refundable on failure to complete the house; the collection of deposits by non-approved estate agents which were rarely seen again; and the sale of sites to squatters where the land was not owned by the seller. *B/D 2/14/57*

The task force also called for an in-depth investigation into monopolies and over-concentrations in the building material supply industry.

It said government should consider relaxing import controls and lowering tariffs

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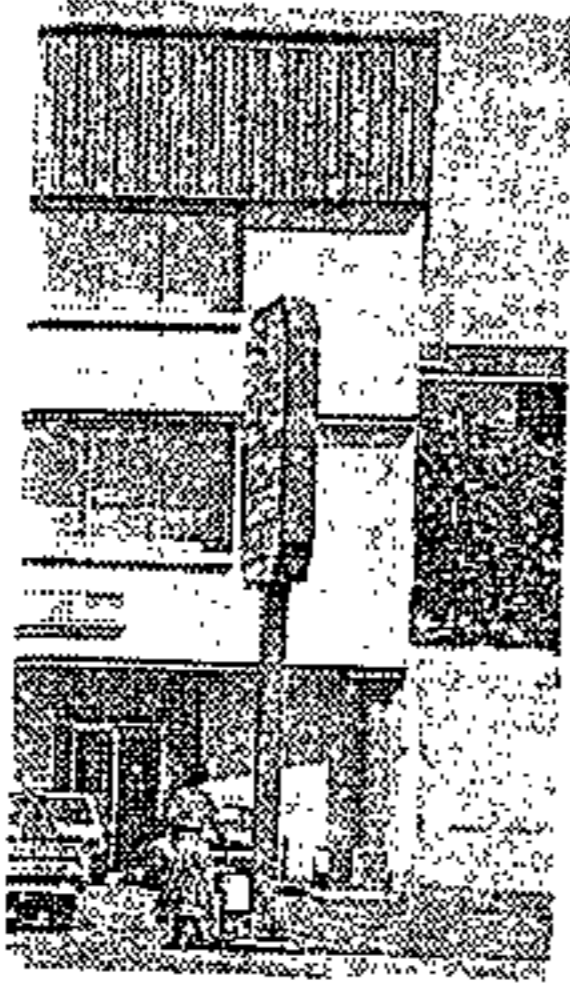
on building material to promote domestic competition.

In many instances, building material could be imported at much lower costs compared to the locally manufactured product if no tariff protection measures existed.

A superficial analysis of the suppliers' profit records indicated a continual improvement.

This indicated a pricing policy in terms of which prices were adjusted upward to allow a supplier to maintain profit margins even when demand for a product declined, the task force said.

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New subsidy plan mooted to tackle homes shortage

123 (123) BILLY PADDOCK *B10 day 1415792*

CAPE TOWN — The De Loor task group investigation into eradicating SA's housing backlog has recommended a single housing department and single financial institution to administer policy.

The group, under the chairmanship of former auditor-general Joop de Loor, also recommended that government play only a facilitating and enabling role in housing, leaving the bulk of development to the private sector and communities.

The task group proposes that to implement the proposals and provide housing at the rate of 198 000 units a year to cope with backlogs and growing urbanisation, government will have to introduce a single subsidy scheme.

It also proposes that government increase expenditure from R1,6bn in 1990/91 to R3,5bn within three years and maintain that level in monetary terms for 10 years.

"Furthermore, it is important to find additional sources of income by means of loan capital (domestic and foreign), providing guarantees by government to support and guide private sector financial involvement in low-income housing," the report said.

A financial policy should aim to increase the housing sector's 3% share of GDP to 5%.

Poor

The recommended subsidy scheme envisages a system graduated according to income and starting with the provision of access to sites with basic services and progressing to more sophisticated alternatives with beneficiaries getting once-off capital subsidies and contributing from their own resources.

It has proposed that the scheme, with a fiscal implication of R1,8bn a year, be administered in four categories:

□ In category 1 it is suggested the scheme provide newcomers to urban areas and the very poor with site and services on a non-ownership basis but with security of tenure. Beneficiaries will be required to make monthly contributions to costs of services; and

□ The remaining three categories would be aimed at promoting home ownership among households with incomes of up to R3 000 a month. Participants will be required to contribute cash deposits of 10%-20% of their annual incomes as well as regular monthly instalments.

The report proposed category 2 beneficiaries be provided with site and services and technical assistance during building. Categories 3 and 4 beneficiaries should be given one-off grants of R7 000 and R6 000 respectively.

The National Housing Department should have overall control over the assistance scheme with funds for category 1 coming from central government and administration and provision of sites and services being undertaken by second- and third-tier authorities.

Funds for category 2 should be provided to the Housing Finance Corporation by the department while the balance should be mobilised from private sector sources.

SOUTH Africa could satisfy two pressing needs if government and the private sector changed their views on housing and investment, and acted swiftly.

This would alleviate the desperate housing shortage and the blossoming of squatter camps caused by rapid urbanisation; and it would also give a substantial injection to economic growth.

This is one of the main findings of the De Loor task group's investigation into housing whose report was published yesterday.

Government's White Paper on Land Reform earlier acknowledged that widespread and increased urbanisation was inevitable. The task group report states that about 198 000 housing units a year have to be built in the next 10 years to deal with this.

Under the chairmanship of former auditor-general Joop de Loor, the task group of experts says it is generally accepted that a properly functioning housing sector would contribute substantially to alleviating some of SA's economic problems.

"Housing can play an important role in generating income and employment opportunities, and it can encourage people to save. Furthermore, investment in housing need not be inflationary."

Thus far the housing sector has not functioned optimally and, especially in the low-income segment, housing has often not been regarded as an economic commodity. This perception has led to a negative impact on the entire housing market and on the savings and consumption patterns of individuals, the report argues.

State expenditure and commitment to housing is also very low, which helps perpetuate this perception. Budget appropriations for housing and housing-related matters in 1990/91 totalled a mere R1,6bn or 2.1% of expenditure. In spite of rapid population growth and a high urbanisation rate the contribution of housing to the economy had remained almost constant during the '80s.

Over the entire period, investment in housing as a percentage of GDP was far lower than in other countries at the same stage of development —

Investment in housing will bring jobs and aid growth

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BILLY PADDOCK in Cape Town

running at below 3% and some years as low as 2.6%, according to the World Bank — indicating there was ample scope for increased investment in this sector.

"It is consequently essential that investment, especially in low-income housing, should be substantially increased and that total investment should be normalised around 5% of GDP," the task group says. There is also a need to increase its portion of the Budget, and to make more productive use of the existing budgetary amounts.

It opposes classical development theory which assumes that industrial development leads to urbanisation, and that the market would provide for additional housing requirements.

The report says all serious students of housing accept that sustainable provision of acceptable housing creates large measures of social stability, while at the same time providing important income and employment opportunities.

"As stated by the World Bank, it is generally agreed that for the economy and for cities to function well the housing sector must function well."

Apart from the direct effect on income and job creation, construction has strong indirect effects through backward and forward linkages.

Backwards, it is linked to building material industries, to products such as stone, cement, bricks, glass, steel

and processed wood. The forward linkages are less obvious, but homeowners are strongly motivated to purchase furniture, equipment and other fixtures which may have a strong effect on many industries.

The World Bank had estimated that the income multiplier for housing construction is about two. In Korea, about 14 additional jobs were

created for every \$10 000 invested. Similar figures prevailed in Pakistan, India and Mexico, the report states.

There are other, less tangible, employment benefits. Investment in housing is particularly well suited to absorbing labour resources.

Newly arrived migrants often work in construction, where a large majority of workers are unskilled, and they use this as a launching pad to other opportunities in the cities.

The task group found that the labour-absorptive capacity of SA's economy had assumed daunting proportions.

In the period 1965 to 1970, the capacity was 73.6%, from 1970 to 1975 it dropped to 62.7% and thereafter it dropped drastically to 12.5% in the period 1985 to 1989.

The construction of low-income housing on a stage-by-stage basis allows labour to be used incrementally. Countries adopting a wide range of self-help, mutual-help and hired-labour methods had benefited from the flexibility enabling houses to be built at nights and over weekends.

Another advantage of investing in low-income housing is that most of the industries it is linked to require minimal imports during the first phase and this provides potential for contributing to development and growth that would otherwise not be possible, it states.

De Loor argues that every R1 invested in the housing sector

through deficit financing would lead to an increase of about R2.70 in the GDP, whereas the increase would be 28c if it was done through increased taxation.

Using the work of the World Bank reconnaissance mission, the task group says there is a reasonably well-functioning housing market in the higher income brackets in the white segment, but not in the lower income segments. This has led to persistent housing shortages, poor quality housing, overcrowding, high home prices, a general unwillingness to spend or invest in housing, and undercutting of the revenue-generating potential of residential property in those areas.

The commission concludes that for housing to make this substantial contribution, a change in the composition of government expenditure in favour of housing is required. This would lead to a redistribution of income and changes in demand patterns which bode well for economic growth and job creation.

To succeed in this venture, the housing sector should be integrated into the market economy and a more balanced approach adopted.

"However, housing expenditures alone could not lead to permanent long-term growth. Attention should also be given to programmes such as the promotion of small business development and the provision of education and training," the report states.

Deregulation, commercialisation and the employment of sound policies which strengthen market forces and provide access to opportunities are all strategies needing strong promotion and high priority.

In spite of the sound proposals contained in the report and the laudatory comments from politicians across the board on the report, government has not accepted it and has said it will not result in a White Paper or direct implementation.

Local Government and Housing Minister Leon Wessels yesterday said that, because the report was not a result of widespread consultation with extra-parliamentary political groups and the "main players", it will be used as input for discussion, possibly going to Codesa. It will be buried along with the other 33 inquiries into housing since 1970.



□ DE LOOR

Foundation stone for new SA on solid ground

STAR 14/5/92

123

A UNIFORM, non-racial, market-oriented policy with maximum private-sector participation and community involvement under the jurisdiction of a single National Housing Department forms the cornerstone of the De Loor Task Group's proposals on a policy and strategy for housing in South Africa.

The 400-page report was officially presented to Minister of National Housing Leon Wessels yesterday.

The report says it is clear that Government spending on housing should be increased from the present R1,6 billion for capital expenditure to about R3,5 billion and be sustained over the longer term.

The target should be to increase the housing sector's present share of less than 3 percent of gross national product to about 5 percent.

A new structure of one-off housing subsidies has been proposed which would cost about R1,8 billion a year.

A housing assistance scheme is recommended which is graduated according to income and would start with providing access to a site with basic services. It would progress to more sophisticated alternatives, with beneficiaries receiving a capital subsidy and as well as making their own contributions.

Private-sector finance is vital and without its involvement, it would be impossible to catch up the backlog, increase the share of housing to about 5 percent of GDP, and effectively link the housing sector to the market economy.

All private-sector initiatives must be encouraged and supported and the public-sector agencies involved in the low-income mortgage finance market must remain active.

The use of potentially vast resources of SA Special Risk In-

The De Loor report on housing in South Africa was released in Parliament yesterday. Here are some of the findings and recommendations of the 400-page report.

Insurance Association, life offices, pension funds and stokvels should also be looked into.

The establishment of a new banking institution, the Housing Finance Corporation, to support the new National Housing Department is imperative. The structure of the Development Bank of Southern Africa should be used to accommodate the proposed corporation.

There are serious problems in the management and administration of housing development funds in Government departments, and it is recommended that all eight central Government housing-related development funds be dissolved and their fixed assets liquidated "to the best advantage of the State".

All the housing funding responsibilities of these departments should be transferred to the National Housing Department and the Housing Finance Corporation.

The provision of welfare housing is an important government function but is not part of housing policy and strategy. It is recommended that the responsibility for capital projects be transferred to the relevant welfare departments.

In regard to two other funds involved in housing finance, it is recommended that the Economic Co-operation Promotion Loan Fund should abstain from financing any projects in the TBVC states. Capital obtained

from the proposed Housing Finance Corporation and the Local Authorities Loans Fund should be transferred to the proposed Housing Finance Corporation.

Some other important principles in the report are:

- Savings from duplication elimination would mean that additional taxation should be unnecessary.

- To cut through red tape to achieve objectives more quickly and at a lower cost by removing or amending many complicated and time-consuming regulations.

- To create a system of quick and effective land provision and advance planning.

- That the private sector "be brought back to play its proper role", with the role of Government being to facilitate, enable and provide infrastructure.

- To depoliticise housing because progress is hindered by strife and disharmony.

- To ensure that the lowest income groups get the most help and that the entire household, as opposed to the main breadwinner, be looked at.

- Absolute security of tenure.

- Densification and better use of the basic infrastructure in cities so that new housing need not necessarily require new infrastructure.

- A subsidy scheme to benefit the household and not the developer.

The report stresses that the ideals for a National Housing Department cannot be fully realised before a new constitution has been negotiated.

"It is, nevertheless, possible to agree on interim steps where constitutional constraints delay the immediate realisation of longer-term ideals.

"A variety of improvements in the present system can be undertaken without any constitutional implications." — Sapa □

Homes crisis: New strategy unveiled

(123)

Developers 'exploited'

poor people

Political Staff

WIDE-RANGING exploitation and malpractice by some commercial housing developers among low-income people had led certain communities to challenge the role of the private sector in providing houses, the De Looor Task Force said yesterday.

Protection

Many low-income families who had had no experience in the formal market were all too often exploited, the force said in its report on proposals for a housing strategy.

More effective consumer protection and advice had to be provided without inhibiting the normal market economy.

Single dept suggested

Political Staff

THE De Looor Task Force has recommended a single housing department and a single financial institution to administer policy.

The group, under the chairmanship of former auditor-general Dr Joop de Looor, also recommended that the government play only a facilitating and enabling role in housing, leaving the bulk of development to the private sector and communities. It proposes that the government introduces a single subsidy scheme.

By BARRY STREEK
Political Staff

A FAR-REACHING strategy to deal with South Africa's housing crisis, with an estimated shortage of 1,3 million homes, was unveiled yesterday by the De Looor Task Force, the 34th official inquiry into housing since 1970.

The massive 409-page report calls for a single department of national housing, one housing finance corporation and the elimination of racially separate housing departments and institutions.

The Minister of Local Government, National Housing and Public Works, Mr Leon Wessels, said the report was an important input into the housing debate and would be used as a basis for negotiation.

However, the government would not adopt a housing policy unilaterally and he did not intend to reach agreement with all groups in housing.

The government had submitted a proposal to Codessa on a council for housing and hoped fully there would be clarity on this by the end of the week.

Mr Wessels added: "The housing field, at present is deeply polarised. Because of history we are not making progress. We want to make progress."

One member of the task force, Dr Ntatho Motlane, said that at the moment no housing was being built for blacks, mainly because of confusion

Apartheid caused bungling of housing, says task force

Political Staff

RACIALLY separate government and institutions, particularly in housing finance, have been slated by the De Looor Task Force on housing.

It revealed that this had led to duplication, mismanagement and inefficiency in bureaucratic attempts to deal with the housing crisis in South Africa that had led to a shortage of 1,3 million homes. The group said in its report,

about the subsidies, and he urged that interim measures be introduced as a matter of urgency before a constitutional settlement was negotiated.

The chairman of the task force, Dr Joop de Looor, said 198 000 houses would have to be built every year to eliminate the backlog, and government spending on housing should increase from R1,6 billion to R3,5bn.

The Democratic Party MP for Pinelands, Mr Jasper Walsh, said the DP regarded the report as a major contribution to meeting the housing challenge in South Africa.

In its report, the task force said:

● A housing assistance scheme, graduated according

released yesterday, that a significant re-organisation was called for and it recommended the creation of a single department for national housing and one housing financing corporation.

It said many existing institutions were the legacies of separate development, and mentioned the "wasted expenditure" caused by duplicated and unco-ordinated activities.

to income, should be introduced as soon as possible and should replace all existing subsidies, with the exception of that for farmworkers.

● The scheme should be divided into four categories, starting with the provision of a site with basic services being made available on a non-ownership basis but with secure tenure and an option to purchase at a later stage.

● More efforts would have to be made to allow everyone to contribute towards amenities and housing for lower income groups and to move to a system of a one-city-one-tax base.

● The proposed Housing Finance Corporation (HFC) should be established to support a new national housing de-

partment once state housing funds were dissolved.

● The provision of houses, flats and rooms for rental should be left to the private sector and to local authorities who wished to provide accommodation with their own financial resources. The Rent Control Act should be phased out as soon as possible and the Sectional Titles Act should be reviewed in an attempt to simplify the sale, ownership and management of sectional title units.

● New measures to gain community support for township establishment were required.

● Housing, if approached in the proper manner, could contribute significantly to relieving unemployment and other economic ills in South Africa. A policy which overemphasised the unrealistic elimination of backlogs and the finance required to address these backlogs would not succeed.

● Community involvement, market principles and thorough restructuring of racially-based institutions were key proposals for a future national housing policy. There was a great deal of room for improvement in the current housing institutional framework.

● The breakdown in law and order had led to a collapse in the normal functioning of the housing loans market and an inability to enforce the legal consequences of non-payment.

ET 14/5/92

BOE cuts home loan rate

TOM HOOD, Business Editor

123 ARG 15/5/92

HOME loan rates are to be cut by one percent to 17 by The Board of Executors — a move strengthening speculation of an all-round cut in lending rates.

As the recession deepens, a drop in demand for credit has left banks awash with funds and short-term rates are on the slide.

According to the Board's economist, Mr Rob Lee, a one percent cut in the Bank Rate is on the cards for July or August and another one percent reduction before the year-end.

A cut could come sooner if the Reserve Bank establishes that the underlying inflation rate is below 15,7 percent, Mr Lee believes.

The Board lends only on properties worth more than R500 000 in selected suburbs and the minimum bond is R250 000.



Conradie

Senior GM Johan de Ridder, speaking for MD Wallie Conradie, says no more than 600 houses are being built monthly and he sees this dropping to a mere 200. "Should we reach that figure, it is expected that big cuts in staff

will be made."

The trust started in 1987 with funds of R400m in interest-free loans from government, followed by an additional R45m and government guarantees for R800m to be raised from the private sector. De Ridder says: "The group's total capital base is largely contracted to long-term loan obligations. The implication is that further growth is being limited. But there is no talk of insolvency."

He feels that added funding from government is essential to carry on with the granting of loans because the private sector has abandoned the low-cost housing market. He denies that weak management decisions, a lack of technical control and vast increases in spending on overheads by the trust's managers are to blame for the crisis.

"The fact is that business volume has decreased considerably because the trust is unable to sustain its own development activities coupled to long-term loans for home buyers. As a result, there has been pressure on the trust's current income sheet, like all other businesses dependent on sales volumes to maintain the necessary profit margin," De Ridder says.

In 1989 Simon Brand (who died recently), then trust chairman, foresaw problems. Brand wrote: "The cumulative effect, over the four-and-a-half years since inception, of product quality problems experienced as a result of supporting emerging smaller builders, insolvency of small construction companies . . . compelled the board of directors to be conservative in making provisions for potential losses."

Inside sources

He warned that unless an appropriate funding solution was forthcoming in the short term, the activities of the trust would have to be drastically curtailed.

De Ridder says that about R9m will have to be spent on repairs as part of the programme to support small builders. But he denies that a total figure of R47m (mentioned by sources inside the trust) has been budgeted for repairs in the low-cost housing market.

But there is one incident where the trust footed the bill after defective work had been done by a construction company. De Ridder says the trust felt morally bound. It paid about R2m for rectification work due to poor workmanship by a contractor, Domenico, and has also lost R400 000 it lent without guarantees to the company when it was in financial trouble.

Former Domenico MD Nic Opperman later joined another company, Ardito, as an executive and Ardito has since been awarded a major contract by the trust. De Ridder confirms this but blames the "unauthorised action of a specific (trust) official" for the allocation of the contract to Ardito.

"The allocation was at such an advanced stage when it became known to management that it was impossible to withdraw the contract," explains De Ridder. He says it has been decided not to allow such allocations in future.

The *FM* also put it to De Ridder that, when rectification work was done to houses built by Domenico at Tumahole near Parys, the trust building inspector overseeing the work was the father of the developer. The same happened in Kroonstad where the father and son involvement was again questioned by the *FM*.

De Ridder admits this but says the work at Tumahole has not started. In Kroonstad the trust staff "had unfortunately refrained from taking the necessary action which could have avoided a possible conflict of interests." He says, however, no irregularities took place.

Eddie Boiha

HOUSING ~~123~~ ~~123~~ Building on sand

FM 15/5/92

The SA Housing Trust, main player in the field of low-cost housing, is now almost incapable of doing its job. Its capacity to grant long-term loans has diminished considerably now that major financial institutions are keeping funds away from low-cost housing. The future for millions of homeless blacks is bleaker than ever.

Finance Houses answer critics ⁽²³⁾ on R10 houses

AGT 15/5/92

Staff Reporter

FINANCIAL institutions have reacted on the practice of buying houses for nominal sums when borrowers default on bond payments.

They say criticism of banks and building societies repossessing houses, buying them for as little as R10, selling them at a profit and still holding defaulters liable for their bonds is a misrepresentation.

A spokesman for United Building Society said financial institutions had problems with people abusing bonds.

In many cases people simply refused to pay instalments, lived in houses for up to nine months without paying a cent and vandalised them when building societies or banks insisted on payments.

"When people cannot meet their bond payments, we normally discuss it with them and try to find a solution. If it is clearly impossible for them to pay, we normally suggest the house is sold.

"But in many cases people simply stay on without making

any effort whatsoever to pay anything.

"We then take legal action and the Messenger of the Court attaches the house and there is sale in execution."

The spokesman said a reserve price was normally put on a house, but if nobody bid, the financial institution was forced to.

"The financial institution has to sell the house to get its money back, but in 90 percent of cases we do not get back even the outstanding bond because houses are terribly neglected by that time.

Absa (Amalgamated Banks of SA) normally wrote off the outstanding bond when the house was sold for less, a spokesman said.

"Let there be no doubt, we are legally entitled to claim back the outstanding bond. But in most instances people who default are not in a position to pay.

"I want to stress that we will never hold a person liable for a bond if we have recovered the money owed to us by selling the house."

"It is worrying that certain unscrupulous people buy houses, default on instalments and live in them for up to nine months before they are attached.

"In such instances, even after selling the house, we could and on merit would hold the buyer liable, even if it is for a reduced amount. If not people would carry on abusing the system."

Mr Anton Fourie, a spokesman for First National Bank, said the bank was within its rights to hold buyers liable for outstanding bonds even after buying back houses and reselling them.

"The sad fact is that by the time we get the house back, in most cases the carpets have been ripped out, taps removed, toilets removed and so on.

"But we handle every case on merit. Obviously we will not hold people liable for their full bonds after selling their houses in cases where they simply could not make payments. But we are within our rights to do so if we feel it is warranted."

Ship ...

Board cuts home loan rate

123

By MAGGIE ROWLEY
Property Editor

RELIEF for home owners could be imminent.

Leading the way is the Board of Executors (BOE), which last night announced a one per cent drop in their home-loan rate to 17% for their selected borrowers, as of June 1. CT 15/5/92

Mr Philip Biden, executive director of the BOE, which entered the home-loan market in January this year, said they had a relatively small mortgage book of about R20 million for their portfolio clients, which put them in a different market from major home-loan players.

"As such we are unlikely to spark a bond-rate war among institutions, but short-term wholesale rates have been down sharply this week — the call rate is down at least 0.5% to 0.75% — indicating that a drop in interest rates, including prime, could be imminent," he said.

Other market sources said as liquidity in the market was strong and bank margins were good,

To page 3

crack of dawn



From page 1

Rates 123

financial institutions might just go ahead and drop home-loan rates ahead of a drop in the prime rate, as they did two months ago.

"It is possible they might just take it on the chin. In fact, I would not be surprised if at least one major institution does not make an announcement to this effect at the close of business today (Friday)," said a reliable source.

Mr Trevor Olivier, assistant general manager (mortgage lending) at the NBS, said it was difficult to speculate on interest rates. CT 15/5/92

"However, given that the prime rate is no longer the main indicator of interest-rate levels in the market — having been superseded by short-term wholesale rates on the one hand, and a new Minister of Finance who might be looking to stimulate the economy on the other — there is a strong possibility of interest rates dropping in the near future.

"We will be watching the situation closely and if other institutions move we will remain competitive."

Programme for blacks urged

Bl Day 15/5/92.
PRETORIA — A black housebuilding programme on the scale recommended by the De Loor task group could help lift the building industry out of its two-year slump, Building Industries Federation (Bifsa) economist Charles Martin said yesterday.

He was commenting on the task group report in which chairman Joop de Loor recommended that 198 000 houses should be built a year for the next 10 years to eliminate the backlog.

Spending on housing would have to be increased to R3,5bn a year to finance the programme, the group recommended.

Martin said the effect on the building industry would depend on how much of the allocated funds was earmarked for site and service development and how much for actual housebuilding contracts.

A large-scale building programme could initially result in a major materials shortage as there had been little capacity expansion because of the recession.

Martin said the shortage of skilled labour could also be a problem if the industry had to expand to meet such a large building programme.

123
GERALD REILLY

Martin added that a large-scale housebuilding project would also have to take off gradually if highly inflated costs were to be avoided.

Latest Central Statistical Service figures show that in the first quarter of the year, building plans passed rose by just 2,1% to R2,78bn compared with January to March last year.

Martin said activity in the industry could come down further in the short term and an upturn was unlikely until mid-1993.

The CSS said the value of non-residential buildings passed plunged by 25,8% to R766,3m.

This, Martin said, reflected the saturation in new office space and the fact that institutional money was going elsewhere.

The big increase in plans passed for flats and townhouses of 54% to R340,7m indicated a drift of families from houses to more secure and possibly cheaper community lifestyles. This was also borne out by the small (8,7%) increase in the value of plans for houses (to R878,2m).

R 300m to upgrade hostels

CAPE TOWN — The condition of hostels was unacceptable and government was making R296,6m available in the 1992/93 financial year for their conversion and upgrading, Local Government and National Housing Minister Leon Wessels said yesterday.

He also said that, given the right circumstances, all South Africans could be adequately housed within 10 years.

During debate on his budget vote, he said this hostel upgrading would be done through consensus among all interested parties.

Government, with the provincial administrations, was also going to institute a mechanism to co-ordinate urbanisation.

He said regulations would not prevent people from coming to the cities. "The dynamics of urbanisation have washed over the ideology of apartheid."

He had been stunned by the dignity and goodwill encountered among squatters. Squatters were SA citizens with human needs, he said.

There was a need for a long-term housing vision that would enable all South Afri-

(123) cans to obtain a formal house of adequate size, in a safe, healthy residential environment and reasonable access to the workplace. Urban sprawl had to be contained and work had to be done on increasing the density of cities.

"Given the right circumstances this vision could become a reality within 10 years," he said.

A viable policy on housing should be based on the principle that it be accessible and equitable for all legal residents.

It was not possible to overemphasise the importance of community involvement and the private sector would have to contribute more. He did not want to be unnecessarily aggressive, but one of the reasons why this was not happening was that there were still people who propagated sanctions and a ban on international loans.

The institutional setup was fragmented and confused and drastic steps had to be taken to rationalise it.

It was essential that non-racial local authorities be established as quickly as possible so housing could be planned and executed effectively. — Sapa.

Housing progress labelled pathetic

STAR 15/5/92

The De Loor Commission on Housing which was released this week focused on low-cost housing and attracted more than 40 top local speakers as well as several hundred delegates from as far as Swaziland, reports
SHIRLEY WOODGATE.

THE release of the De Loor Commission on Housing report this week backs up widespread dismay over the existing situation, expressed at the recent National Association of Home Builders' (NAHB) annual housing conference.

"Pathetic" was how outspoken NAHB chairman Gavin Hardy labelled progress in the provision of housing. Only 20 000 units were delivered last year, when 200 000 were needed annually merely to keep pace with demand, he said.

The frustration of the delegates was typified by a groundswell of response to National Party MP Dr Dries Oosthuizen's invitation to the private sector to put proposals to the Government.

"What do you think we have been doing for the last couple of years," they responded angrily.

There were denials that the various organisations involved in housing were at loggerheads.

Everyone at the conference stressed the need to involve the State, the private sector and the community itself.

But there was an uncomfortable stir when Ian Fraser of Bison Board asked why no representatives from the community were present.

Then Development Bank of Southern Africa MD Johan Kruger said a major deterrent to private-sector involvement was the confusion created by the proliferation of housing departments in the four TBVC states, six self-governing territories, four own affairs departments, four major parastatals, as well as a host of other players including regional services councils and the Department of Water Affairs — each with its own housing policy.

"That is the real constraint — not finance, where R6,8 billion has been made available by the private sector and financial institutions."

Despite that injection, the country faced its biggest crisis in housing provision, he said.

Speaking before the release of the De Loor report, Mr Kruger, a member of the De Loor task team, called for the removal of housing from the political field and, as a last resort, financial intervention even if it was necessary to provide subsidies for up to 76 percent of the population. □

123 349

Cash boost to upgrade hostels

CAPE TOWN — The condition of hostels was unacceptable and the Government was making R296,6 million available in the 1992/93 financial year for their conversion and upgrading, Minister of Local Government and National Housing Leon Wessels said in Parliament yesterday. Speaking during de-

bate on his budget vote, he said the Government, with the provincial administrations, would also institute a mechanism to co-ordinate urbanisation.

STAR 15/5/92 — He had been stunned by the dignity and good will found among squatters. They were SA citizens with human needs, he said. — Sapa.

we

Report 'a good start to housing debate'

CAPE TOWN — The De Loor task group's report should be regarded as a major input into the deliberations of the soon to be formed National Housing Forum (NHF), which provided the best opportunity for the establishment of consensus, an Independent Development Trust (IDT) statement said yesterday.

"The report should be seen as the start and not the end of the debate," IDT communications director

Blom 15/5/92
LINDA ENSOR

Jolyon Nuttall said.

He said it was unlikely the De Loor recommendations would be given effect within the next 18 months to two years and efforts by the private and public sectors to address housing needs should be strongly supported in the interim.

Nuttall said the IDT had reservations about the fact that in terms of the report the poor would be afforded a lesser opportunity to acquire the benefits of ownership and full tenure than for example in the IDT scheme. The IDT also took issue with the suggestion that serviced sites could be produced at a cost of R4 500 per site, regarding this amount as inadequate.

Meanwhile ADRIAN HADLAND reports that the

Civics Association of Southern Transvaal (Cast), has rejected the report and urged government to return to the NHF (123)

General secretary Dan Mofokeng said yesterday commissions were incapable of persuading government to implement housing proposals.

He said government had not addressed the question of land ownership. "In order to redress the legacy of apartheid, free land must be provided for people to build their own houses."

Mofokeng said Cast believed the R3,5bn proposed by the report was inadequate.

Seeff Organisation chairman Lawrence Seeff criticised the report for failing to address the issue of funding for end-user purchasers of houses.

Talking the risk out of housing

11/25 16/5/90

(123)

MARC HASENFUSS

Business Staff

THE De Loor report on a "National Housing Policy and Strategy" has recommended a number of strategies to alter the negative risk and profit perceptions of private sector financiers.

Township violence, rent and land repayment boycotts are still deterring significant investment in developing affordable housing in poor communities.

The De Loor report says schemes like the Group Credit Scheme (GCS) and the Home Loans Guarantee Scheme (HLGS) — as implemented by the Urban Foundation and the Independent Development Trust — are potentially viable ways of overcoming these problems.

The report recommends the GCS and HLGS be supported by all government and government-funded institutions and that special efforts be made to refine such schemes.

A special investigation should also be launched into the possibility of utilising the assets of the South African Special Risks Association (SASRIA) as a guarantee instrument in insuring appropriate risks such as rent or land repayment boycotts.

Another recommendation is the possibility of establishing an unemployment relief

De Loor report looks at ways to aid financiers

fund for unemployed persons unable to continue their bond repayment.

The report also urges public sector institutions should remain active in the low income mortgage finance market until the private sector can be motivated to assume full responsibility.

"The efforts by life offices and pension funds to channel a portion of their vast resources into low income housing should be encouraged."

An investigation should also be launched into the possibility of issuing special housing stock at market related rates with the view to attracting funds from life offices and pension funds.

"The future role of stokvels in the financing of low income housing is regarded as having great potential"

The report recommends official recognition be given to the role of the stokvel organisation in satisfying part of the housing financing demand.

●Commenting on the De Loor report, Lawrence Seeff, chairman of the Seeff Organisation described the task force on housing's proposals as largely "a restructuring of the existing cumbersome housing structure."

"The architects of the new proposals may have meant well," Seeff said, "but they fail to address the real problems — precisely who is going to fund end user purchasers?"

"There's evidence of enough goodwill, locally and overseas to make available huge amounts for this type of housing, but what is far from clear, is how the funds are to be secured given the risks inherent in this low cost market."

He said the task force had made a few positional changes but the game and the players appeared to be essentially the same.

If government wanted the co-operation and participation of the private financial institutions then it had to be far more definitive in its plans to securitise private sector funding.

"As well as their social obligations, financial institutions had responsibilities towards their shareholders and they were unlikely to jeopardise these in favour of any scheme which lacked cohesion or credibility," Seeff pointed out.

Urgent calls for housing 'Codesa'

123 CT 16/5/92

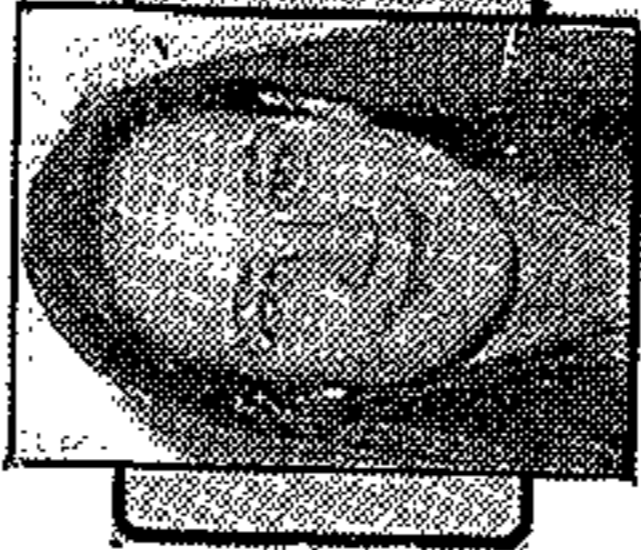
CALLS for a housing "Codesa" greeted the release of the long awaited De Loor report on the provision of housing in SA this week.

The more than 400-page De Loor Report is the product of two years hard labour by chairman of the commission of inquiry, Dr Joop De Loor and his team.

The one major flaw which is preventing it from being more than a discussion document is that extra-parliamentary groupings were not consulted in the formulation of the brief and were consequently reluctant to participate in its compilation.

This has been recognised by both De Loor and the government with Minister of Housing, Leon Wessels, stating that the government did not wish to formulate a housing policy and a strategy unilaterally but to engage in a series of discussions with key players in the field.

As such about 300 copies of the document have been circulated, with interested parties invited to attend "information sessions" with the De



Property Perspectives

by MAGGIE ROWLEY

Loor team.

In tandem with this, Wessels, who conceded that little progress had been made on the housing front due to political conflict, said he would embark on a series of discussions with key political actors in the housing field.

He said one of the options being considered was the possibility of referring the matter to a preparatory council on housing and urbanisation at Codesa in order to engage the widest possible field.

In response to Wessels' comments and the release of the report, both the National Association of Homebuilders (NAHB) and the South African Property Owners Association (Sapoa) called for a housing Codesa of all concerned parties so a Housing Accord, on the same lines as the Peace Accord could be achieved.

Daan Roelvert, NAHB executive director, said the industry was deeply concerned about the housing crisis particularly as all development in the low income market was at a virtual standstill.

"We question whether the housing issue is high on the agenda of the state or the extra-parliamentary groupings.

"Violence, lack of bond finance and unemployment are the major issues causing millions of homeless people misery while the industry is grinding to an unacceptable halt."

While the ANC has not yet made any official response to the De Loor document, from its draft housing policy document it would appear that there are areas of common ground.

CT 16/5/92

Loan rates: Banks waiting

MAGGIE ROWLEY
Property Editor

AS speculation abounds that a drop in home loan rates can be expected shortly, major institutions said yesterday they were "monitoring the situation" carefully.

This follows the Board of Executors' move late on Thursday to drop their home loan rate by 1% to 17% for select clients.

"We don't have any immediate plans to do so," said Mr Duncan Reeke, Standard Bank's senior general manager, home loans, "but we are keeping a careful watch on the situation."

Absa (Amalgamated Banks of South Africa), which is undergoing a major retrenchment programme, is unlikely to be the first major player to move, industry sources said.

However an Absa spokesman said they too were keeping a close eye on developments.

Mr Neil Swart, a spokesman for First National Bank, said they had no plans to drop rates within the next month unless forced to by major competitors.

The Board of Executors (BOE), which entered the home loan market in January this year, has a relatively small mortgage book of about R20m catering for clients at the top end of the market.

Mr Philip Biden, BOE's executive director, said as they were in a different market to the major players they did not expect to launch a bond rate war.

"However, all the signs signal that a drop in interest rates, including prime, is imminent," he said.

Nat housing report scrunched by high black hopes in coming n

DE LOOR VER

By COLETTE CAINE

THE best thing that can be said about the government-commissioned De Loor task group's proposals on housing policy is that they won't be implemented.

When the former auditor-general was appointed head of the commission 18 months ago, the government hoped to use his findings as the basis for a policy on housing to address the country's housing crisis.

Now, with multiparty interim government on the horizon, the National Party will not be deciding housing policy alone.

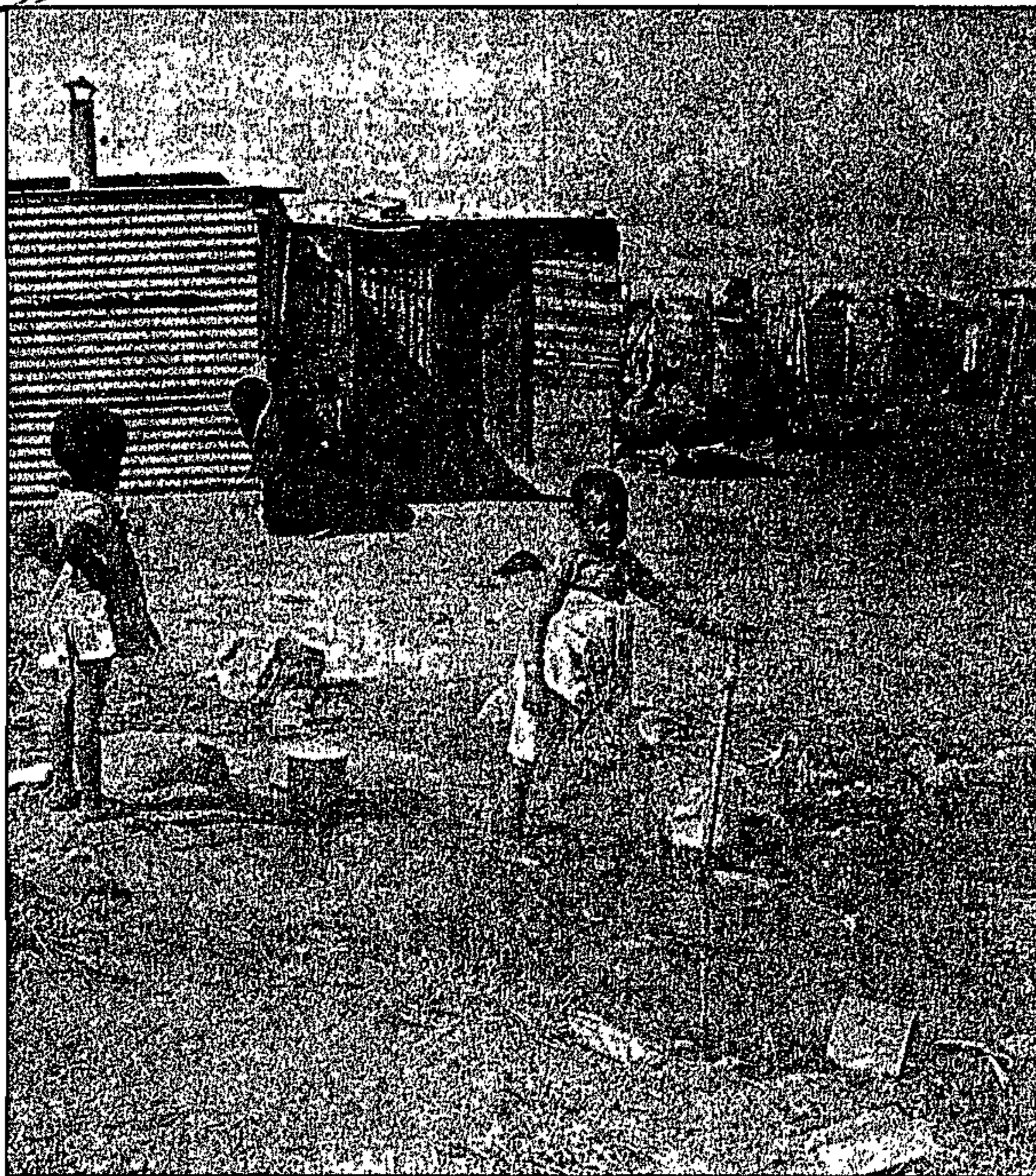
De Loor's report will be submitted to the Transitional Executive Committee, and forums reporting to it, as just one of the parties negotiating a housing policy to address the crisis created by the government's non-policy on black housing.

De Loor's proposals have already been rejected as unacceptable and out of touch by organisations which will influence future housing policy.

While some of the recommendations in the 400-page report incorporate what community and political organisations involved in housing have been calling on the government to do for years, the report as a whole has been harshly criticised for perpetuating apartheid policies and creating instant - albeit legal - slums.

Proposals in the report are:

- One National Housing Department to replace the present eight government housing departments;
 - A housing bank to support the housing department;
 - An increase in government spending on housing from - R1,6-billion to R3,5-billion;
 - A graduated subsidy scheme for households with income of less than R3 000 per month.
 - Legalised informal settlements;
 - Government-supplied bulk infrastructure;
 - Cutting red tape in government departments;
 - The transfer of all council houses to tenants.
- One of the cornerstones



NO SHELTER ... The report offers little in way of alleviating the ballooning black slumlands.

of De Loor's proposals is private sector provision of housing at all levels.

While criticising the role of the private sector to date - especially the high-priced building materials industry and unscrupulous housing developers - De Loor wants to see private enterprise taking full responsibility for building the 1,3 million homes backlog and for housing in the future.

CAST general secretary Dan Mofokeng said the civic movement rejected the De Loor report as "a waste of taxpayers money".

Mofokeng said the proposals "entrench apartheid and are yet another failure by the government to address the housing crisis seriously."

He said the government withdrew last year

from the National Housing Forum and pursued its own out-of touch investigation through the De Loor task group, which did not consult people affected by their proposals.

"CAST rejects De Loor's graduated subsidy scheme, with households earning less than R1 000 qualifying only for tenure on a site with basic services and no assistance to build a house.

"De Loor's proposal that a future housing policy should aim at providing a four-roomed match-box house for people at the top end of the scale and a self-built shack for people at the bottom, is an insult.

"We want a future democratic government to allocate the billions presently spent in the defence budget to fund massive housing programmes.

"It will be totally unacceptable to a future democratic government to leave millions of people in corrugated iron and cardboard shacks," said Mofokeng.

De Loor says "informal housing" must be accepted as part of the solution to the housing crisis.

The report cautions against a policy which "overemphasised the unrealistic elimination of backlogs and the programmes and finance required to address this backlog."

OMHLE general secretary Keith Montsisi said his organisation, which claims to represent the views of the estimated eight million homeless people, totally rejected these proposals.

"We see shacks as part of the problem, not part of the solution. The De

Loor proposals do not change the government's present policies of creating massive, instant slums around the country housing millions of people," Montsisi said.

"De Loor's suggestion that people earning less than R1 000 should not have freehold ownership of their sites and should not get any government assistance in building their homes is unacceptable to the majority in our country," he said.

"It is the birthright of every South African to have a house, and it is the duty of the government to see that all its people are decently housed. If we were not spending billions on defence and promoting apartheid, we would have enough money in South Africa to house and educate all our people. We will not settle for less."

BLACK VIEW ... Living conditions like

'End local monopoly'

THE De Loor report calls for a thorough investigation into the high price of building materials and monopolies in the building-materials industry.

The report says the government should consider relaxing import controls and lowering tariffs on building materials.

De Loor says the building-materials supply industry is dominated by a few local conglomerates which are protected from foreign competition by trade barriers.

He says building materials could be imported at substantially lower cost than locally made products if no tariff protection measures existed.

How

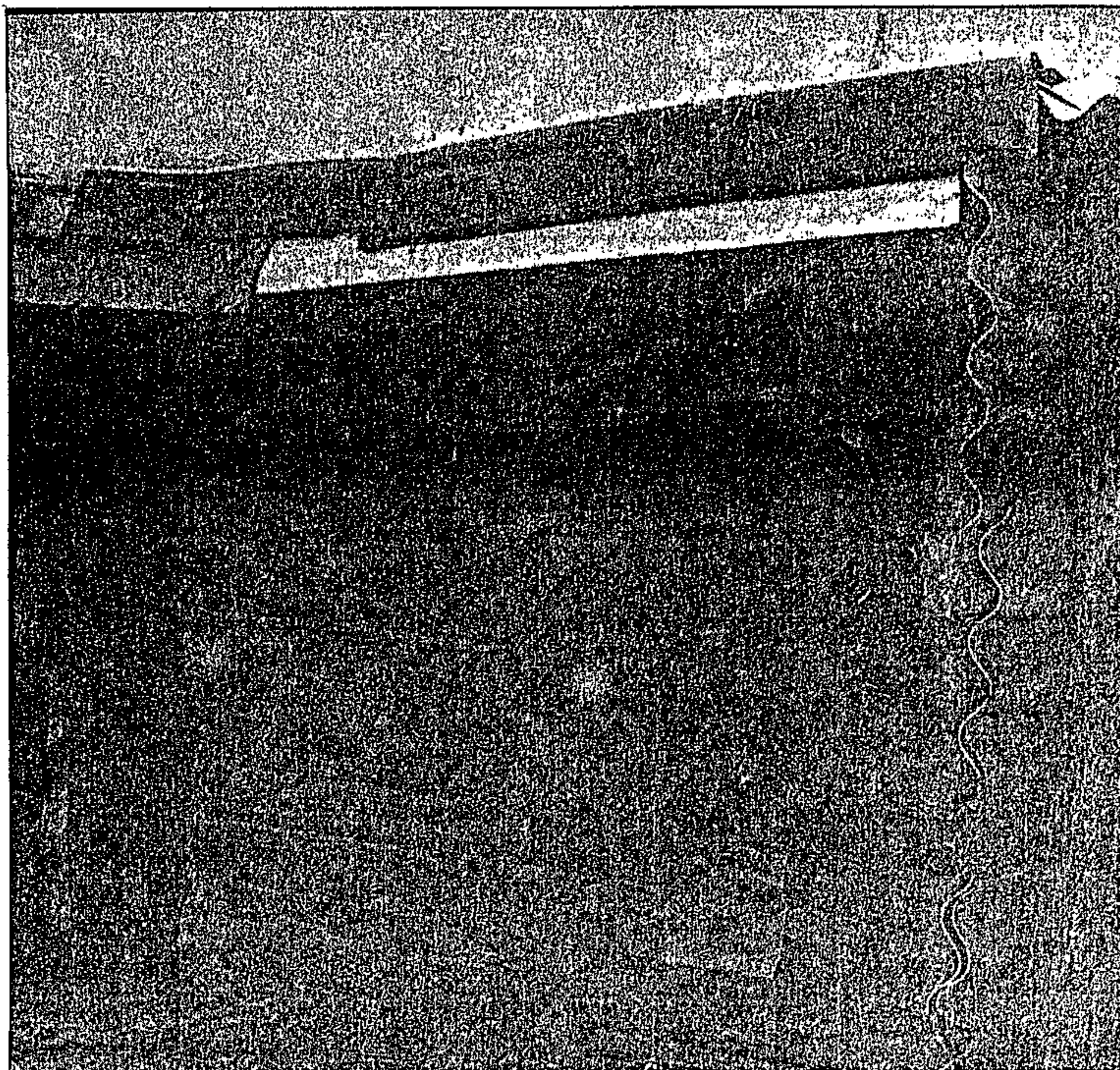
THE subsidy of a billion a year from the government would be charged monthly

Up to R1 000 - of a serviced They would charged monthly

Up to R1 500 -

Black hopes in coming new order

VERLLOOR!



slumlands.

do not the government's policies of creating instant slums the country housing of people," said. Loo's suggestion earning less 000 should not ownership sites and should any government in building is unacceptable majority in our " he said. the birthright of African to and it is the government to all its people are housed. If we spending billions and promoting we would have money in South house and education people. We settle for less."

BLACK VIEW ... Living conditions like these are fuelling powerful aspirations for massive State expenditure.

CIPREN 1715792

'End local monopoly'

THE De Loo report calls for a thorough investigation into the high price of building materials and monopolies in the building-materials industry. The report says the government should consider relaxing import controls and lowering tariffs on building materials. De Loo says the building-materials supply industry is dominated by a few local conglomerates which are protected from foreign competition by trade barriers. He says building materials could be imported at substantially lower cost than locally made products if no tariff protection measures existed.

How grants would be made

THE subsidy scheme, which would get R1,8-billion a year from the government, plus finance from the proposed Housing Finance Corporation, would be divided into four categories based on monthly household income:

- | | | | |
|----------|--|----------|---|
| 1 | Up to R1 000 - secure tenure, but not ownership, of a serviced site.
They would pay no deposit, but would be charged monthly for services | 3 | technical building assistance for a deposit of 10 percent of their annual income, plus a regular monthly instalment |
| 2 | Up to R1 500 - ownership of an informal site plus | 4 | Up to R3 000 - Cash grant of R6 000 to buy a formal house for a deposit of 20 percent of their annual income, plus monthly instalments. |
| | | | Up to R2 000 - cash grant of R7 000 to buy a formal house for a deposit of 15 percent of their annual income plus instalments. |

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BoE on its own

THE Board of Executors' cut in home-loan rates to 17% is unlikely to trigger a rate war. *STimes (B455)*

None of the bond lenders canvassed on Friday had any intention of cutting rates unless forced to do so. *17/5/92*

BoE entered the home-loan market only in January and its book is worth R20-million. Bonds of a minimum R250 000 are granted on properties worth at least R500 000. Borrowers have high net worth and many are part of BoE's customer base. This low-risk profile enables BoE to cut its rate without obliging others to follow.

~~New~~ ~~crash~~
New crash

h plan to ease black house crisis

STimes (Buss) 17/5/92

(123)

THE Government is considering a new package of proposals to encourage the R22-billion-a-year mortgage lending sector to re-enter the crisis-ridden black housing market.

The plan — contained in the De Loor Commission report released this week — involves a major initiative by the Government and private sector to mobilise finance for lower-income housing.

Among the main proposals:

● The R2,4 billion accumulated by the South African Special Risks Association (Sasria) could be used to insure financial institutions against loss from bond boycotts and political unrest.

● A special relief fund should be set up for the unemployed to help them carry on with their bond payments.

● The Government should step up its support for group credit and loan guarantee schemes.

The rescue plan has been considered by the Government and sources indicate that many of its elements are likely to be approved. However, the plan has still to be negotiated with other parties, such as the ANC, as part of a general national housing policy.

Violence

The ANC has not officially responded to the proposals, but it is believed that the report has been seen by some of its national executive committee members.

The plan for rescuing the collapsing urban black housing finance market comes amid warnings by developers and financial institutions that private-sector involvement is unlikely to increase while violence continues.

Johan Kruger, general manager at the Development Bank of SA, believes the proposals are important in persuading the private sector to engage in the lower-income market.

The De Loor Report objective is a non-discriminatory, market-related housing policy in which communities are involved.

It suggests a single housing department and financing authority, increased subsidies, relaxation of building standards and zoning regulations, greater spending, the integration of local authorities, a higher density of population in urban areas and increased employee activity in housing.

The report identifies four reasons for restricted availability of small loans: affordability, the risk of non-recovery, the breakdown of law and order and low profitability.

The report finds that the extent of defaults among those most exposed to recession has risen to unacceptable levels. Some bond boycotts also inflicted large

By BRIAN POTTINGER and DON ROBERTSON



JOOP DE LOOR: Far-reaching proposals to house the millions

losses on mortgage lenders.

In a key recommendation, the report suggests that Sasria's accumulated assets be used to give risk cover in an attempt to make mortgage lenders more active in the lower income part of the market.

Sasria was established to

offer insurance against losses caused by political upheavals.

The De Loor recommendations follow warnings by banks and building societies that the breakdown of law and order in many townships, the inability to repossess homes in the event of bad debt and increasing unem-

ployment make it difficult to consider providing additional funds.

Private-sector response to the proposals is still mute.

Banking and building society executives spoken to by Business Times this week, however, insist that support would be needed if the private sector is to begin heavy reinvestment in low-income housing.

Perm chief executive Hugh MacLachlan said recently that it would be absurd to expect financial institutions or private companies to invest in black housing if rent and mortgage bond boycotts continued.

It would be foolish to commit personal savings, pension or life-assurance funds to black housing.

"This would amount to mortgaging the future of thousands of people of all races to the whims of people and organisations committed to politicising every issue in the furtherance of their own short-term political objectives.

"In the end it would represent a constraint on the capacity of the economy to satisfy black material aspirations and mean that the ability to address the scarcity of houses would be rendered useless."

The Perm's exposure to the black market amounts to R2,8-billion and about 86% of this is serviced monthly.

John Gafney, managing director of the NBS, a pioneer

in black housing lending, has a book of R1,1-billion in this sector, representing 12,5% of total assets.

But he says it is not the job of the banks or building societies to meet the needs of those who are unable to qualify for loans under normal circumstances, especially while lawlessness exists.

He proposes the establishment of a special agency to use aid funds from abroad to overcome the problem.

Mr MacLachlan agrees, saying it would need an effort between financial institutions, the Government, local authorities, non-government bodies and public consortiums to resolve the housing shortage.

Role

Andre Latre, chief manager home loans and property finance at First National Bank (FNB), says that although financial institutions have a major role to play in providing finance, they cannot be expected to solve the country's home ownership problem.

"The formal banking sector must be involved in the economically active population which has a regular income and steady employment."

Like the Standard Bank, FNB does not have a breakdown of its exposure to black housing, but Mr Latre says it is increasing its lending.

Picture: CATHERINE ROSS

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JULIE WALKER

about capital gains tax at least some holders to shares. This week Mr Andersen says the incremental scrap securities tax in Sweden in liquidity.

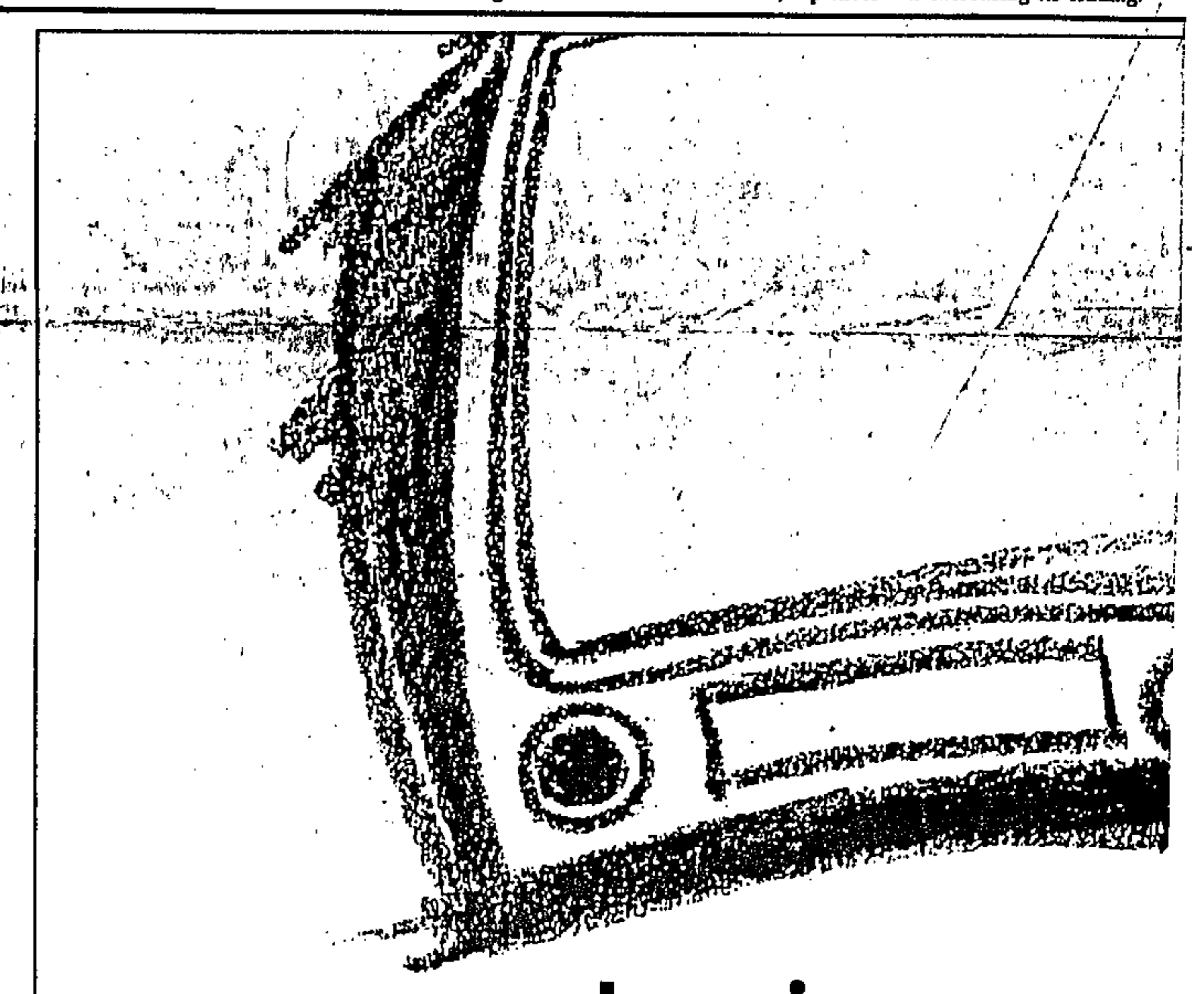
the Governments grant in the equity markets, tax-deductible contributions whose fund managers only in the stock market. It the playing fields."

market-makers focuses on The Big Bang in London liquidity of easily tradeable nothing for smaller com-

another important matter. pure pyramids as well as companies. Propor-

of the components to mem-companies might help trade. requirements are good can change the next day says Mr Andersen. Share derivative markets, dealing periods would also have

its maiden review speech was Wednesday when the JSE's was released. A surplus of 300 was made against the R8,7-million loss.



(123) ~~7~~
R296,6-m to upgrade hostels

Express 17/5/92
THE government was making R296,6-million available for the conversion and upgrading of hostels. Minister of Local Government and National Housing, Leon Wessels, said this week. (200)

Time Holdings loses R14-m

By Frank Jeans

(123) ~~221~~

STAR 18/5/92

Low-cost housing has been a massive drain on the earnings of Time Holdings, which reports a R14 million loss for the year to December.

The operating loss of the now discontinued low-cost housing division was R11,5 million and following a re-evaluation of the remaining housing assets a below-the-line write-off of R6 million has been made.

In contrast, the operating profit of continuing operations, primarily TimeProp and Time Life, was 32 percent higher at R14,3 million.

This reflected higher profitability of the commercial property division and the group's

Botswana operations.

The group's attributable loss before extraordinary items was R9,6 million (1990: R2,6 million profit), equal to a loss of 26c a share.

However the company has sold its affordable housing operations to their managements and since the continuing operations are profitable and are experiencing growth, group chairman, Colin Hibbert expects a recovery this year.

Time is the last major house-building company to withdraw from the low-cost market and Mr Hibbert says: "It is a sad reflection on the South African political environment that no major home builder is prepared to remain in this sector."

FW does a good job, say SA teenagers

SA teenagers of all races, except young whites, white boys and Afrikaans-speakers, believe President F W de Klerk is doing a good job, a new survey has found.

It found that 53% of all white teenagers and 74% of black teenagers supported De Klerk. The poll, conducted door-to-door by Research Surveys, established that 63% of teenagers of all races believed De Klerk was doing a good job.

White teenagers entitled to vote, those between 18 and 20, gave De Klerk above-average (65%) support.

However, only 46% of white boys between the ages of 13 and 15, 44% between 16 and 17, 46% of all white teenaged boys in general and 44% of Afrikaans-speaking white teenagers agreed.

The highest percentages of those who

Political Staff

did not think De Klerk was doing a good job were whites aged between 16 and 17 (35%), white males (29%), Afrikaans-speakers (32%) and those living in the PWV area (30%).

Black teenagers of both sexes and all ages felt De Klerk was doing a good job with support of between 72% and 75%.

Those between 18 and 20 (19%) and black males (18%) did not agree.

The highest backing for De Klerk came from Durban (80%) and Soweto (74%) among black teenagers, and Cape Town (71%) among white teenagers, but the lowest support was from white teenagers in Durban (40%) and the PWV area (49%), Research Surveys said.

ANC moots second-properties tax

Own Correspondent

against downward raiding by the relatively more affluent groups.

The ANC was opposed to the privatisation of large tracts of state-owned land at this stage. "By privatising this land — much of which is close to the city centre — private developers will be the only ones to benefit ..."

Botha said a capital gains tax on second properties, and higher rates and taxes on these properties, were also seen as an ideal mechanism to aid redistribution.

White residential areas, he said, could also expect to pay more for electricity in a post-apartheid SA. In future electricity charges would have to be loaded in favour of lower economic areas.

CAPE TOWN — A capital gains tax on land to discourage speculation, and a tax on second properties, have been mooted by the ANC.

In an interview, ANC national co-ordinator on local government and housing Thozamile Botha said a capital gains tax would discourage developers from buying up large tracts of land, subdividing them, and selling them off at a large profit and at prices beyond the means of lower income families.

Other measures the ANC would consider to curb land speculation would be the application of high municipal rates on well located, undeveloped land, and the use of legal arrangements and tenure forms, which would take land and housing transactions "out of the market and guard

Liftoff for SA housing initiative

123
CT 20/5/92

IN a major breakthrough, a National Housing Forum to draw up a co-ordinated housing policy for a new government is to be officially launched in Johannesburg next month.

Initiated by the Independent Development Trust (IDT) and the Development Bank of South Africa (DBSA), the forum will have widespread political representation as well as from business, particularly the building and construction industry.

The one-day meeting to be held in Johannesburg on June 18 was expected to adopt a programme of action and to start a process of developing a national housing policy, said Mr Jolyon Nuttall, IDT director of communications.

He said a "foundation agreement" had been developed outlining the focus of the forum.

A major input would be the De Loor report on the provision of housing and was being circulated to delegates to next month's meeting.

"But it will also examine other information in developing housing positively," he said.

FW promises more money for upliftment

Property Editor

PRESIDENT FW de Klerk said yesterday if the economy improved due to the "favourable developments" occurring in South Africa, the government would increase allocations for socio-economic upliftment and the elimination of backlogs.

Speaking at a tree-planting ceremony at Delft, the House of Representatives' affordable-housing project on the Cape Flats, Mr De Klerk said no government could enable all those in the country to achieve an acceptable quality of life.

The country's population, he said, was growing faster than the economy, which made it difficult to meet the basic needs of the population.

In less than three years Delft had provided affordable housing to about 35 000 families.

The launch follows months of behind-the-scenes negotiations to draw as wide a representation as possible.

"As such it is a triumph for quiet diplomacy and process," said Mr Nuttall.

Mr Nuttall said the government had excluded itself from the forum in January because it did not at this stage wish to "compromise its position at Codesa by indulging in policy formation outside of Codesa".

"But it is hoped that at the appropriate time it will rejoin the forum possibly at the capacity of the National Party," he said.

Mass electrification programme would create jobs, says Eskom

Bl Day 20/5/92
 A NEW mass electrification programme for SA could create more than 500 000 jobs, Eskom chairman John Maree said in Midrand yesterday.

He told a National Association of Home Builders' meeting that: "I believe funds for a programme of this scope would become available if projects were tackled on sound business principles."

Eskom's electrification programme is aimed at supplying up to 170 000 houses a year over the next five years.

Maree said another 500 000 jobs could be provided by 1995 if a national housing programme was introduced.

He suggested an "enormous amount of damage" had been done by not having an agreed national urbanisation strategy.

Sapa reports that Maree said the lack of such a national strategy was being partly eased by progress made on a political level, but the provision of housing had regressed severely in the past two decades.

A successful national housing pro-

123
 ADRIAN HADLAND
 programme needed a strategy, community involvement and responsibility, and good management, he said.

"As far as the economy goes, we really have no national vision or clear goals."

SA Association of Municipal Employees (SAAME) president Hans Deetlef told the conference that SAAME would do "everything possible, up to the highest political level, to prevent electricity distribution being taken away from local authorities."

"The income generated from the distribution of electricity subsidises ratepayers and if it were taken away from local authorities, rates and taxes would increase drastically," he said.

At a SAAME southwestern Cape region's conference in Stellenbosch at the weekend, Deetlef said removing the distribution of electricity from local authorities would "result in large numbers of employees becoming redundant in the electro-technical engineer's and town treasurer's departments".

included reporting back at set times. This system was implemented prior to the investigation of the Pickard Commission.

The Government accepted the report of Judge Pickard and I deemed it necessary to send a letter to the functionaries of every authority receiving part of the estate of the now defunct Department, drawing attention to the findings, proposals and recommendations of the report so that they could take effective steps to rectify the deficiencies.

Turning to the hon member for Springfield, I agree that it is a shame that some officials abused their powers. The culprits will be brought to justice and will be punished properly, either in the courts or in terms of the Public Service Act.

Secondly, it is indeed tragic that this mismanagement took place at the expense of the development of the clients themselves. It is very tragic, because we cannot afford to further marginalise the people in the rural areas.

Regarding whether all those involved will be tracked down, I think this whole process was set in motion by Judge Pickard's report. He said that he would show us the trends, and we could follow matters up and bring all the culprits to book, as the hon the Leader of the Official Opposition suggested.

However, we will have to prove their guilt and this will have to be done in an ordinary court of law. I do not want to deal with the question of whether Mr Justice Pickard should be appointed, but we have the Ombudsman in the person of Mr Justice P J van der Walt who deals with these matters. He is there and he was put there especially for this purpose.

Mr M F CASSIM: Mr Chairman, it is always a great pity when people in high office abuse their posts and their positions. We feel terrible about that situation.

Inasmuch as we want to go after the people who have committed these misdemeanours, we must also look at the other important aspects, namely procurement, the State Tender Board and the purchases made today, tomorrow and next week. It is important that we do not allow these things to happen, but it is also important that we pronounce to the world and the country at large that this will not be tolerated. Perceptions are so important!

What is happening is that we are trying to close the stable door after the horse has bolted. However, that is only part of the solution. The more important, credible solution is the steps being taken now to ensure that these things do not happen and are not happening even as we speak.

We agree that it is good that the Government appointed Mr Justice Pickard and we compliment the Government on that. It is good that the Government intends to prosecute these people and that procedural steps are being taken to ensure that such things do not happen. It is also good that structural adjustments are taking place and that bilateral talks are taking place between the TBVC states and our country. We applaud that and we endorse that.

We wish to encourage the Government in the steps it has taken, but we say they should go beyond that and speak to the people out there in our country who do not believe that it is possible to have good, orderly and credible government. The Government should tell them that action is being taken and that active steps are being taken to put these things right. The most important thing at this stage in our country is that that which was part of an ideological system—the rot that set in was part of that ideological system—is being swept away. That is the most important thing that has happened. We now accept that the principles of apartheid and all that it spawned were rotten and that those things are being swept away. The present Government is taking the lead in doing so. [Time expired.]

Mr M RAJAB: Mr Chairman, I appreciate the hon the Minister's commitment to tracking down those who were responsible, but I must point out that they have obviously covered their tracks and that in a court of law it might be difficult to get a conviction.

I spoke about the SA Development Trust Corporation Ltd. As all hon members know the commission reported adversely on the workings of this particular corporation. We therefore also call upon the hon the State President to institute a further independent investigation into allegations of irregularities, misuse of public funds and inefficiency in the corporation's management system which were ventilated in weekend media reports.

Finally, what also needs to be investigated is how the Department of Development Aid, a State department with a budget of nearly R6 billion, managed to become such a mess and to find out who was responsible in terms of ministerial accountability, which is an accepted convention of the political system from which ours is derived. The Government's silence in this regard has been deafening.

The chairman of the SA Development Trust Corporation Ltd, Mr Van de Walles, is a former Director-General of the Department of Development Aid and has thus far escaped a full public scrutiny of his affairs. It is time that this took place.

In the final analysis, public money must be protected by the vigilant and thieves must be punished. Those who fail to prevent the theft must be called to account.

THE MINISTER OF REGIONAL AND LAND AFFAIRS: Mr Chairman, I wish to go on with the point raised by the hon member for Springfield relating to the SA Development Trust Corporation Ltd. May I say at this point that, in response to the recommendations made in the Pickard Report, the auditing firm of Strydom and Company was appointed to do such a study and go into the utilisation of national assets from that angle.

With regard to the second point, I agreed with the SA Development Trust Corporation Ltd in October last year that they would transfer their functions and operations, which take place on a regional level, to regional corporations, and that is now in the process of implementation. By the end of August, 70% of this devolution should be complete.

To respond to the hon the Leader of the Official Opposition, I really believe that I would never be able to do justice to the exemplary role played by the hon the Minister for State Affairs in South Africa, specifically in respect of the policy of normalisation and that of the abolition of discrimination on the basis of race or colour. His experience was brought to fruition in the ambit of his responsibility in the Department of Development Aid.

I might say that in my office I have had the opportunity to experience first-hand the meticulousness with which he completed his work, the responsibility with which he executed his job, the

depth of his knowledge and the incisiveness of his questions in comments and queries. I really do not think the ineffectiveness of the various investigations he instituted can be laid at his door.

I will have the point the hon the Leader of the Official Opposition raised about the public servants investigated in order to have this matter exposed properly.

THE CHAIRMAN OF THE HOUSE: Order! I regret that the hon the Minister has exposed himself to the situation that his time has run out.

QUESTIONS

†Indicates translated version.

For oral reply:

General Affairs:

Advisory Commission on Land Allocation

*1. Mr M RAJAB asked the Minister of Regional and Land Affairs:

(1) Whether the Advisory Commission on Land Allocation appointed by the State President has received any applications for compensation; if so, what are the relevant details;

(2) whether he will make a statement on the matter? 123

THE MINISTER OF REGIONAL AND LAND AFFAIRS:

(1) No applications for compensation have been received. However the Advisory Commission have received numerous requests and representations falling within the ambit of its objectives. In a nutshell this entail advice to the State President regarding the identification of—

* land belonging to the State or any State institution and acquired for the purpose of promoting the objects of a law repealed by the Abolition of Racially Based Land Measures Act, 108 of 1991;

* rural land with a view to the acquisition thereof for purposes of agricultural settlement;

* the planning and development of such land; and

* the allocation of such land.

(123) The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, further arising from the hon the Minister's reply, is he aware of the fact that undertakings were given by former Ministers of Community Development that resettlement premises would be supplied and restoration of land, wherever applicable, would be done on the basis of the cost price at the date of construction or acquisition? If such undertakings are confirmed, is the State prepared to honour them?

The MINISTER: Mr Chairman, I have made a note of the points the hon the Leader of the Official Opposition has raised. I am not aware of these undertakings given by other Ministers, because I do not deal with that portfolio. However, I will have the matter investigated and then supply the hon the Leader of the Official Opposition with an answer.

(2) No. The Advisory Commission is an independent creation of statute which must advise the State President. It would not be proper for me to make any statements prior to or in anticipation of reports still to be forwarded to the State President.

Mr M RAJAB: Mr Chairman, arising from the hon the Minister's reply, could he tell this House whether any applications were made for the return of vacant property held by State departments to former owners of those properties?

The MINISTER: Mr Chairman, I think the answer to that question is yes. However, I am not able to supply full details in that regard, because, as I have indicated, the advisory commission is an independent body, and does not function within the ambit of my Ministry. I do not receive information directly from that commission, and therefore I shall have to make enquiries.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, further arising from the hon the Minister's reply, could he let us know what the policy of the State is concerning restitution and redistribution, on matters relating to the return of land that was expropriated?

The MINISTER: Mr Chairman, I refer to the hon the Leader of the Official Opposition to the White Paper we published last year on the whole process that we utilized in Parliament during the course of 1991. This led, *inter alia*, to the

purpose of the Minister's reply: if not, why not; if so, what are the findings;

(2) whether he will make a statement on the matter? D154E

The MINISTER OF LAW AND ORDER:

(1) Yes, a case of murder has been investigated by the South African Police. Except for an identification parade, to be held in the coming week, and the post mortem report, which is still being awaited, investigations have already been completed. The case docket will be handed to the Attorney-General for his decision as soon as these aspects have been dealt with.

(2) No.

Business interrupted in accordance with Rule 180C (3) of the Standing Rules of Parliament.

Rezoning of sites: Lenasia/Lenasia South

*3. Mrs R EBRAHIM asked the Minister of Local Government and National Housing:

(1) Whether any residential, crèche or religious sites in the Lenasia and Lenasia South area have been rezoned by his Department for business purposes since January 1989; if so, what sites;

(2) whether any betterment fees were paid; if not, why not; if so, what are the relevant details;

(3) whether the comments of the respective management committees were obtained in this regard; if not, why not; if so, what were their comments;

(4) whether he will make a statement on the matter? D160E

The MINISTER OF LOCAL GOVERNMENT AND NATIONAL HOUSING:

(1) Yes, the following sites have been rezoned from residential, crèche, or religious sites for business purposes since January 1989:

(a) Erf 1879, Lenasia South

(b) Erf 136, Lenasia

(c) Erf 4423, Lenasia

(d) Erf 2612, Lenasia

(e) Erf 4859, Lenasia Extension 4

(f) Erven 2434 and 2437, Lenasia Extension 1: Committee objected.

(4) No.

Overseas women wrestlers

*4. Mr K PANDAY asked the Minister of National Education:

(1) Whether he intends allowing overseas women wrestlers to take part in wrestling contests in South Africa; if not, why not; if so, when;

(2) whether he will make a statement on the matter? D171E

House prices unlikely to drop - expert

By JOSHUA RABOROKO

123

BOND rates are unlikely to have a significant influence in house prices despite perceptions to the contrary, says director of Real Estate Surveys Mr Erwin Rode.

Writing in the latest quarterly report on the South African property market, Rode says some experts believe that rising interest rates will create a drop in the price of homes, and that lower rates would boost house prices.

"Our research has shown that bond rates by themselves have an almost negligible effect on house prices," Rode says.

He explains that a change in interest rates heralds a change in economic activity.

"During an upswing, for example, one finds that the positive effect upon affordability generated by rising disposable income tends to be more powerful than any opposing negative effect of rising interest rates.

Academic question

"To some extent this is an academic question, since no upswing has yet occurred. In any event, nominal growth in house prices typically lags the business cycle by about three quarters," he says.

But he adds that growth in house transactions is a leading indicator with a lead of about six quarters.

"Our latest forecast for house transactions showed strong growth during 1991 and 1992, which would tie in with an upturn in the economy in the latter half of this year," Rode says.

On a national basis, the prices of homes tend to follow familiar pattern; with higher priced housing taking a knock in comparison with less expensive suburbs. It is also interesting that house prices in the middle-price class are beginning to climb again.

Meanwhile the demand for flats remains extremely good with vacancy levels around zero in most areas where surveys were undertaken.

'IFP ordered silence even under torture'

STAR 21/5/92

Top Inkatha leaders at meetings at Soweto's Nancefield hostel in 1991 told supporters that if anyone was arrested for being in possession of guns or for murder, they should not say anything to the police, even if tortured.

This was said in Pretoria yesterday by a witness, who may not be named, before a Goldstone Commission committee inquiring into violence on trains.

The witness said Inkatha Freedom Party members Themba Khoza, Musa Moyeni and Humphrey Ndhlovu told the meetings lawyers would be arranged for those arrested.

He said while living at Nancefield hostel from 1989 to 1991 he noticed Zulu leaders on various occasions addressing dwellers and encouraging them to fight ANC followers, especially because of attacks on IFP members in Tokoza at the time.

The witness told the commit-

tee a reason for the violence was that Zulus did not want to be ruled by Xhosas.

He said the attacks on trains stemmed from songs and slogans in coaches which insulted IFP leader Chief Mangosuthu Buthelezi. The songs were referred to at the hostel meetings.

The witness said that in 1990 he heard of a reward being offered by the police for information on illegal weapons.

Later that year he went to Soweto's Protea police station where he met Detective Warrant Officer Sjula Sithebe, who was in the firearms unit and involved in the reward offer.

"I was introduced to (a) Captain Kruger and I gave him information about people who were in possession of firearms. Acting on this information the police went to the hostel and found the firearms, and I was paid for the information."

He continued working for the police and attended many meetings at the hostel, some of which were addressed by Mr

Khoza. He said he volunteered to join a group that was prepared to use spears and pangas.

He continued reporting people with firearms, and arrests were made as a result of his information. He also identified people who took part in attacks.

The witness described a number of meetings at which plans to attack train commuters at railway stations were discussed, and how the attacks were carried out.

He said that in November last year he was told by his cousin, who also lived in the hostel, that he (the witness) was to be killed because he was a police informer. He escaped through a window.

Later he was told by his contact at the police that a Captain Vermaak had sold him out to the hostel dwellers.

He said he was not paid R10 000 for information about a train attack in June 1991 nor R30 000 for additional information on a train attack in October the same year. — Sapa.



Dive into your pocket . . . and make a donation to employees Victoria Mall and M M Gooler.

Respite for black property owners

STAR 21/5/92 (123)

Political Staff

CAPE TOWN — Untangling the bureaucracy of apartheid is proving a time-consuming business.

The Government has been compelled to give black property-owners who bought land in the name of a white buyer more time to transfer the property into their own names.

Provision for this was made in the Abolition of Racially Based Land Measures Amendment Bill that was tabled in Parliament yesterday.

The Group Areas Act was repealed by the Abolition of Racially Based Land Measures Act that was passed last year.

One of the provisions of the Act says the cases where black people bought their land in the name of white people in

conflict with the Group Areas Act were deemed "not to be an illegal transaction or a transaction which constitutes an offence".

The buyers and their fronts were given six months from when the Act came into effect on June 30 last year to request the Registrar of Deeds to transfer property from the front to the real owner.

The six months ran out on December 31.

A memorandum on the amendment Bill said the requirements of practice indicated that this period should have been longer, and "this Bill seeks to extend the period to two years".

"The extension is to be made with retrospective effect, so that there will be no interval in the currency of the authorisation granted."

Detained youths due home from Swaziland

STAR 21/5/92

MBABANE — A group of South African youths, who were detained after allegedly crossing illegally into Swaziland and claiming they were ANC members on their way to undergo military training, were expected to re-

turn home yesterday.

This was according to a three-person ANC delegation which interviewed the 47 youths — who have been held in Swaziland's Big Bend prison for about two weeks — on Tuesday.

At a press briefing yesterday, delegation leader Jackie Selebi said the youths had told him they had been recruited in Natal, although not through the ANC offices.

Mr Selebi said his or-

ganisation was investigating.

Some of those involved in the recruitment were known to the ANC, and at least one was a member, Mr Selebi added. — Sapa.

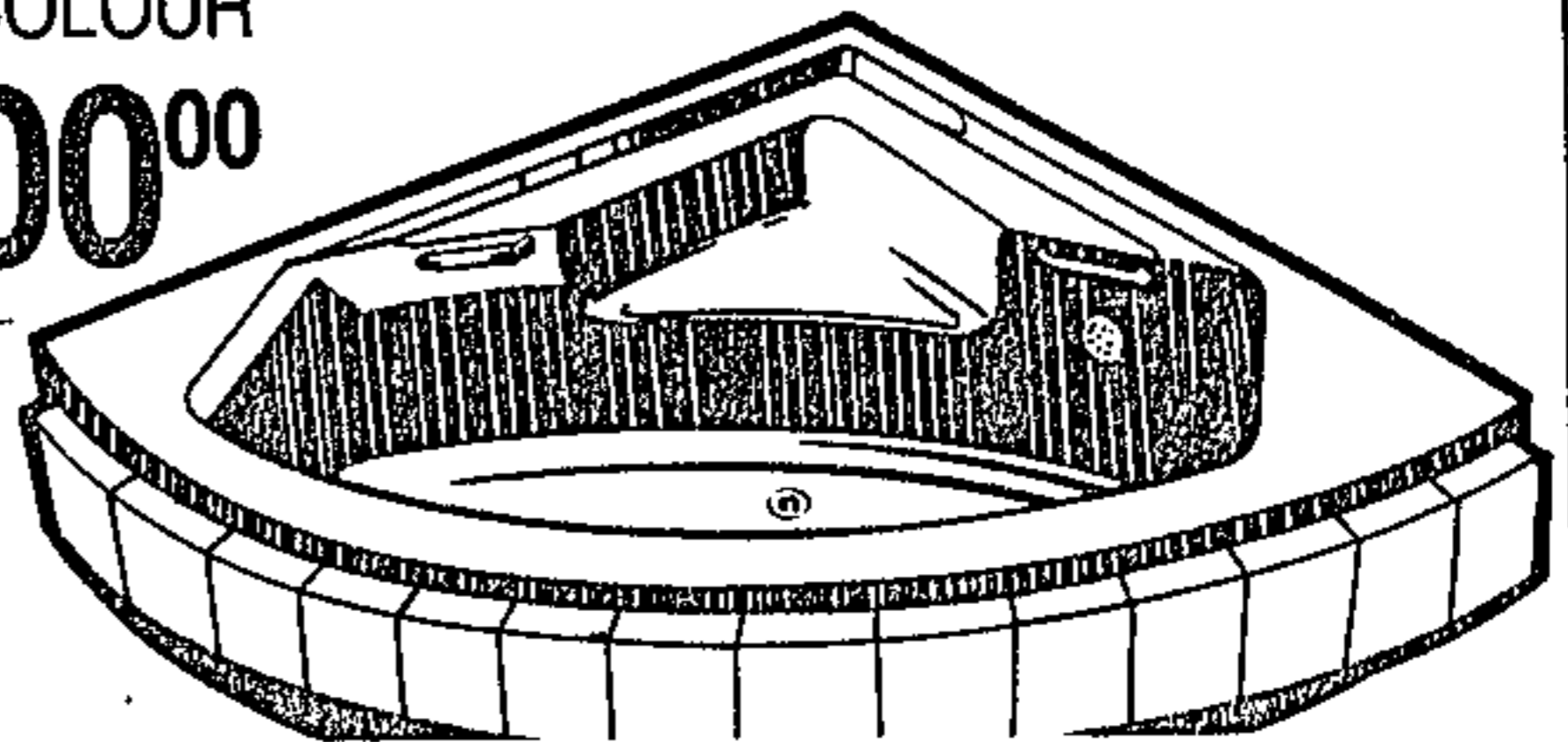
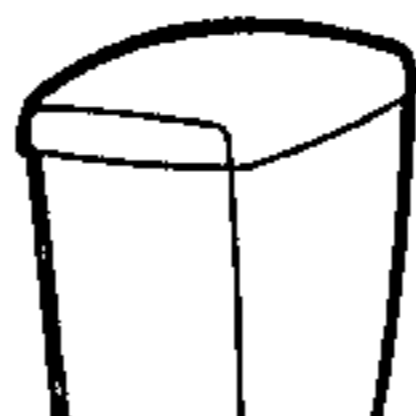
ALL ROADS LEAD TO THE CITY

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STAR 21/5/92

(123)

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OWN AFFAIRS

(123)

1982

THE "own affairs" system was an anachronism which should be displaced by the proposed transitional executive councils, said Labour Party MP Desmond Lockett. *WMAJ 2/5-28/5/82*

He said one subsidiary council would be able to co-ordinate activities among all bodies dealing with local government.

The country was burdened with 21 different bodies responsible for public housing. Less than 20c of each rand budgeted for housing was actually put to housing.

House prices rise 13pc ⁽¹²³⁾

Business Staff

HOUSE prices rose by more than 13 percent in the first quarter of this year, compared with the same period in 1991.

According to Absa's latest quarterly housing review, the average price of a medium-size house (178m²) rose 13,2 percent to R135 000 — up 1,4 percent from the previous quarter.

Although the average size of a new small house fell during the first quarter from 113m² to 111m², prices showed the highest increases, at 3,5 percent for the quarter and 14,7 percent year-on-year, to R103 000.

The average price of a large house (264m²) rose 2,5 percent in the quarter to R192 000, an annual increase of 13,7 percent.

Although the rise in building costs, at 14,1 percent, was below inflation for the third consecutive quarter, the differential between newly built and existing homes fell just one percent, to 23 percent, year-on-year.

The average price of a new medium-size home fell to R175 000 (R179 000 in the previous quarter) and that of an existing home rose to R132 000 (R122 000).

Figures show that in real terms, the price of a medium-size house has actually fallen 20 percent since 1986.

APC 22/5/92
But Absa expects that economic recovery later this year will spur activity in the property market, highlighting a thin supply situation and causing a real increase of around two percent.

It also says that although interest rates are likely to fall two percent in the course of the year, homebuyers should not rely on these remaining at lower levels beyond next year, when it expects renewed inflationary pressure resulting from higher wage increases and government expenditure.

■ Members of the computerised Comprehensive Property Services (CPS) network will soon be able to obtain information on all residential properties transferred nationwide.

This follows an agreement with the South African Property Transfer Guide, a monthly statistical report which contains extensive and accurate information about properties sold.

The major advantage of the electronic link is that estate agents will be able to rapidly compile a highly accurate comparative marketing analysis — a tool used largely to advise home sellers what similar properties in similar areas have fetched, so that they can accurately target their potential market.

with more 22/5-28/5/92

Civics draw in chiefs (23)

By SHADLEY NASH: (123)

Port Elizabeth.
PEOPLE'S Assemblies to draw in "other democratic forces" are being planned by the South African National Civic Organisation (Sanco).

This was decided at the first meeting of Sanco's national executive committee, held in Bloemfontein over the weekend. According to Sanco's publicity secretary, Max Mamase, the idea came up after Transvaal delegates told of tensions between traditional leaders and civic organisations in the northern and eastern Transvaal.

He said the Peoples' Assembly will be constituted as a forum for all democratic forces, including traditional leaders, "so that we can circumvent state divisive strategies. The traditional role of chiefs is still given the respect it deserves, but it was agreed that they should be part and parcel of democratic transformation through participation in democratic organs of the people".

Mamase said the meeting also agreed that the civic movement should have a strong voice in development programmes.

FM 22/5/92 (123) (389)

Time joins a string of builders that opted out of the black market — all saying they were not able to perform properly due to a lack of government vision and poorly targeted initiatives by housing agencies.

Chairman Colin Hibbert says the company will now concentrate on its commercial property and life insurance interests.

Its two housing operations, one in the PWV and the other covering the Natal-eastern Cape coastline, have been sold to their respective managements. The sale is at net asset value with payment over five years. Lower overheads — a cut of 50% has been achieved by removing corporate running costs — and greater flexibility should ensure they return to profitability, Time believes.

The buyers, Norman Jeffery (PWV) and Murray Mackay (Coast), will, together with third parties, primarily staff shareholders, buy the bulk of the residual land designated for affordable housing still owned by Time in accordance with market demand.

Time's pullout coincides with the publication of the De Loor Commission report which advocates a centralised policy to address the housing crisis.

In his address to shareholders, Hibbert noted: "Until a single national housing policy is adopted, hopefully an issue which will be a priority at Codesa, the crisis will continue."

Jeffery and Mackay will carry on operating under the name of Time Housing, but as franchisees — Jeffery from downtown Johannesburg with a staff of 26 and Mackay from Durban with between 30 and 40 staff. They will cater for the middle market where house prices range from R30 000 to R80 000 a unit. They plan to target company and government employees eligible for housing subsidies.

Both believe the first-time home-owners' subsidy is essential to their business and that the substitute "capital subsidy" proposed by the De Loor Report and the current R7 500 grant provided by the Independent Development Trust (IDT) excludes bond financiers from the market.

They argue that both types of subsidy should be in force and that the IDT has simply created unrealistic expectations by granting capital subsidies to 100 000 people when total demand is closer to 2m.

Time is critical of the Urban Foundation (UF) because of its former role as developer in competition with home builders. The UF has since hived off its building operations in recognition of the failure of this approach.

The function of the UF, as a nonprofit company, Jeffery and Mackay believe, should be to buy and service large tracts of land and make them available to private

LOW-COST HOUSING (123) (389)

I'm outta here FM 22/5/92

Time Holdings, one of SA's biggest builders of low-cost houses and traditionally dedicated to this activity, has withdrawn from the market.

FM 22/5/92 (123) (389)

builders who are not able to service the holding costs.

Township proclamation and post-bond transfer processes make the interest costs untenable for home builders and impossible below the R30 000 mark, they stress. ■

Putting houses in order

STAR 22/5/92

123

AS THE intense debate surrounding the chronic South African housing problem goes on, there remains a persistent misunderstanding about this major social issue.

For all the deliberations of the major players — the IDT, Urban Foundation, Development Bank of Southern Africa and the ANC's Department of Economic Policy — they appear to be missing the point that housing is both process and product.

The path to homeownership is strewn with legal, financial and political barriers, and while much is being debated and planned to get households through this morass of uncertainty, they have stopped short in systematically addressing the problem of what is being delivered, the thing on the ground — the house itself.

Even in the wake of the De Looor Commission strategy on housing delivery, we still face the distinct possibility that unless we pay urgent attention to the physical and design solutions in mass housing, we will be merely perpetuating

the monotonous rows and anti-social housing lay-out so vividly evident in the townships.

While one aspect of housing is, indeed about access to delivery procedures and financing mechanisms, the flip side is about bricks and mortar, and the physical shape of the built landscape.

In the past, township development was regarded as nothing more than a mechanism of social control for it left blacks segregated and isolated on the cities' periphery, and home ownership was never considered.

With this in mind it is both bewildering and alarming to note that within the process debate there is a clear implication, if not specification, that the site-and-service option is the desirable solution.

We therefore run the risk of generating the shackland sprawl because the product side of housing is not being absorbed into the process-dominated agenda.

Thus, by default more than by design perhaps, the new housing policy (if that is where the debate

is headed) is going to deliver nothing less than an endless spread of shanty towns across the landscape.

Looking at land use in the housing scenario there is the pavilion concept or, in other words, a house surrounded by space. If the pavilion in the form of site-and-service shacks is multiplied and used as a solution to the nation's homes shortage, it will require more than 1 500 sq km of land or a further 20 Sowetos.

This is alarming because the consequences of a site-and-service policy will be disastrous at least in terms of the space, infrastructure and capital resources required.

South Africa cannot afford such a land use policy and a drastic revision of alternatives to the pavilion option will have to take place if cities are to be well integrated both spatially and socially.

It is imperative that any new housing policy takes into account variations of the built form.

Social, economic and land use implications of different kinds of

design need to be absorbed and understood.

This means that the twin variables of process and product need to be tackled simultaneously by policy.

If the housing problem is to be approached in this way then it is worthwhile to speculate about why the pavilion is so inherently popular among the main institutional players concerned with both housing delivery and financing systems.

Perhaps the key issue driving this solution is the overwhelming emphasis given to home ownership as the dominant, if not only form of secure tenure. Most subsidy schemes, for instance, make ownership a necessary precondition for participation and other forms of tenure such as leasehold arrangements do not feature highly.

In an economic context where land is simply another marketable commodity which gives exclusive use rights to the owner, the pavilion mentality can, in some way, be regarded as a natural extension

sion of that context.

This is because ownership, in a general sense, is itself related to the concept of material possession and the pavilion is perhaps the most striking physical symbol of the possession of land.

After all, the suburb, which is the archetypal personification of home ownership in pavilion form, has, for many decades in South Africa become the preferred land use model for whites and to which many blacks now aspire.

Indeed, it is the dominant model presented to society and lies at the very core of the suburban dream replete with lifestyle and values.

This has led to it being regarded as normal and inevitable and, therefore, unargued in the housing debate.

Any justification of the pavilion on the grounds that this is what people want must consequently be treated critically and with caution.

However, these ideas are merely speculative at this stage and need to be more fully explored before conclusions can be reached.

In terms of elementary or generic house shape, there are two other alternatives to the pavilion — the street (houses joined together at the sides to form the terrace effect) and the court (houses backed up against each other to form courtyards).

In overall performance the latter is the most effective because people are brought into focus and come together spontaneously.

It is much more socially agreeable and certainly, economically viable.

With the process argument dominating the debate (and, presumably the new housing policy) and the built form question being unargued, South Africa runs the risk of perpetuating the worst possible solutions to its housing crisis.

It is therefore crucial that the major players in the housing debate now raging take stock so that the question of built form may be systematically absorbed. □

Glen Mills is Professor of Architecture at the University of the Witwatersrand.

House prices showing ⁽¹²³⁾ 13 percent ^{STAR} increase ^{22/5/92}

By Meg Wilson

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Supply situation

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Time to build on rock

123

FM 22/5/92

At last, a housing plan that tries to address reality

The De Loor Report is the 33rd official housing investigation since 1970 — but it is the first to review housing as a whole on a nonracial basis, and to lay the groundwork for any “government of the day.”

But don't expect action yet. One problem is that a National Housing Forum has been formed by a variety of extra-parliamentary bodies — and a Codesa housing committee has been proposed and is now being negotiated. Delay of at least a year seems inevitable.

Apart from petty political jealousies, there will have to be consensus among key political players; above all, the violence must end. Only then will major lenders regain an interest in the low-cost housing market.

Even so, Joop de Loor himself hopes that early consensus on substantive issues can be reached. This would open the way for speedy implementation of at least some of the vital recommendations.

The report was compiled by a task group appointed by the SA Housing Advisory Council, led by De Loor and comprising the council's own members as well as individual experts from the public and private sectors.

The De Loor report is far-reaching, containing some 130 substantive recommendations. It calls for a complete overhaul of the present State funding framework, and urges the devolution of central authority into regions and the merging of black and white local authorities. It also recommends new fiscal arrangements and methods for faster housing and township delivery systems, and suggests an inquiry into the building materials supply industry — particularly import control and tariff mechanisms.

The long-term vision of De Loor is that all SA families will have at least a formal four-room house with bathroom, with secure tenure; access to drinkable water, sanitary

facilities, energy sources and refuse removal; and that housing will be close enough to employment and other community facilities to ensure integrated and coherent communities.

To achieve this goal, which sounds idealistic, De Loor rightly notes that access to overseas funding and strong economic growth are essential.

The report is commendably practical, recognising the necessity of informal housing to help provide shelter at least for the next decade. It sets R4 500 as the average cost of a serviced site, which includes a R500 land component (for plots of between 150 m² and 200 m²).

The report estimates that 198 000 shelters will be required annually for new households alone (excluding the backlog) over the next 10 years, with households expected to increase from 4,8m in 1990 to roughly 6,8m in 2000 in the urban areas. Add 130 000 a year to that figure, to cover the backlog, and the total is 328 000 shelters each year.

One of the principles is that government should be responsible for certain financial and other interventions, including the provision of bulk infrastructure. The private sector would deal with the creation, delivery and maintenance of the physical housing stock and related sites. And the individual would have to secure and maintain his house. Community facilities would be the responsibility of the local authorities. This clear demarcation of roles also appears to be in line with what the building trade wants.



De Loor

One of the most important recommendations is the creation of a central National Housing Department (NHD). Such a body would have jurisdiction over all population groups in the entire geographical area of SA — including the self-governing territories and tribal trust areas. This would mean the dissolution of all government housing development funds — and their bureaucracies.

Meanwhile, De Loor recommends that the Department of Local Government & National Housing be responsible for policy formulation; the provision of guidance and finance to other players; co-ordination and monitoring; and that this department immediately begins to establish and build a statistical base and monitoring system.

The report also recommends the creation of a Housing Finance Corp (HFC), which would be accommodated in the present structure of the Development Bank of Southern Africa (DBSA) — but as a second development fund under a separate board of directors.

The HFC would assume responsibility for capital mobilised for the low-cost market. Subsidisation, separated from the banking function, would be vested in the proposed NHD. This could mean the disbanding of the Independent Development Trust and the SA Housing Trust, and the streamlining of the DBSA's development functions. Again, there would be a saving on bureaucratic wastage, and greater accountability.

Concerning the economy, De Loor recommends that the housing sector's present share of GDP (less than 3%) be increased to 5% over a period of time; and that the State's annual housing appropriation from the Budget be increased over the next three years from the 1990/1991 amount of R1,6bn to about R3,5bn.

Cont →

Home loan rates sliced by 1 percent

(123) ARG 23/5/92

TOM HOOD, MARC HASENFUSS and STEFAANS BRUMMER Weekend Argus Business Staff

HOMEOWNERS could save about R1-billion a month in bond repayments as a result of a long-expected one percent cut in the home loan rate announced last night.

The rate now stands at 18 percent.

A drop in overdraft and other lending rates is on the cards. This would save billions more for individuals and companies.

Statistics showing the country's dismal economic performance in the March quarter and the sharp drop in the three months' bankers acceptance rate — a major money market indicator — added to market speculation of another cut.

"The ball is now rolling. I see that as a possible forerunner of a prime rate cut," said Mr Johan Louw, chief economist at Sanlam.

But Reserve Bank governor Dr Chris Stals said last night that no change in the bank rate, which would cause a drop in overdraft rates, had been considered.

Home owners will save about R78 a month on a R100 000 bond with a 20-year term.

Standard, First National Bank, Nedbank and the Perm will lower their mortgage rates from July 1. They join two smaller financial institutions — the Bank of Athens in South Africa and The Board of Executors, which pre-empted the large banks by announcing cuts over the past two weeks.

FNB customers with a cheque account and two bank products will also have their rate reduced to 17,75 percent, while FNB Gold Card holders' rate will be cut to 17,5 percent.

Other providers of home loans are expected to follow.

This is the second rates cut in home loan rates this year. In January they dropped from 20 to 19 percent.

Standard was the first big bank to move yesterday and it jumped in ahead of an expected Reserve Bank announcement to cut the discount rate. It has lent R10-billion and the cut will save its client base around R100-million a month in interest.

Home Loans Division general manager Mr Duncan Reekie said lower money market rates had enabled Standard Bank to cut its home loan rate.

The largest home loan financier, United, said no decision had been taken yet but an announcement could be made early next week.

"There is no doubt that UBS will have to follow," said a spokesman.

"We would still like to see some statistics on inflation and money supply, and things like that," he said.

Analysts point out that Mr Stals, when he last announced a Bank rate cut in March, made a point of saying that there had existed only an unwritten convention that prime lending rates should maintain their differential with the Bank rate.

This technically was breached when major deposit-taking institutions raised lending rates by 0,25 percent last October to recover from clients a new tax by the Treasury on banking services.

But that was a cost-driven move rather than one reflecting perceptions of monetary policy or underlying rate trends likely to determine subsequent prime rate changes, analysts said.

There is now almost a five percentage point gap between prime rates and the three-month BA rate at 14,35 percent.

Commenting on prospects for a prime rate cut before

■ To page 3

Bond rates slashed by SA banks

ARG 23/5/92

■ From page 1

Stals spoke on the discount rate, Mr Azar Jammie, director of the independent consultancy Econometrix, said: "I can't say whether it might be next week... but it must be in the next month or so."

A senior analyst with a top investment institution said he doubted the consumer price data due next week could persuade Dr Stals to cut the discount rate. He expected inflation to remain above or around 15 percent for a couple of months yet, before gradually easing.

One money market dealer believed a discount rate cut was not likely until the Reserve Bank witnessed two appreciable falls over as many months.

Some economists believe a further discount rate cut is overdue given the three-year recession and its squeeze on smaller business, and slack credit demand.

Dr Jammie and Mr Ted Osborn, chief economist for the Nedcor banking Group, pointed out that recent inflation data had been heavily distorted by a surge in food prices, which rose an annual 28 percent in March.

Mrs Pam Golding of Pam Golding Properties said: "I'm absolutely delighted — it's exactly what we need at this moment. Things have been showing signs of picking up anyway and this will stimulate the process."

The effect would filter through to all levels of the home property market, but "it will start with the people it really matters to — the young and those in the lower price range."

Mr Hadden Steer, managing director of Steer & Company, thought it would generate confidence in the market, but said more cut were needed.

Until more people were employed it would not provide a buying impetus.

Mr Bill Rawson of Bill Rawson Estates said the main beneficiaries would be people wanting to upgrade in the bracket of R250 000 to R350 000.

Mr Bernard Hermanus, sales manager of Quentin Pavitt Estates, felt the lower income groups would be the primary beneficiaries. Many more people would qualify for the type of loans they wanted but could not obtain until now.

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More banks cut bond rates

(123)

By AUDREY D'ANGELO
Business Editor

THREE more banks are to cut their home-loan interest rates.

Standard Bank, First National Bank and Nedbank yesterday announced that the cuts would be 1% from July 1, to 18%. This applies to both new and existing borrowers.

The Natal Building Society (NBS) will cut interest rates on new home loans by 1% to 18% from Monday, but has not reached a decision on existing loans.

Announcing this last night an NBS director, Mr Mark Farrer, said other lending rates would be reviewed in the near future, in the light of market developments.

All other major banks and building societies are virtually certain to cut their lending rates — although a spokesman for Amalgamated Banks of SA (Absa) said the institutions in its group would not reach a decision until next week.

The Absa group includes the United Building Society (UBS), Allied, Volkskas and Trust Bank.

ANC SPEAKS ON TAX IN THE FUTURE

Report — See PAGE 5

The Standard Bank was the first to announce a lower mortgage bond rate, although First National Bank directors were considering the matter yesterday morning.

Standard Bank home loans division general manager Mr Duncan Reekie said lower money market rates in recent weeks had enabled the bank to take the lead among large financial institutions in cutting its home-loan rate.

Standard Bank assistant general manager (home loans) Mr Stephanus Jordan said the average bond today was R100 000 or R105 000. A drop of 1% to 18% would reduce monthly mortgage payments on a R100 000 bond over 20 years by R80 a month.

But this good news for home buyers means bad news for depositors, who can expect to earn less interest.

crack of dawn

Strong growth in house deals

123 ARC 23/5/92

Business Staff

An increase in housing deals during 1991 and 1992 signalled an upturn in the economy later this year, according to a quarterly report on the property market.

However, recent cuts in bond rates were unlikely to have a significant influence on house-price growth, says Erwin Rode, research director of Real Estate Surveys, in the report.

"Although some commentators may think rising interest rates should create a drop in the prices of homes and lower rates would boost house prices, our research has shown bond rates per se have an almost negligible effect on house prices."

And, house prices in Cape Town though levelling off, he said. "Although houses in the lower price brackets are maintaining reasonable growth, house prices in the upper and middle categories are still seeking to stabilise at more rational levels after the massive hikes of 1990/1991."

In an upswing, explained Mr Rode, the positive effect on affordability generated by rising disposable income tended to be more powerful than any opposing negative effect of rising interest rates. "To some extent, this is an academic question, since no upswing has occurred yet."

He said nominal growth in house prices typically lagged the business cycle by about three quarters, but growth in house transactions was a leading indicator with a lead of about six quarters.

"Our latest forecast for house transactions showed strong growth during 1991 and 1992, which would tie in with an upturn in the economy in the latter half of this year. On a national basis, the prices of homes tend to follow a familiar pattern, with higher-priced housing taking a knock in comparison with less-expensive suburbs."

He noted on a regional basis Port Elizabeth and Durban performed best in the second quarter with increases well above the in-

flation rate across all price categories.

Meanwhile, the demand for flats remained strong, with vacancy levels around zero in most survey areas.

● Adding to the findings in the latest Rode Report, Seeff Commercial Properties managing director, Mr Theo Yach, expected growth in occupancy across the board in the office leasing market. However, real growth in income was not expected.

"The decentralised nodes such as Claremont and Bellville are showing good take-ups with landlords reporting higher activity levels than for the last quarter."

Cape Town CBD still remains the first choice for most financial and professional firms, he added.

In the retail leasing market, major movers have identified strategic growth areas for new stores because suitable space in popular locations was not easily available.

The well capitalised speciality stores are also chasing prime sites in Cape Town CBD, Bellville and Claremont.

As regards industrial sales and leasing, there had been a steady stream of enquiries for space of around 250 square metres on the leasing side, Mr Yach said.

The strongest sales sector is the owner/occupier purchaser at around 1 000 square metres.

This could be seen in the high turnover of small industrial sites in the greater metropolitan Cape Town area.

He said the major reason for capital rates being the lowest in the Cape Town CBD (as shown in the Rode report) was because institutions and long-established private owners held these properties.

Capital rates in this area could move lower in the next quarter.

"Transvaal investors used to purchasing at 14 to 15 percent are generally shocked at high prices in Cape Town."

Joy for home buyers as bond rate cut

STAR 23/5/92

DEREK TOMMEY

FURTHER relief for hard-pressed house-buyers is in the pipeline. Standard Bank, First National Bank and Nedbank announced last night that they are to cut their mortgage rates by 1 percentage point to 18 percent from July 1.

Other banks are expected to make similar announcements in the next few days.

This is the second such reduction in the mortgage rate this year. The 1 percentage point reduction will reduce monthly mortgage bond repayments by just more than R80 a month on a R100 000 bond and by equivalent amounts on larger or smaller bonds.

The reduction in mortgage rates has been expected as rates in the

short-term money market have fallen sharply in the past few days.

Businessmen will now be waiting for a similar reduction in the commercial banks' prime rate and in the Reserve Bank's discount rate.

In view of the lead given by the mortgage rate, this should happen within the next week.

The cut in the mortgage rate should provide a boost for the retail trade. South Africans have more than R66 billion in mortgage loans and the 1 percent point reduction will boost the purchasing power of house-buyers by some R660 million a year.

Quayle's wife lauds SA

PETER DAVIES

MARILYN Quayle, wife of the United States vice-president, yesterday praised South Africa for "taking the lead in regional co-operation" by facilitating the

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Private developers jettison low-cost housing

CT 23/5/92

YET another major developer, Time Holdings, this week released a set of results showing the impact of losses incurred in the low cost housing market and indicating their withdrawal from this sector.

Time Holdings was the last major private developer left at this end of the market and its withdrawal, along with the rest of the industry, is cause for major concern.

Private developers have been hit in recent years not only by high interest rates and bond boycotts which have cut off access to bond finance for low income earners, but also ad hoc implementation of housing policy by the government.

Both the De Loor report on housing and the ANC's draft housing policy highlight the need for the private sector to be involved in the provision of low cost housing.

But once bitten, twice shy and there is no doubt from present sentiments in the private sector that it is going to take some serious wooing before re-entry into this market is likely.

As Llewellyn Lewis of BMI Building Research

123



Property Perspectives
by MAGGIE ROWLEY

Strategy Consulting Unit writes in his latest review of the home building industry, the tragedy is that because of the relatively small size of the affordable housing sector in the total residential sector, the homebuilding industry and the mortgage lenders don't need this market to survive.

In fact, he warns, continued involvement could result in serious losses for an organisation. "A further tragedy for the affordable housing market is that the building industry has reached the lowest turning point in the cycle

and is set for growth during 1992 to 1994. Therefore there is very little incentive at this stage for the industry to focus on the housing segment particularly in view of the high risks and low returns associated with this market.

"The withholding of support in terms of development in this sector could be counter productive and against the interests of extra-parliamentary groups."

In this vein, Lewis and others in the industry have called for a housing accord to be reached as the first step towards solving the affordable housing crisis.

And as such, this week's announcement that a National Housing Forum with widespread representation including the Independent Development Trust, the Development Bank of South Africa, trade union movements and extra-parliamentary groupings as well as business representatives is to be launched next month with the primary aim of devising a coordinated national housing policy within a year for implementation by a new government is to be welcomed.

THERE is no shortage of land for low-cost and informal housing in Johannesburg because there are thousands of hectares being "squatted" on by large conglomerates.

This the conclusion of a land use study commissioned by the Civic Association of Johannesburg (CAJ) and the Metropolitan Chamber. The study has led CAJ general-secretary Cas Coovadia to demand that under-utilised land be released — or else.

"I believe that the choice is not whether the land should be made available for development or not," he said, "but whether it is freed through negotiation and co-operation, or via land occupation."

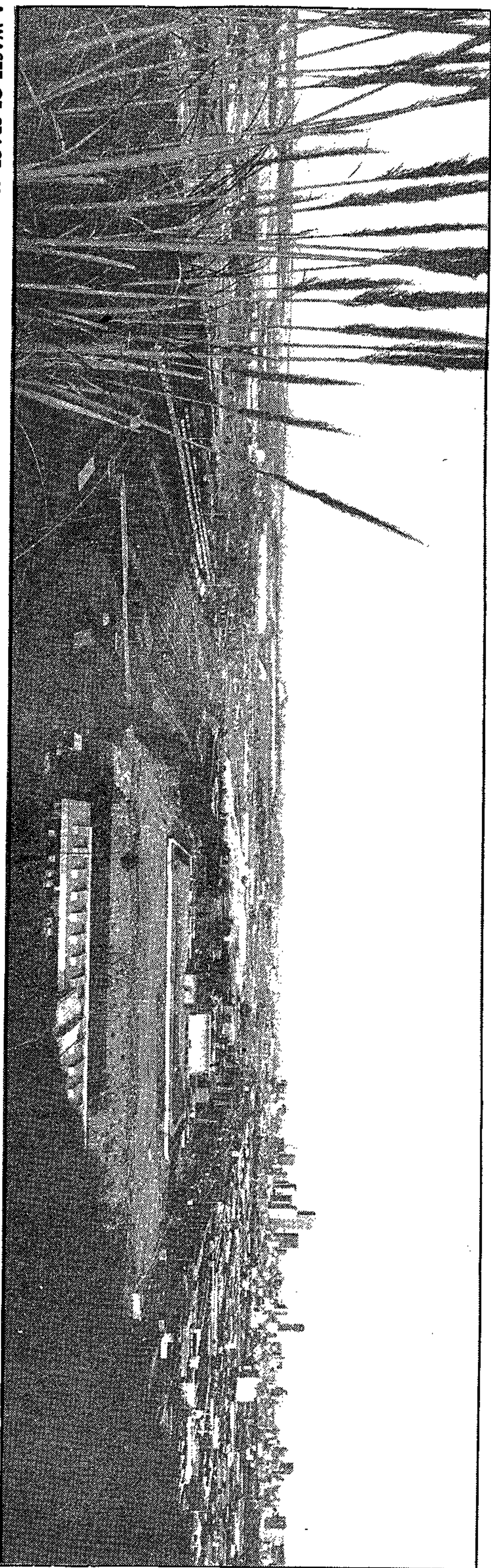
The study revealed that land requirements for residential as well as for secondary and tertiary employment needs in the Greater Johannesburg area are between 20 000 and 31 000 ha.

However, a total of 164 000 ha was estimated to be available in those areas studied. Large portions of the land are owned, it was revealed, by mining houses and other conglomerates. Coovadia named Rand Mines Properties, Anglovaal and African Explosives and Chemical Industries (AECI) as the biggest culprits.

"It is thus very evident," said Coovadia, "that land is available to house people in areas that will meet logical criteria in a holistic approach to the problem of housing the urban poor."

Coovadia listed these criteria as: access to the urban system, closeness to transport routes

There's urban land for Africa



A WASTE OF SPACE: Huge empty areas — which could be used for housing — are being "squatted" on by large conglomerates, it is claimed.

and bulk infrastructure (roads, electricity, schools, etc) and closeness to employment opportunities. He called for co-operation and "innovative" ways of making the identified land available for the development of low-cost housing and the generation of income.

A World Bank study, based on data provided by Johannesburg City Council's town planning and metropolitan planning departments, made available to the Saturday Star, states that

within 10 km of the city centre, 40 percent of the land is still unutilised.

"Even taking into account the development constraints imposed by mining land and geological features, this figure is abnormally high," says the report. "This low rate of build-up has a negative effect on the efficiency of the city."

The report points to another "land use oddity", created by the now-abolished Group Areas Act which established racially

VAST tracts of land owned by large conglomerates around Johannesburg could be used for low-cost and informal housing. JOE LOUW reports.

determined zoning and dispersed the largest population group to the perimeters of the city.

The density of most cities of the world peak within 5 km of the centre and decrease gradu-

ally towards the periphery. By contrast, in most Witwatersrand cities the pattern is quite the opposite because of the township artificially created on the city outskirts in the "out of sight, out of mind" policies of

the past. **STAR 23/5/79**

"This has serious consequences for the welfare of the population and the efficiency of urban services and economic activities," the report says.

One example given points out that, with the average distance between township and workplace about 24 km, the average cost per minibus trip (at 1991 prices) meant approximately R115 a month per person was spent on "illogical" travel — a serious impact on the already

● Photograph: JOHN HOGG

low earnings of urban families on the periphery.

Richard Tomlinson, in his book "Urbanisation in a Post-Apartheid South Africa", indicated that Johannesburg could "comfortably" accommodate up to 150 percent more people.

Another researcher, Tony Wolfson, who works for Planact, a Johannesburg service organisation which advises community groups, believes that the legacy of low-density settlement (one unit, one plot, espe-

cially in white suburban areas, has meant that some of the most suitable land is grossly under-used.

"For the wealthy," he says, "local councils permit low-density use with a subsequent 'wastage' of space that could be usefully occupied by the urban poor."

He cites an earlier study of plot densities which showed, for example, that while in densely populated Melville an average of 39 people occupy one hectare, the same space in Medlowlands hostel accommodated 690. Moroka, which also has one unit per plot, accommodates at least 60 people per hectare.

In addition, he points out, market forces preclude the development of multi-storey apartment blocks because of the high building-material, planning and design costs involved in such projects, "thus perpetuating low-density" land use in poorer areas as well.

Wolfson does not believe that the property market as a mechanism is sufficient to determine the distribution of living space in the urban areas. "Low-income people will never get a chance," he says. "They will be marginalised forever. It is unrealistic to have a booming property market in South Africa's major cities when the economic status of the majority of the population does not warrant such a market.

"Planning decisions in the future will have to prioritise development in favour of the majority where the most benefit can be achieved, but one cannot just ignore the rights of existing property owners. We have to come up with creative financial policies to solve these problems."

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STAR 25/5/92 (123)
Rate cut bad news for some

Home-owners may welcome the one percentage point drop in home loan rates announced by banks, but the Housewives League warns that people who live off their savings will be hard hit when the banks' borrowing rates follow suit. ● Page 7

STAR 25/5/92 (123)
ANC gains place in council

DURBAN — Ros Sarkin made history at the weekend when she became the first ANC member to have a seat on the Durban City Council. Mrs Sarkin, councillor for Mitchell Park and chairman of the council's creative and recreation department, said she had joined the ANC for ideological reasons, not expedience. She believed the ANC's policy represented the best hope of achieving a non-racial, non-sexist SA.

BA braces for dogfight

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Bond rate moves put

Stals under pressure

(123)

6/10/92 25/5/92
SHERIDAN CONNOLLY

FALLING money market rates resulted in leading financial institutions announcing a 1% cut in mortgage bond rates on Friday.

Standard Bank fired the first shots in the latest bond war with the announcement of a reduction in home loan rates effective from July 1. It said it would lower its home loan rate to 18% from 19%.

First National Bank and Nedbank followed suit and the Natal Building Society said it would reduce its rate on new home loans to 18% from today.

Absa MD Mike de Blanche said yesterday Absa's home loan rates had not been lowered, but a possible reduction would be considered this week.

A liquidity build-up in the money market over the past few months has put strong downward pressure on market rates. The three-month BA and Treasury bill rates have fallen in the past three months.

Recently, the Board of Executors Merchant Bank announced that selected clients would benefit from a one percentage point reduction in home loan rates. The SA Bank of Athens also reduced its bond rate by one percentage point with effect from June 1.

Standard GM, home loans division, Duncan Reekie said the bank would reduce its retail deposit rates by half a percentage point this week to bring them into line with market developments. He said lower money market rates in recent weeks had enabled Standard to take the lead among the large financial institutions in cutting its home loan rate.

The reduction in mortgage bond rates has put the Reserve Bank under mounting pressure to reduce the official Bank rate.

However, Bank Governor Chris Stals has reiterated his resolve to maintain current interest rates until the rate of consumer inflation is firmly under control.

The release of April consumer inflation data is expected this week.

Some economists said they expected the consumer inflation rate to hold steady around the 15% level.

They did not expect Stals to cut the discount rate before July.

Heightened speculation of rates cut dominates trade

CONTINUED speculation about an official interest rate cut — heightened by Standard's home loan rate cut late on Friday — continued to cause jitters amongst players last week and dominated money market trade. *Bl Day 25/5/92*

Although the market has already discounted a cut in the official Bank rate, most analysts still do not expect Reserve Bank Governor Chris Stals to budge from his resolve to maintain current interest rate levels until the rate of inflation shows some firm signs of downward movement.

In the past, falling market rates alone have been insufficient in persuading the Bank to bow to market pressure for an easing in official interest rates. Other economic indicators such as consumer and producer inflation, as well as money supply growth, also demand attention.

As the market headed towards month-end, liquidity remained strong and the hunt for quality assets continued. The 90-day BA rate tracked the downward trend in call rates, which fell to around 13.70% on Friday.

The BA rate continued its decline last week and, towards the end of the week, it was trading within a 14.40%-14.70% range compared with 14.65%-14.85% the previous

week.

The Bank kept a low profile last week with only one special Treasury bill (TB) being tendered. The market shortage was maintained around the Bank's preferred level of R1.5bn and was at R1.34bn towards the end of last week. (123)

The average rate on the three-month TB dipped sharply in the Bank's weekly tender. It slid to 13.93% after falling to 14.20% the previous week. The six- and nine-month rates were also down — at 13.50% (13.84%) and 13.03% (13.37%) respectively.

The strong downward trend in the TB rate was indicative of the market's anticipation of lower official interest rates in the short term. If a cut fails to materialise within the next week or so, then an upward correction in market rates seems likely.

Bullish sentiment in the capital market saw rates ease towards the end of the week. Money market firmness had players shifting funds into the capital market to purchase gilts.

Towards the end of last week, the benchmark Eskom 168 was trading around levels of 15.66% compared with 15.73% at the end of the previous week. The government RSA 150 stock was also down at 15.75% from a previous 15.80%.

Fed unlikely to trim US interest rates

WASHINGTON — The US unemployment rate remains above 7%. Car sales are weak. Housing starts took a dive last month. Inflation seems tame. The money supply is growing only sluggishly, the Wall Street Journal reported on Friday. *Bl Day 25/5/92*

Yet US Federal Reserve policymakers have agreed that, barring some surprisingly bad economic news, they probably have cut short-term interest rates enough for now, according to people familiar with the Fed's deliberations. It was reported on Thursday that the Fed's open market committee decided last week to eliminate a bias toward lower rates that it had included in its policy directives since August. However, Fed chairman Alan Greenspan

still has the leeway to cut short-term interest rates a notch should incoming data justify such a move.

This decision surprised those on Wall Street who had been eagerly expecting another Fed move, and it disappointed some of US President George Bush's economic advisers. "We can't repeat what we did in 1991, when the Fed shrunk the money supply as growth started to emerge," said Treasury Secretary Nicholas Brady.

Bush's top economist, Michael Boskin, said on Thursday the economy grew substantially faster in the first quarter than the 2% annual rate estimated by the commerce department in its initial report on the period. — AP-DJ.

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MONEY MARKETS by Sheridan Connolly

Heightened speculation of rates cut dominates trade

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Mortgage rate cut eases pain for homeowners

Stals faces pressure to cut bank rate soon

By Derek Tommey

The weekend was a good one for householders with the news that mortgage rates are to be cut by one percent to 18 percent from July.

This should put an additional R60 million a month in the pockets of those people with mortgage bonds and should give some badly needed help to the ailing retail trade.

The reduction in mortgage rates reflects the sharp drop in interest rates in the money market owing to the decreasing level of business activity.

This has led to a build up in cash holdings in companies as they reduce stocks and cut back on new investment and, for the same reason, a reduction in the demand for commercial loans.

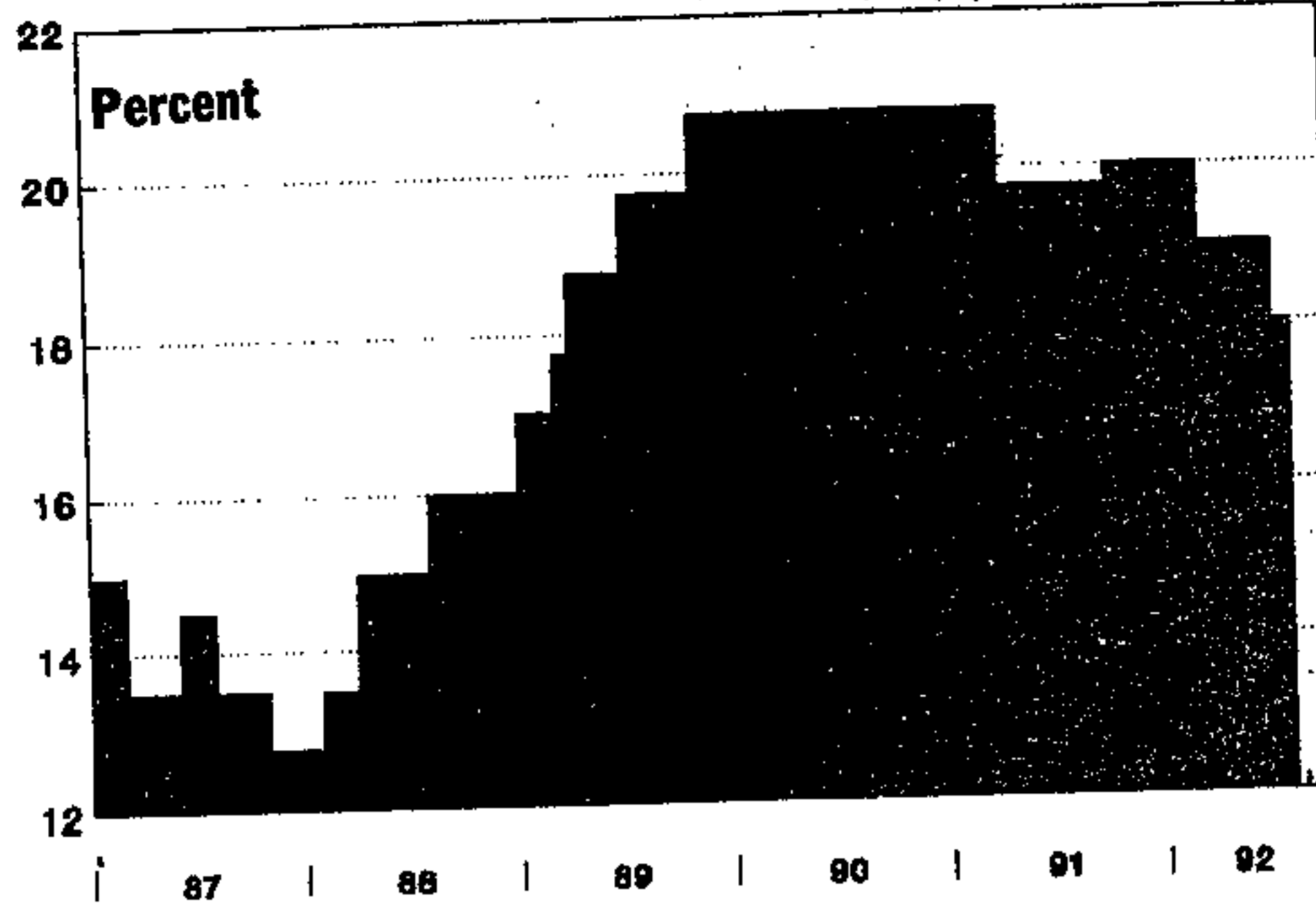
But those who still owe money to the banks are now eagerly waiting for the other part of the equation — the banks to cut their prime and other overdraft rates.

R100-m boost

A one percent cut in these rates would save those with bank loans up to R100 million a month. This would be an extremely welcome development in today's recessionary times.

Such a cut in rates cannot be too far away. But first, say the banks, they would like to see the Reserve Bank cut its discount rate. The more optimistic bankers expect this could be within a week. But others are not so sanguine.

The banks met the Reserve Bank just over two weeks ago to discuss lowering interest rates. The Reserve Bank apparently told the banks that it had no objection to their cutting lending rates but the discount rate would be lowered only if the rate of inflation fell.



Interest rates are slowly easing but have a long way to go to match those prevailing in 1987.

However, there is no doubt that the economy is moving deeper into recession and is urgently in need of a boost, as Dr Johan Louw, chief economist of Sanlam, convincingly shows in a report published today.

And at the same time, there is a growing dissatisfaction among economists about using the consumer price index as a measure of inflation.

These economists claim that the drought and population growth together are putting increasing pressure on food resources. Consequently food prices are being distorted with the result that the CPI is no longer an accurate indicator of real inflationary pressures in the economy. Therefore, they argue, another indicator should be used.

The Reserve Bank apparently is doing a rethink on this matter, and in fact is believed to be considering excluding the food component from the CPI when it next uses it as an inflation indicator.

The CPI for April is due in the next two days or so. If the

increase in food prices is, in fact, excluded from the index, then a cut in bank rate might not be too far away.

In his report Mr Louw says there is evidence that the recession is deepening in several sectors.

And although South Africa is entering its fourth year of downswing, it seems there will be no recovery until late in the year.

On the bright side net foreign

trade is still in a surprisingly favourable position. Other positive are the lower local interest rates, the mild drop in the inflation rate and increased government spending on social projects.

But these are overshadowed by the following:

- Continued uncertainty over the future political and economic dispensation.
- The political and criminal violence, which continues to erode confidence and frighten off investors.
- The unemployment rate, which is unacceptably high and getting worse.

● The serious drought, which has reached disaster proportions in several areas and is threatening to limit the country's total production.

● The weak performance of gold and other commodity prices.

● Continued relatively strict monetary and fiscal discipline.

● The poor financial position of consumers.

Mr Louw does not expect the turning point to come until late in the second half of this year. He expects an economic growth rate of only 0,5 percent for 1992, but this should rise to more than 3 percent next year.

Housing prices set to rise a mere 2% Absa

123 (123) (123)
Biday 25/5/92

FUTURE housing prices are set to rise a mere 2% providing the political situation stabilises, says Absa's latest Quarterly Housing Review.

Firmer prices were expected to stimulate the domestic property market and highlight the weak supply situation.

The review also indicated that interest rates might decline another 2%, although prospective buyers were advised not to rely on the lower rates.

On a national basis, the average price of a medium-sized house rose 13,2% to R135 000 in the first quarter of 1992 compared to 1991. During the same period, smaller houses' prices rose 14,7% to R103 000, while the average price of a larger house rose 13,7% to R192 000, Absa said.

The year-on-year increase of 14,1% in building costs during the first quarter of 1992 was lower than the general inflation rate for the third successive quarter, reflecting an economic and building sector depression.

This resulted in marginal narrowing of

prices between new and existing houses.

During the last quarter of 1991 and first quarter of 1992 prices of medium-sized houses in parts of Natal increased 5,6%, in the Free State and the northern Cape 4,7%, and in the East Rand 5,5%.

The eastern Cape showed a marginal house price increase of 2,6%, the Transvaal (excluding the PWV area) 2,2%, and the Durban-Pinetown area 1,9%.

Prices for medium-sized houses in Pretoria and the western Cape remained unchanged. Johannesburg experienced a price decline of 3,5%, the West Rand 3,4%, and Vaal Triangle 3,0%.

The review said the limited downward potential in the capital value of a house made it a comparatively attractive investment opportunity and a better long-term investment than gold, fixed deposits or shares if transfer costs, commissions and tax were not taken into account.

KARIN FRANKEN

Bond rate drop has downside

By Zingisa Mkhuma

While hard-pressed consumers welcomed the one percentage point drop in home loan rates announced by several banks at the weekend, the Housewives League has warned that people who lived off their savings would be hard hit when the banks' borrowing rates followed suit.

Standard Bank, First National Bank, Nedbank and the Natal Building Society announced that home loan rates would drop by one percentage point to 18 percent from July 1.

This is the second reduction in mortgage rates this year and will reduce monthly mortgage bond repayments on a R100 000 bond by more than R80 a month.

Housewives League president Lyn Morris said although the cut would be of tremendous benefit to people with mortgage bonds, there was always another side to this issue.

When banks and building societies dropped their lending rates, they also dropped their borrowing rates, she said.

People who lived on savings and other investments would be hard hit.

HOUSE OF ASSEMBLY

THE MINISTER OF LOCAL GOVERNMENT AND NATIONAL HOUSING:

QUESTIONS

†Indicates translated version.

For written reply:

General Affairs:

Hostels in townships

255. Mr P G SOAL asked the Minister of Local Government and National Housing:

- (1) With reference to the replies to Question No 956 on 4 June 1986 and Question No 242 on 3 May 1991, (a) how many (i) hostels for (aa) males and (bb) females were there in each township falling directly or indirectly under his Department, and (ii) persons were accommodated in each hostel, as at the latest specified date for which figures are available and (b) how many persons was each of these hostels designed to accommodate;

- (2) whether any single-sex hostels have been converted to family housing units since 1 May 1985; if not, why not; if so, (a) how many, and (b) at what cost in respect of each such township, as at the latest specified date for which figures are available;

- (3) whether any further single-sex hostels are to be built; if so, (a) why, (b) for how many persons, (c) when, (d) at what cost, and (e) where, in each case;

- (4) whether any further single-sex hostels are to be converted to family housing units; if not, why not; if so, (a) when, (b) where, (c) how many, and (d) at what cost, in each case;

- (5) whether his Department is planning to provide improved types of bedsitter and single-room accommodation in the future; if so, (a) when, (b) where, and (c) at what cost, in each case?

B588E

The situation in connection with hostels, as outlined in the reply to Question 242 of 3 May 1991, shows no meaningful change at this stage. A mere repetition thereof will therefore serve no useful purpose.

Regarding hostels, the Cabinet on 2 October 1991 approved a strategy in terms of which hostels in government possession will be upgraded or converted into family units. An amount of R294.6 million has been allocated for this purpose in the main budget.

The hostel strategy determines that the upgrading/conversion of hostels will take place on a basis of negotiation between the hostel inmates, the inhabitants of the adjacent towns, the owners and all other groups concerned.

The guidelines regarding hostels, tabled on 1 November 1991 in the National Discussion Forum: Hostels and Housing, which in fact correlate with the hostel strategy, have therefore been accepted by Government and are actively being pursued.

Amounts loaned to African countries

261. Mr L F STOFBERG asked the Minister of Foreign Affairs:†

- (a) What total amounts did the Republic lend to African countries in 1986, 1987, 1988, 1989, 1990 and 1991, respectively, and (b) (i) (aa) to which African countries, including the TBVC countries, did the Republic render aid in each of these years and (bb) what was the Rand value of this aid in each case and (ii) what other aid was rendered to such countries in each of these years?

B625E

THE MINISTER OF FOREIGN AFFAIRS:

All forms of aid by the South African Government to African countries for the financial years 1986/87, 1987/88, 1988/89, 1989/90, 1990/91 and 1991/92 is set out in the attached Schedules. Details of aid to other African countries is being made available to the hon member personally.

Cont...-P
HOUSE OF ASSEMBLY

'Inflation is still out of line'

Stals stands firm despite bond rate cuts

123
B/Dam 26/5/92
SHARON WOOD

RESERVE Bank Governor Chris Stals last night stood firm in maintaining Bank rate at its current level despite an avalanche of bond rate cuts during the weekend and yesterday.

Absa yesterday cut its home loan rates by a percentage point to 18%. This was followed by similar notices from the Perm and the EP Building Society.

Standard Bank spearheaded a percentage point cut in its home loan rate on Friday, followed by similar reductions at FNB, Nedcor and NBS.

"The bond rate cuts mean nothing for the Bank rate because there is no direct link between the two interest rates," Stals said.

"The Reserve Bank has no problem or objection to the lower bond rates because they are an indication of the easier conditions in the money market which the Bank is happy with," he added.

Asked whether a reduction in Bank rate

would depend on the level of inflation to be released later this week, he said the Bank looked at a lot of things. "But the one thing at this stage that is out of line is the inflation rate ... we would like to see the rate of inflation come down."

He added the Bank was happy with the money supply and bank credit extension.

The lower bond rates announced by the various institutions are effective at different times: clients of the big four banks will benefit from a percentage point cut only after July 1, while an 18% mortgage rate is effective immediately at NBS and EP Building Society.

Analysts said the reduction in bond rates would hit Absa harder than the other banks because it had a higher exposure to home loans.

Reserve Bank DI 900 figures for December show Absa's exposure to home loans was 55% of total advances, but this drops to 42% if Bankorp advances are included.

Standard Bank, on the other hand, had a 21% exposure, FNB a 19% exposure and Nedcor Bank a 45% exposure.

"Standard is putting the boot into Absa ... the bond rate cut will hurt Absa more than twice as much as it will Standard and FNB," one analyst said.

Standard Bank and FNB were trying to increase their share in the most lucrative market and they had the capital strength to do it, he added. "Absa home loan market share is going to be eroded," he said.

Absa MD Mike de Blanche would not comment on how much the interest rate

Interest rates

reduction would cost the bank.

He said the restructuring of Absa and the incorporation of Bankorp had significantly changed the structure of the group's advances book.

Standard Bank home loans division GM Duncan Reekie said the decision to cut its bond rate was a result of actions in the money market, where liquidity was building up and wholesale rates were declining. Absa had a much larger home loan book and therefore the interest rate cut would have a greater effect on it, he added.

The Perm also has a high exposure to home loans. "Home loans are Perm's major asset and the interest rate cut is

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From Page 1

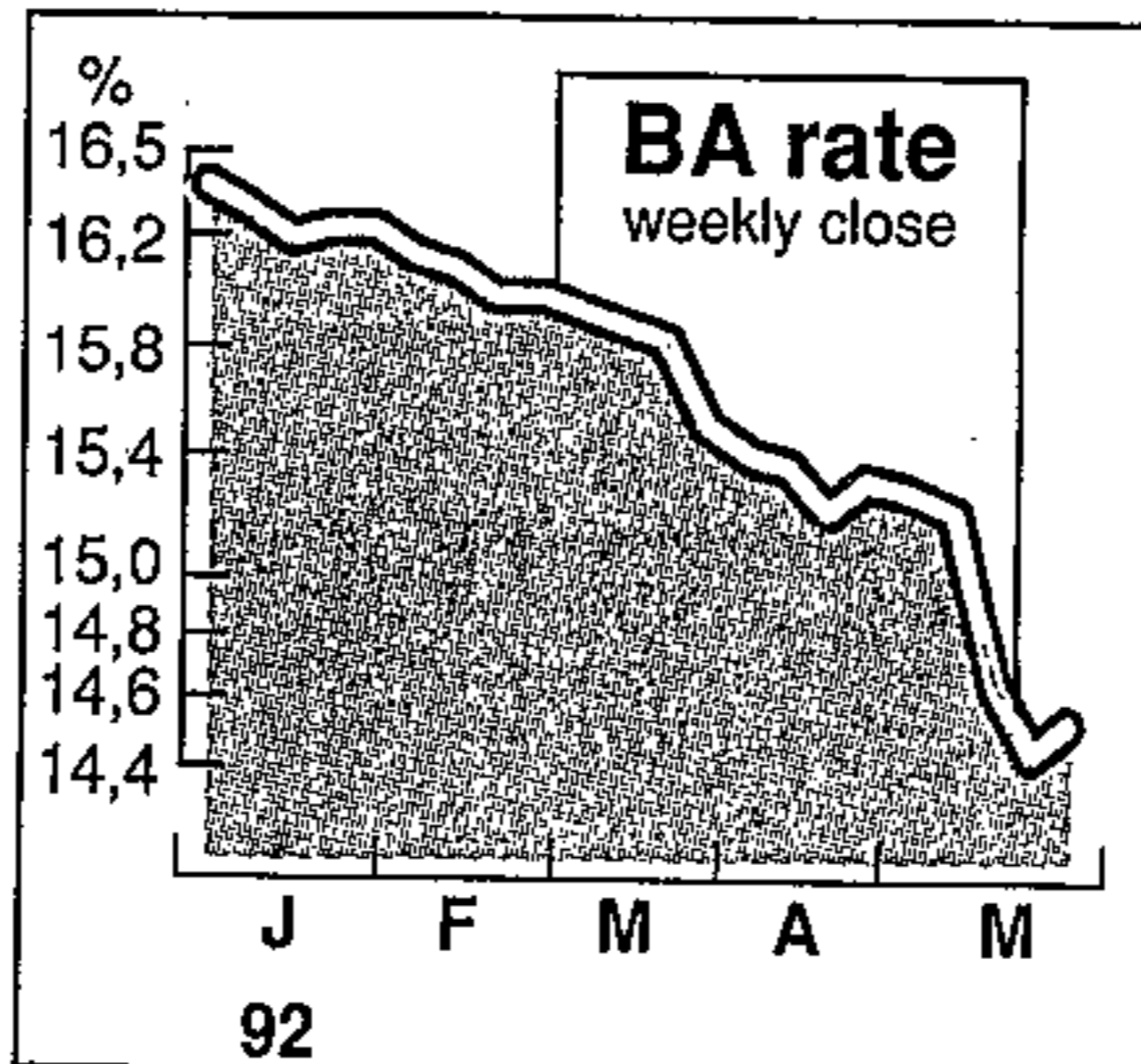
going to cost us," Perm CE Hugh MacLachlan said.

But the cost of the rate cut to the banks depended strongly on the funding mix of the particular bank, he added.

Money and capital market rates did not respond to the rate reductions because they already had been discounted, a dealer said.

The key liquid BA rate ticked up to 14.50% yesterday from Friday's 14.40% and capital market rates edged higher with the Eskom E168 at 15.70% from Friday's 15.64%.

Dealers in both markets remained optimistic that Stals would drop Bank rate soon.



Graphic: LEE EMERTON Source: I-NET

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'R295m for hostel uplift'

Political Staff (123)

THE government had allocated R294,6 million for the conversion of single-sex hostels into family units, the Minister of Local Government and National Housing, Mr Leon Wessels, said yesterday. CT 26/5/92

"The hostel strategy determines that the upgrading/conversion of hostels will take place on a basis of negotiation between the hostel-dwellers, the inhabitants of adjacent towns, the owners and all other groups concerned," he said.

Mr Wessels was replying to a question tabled in Parliament by Mr Peter Soal (DP, Johannesburg North).

the remains of were remanded until their next court appearance on June 19.

which only "dissidents" from disrupting services.

R10 houses not for ordinary buyers

(123) ~~Aug~~ 26/5/92

Staff Reporters

PUBLIC auctions of repossessed houses may occasionally offer a bargain but picking up a house for R10 is not possible for the public.

This is the view of a spokesman for the Amalgamated Bank of South Africa (Absa), who said a rare buyer might pick up a house for less than the market value if the bond had been partially paid up. But he had never heard of a R10 sale.

In most cases the outstanding debt exceeded the market value of the property, and bank officials would keep bidding to recover the debt.

However, a woman who bid R1 500 for a Blue Downs house claimed that her bid was disregarded by the auctioneer. The house was then sold for R10 at the same auction to United

Bank, which had held a bond on it. Ms Julia Okkers alleged that apart from court officials, she and her mother were the only people at the auction. But bank officials and the auctioneer claim that "men from the United" were also there.

Ms Okkers said that when she bid R1 500 the auctioneer said she should not waste her time.

"He said the amount due on the house, with all the interest added on, was R75 000.

"He asked if I had the deposit, and I said I did, for R1 500. He said to me, 'This is not a circus,' and then I was ignored."

Mr Eddie Leuwner, the court official who auctioned the house, said he did not accept Ms Okkers's offer because it was "ridiculous". United's R10 bid was not ridiculous, however.

Govt helps some buy land back

SPL/ids = M (120)

123
CT #114 26/5/92

By PETER DENNEHY

PEOPLE who lost their homes under the Group Areas Act will now be able to get them back — if they are willing to pay for them again, and if the government or one of its agencies still owns the properties.

Some who have already got their properties back — in cases where land was zoned coloured, then white, then coloured again before the Group Areas Act was scrapped — have paid less than market prices to acquire their properties for a second time.

Mr Jac Rabie, chairman of the Ministers' Council in the House of Representatives, has announced that 75-year-old Mrs Katrina Petrus and her family will be given "the necessary support in their efforts to buy back their land in Grassy Park".

She was dispossessed of her 4 000m² of undeveloped Grassy Park/Zeekoevlei land under the Group Areas Act

in 1971, and was paid R3 310 by the government in compensation. It is still undeveloped but its present market value has been estimated at between R130 000 and R160 000. Mrs Petrus and her husband bought the land decades ago for £325.

Mr David Daniels, director of development in the House of Representatives' Department of Housing, said: "There have been instances where we have sold properties back. People are not usually able to buy them back at current market value. The board considers each case on its merits. The properties generally belong to the Development Board."

Negotiations are under way in Grassy Park with other people who want to buy back land lost under the Group Areas Act, said Mr Rabie. It is understood that Mrs Petrus's claim and others will go to the Advisory Commission on Land Allocations, which will then make a recommendation to the State President.

C

ABSA lowers bonds rates

South Africa's largest banking group, ABSA, yesterday announced a 1 percent cut in its bond rates to 18 percent.

The bank said its operating divisions, Volkskas, Trust Bank, Allied and United would reduce home loan rates by 1 percent with immediate effect on new loans and from July 1 on existing bonds.

The reduction follows on the trend set by other banks on Friday when Standard Bank, First National Bank, Nedbank and NBS announced cuts in their home loan rates.

Lower money market rates as a result of high liquidity, have been cited as reasons for the latest home loan reductions.

The Bank of Athens in South Africa and the Board of Executors were the first two financial institutions to lower bond rates two weeks ago amid speculation the Reserve Bank was to lower the official bank rate.

This was, however, denied by Reserve Bank officials at the weekend. - *Sapa*

123

Sowetan 26/5/92

Two join the bond wagon

Business Day Reporter

BOLAND and Saambou yesterday announced a one percentage point reduction in mortgage rates, following the example set over the last few days by their major competitors.

Boland said in Cape Town it would cut home loans to 18,25% from 19,25% from July 1, with the new rate effective immediately on new loans.

In Johannesburg, Saambou Bank said that in accordance with moves by other banks on Friday and Monday, it would also lower bond rates. *Monday*

Saambou said new bonds would be given at the lower rate and instalments on existing bonds cut with effect from July 1. *27/5/92*

On Friday, Standard Bank was the first to cut its bond rate, a move followed by FNB, Nedcor and NBS.

Mr K M ANDREW: Mr Speaker, further arising out of the hon the Minister's reply, may I ask him whether he is saying to this House that nobody will be suspended from his post in the SA Defence Force as long as something still remains under investigation by way of an inquest or a court case? In other words, is he saying that until such time as rulings are made, nobody will ever be suspended from the SA Defence Force? If he is not saying this, is the inference not that the Government does not accept the evidence and is therefore not prepared to take any action?

The MINISTER: Mr Speaker, it seems to be very difficult to explain this to the hon member. The point is that an allegation is contained in the report of *New Nation*. I am saying that there is evidence to the contrary as well, but unfortunately I am not in a position to divulge that information to the House at this stage, because it has been presented to the Attorney-General of the Eastern Cape. That is the situation. In view of the fact that the Attorney-General is still conducting the investigation, I am not in a position to present that evidence now.

I am not saying that it would prevent steps being taken at any stage, if necessary. All I am saying is that according to the information I have available, and in terms of the general regulations of the SA Defence Force, the Chief of the SA Defence Force is entitled to act if he has sufficient evidence to do so, which is not the case in this particular matter.

Financial assistance to families of four deceased
*12. Mr K M ANDREW asked the Minister of Justice:

Whether the families of ~~Matthew Goniwe~~, Fort Calata, Sparrow Mkhonto and Sicele Mhlauli will be given financial assistance to enable them to have legal representation at the re-opened inquest into the deaths of the above-mentioned four men; if not, why not; if so, on what basis will the assistance be provided?

B672E

THE DEPUTY MINISTER OF JUSTICE:

If the families concerned require financial assistance they are welcome to approach the Director of the Legal Aid Board. The Legal Aid Board assists persons, who satisfy its requirements, to obtain legal representation.

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As far as can be ascertained, the families of the deceased have not yet applied for legal aid.

Mr K M ANDREW: Mr Speaker, arising from the reply of the hon the Minister, may I ask whether, given the abnormal circumstances of this case and the fact that it is a re-opened inquest, he believes that the stature and quality, in terms of experience and seniority, of the legal assistance that would come to the families by way of the Legal Aid Board would be adequate?

The DEPUTY MINISTER: Mr Speaker, the Legal Aid Board is a semi-autonomous body. It will decide, possibly with the assistance of the attorneys, who will represent the families. It does not necessarily mean that it will be a junior advocate.

INTERPELLATION

The sign * indicates a translation. The sign †, used subsequently in the same interpellation, indicates the original language.

Own Affairs:

Elderly citizens removed from residences

1. Mr J J WALSH asked the Minister of Housing and Works:

- (1) Whether he is taking any steps to alleviate the problem of elderly citizens being removed from their residences as a result of *inter alia* sectional title developments; if not, why not; if so, what steps;
- (2) whether he will make a statement on the matter?

B705E.INT

The MINISTER OF HOUSING AND WORKS: Mr Speaker, the reply is as follows.

At present we are experiencing a very serious housing shortage amongst all population groups in South Africa. The recent De Loor Report confirmed this with indisputable facts. In respect of the White population group, the shortage is estimated at approximately 104 000 housing units and it is still growing. I am extremely concerned about this situation.

The biggest need in respect of low-income housing appears to be where the monthly income of a family is below R1 200 per month. It is a fact that many of these unfortunate people are aged

persons. This unfortunate situation can be attributed, *inter alia*, to the following causes: problems in the South African economy, which have led to a decline in economic activities at all levels, increasing unemployment at all levels of the South African community, the fast population growth, urbanisation and a tendency in the private sector to only cater for the middle-income and high-income groups. The last-mentioned aspect unfortunately leads to the conversion of normal housing units, especially flats, to sectional title units.

Legal protection for, *inter alia*, the aged lessee is granted by means of the Sectional Titles Act as well as the Rent Control Act, Act 80 of 1976. The basic elements for the protection of lessees are, firstly, that in terms of the Sectional Titles Act lessees must be granted the first option to purchase such units.

Certain restrictions are placed on the sale of the relevant unit for as long as the lessee occupies it. No conversions may be made without prior approval from the local authority. The lessee may continue to occupy the unit uninterruptedly, subject to the stipulations of the Rent Control Act of 1976. I would like to state that the Sectional Titles Act is administered by the hon the Minister of Regional and Land Affairs.

This brings me to protection in terms of the Rent Control Act. Lessees have to comply with certain conditions of the Act. They have to be 70 years of age or older. The lessees should have reached this age at the time rent control was abolished, while continuing to have uninterrupted occupation. They have to fall within the laid-down income bracket, namely R1 250 per month for single persons and R2 000 per month for married couples.

The decision to phase out rent control was taken by the Government many years ago, and these reasons are still valid today. Reinstatement of rent control will not be considered lightly. However, where exploitation is proved, I will not hesitate to intervene. I would like to invite lessees who feel that they are being prejudiced to bring this to the attention of my department.

As far as the legal position is concerned, I want to tell hon members what is being done in practice to address and alleviate the serious housing shortage in respect of the Whites. I want to mention some of the steps we are taking. The

Development and Housing Board, acting on behalf of the department, is involved in the following . . . [Time expired.]

Mr R V CARLISLE: Mr Chairman, the hon the Minister says he is extremely concerned. What we want is not concern, but action. He gives a number of causes for his concern, but allow me to give him some others too.

Rent control has been phased out, but inflation and the restructuring of this economy as a result of the NP Government's maladministration have had as one result the increasing homelessness of both elderly people and single parents. Those who are not yet homeless live in the dreadful certainty that rapidly rising rentals and rapidly devaluing rand will sooner or later render them homeless as well.

The hon the Minister refers to sectional title and says this does not come under his particular portfolio. He obviously lives in the wealthiest constituency in the country.

He does not have these kinds of problems. Let me tell hon members how developers get around sectional title.

An HON MEMBER: It is the first time you stand up for old people!

Mr R V CARLISLE: Come and look at my constituency, friend.

They move people out of a block of flats until only the protected tenants are left on their own. They withdraw security and leave frightened people 70 years old and older all alone in the block. They soon go! Such a practice is not unlawful, but it is immoral, and it is being done.

Another tactic is to say they require the old person's flat for repairs. They tell them they can go off for six months and that when they come back they can have the flat back on new terms. That is allowable in terms of the Act. Where does the person go for six months? Who bears the expenses? They do that specifically to drive protected tenants out.

The next cause of this lies with the developers themselves. I want to say that that Government is far too prone to influence from the representatives of developers and builders in South Africa. They quiver when they hear the word Sapa. I want to ask the Government to look after the interests of these old folk and single

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parents rather than looking after the interests of the developers' industry.

Dr P J STEENKAMP: Well, that is the DP speaking!

Mr R V CARLISLE: That is the DP speaking. It speaks for the people of South Africa, but that hon member would not understand that. [Interjections.] He speaks for the big interests of South Africa. He speaks for squashing the little people of South Africa. That is the problem with this government.

Rent control provides no protection. That is the reality of the matter. The hon Minister says he invites people to intervene. We come to his department without effect. It achieves nothing. I am not criticising his officials. They are sympathetic, but what can they do in terms of the existing laws and facilities?

The fact of the matter is that something has to be done and it has to be done now. We owe it to those people—I do not care what their colour is—who have served South Africa. Some of them have been turfed out of their flats in which they have lived for 30 and 40 years. I actually wonder what happens to a developer and to his lawyers that they can put people out without concern. Some major financial institutions have a story to tell in this regard as well. [Time expired.]

*Mr H J COETZEE: Mr Chairman, I find it comical that the party which is normally not worried about the Whites is today pleading for the Whites. [Interjections.] It is typical of the DP which . . . [Interjections.]

I want to state categorically in this Chamber this afternoon that I do not think there is anyone in this House of Assembly who is not concerned about the elderly people in South Africa. [Interjections.] There is no-one who is not concerned, but we must look at the solutions. We cannot prohibit these sectional title developers. Those people have to make money and carry on, but do hon members know that the Government has a report of the De Looor Commission which recommends that rent control be phased out? It is ten times worse than they make out.

I want to say to hon members that we must look at the problems of these particular people who are still living in flats at the moment, elderly people who can take care of themselves. As a result of the Government's policy of power-

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bring in a bit of politics, but I do not think that we should do that today. [Interjections.] The hon member just said that the NP's policy over the years had been the cause of our not being able to control inflation, and that that was the cause of the problems. [Interjections.]

Hon members of the CP should actually not speak on these issues, because if we apply their policy in this country, there will be even less money to build houses. [Interjections.] Yes, of course—that is so. [Interjections.]

There will be no money to build houses, because that is precisely one of the reasons why we are now faced with this problem. We have sanctions and boycotts against us, and that is why we have the problem of having no money to build houses.

Miss M SMLUTS: Mr Speaker, we are pleased to hear that the hon the Minister is looking at various projects. We commend him, but we must tell him that he will have to return to the problem of sectional title, because it will not go away.

When the Sectional Titles Act was amended recently, protected lessees retained the right to stay where they were, as long as they qualified for protection. This was a gesture by the State towards poor elderly people. However, the amendment, which lifted the prohibition on sales to persons other than protected lessees, was a concession at the request of developers, and that is where the pressure is coming from. My hon colleague has rightly referred to the relationship between the Government and developers.

Sectional title should ideally have provided new housing stock. However, developers are converting older blocks where elderly people live.

This is fine as far as it goes—it is free enterprise—except that developers are ducking the protection provisions and section 9(1) provisions by giving lessees notice;+ selling by share block for later conversion to sectional title; sometimes, as in a Sea Point case I have here dated 12 May, getting prospective buyers to sign a deed of sale claiming the offer was unsolicited, thereby exonerating the developer; and so forth.

The State cannot just sit back and say that its duties are discharged by the protection section, section 10. It is being abused. It is also so unintelligible that they say one can get as many legal opinions on its meaning as the number of people consulted.

Thirdly we believe—and this is perhaps the difference between the NP and my party . . .

*An HON MEMBER: The university buys it out!

Miss M SMLUTS: . . . that the State should intervene—some private developers play their part, and the university does try to help—to help those displaced by developments, if only by subsidising private initiatives like the Abbeyfield Society, which buys houses for older people to share and where residents pay rent and running costs, but no capital contributions.

Mr R V CARLISLE: Mr Speaker, the hon the Minister's predecessor set up a departmental enquiry. I gave evidence to it. Some of the things the hon the Minister can do re the following. He can make his rent boards pro-active, instead of sitting there waiting for things to happen. He can get out information to these old people on what few remedies do apply. He can put a legal disincentive on sectional title and a legal incentive on new housing starts, which is the way round this particular problem.

I should like to know what has happened to that particular report. Above all, the Government has to stop bending to the pressures in this regard. The hon the Minister does not deal with that. We were told by Sapoa that if we did away with rent control we would see blocks of flats pop up all over the place. I ask hon members to show me one new block for rental anywhere in the greater Cape Town area. They have not appeared. We have been had by Sapoa. The hon the Minister must stop listening to Sapoa and start listening to the people who are taking the thick end of the wedge here. [Time expired.]

The MINISTER: Mr Speaker, I would once again like to thank hon members for positive suggestions that we can follow. The hon member for Wynberg said that what these developers were doing was not unlawful.

Mr R V CARLISLE: It is immoral. Make it unlawful!

The MINISTER: However, two minutes later he said I must use the Rent Control Board to do something about it. As I have pointed out, the Rent Control Board is working according to the Rent Control Act. If those people are doing nothing unlawful, what can the Rent Control Board do then? [Interjections.] The hon member

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in the front bench here said we must change the Act. If this will help I am prepared to look at the matter, because I am concerned about the aged who are being chased out of their flats. [Interjections.] I am concerned about this. If it will help, the hon members are welcome to give me information and evidence which will enable us to review the Act.

* I am not prepared to allow people to be thrown out and left on the streets while we try to build houses and some people become rich.

That is why it is not correct to say that we are giving in to pressure from the large concerns. It is not true. We want to look after the interests of the ordinary people and the poor people. If hon members can help me . . . [Interjections.] The hon member for Carletonville must keep quiet. What nonsense is he talking again now? [Interjections.] Excuse me, Sir, but that hon member is interrupting me again. He does not know what it is about. [Interjections.] I want to invite hon members to give me information. I undertake to investigate the matter if necessary, and if any amendment must be made, I shall submit it to the Cabinet. We shall then look into what we can do in relation to this matter.

Debate concluded.

QUESTIONS

†Indicates translated version.

For oral reply:

Own Affairs:

Voluntary retirement by teachers: offer

*1. Mr A GERBER asked the Minister of Education and Culture:†

- (1) Whether his Department indicated earlier this year that some teachers could retire voluntarily on accelerated, adjusted pension; if so, (a) what are the relevant details and (b) for how long does this offer apply;
- (2) whether he will make a statement on the matter?

B675E

HOUSE OF ASSEMBLY

THE MINISTER OF EDUCATION AND CULTURE:

(1) Yes.

(a) In a joint media statement by the Minister of National Education and myself on 17 February 1992 it was announced that where it was up to now on grounds of personal circumstances not possible for teachers to retire prior to reaching the stipulated retirement age, measures are being taken to make it possible for teachers to retire earlier with adjusted pension benefits. The new benefit will be available to teaching personnel who have already reached the age of fifty years and who have completed at least ten years pensionable service. This matter is currently being handled by the Department of National Education. Further information will be made available at a later stage.

(b) Falls away.

(2) No.

†Mr A GERBER: Mr Speaker, arising from the hon the Minister's reply, I want to ask whether he can give an indication to us as to when more particulars will be available in this regard.

†The MINISTER: I suggest that the hon member puts a question to the hon the Minister of National Education next week.

For written reply:

General Affairs:

Protection against poisonous chemicals and metals

264. Mr L F STOFBERG asked the Minister of Agriculture:†

What steps is his Department taking to protect the population against the undue, accumulative intake of (a) pesticides, (b) fungicides, (c) iodine, (d) steroids, (e) antibiotics, (f) vermicides, (g) growth hormones and (h) other poisonous and dangerous chemicals and metals found in agricultural, meat and horticultural products for human consumption?

B629E

THE MINISTER OF AGRICULTURE:

The Fertilisers, Farm Feeds, Agricultural Remedies and Stock Remedies Act, 1947 (Act 36 of 1947) contains various provisions aimed at the efficient protection of the population against hazardous substances.

The Act requires that any person who applies to register a remedy must submit the following information:

- The results of sufficient trials to substantiate claims made for the product. Specialist scientists are called upon to evaluate such data, pass comments, and to make recommendations.
- In the case of crop protection agents designed to control insect and diseases on crops, trial data must be submitted to prove that such agents have no phytotoxic effects on the crop it is intended to protect.
- Results must be submitted to illustrate a breakdown curve of the active ingredient following its last application in order to ensure a safety period.
- The results of research and development trials that were undertaken to establish the likely ultimate fate of a compound after it had been introduced into the environment and the effects it may have on non-target organisms.
- A toxicological report on the active ingredient's likely effect on mammals and other vertebrates and invertebrates, especially regarding carcinogenicity, mutagenicity and possible side-effects on the offspring. It is expected that data shall also be submitted to illustrate the compound's likely impact on the environment, plant and animal life.
- A proposed user label that will inform the user regarding warnings, precautions, storage and disposal of the product and its original container.
- The afore-mentioned information is carefully evaluated with a view to registration and before an application is granted the following steps are also taken:
 - Liaison with other Government departments, where applicable, as regards applications for registrations and collating the opinions of relevant specialists.
 - All applications for registration are discussed at INDAC—the Standing Inter-Departmental Committee for Safeguarding Man against Poisons—which consists of representatives of the Departments of Agriculture, National Health and Population Development, Environmental Affairs, Water Affairs and Forestry, the Agricultural Research Council and the Faculty of Veterinary Sciences of the University of Pretoria.
 - This committee advises the Registrar: Act 36 of 1947 on the desirability of the registration of all compounds. In this way the committee serves as a barrier to prevent toxic compounds from ending up in the people's food basket.
- The following control measures, in terms of the Act, are further taken:
 - Remedies shall not be contrary to the public interest. Continued use can be reviewed, or restricted, or even be withdrawn. For instance it can be mentioned that the use of synthetic growth hormones in livestock has been forbidden since 23 September 1983.
 - Regulations were published in 1991 which prohibit the acquisition, disposal, sale or use of an agricultural or a stock remedy for a purpose or in a manner other than that specified on the label of a container or on such container.
 - As part of its function to regulate Act 36 of 1947 the Directorate: Livestock Improvement and Agricultural Production Resources maintains an inspectorate. Members of this inspectorate regularly draw samples of all registered products which are then analysed to verify that they conform to declared standards. Any complaints lodged by producers are also investigated as to the abusive or indiscriminate use of remedies.
 - Training to make persons aware of the responsible use of remedies is also receiving attention. For the past year the Department has been involved in the training of more than 800 staff members of co-operative societies and representatives

HOUSE OF ASSEMBLY

tion and the hon member for Central Rand have stated here. It is a matter of concern also to us in the Department of Education and Culture that so many issues seem to be of a problematic nature and need to be redressed by the courts. The point is that we do not have a total say in this matter. It depends on the respondents and people who desire to take the Department to court, and if they choose to do so, we are obviously bound to defend the Department. The State Attorney's office takes the decision in this matter, obviously with the concurrence of the director-general and his Department in the House of Delegates.

We also feel that the Department has lost too many cases over the years. We feel that perhaps expertise in this particular area should be brought in so that we shall win cases, as some of the cases seem winnable from our layman's perspective. [Interjections.] We are not here as lawyers, but as laymen. However, who am I to tell another man whether he should represent our Department or not? The point is that one man's cup of tea is another man's something else, and that is a problem.

As far as trivial cases are concerned, the Education and Welfare Board has been set up specifically for dealing with this. Two hundred cases involving parents, teachers, principals and the Department have been amicably resolved. As a result many cases do not go to court. Wherever it is stated that we are going to court, it is not the choice of my Department or my choice as a Minister. It is the choice of the State Attorney's office, which advises us. Sometimes we even want to question whether we have a valid case or not.

The hon the Leader of the Official Opposition made a statement with regard to using attorneys within the community to serve our needs. We should perhaps spread the cases throughout the community.

THE LEADER OF THE OFFICIAL OPPOSITION

THE CHAIRMAN OF THE HOUSE: Order! Unfortunately there is very little butter left to spread within this time limit.

MR N SINGH: Mr Chairman, as I have stated previously in this House this Administration holds the unenviable record of having lost almost every legal suit instituted by it. This is a record

HOUSE OF DELEGATES

that must reflect poorly not only on the Administration, but also on the Ministers' Council. It would seem that the decision to institute legal action is motivated not by a clinical consideration of the evidence at hand, but rather by a desire to flaunt its autocratic and high-handed approach.

To add insult to injury, this hon Minister, for dubious reasons, has arrogated to himself the authority to single out this firm of attorneys for actions instituted by his Department. I would like to pose the following questions to the hon the Minister. Firstly, why were the services of the State attorneys not engaged? The answer given by the hon the Minister earlier on is certainly not adequate.

Secondly, if the State attorneys were not suitable, what was the basis of this finding and has this been conveyed to the Department of Justice? Thirdly, if the services of private practitioners are considered necessary, is it not customary to appoint a panel from which individual appointments may be made? I think the hon the Leader of the Official Opposition alluded to that as well.

Fourthly, why is he promoting monopolistic practices? This begs the question whether similar practices are being promoted in other areas of his Department. Fifthly, has this attorney been engaged by the hon the Minister in his personal capacity? If he has, does this not point to a conflict of interest? Lastly, is this attorney being briefed as a *quid pro quo* for the favourable coverage the hon the Minister secures in the *Durban Weekly* of which this particular attorney is a guest columnist? The hon the Chairman of the Ministers' Council must give tangible effect to his constant proclamations of clean administration and honesty, which are beginning to sound increasingly hollow. It is becoming apparent that he is losing control over his Ministers, who are becoming a law unto themselves. This should certainly not go unchecked.

THE LEADER OF THE OFFICIAL OPPOSITION:

MR CHAIRMAN: I do not agree with the hon the Minister that every case must be defended. We had a case in the past in which an organisation took us to court, but we got an independent opinion. Only after we had got that independent opinion, did we win the case right up to the level of their division.

I once asked a former Chief Executive Director of Education why he was going to court. He told me in Hindi: "Sarkar ke paise." In other words, it is the taxpayers' money, so spend it anyhow. [Interjections.] I think this mentality still exists. Colin Mann and his team were given R250 000, against my advice, as a result of the actions of the former director-general who, it was disclosed, took sides as far as politics was concerned. That chapter is not closed.

Something must be done. If, on moral grounds, a teacher feels that the only avenue he has is a court of law, and one feels he is right, why defend the suit? In many cases we were proved wrong in court. I quoted the particulars regarding the Shallex road. The hon the Minister of Housing and Agriculture agrees with that. The fact that he was found not guilty in a court of law will not undo the harm that was done. The layman remembers what first made an impression on his mind. [Time expired.]

THE MINISTER: Mr Chairman, I would like to thank hon members who took part in this interpellation, who raised some pertinent aspects of a clinical nature from their layman's point of view. I also want to thank them for the advice they gave us. However, I would like to state categorically that the hon member for Umzinto does not have his facts straight. [Interjections.] He should check his facts. I would do that.

Firstly, the Minister has neither the right nor the authority to appoint any attorney. The hon member implied that I was involved in monopolistic practices as if I had appointed anybody. That is not correct. This has to go through the director-general. The director-general at that time was aware of this case and of what exactly had transpired. Here is the letter from the Chief Executive Director to the Director of Treasury of the Administration. Its contents will highlight clearly the hon member's lack of knowledge on the matter. The letter reads:

Please be advised that it is not possible to quantify that the appointment of Pat Poorabangam and Company was financially so the best advantage of the State. However, in view of expediency in the matter, the action taken by the Department to appoint Pat Poorabangam and Company was to the best advantage of the State due to the following reasons. The Department needed urgent legal advice on various matters, which involve the violation

and transgression of the provisions of the Indians Education Act by educators. In order to expedite these matters, the firm Pat Poorabangam and Company were sought for prompt advice in view of the fact that this firm once had represented the teachers also in South Africa, and is also familiar with the provisions of the Indians Education Act and the regulations promoted hereunder. Unfortunately, it was not always possible to get prompt advice from the State Attorney's office . . .

I want the hon member for Umzinto to listen very carefully to what is being said here. I repeat: Unfortunately it was not always possible to get prompt advice from the State Attorney's office in the matter between Mr E Padayachee and the Department. Mr Padayachee in this particular case, where his services were engaged, made an urgent application to the Supreme Court for the setting aside of his suspension by the Department.

[Time expired.]

Debate concluded.

QUESTIONS

†Indicates translated version.

For written reply:

Own Affairs:

Shortage of houses for Indians: figures

15. Mr M RAJAB asked the Minister of Housing:

- (123)
- (1) What are the figures in respect of the shortage of houses for Indians in each of the provinces of South Africa;
 - (2) how many houses were (a) built for and (b) allocated to Indians by his Department in each of the latest specified two years for which information is available?

1992E

THE MINISTER OF HOUSING AND AGRICULTURE:

- CULTURE:**
- (1) According to the waiting lists of the various Local Authorities and the Department, the housing shortage is as follows:

HOUSE OF DELEGATES

Hansard

Hansard

	Families
Natal	88 003
Transvaal	33 083
Cape Province	644
Orange Free State	Nil
	121 730
Less: Other race groups	36 783
	84 947

NOTE: (123)

The above-mentioned figure does not yet take into consideration the settlement pattern of communities following the scrapping of the Group Areas Act. Furthermore, in the Natal area it includes approximately 36 783 applications received from other groups in respect of the Cato Manor area. Duplications between waiting lists administered by Local Authorities and the Department have not yet been eliminated. The Department is presently giving the amalgamation of waiting lists priority.

(2) (a) Houses built: 1990/1991 2 084
1991/1992 7 074
(expected) 9 158

(b) All houses so far completed, with the exception of 35, have been allocated to members of the Indian community.

Rent increases: Durban Bay/Brickfield

23. Mr M RAJAB asked the Minister of Housing: Whether any applications were received in 1990 and 1991 for rent increases in respect of rent-controlled dwellings in the electoral divisions of Durban Bay and Brickfield; if so, (a) how many, and (b) what was the average percentage increase granted, in respect of each of these electoral divisions in each of the above years?

D112E

THE MINISTER OF HOUSING AND AGRICULTURE:

(a) The Regional Representative of the relevant Department, within the Administration: House of Assembly which is responsible for this function, reported that they will not be able to distinguish between the two electoral divisions as all cases dealt with by the Natal Rent Board in respect of the Natal Region are done in such a manner without there being a distinction between electoral divisions. However, they were able to extract the number of cases dealt with in respect of the Durban Central Region which also includes the Brickfield area. In this sub-region, 47 cases/blocks, viz. 527 units/flats and 18 houses were dealt with during the period 1 January 1990 to 31 December 1991.

(b) In respect of your request to supply the average percentage increases granted, such information can unfortunately not be given due to the large volume of files which will have to be perused to obtain the necessary information. This task will, of necessity, take some weeks to complete.

My Department has not yet requested the Administration: House of Assembly to undertake the investigation as it would be a time-consuming and laborious task requiring many officials. In the light hereof, I have to respectfully enquire whether you still require the relevant information.

Selling of business sites: involvement of department

32. Mrs R EBRAHIM asked the Minister of Housing and Agriculture:

(1) Whether his Department was involved in the selling of any business sites in (a) Lenasia and (b) Lenasia South by (i) public tender and/or (ii) private treaty during the latest specified period of 24 months for which information is available; if not, why not; if so,

Hansard

Hansard

THE MINISTER OF HOUSING AND AGRICULTURE:

(2) (a) who were the tenderers or applicants and (b) (i) when, (ii) to whom and (iii) at what price was each tender awarded;

(3) whether he will make a statement on the matter? D156E

THE MINISTER OF HOUSING AND AGRICULTURE:

(1) The Department was involved in the selling of business sites in these areas but certain irregularities were detected. The South African Police were requested to carry out criminal investigations and the matter is still *sub judice*.

(2) Falls away.

(3) No.

Sites in Lenasia/Lenasia South

33. Mrs R EBRAHIM asks the Minister of Housing and Agriculture:

(1) Whether any (a) religious, (b) crèche and (c) nursery school sites have been allocated or approved for allocation in Lenasia and Lenasia South owing to representations made by members of Parliament since September 1989; if so, (i) what are the names of these members of Parliament, (ii) what were the dates of the representations, (iii) what erf numbers were involved and (iv) on behalf of which organizations were these representations made;

(2) whether he intends rezoning any land to meet the demand for religious or cultural sites in these areas; if not, why not; if so, when;

(3) what is his Department's policy in regard to the implementation of the two-year building clause in regard to religious, crèche and nursery school sites;

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

D157E

THE MINISTER OF HOUSING AND AGRICULTURE:

(1) (a) Yes.
(b) Yes.
(c) No.

(i) Mr R Daya, MP
Mrs R Ebrahim, MP

(ii) Mr R Daya, MP—10 May 1991
Mrs R Ebrahim, MP—16 May 1990 and 12 April 1991.

(iii) Mr R Daya, MP
Erven 12129, 12130, 12131, 12132 and 12133, Lenasia Extension 13.
Mrs R Ebrahim, MP
Erf 6298, Lenasia Extension 5.

(iv) Mr R Daya, MP—Radha Soami Satsang Beas
Mrs R Ebrahim, MP—Lenasia Muslim Association.

(2) The rezoning of land in Lenasia Extension No 13 is under consideration but will only proceed once the township has been proclaimed.

(3) The sale of all properties owned by the Housing Development Board is subject to a two-year building clause. The requirement is that all purchasers are to adhere to this condition. Extensions can however be granted in valid cases.

(4) No.

Representations on behalf of residents of Blybank Housing and Agriculture:

34. Mrs R EBRAHIM asked the Minister of Housing and Agriculture: Whether he or his Department recently received any representations on behalf of the residents of Blybank in the Transvaal; if so, (a) when and (b) what was (i) the nature of these representations and (ii) his response thereto?

D158E

Beware those who advocate boycotts

STAR 28/5/92

A remarkable piece of paper landed on my desk a couple of days ago — and if it reached my eyes, it must surely have done the rounds elsewhere.

Distributed by an organisation calling itself the "SA Youth Talk Out Program", it urges "YOU, your neighbour and 50 000 'friends' to participate and contrive a more meaningful future and existence (sic) for ALL, and most important (sic) the children of tomorrow".

What "YOU" are required to do is to abstain from making further mortgage bond repayments for three months should the bond rate not come down to 14 percent by the end of May.

By so doing, "YOU" would achieve a "bond saving" — on a R40 000 bond, of as much as R335.

Repossession

I've carefully checked the fine print and nowhere can I find any mention of a warning that suspension of bond repayments exposes the homeowner to the risks of repossession.

Neither is there any indication of the additional financial burden imposed on the homeowner shortsighted enough to heed SAYTOP's advice.

No, far from risking the roof "YOU" have over your head, your delinquency will be channeled into improving your living standards, education, the upliftment of the needy, investment in your retirement — or

By John Spina



anything else at "your discretion".

In a society more sophisticated in financial matters than ours, such blatant nonsense would give rise to general hilarity. But in a South African society gullible (via relative ignorance of the monetary and legal systems) to propaganda of this sort, it's alarming.

Either the powers that be at SAYTOP aren't aware of the mayhem that will result for those who take their urgings to heart, or they simply don't care.

If they, like their target audience, have any concern for "the children of tomorrow", they have a responsibility to study the consequences of the content of their "literature".

Rubbish like this, and the dread that it might be acted upon, creates deep despair among those who cling to the hope that South Africa is destined to achieve winning-nation status.

Sapoa 'watchdog' for property syndications

By MAGGIE ROWLEY
Property Editor

(123)

CT 28/5/92

A NEW self regulatory body for the property syndication industry is to be launched under the auspices of the South African Property Owners' Association (Sapoa).

Brian Kirchmann, executive director, of Sapoa said the decision to launch the Public Property Syndication Association (PPSA) was taken at a recent meeting of leading players in the industry called by the Financial Services Board.

The aim of PPSA is to provide uniformity in the industry and to further promote investor confidence in this sector of the investment market.

Kirchmann said it would be formed as a division of Sapoa and would be a voluntary organisation for the promoters of the public property syndications with an initial task of providing a code of practice for disclosure of the relevant information to be made available to the investing public and to strengthen investor protection.

"Many of the leading syndication companies already offer their investors excellent protection and a high level of disclosure of the facts regarding the property investment and its anticipated performance. Through PPSA they hope to encourage those that are not offering such comprehensive information to expand their disclosure."

PPSA will be working closely with the Financial Services Board and the Registrar of Companies to ensure the interests of the public investor are safeguarded wherever possible.

"The option of a self-regulatory body as opposed to statutory legislation is a welcome step away from overregulated society and is in line with European trends."

"The idea is that syndication promoters who are members of the PPSA will be able to add the organisation's logo to their advertisements so that the public will know which syndications offer greater protection and some recourse to action," he said.

Penalty wipes out Disa profit

DISA Development Corp reported a loss of R1,9m for the six months to end-February after paying a R2m penalty on a cancelled contract and R761 000 in interest.

Earnings a share were not announced, so no comparison could be made with the loss of 4c a share in the previous period.

Chairman Theo Stergianos said the collapse of the black and coloured housing markets had resulted in the company deciding to cut its losses.

The losses resulted from a subsidiary's agreement with a financial institution to service bonds on repossessed properties. Agreement was reached at the end of February to terminate this arrangement at a full and final cost of R2m.

123

GAVIN DU VENAGE

810am 29/5/92

Stergianos said this would have no impact on future results.

Interest free loans of R2m had been raised, with R1m to be repaid over four years and the other half with no fixed terms of repayment, he said. Operating profit was R768 000, compared with a R1,1m loss in the previous period.

Stergianos said steps taken by management to contain overheads had borne fruit. This, coupled with the response to several new projects and which had been in line with expectations, had impacted favourably on the group's operating results.

BUSINESS

GUTS in the bond rate by themselves won't set the property market on fire. So would-be housebuyers, and those who want to trade up, still have time to get into the market relatively cheaply.

The bond rate has now dropped to 18,25 percent, the second such drop this year.

Real Estate Surveys research director Erwin Rode says that contrary to widespread belief bond rates per se have an almost negligible effect on house prices. An interest rate change, he explains, heralds a change in economic activity, although with a time lag.

"During an upswing, for example, one finds that the positive effect upon affordability generated by rising disposable income tends to be more powerful than any opposing negative effect of rising interest rates."

So the influence of general interest rates is more important than the bond rate itself.

Recent bond rate cuts have not yet filtered into a decline in the Bank Rate, the key interest rate which the Reserve Bank uses to influence all other rates. April money supply figures released this week seem to dash hopes of a cut in the Bank Rate. So Rode's reservations have even more force.

Moreover, he points out that housing subsidies, still widespread, introduce an artificial element into the housing market. When the bond rate has risen the higher bond repayment amount has been picked up by the employer. So dropping rates won't make any difference — except if rates fall while the minister of finance keeps the official rate the same.

The employee is taxed on the difference between the official rate and the rate of interest he has to pay on a subsidised bond. The official rate is now 19 percent. If it stays there the employee with a subsidised bond with an interest rate equal to the new rate of 18,25 percent will be taxed on the difference.

Should subsidies, which have been tax neutral for some time now, become punitive it is likely employees will agitate for more choice about how they receive their money.

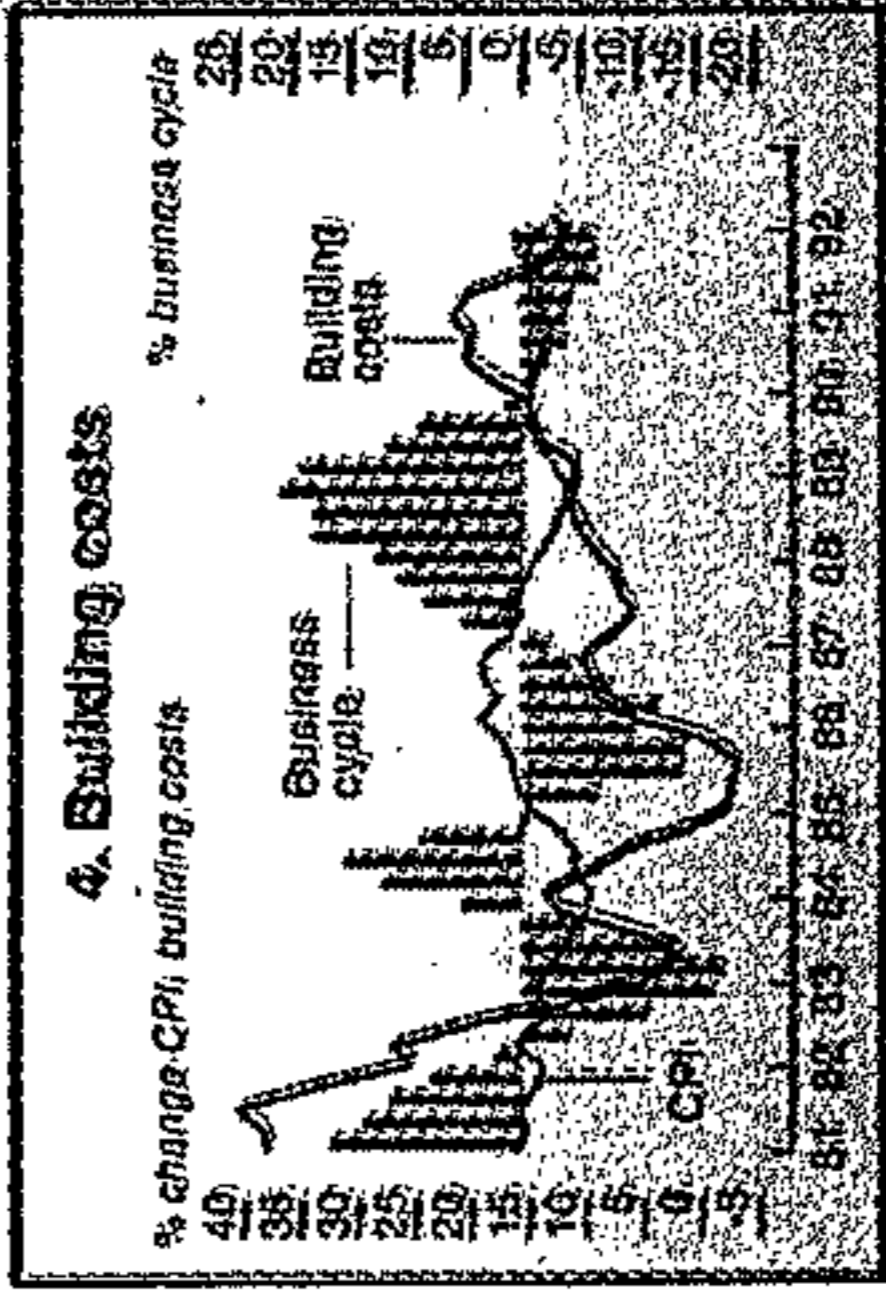
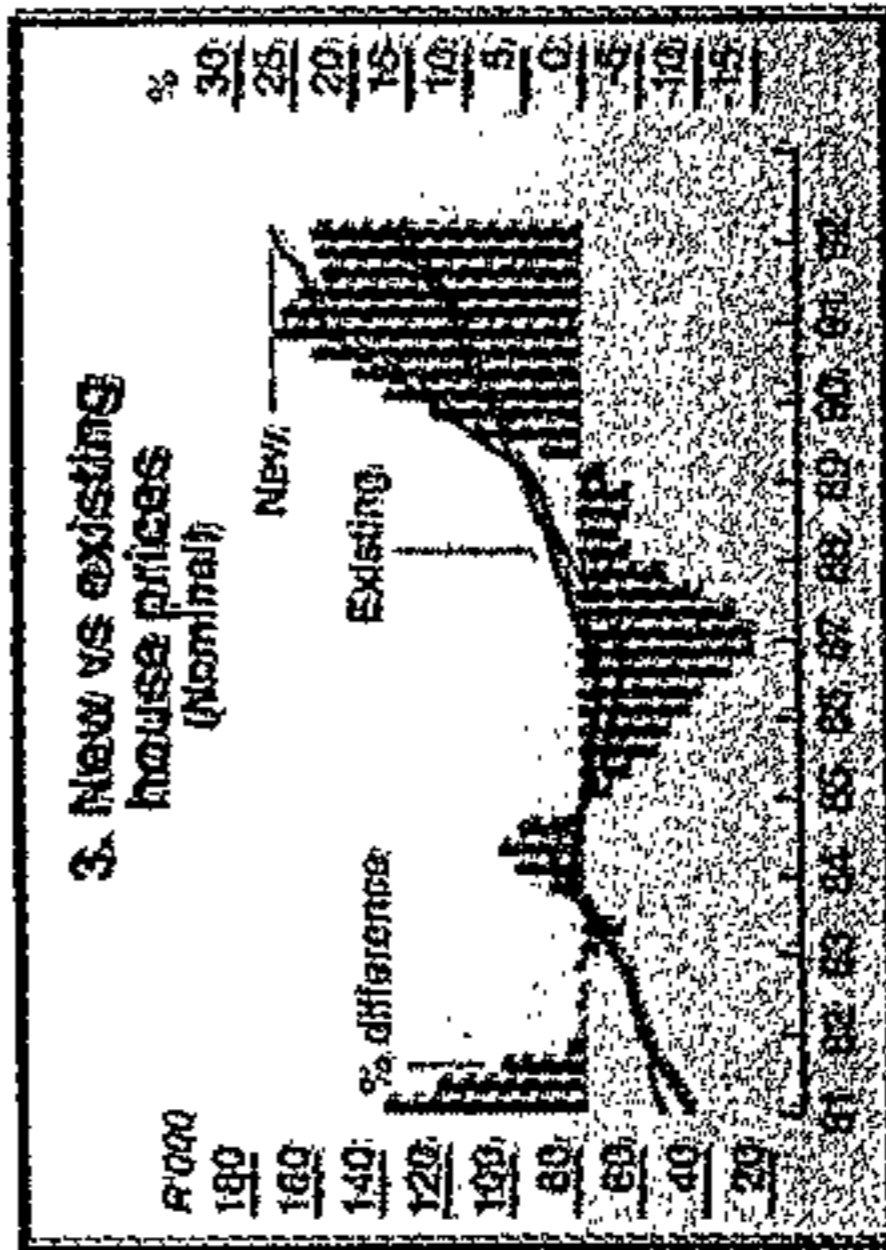
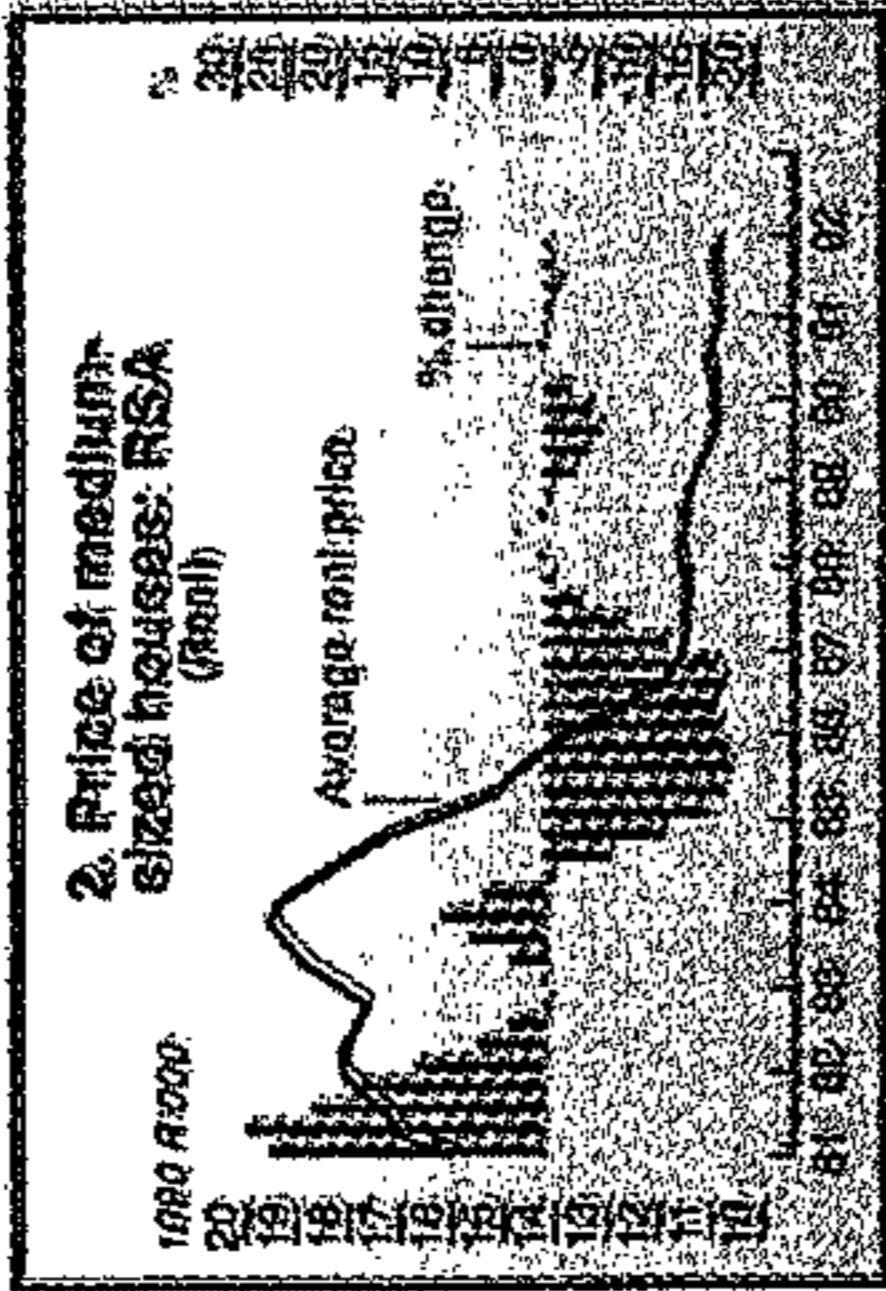
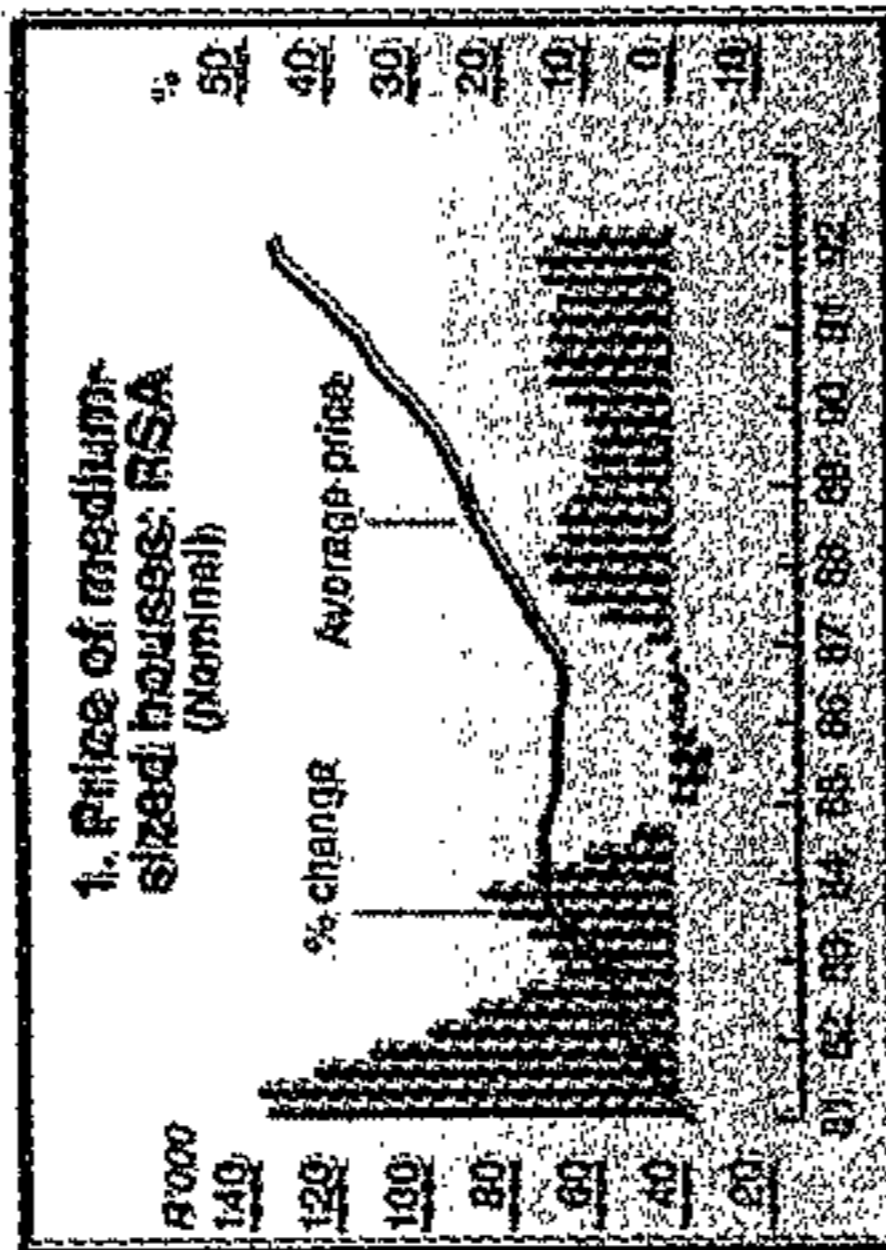
"Now you are forced to live in sumptuous accommodation," comments Rode?????

Continuing recession more than anything else

Bond rate dip won't ease housing blues

By *Wim van der Merwe* 29/5/92 - 4/6/92 (123)

House prices nationwide are still in the doldrums. But the national picture hides wide price variances between regions.
REG RUMNEY looks at recent surveys of the housing market



Source: ABSA

ging, according to Rode. House prices in Durban rose by 27 percent, catching up after lagging because of the violence. Port Elizabeth shot up 37 percent, making up for the devastation of the 1980s, while Cape Town prices declined by two percent, in a correction to the overheated boom of the recent past.

Within those regions, higher-priced houses — those above R300 000 — were hit hard by the recession in two instances. Upper market houses in Johannesburg fell by 11 percent and in Cape Town by 22 percent. Houses in the middle-price class — R150 000 to R300 000 — are beginning to climb, says Rode.

Don't expect house prices to take off suddenly, though. Even when an upturn does appear, nominal house prices, according to Rode, typically lag the business cycle by about three quarters. This would mean that if there is an upturn, say in the third quarter of this year house prices would start to take off in the middle of next year.

However, growth in the number of house transactions, he says, is a leading indicator or pointer to what will happen about 18 months in the future.

House transactions for 1991 showed strong growth, and forecast for 1992 would tie in with an upturn in the economy in the latter half of the year.

The Absa report notes that in the fourth quarter of last year houses completed and house plans passed reached their lowest levels in more than five years, underlining the effect of the prolonged recession on the property market.

Houses completed declined by 16,1 percent during 1991, while house plans passed fell by 9,7 percent.

Strong signals, the Absa economists believe, should emerge of an economic recovery during the latter part of this year. A resulting surge in the property market would then emphasise how little housing stock there is.

In contrast to Rode, Absa suggests house prices could see real — ie adjusted for inflation — increases this year.

"Provided that the political environment does not further destabilise, house prices should harden and real increases of two percent seem likely this year."

he forecasts an 11 percent rise this year — well below inflation again.

At regional level, however, price levels vary widely. The 12,7 percent nationwide increase, across all price classes, breaks down into a rise of only seven percent in Johannesburg versus a 19 percent rise in Pretoria, which has been lag-

is keeping a lid on house price increases nationwide. House prices, adjusted for inflation, have declined slightly over the past five years, according to the Quarterly Housing Review, put out by the Associated Banks of SA (Absa).

Rode says house prices nationally rose 12,7 percent for the year to end September 1991, and

INTEREST RATES FM 29/5/92

Telling a wink from a nod

Nods and winks have always been a traditional part of implementing monetary policy. When Bank rate — the official rate at which the central bank accommodates the banking sector — is lowered, it is a clear signal from the Governor that a general downward shift in the pattern of interest rates is in order. When money market rates are allowed to fall with little intervention from the Bank, it is a only a wink. When this development is accompanied by repeated official references to the inflation rate — which remains unacceptably high — banks have to be careful not to read too much into it.

However, recent events gave some bankers enough encouragement to move their mortgage rates down one percentage point to 18% last week.

The steady downward drift in rates accelerated around the second week of this month and no immediate action was taken to stop the slide. Though key rates fell about one percentage point between May 6 and 19, no special Treasury bill tenders took place. Then on Wednesday last week, a R500m five-day tender of special Treasury bills was

took over the Bankorp group. The absorption of Bankfin, Senbank and TrustBank has cut that ratio to about 30% — still relatively high.

The time it takes for banks to reduce their funding costs varies with the term structure of their liabilities but, on average, it will take three months before costs are brought into line with interest revenue. This is why Absa and Nedbank did not immediately announce their own cuts — though they are bound to follow or lose market share.

The cut will not come into effect until July. By then there may have been a fall in Bank rate. Stals has been reluctant to lower Bank rate until inflation figures improve. But, by June and July, they may be looking better. There are two reasons:

- The producer price index has been falling for more than a year and the lagged effect must feed through at some point; and
- The technical effects relating to the change in the consumer basket, upon which the inflation figures are based, will be almost fully phased in.

These factors will counter other pressures.

These are potentially inflationary. So despite the fall in demand for credit from the private sector, the country cannot afford almost negative interest rates at this point. ■

TRADE FM 29/5/92 Diamonds aren't forever

The category gems & precious stones, which boosted exports in previous months, fell sharply in April.

This contributed to a smaller monthly trade surplus of R984m (compared with R1,8bn in March) as total exports for April fell to R5,2bn from March's R6bn.

Exports in the category, which consists mainly of diamond stock transfers abroad, reached R946m in February and R962m in March but totalled only R157m in April.

There is some speculation that the sudden decline could have resulted from lags in transfers that have showed up in the May figures.

Because of the previous strong performance, the category was up 22%, at R2,5bn, in the first four months of the year. This is measured against the same period the year before.

Total exports in the four months rose only 6% to R21,6bn.

Over this period, the falling gold price played an important role, reducing the value of exports in the unclassified category, mostly gold, by 9% to R8bn.

And, says Tony Twine of Econometrix, the US dollar's recent fall against the rand should reduce the rand value of this category in May.

Paper & pulp products exports dipped 2% to R498m. Textile exports rose only 1% to R605m.

Base metals exports in the first four months, at R2,97bn, were at the same level as in the preceding period.

But strong increases were seen in:

- Minerals, up 14% to R2,5bn;
- Chemical products, 42% to R987m;
- Vegetable products, 39% to R804m, thanks to good crops in the fruit-growing regions of the western Cape;
- Prepared foods, 27% to R629m;
- Plastic products, 46% to R220m;
- Machinery, 21% to R560m; and
- Vehicles, 57% to R583m, despite a slump in the month to R146m, down from R255m in March.

Imports remained flat.

They were valued at R4,3bn for April, compared with March's R4,2bn, and the cumulative total over the four-month period was R16,3bn. This was up only 4% on the

Mortgage rate (Feb)	Bank rate (March)	Prime (March)	Mortgage rate (May)
20% to 19%	17% to 16%	17% to 16%	19% to 18%

placed in the market and, on Thursday, money flowed out to pay for RSA stock purchases. These events sent the market shortage up to more than R2bn on Friday after recent levels of around R1,5bn.

But this did not prevent a fall of 10-20 points in the rate on bankers' acceptances between Friday and Monday.

All in all, it seemed likely that Reserve Bank Governor Chris Stals was prepared to show a little flexibility but reluctant to make an official move on the high-profile Bank rate for fear of arousing inflationary expectations.

First to announce the drop was Standard Bank, closely followed by First National Bank (FNB). These banks hold only about 19% and 15%, respectively, of their total assets in mortgage loans, so they are well placed to make the move. They put competitors Nedbank and many of the banks in the Absa group at a disadvantage. Nedbank, having absorbed the portfolio of former building society, the Perm, has about 37% of its assets in home loans. Absa, which last year held a ratio of 44%, reduced this when it

So the strategy may pay off.

If the portents are favourable, a move in prime could precede the Bank rate cut. The tradition of waiting for a cut in Bank rate has been waived, at least in theory, by Stals who has pointed out several times that the banks are not obliged to wait. In reality of course, they depend on him for liquidity in the market. Nevertheless, in March last year, FNB dropped its mortgage rate one percentage point to 20% without waiting for the customary signal; this was promptly followed by a fall in Bank rate and a round of prime rate cuts.

In February this year, a similar move on the mortgage rate was followed a month later by a fall in Bank rate and then in prime.

Whatever the banks do, Stals will undoubtedly act with caution. The liquidity in the market would seem to be a clear indication that the time is right for lower interest rates but, unfortunately, this is not the case. Market mechanisms are distorted by exchange control which prevents money flowing offshore. And government spending constantly buoys supply of funds.

Timing your market takes planning

SOME agents will tell you that there are good months, like October and November, when spring arrives, and that there are bad months, like July, with its school holidays and "brown" gardens, and December, when "everybody is away". True, they are different, but they are not bad months.

Signed

If you have a deadline for a particular reason, start working backwards from that date. If you must be out by the first of September or you must pay off the bank by a particular date or pay for your new home or business by September 1, allow two months for the buyer to move in after you have signed his offer to purchase.

(123) ☺
SELLING
YOUR HOME

START
30/5/92.
**BERNARD
O'Riain**



As it is taking anywhere from eight to 12 weeks to sell a property right now, you should put your property on the market now or, at the latest, in June. Do not create a last-minute rush.

However, do not put your home on the market too soon, either. We often hear of people fielding a house at a higher-than-market price and saying,

"Well, I can always come down." True, but you may have missed the best possible price.

What do I mean by that? When a property comes on the market for the first time, whether through a multilisting agency or on a sole agency, there is excitement.

All the buyers on the agents' books in the price

range are brought around in the first two or three weeks. Say, for example, you have asked for R400 000, "just looking for that miracle buyer". The R400 000 buyers are disappointed that it does not match up to others they have seen in this range and the R350 000 buyers are discouraged by your price, so either they will not come in to your house at all or, if they do, will not make an offer.

So after two to four weeks, you say to your agent: "Okay, I'll drop by R20 000". Do not be surprised if very little happens. It is like calling in the caterers after the guests have gone. Then, as your deadline approaches, you drop by another R20 000.

By now, buyers are ask-

ing what is wrong with your house. Who wants to buy a house that so many have rejected already? By the time an offer does come in, many such people are desperate and sell below what they should have got.

Right buyer

To summarise: timing and pricing go hand in hand. Go on to the market at the most 10 percent above what you really believe your house is worth and allow enough time for your agent to find the right buyer and for that buyer to move in.

□ Bernard O'Riain has been a member of the Institute of Estate Agents of SA (S Tvl branch) for the past 12 years and has served on various of its working committees.

Pay most you can on your bond

STAR 30/5/92 (123)

YOUR best investment now is repaying your mortgage bond. The second cut in mortgage bond rates by South Africa's financial institutions in less than four months offers bondholders an excellent opportunity to save hundreds of thousands of rands provided they maintain bond repayments at the higher levels.

By the time — on July 1 — when the second one percentage point drop in the mortgage rates comes into effect, it will mean a reduction in bond repayments of 10 percent in terms of the original figure.

Excluding

While most cash-strapped families and individuals will find it extremely hard to resist opting for the reduced bond repayments, on average about R78 per R100 000 for every one percentage drop in interest rates, the long-term benefits of maintaining repayments at current levels are astounding.

Take for instance someone with a bond of R100 000, not an overtly large bond today.

At an interest rate of 20 percent over 20 years the minimum monthly bond repayments are R1 699 per month (excluding bond

If you can keep plugging away at higher levels you will save yourself an astounding amount — and tax-free at that — so go for it, advises Magnus Heystek

insurance). Assuming the interest rates remain constant, which is unlikely to happen, the total repayments will amount to R407 760.

From July 1 the reduction in the bond rate will decrease the minimum bond repayments to R1 543 per month, a saving of R156 per month for total repayments of R370 320 over the term of the bond.

But here is where the great savings come into effect. By maintaining bond repayments at R1 699, the additional payment of R156 per month comes straight off the outstanding capital owed on the bond.

The effect of this is quite dramatic.

It reduces the repayment period to only 12 years and the total repayment to only R244 656 for a saving of R163 104 — all of it tax-free!

For someone with a smaller bond of R50 000 the saving is equally dramatic.

At 20 percent over a period of 20 years the bond repayments are R849 per month for a total repayment of R203 760.

At 18 percent this declines to R722 per month. If bond repayments are maintained at R849 per month, the bond will be paid-off in 12 years for a total repayment of R122 400 — a tax-free saving of R81 360.

The reason why the extra repayment has such a dramatic impact on the total repayment is to be found in the way bond repayments are structured.

During the first number of years very little of bond repayments go off against outstanding capital. Most goes into paying interest.

Take for instance the bond of R50 000 again.

Realise

After five years' of repayment at R849 per month the outstanding capital on the bond will only be R48 364 — for a total capital reduction of R1 626! And that after having paid off R50 940 — more than the original size of the bond!

What many people still fail to realise is that these early repayments are equivalent to a tax-free return on your investment of 18 percent.

The after-tax returns on this "investment" is determined by one's marginal rate of tax.

Someone on a marginal rate of tax of 40 percent will need to earn 30 percent on his/her investments elsewhere to equal the after-tax return on repaying a bond at 18 percent (look at table).

Frankly, such an alternative does not exist.

Hopes of rates cut take a nosedive

(123)

ARG 2/6/92

Business Staff

THE continued high level of inflation in April has probably ruled out any imminent cut in interest rates by the Reserve Bank.

Central Statistical Services reported last week that inflation, as measured by year-on-year increases in the Consumer Price Index (CPI), was running at 15,6 percent in April, compared with 15,7 percent in March.

From March to April the CPI also showed a relatively large monthly rise of 1,3 percent.

More and more economists have been calling for a cut in interest rates to stimulate the economy, but a cut in the Bank rate is unlikely given the Reserve Bank's tough monetary stance.

Reserve Bank Governor Dr Chris Stals has stated that rates will not be lowered unless there is meaningful progress in reducing the rate of increase in consumer prices.

He was provided with further ammunition last week when the money supply figures showed an unexpected increase, well ahead of the Bank's guidelines for 1992.

The broad money supply measure, M3, accelerated by 11,05 percent in April, compared with 9,5 percent in March, and was also well outside the seven-to-10 percent guideline range for the year.

M3 rose by an annualised 12,5 percent from the mid-November 1991 base for money supply guidelines.

The CPI figures for April were virtually a repeat of the trend evidenced in previous months.

Food prices, which increased by an annual 28 percent in April, again held up the overall rate at a time when all

other indicators are pointing to a deceleration in consumer prices.

The cost of housing, in particular, which has a weighting of 20 percent in the make-up of the CPI, is falling as a result of the recent cut in bond rates.

Rob Lee, economist at the Board of Executors, thus estimates that the real underlying rate of inflation is more in the region of 12 percent.

However, food prices continue to surge and this trend has been exacerbated by the severe drought.

The monthly food index — the increase in the CPI from March to April this year — jumped by 1,8 percent, driven by large rises in the cost of products hardest hit by the drought.

Vegetable prices surged by 11,3 percent, dairy products by 7,8 percent and fruit by 5,5 percent.

Fish and seafood products rose by 3,1 percent, but these increases were slightly dampened by a decrease of 3,7 percent in the price of meat, as farmers slaughtered stock that can no longer be fed.

Despite the high level of inflation, economists are generally expecting the Reserve Bank to cut interest rates in the third quarter this year to provide the economy with a needed stimulus as it tentatively emerges from its longest post-war slump.

It is unlikely that commercial banks will unilaterally lower their prime rate as they have done on the bond rate front in recent days.

While rates on the money and capital markets have generally fallen over the past few weeks, the Reserve Bank could tighten liquidity on the market almost immediately, thus putting pressure on the margins of commercial banks.

Dishonest agents 'exploiting' buyers of low-cost homes

STAR 316192 (123)

Unscrupulous developers, contractors and estate agents are cheating potential buyers in the low-cost housing market.



That is the claim made by Brian Leveson, of the Housing Advice Centre, who says that about 60 percent of the centre's clients complain of being taken advantage of "in a most disgraceful manner".

**Reports by Frank
Jeans and Meg Wilson**

their homes have been repossessed because they could not afford bond instalments.

The Housing Advice Centre is a non-profit organisation which was established two years ago so as to help homeowners in the low-income sector.

Misled

"These people say they have been misled by sales agents as to the costs of a house and, in particular, the amount of their monthly instalments.

From next month, the centre becomes part of Lawyers for Human Rights.

It now has 3 000 files and Mr Leveson says: "From the many clients we have interviewed, we have found that about 60 percent of them claim that developers, contractors and estate agents have either disappeared with their deposits or have advised clients that bond applications have been declined and that they are keeping the deposits as their fee for work done."

"Selling agents are also alleged to have submitted applications to financial institutions which do not contain correct information regarding salary scales, etc.

"Many institutions, in turn, they claim, do not verify the accuracy of the information supplied and, consequently repossession takes place."

Twenty percent of the centre's clients also claim that

Mr Leveson has no doubt that there is "incredible exploitation" taking place in the low-

income housing market and he challenges the lack of proper pre-sale guidance in regard to the individual financial commitment to homeownership.

He criticises a formula put forward by the developers of one low-cost development which claims that on a R42 000 home the monthly repayment after a five percent deposit is R300.

"On a R40 000 loan at the current 18 percent interest rate the monthly outlay is R617, less the first-time homeowner's subsidy resulting in a final figure of R411," he says.

"And the difference of R111 means a great deal to a low-income earner."

It should be remembered, too, that in this instance the borrower's monthly salary would have to be at least R1 740 and not R1 200 if the payment were R300.

Mr Leveson is also unaware of any financial institution which is prepared to grant 95 percent bonds in the present market and believes that in many cases, even the first-time subsidy is not taken into account.

Shopping centre planned for Kyalami park

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Govt to fence off hostels

Political Staff

GOVERNMENT was dealing with the upgrading of hostels as a matter of urgency and attention would be given to fencing them, Local Government and National Housing Minister Leon Wessels said yesterday.

His department had noted that the Goldstone Commission regarded hostels as a common participant in most violence in afflicted areas. It had also noted the commission's recommendation that the hostels immediately be properly fenced.

Wessels said in a statement government had already approved a comprehensive strategy for upgrading them.

Wessels said he had already announced that humane living standards at hostels were a high priority for government and R294,6m had been allocated for the conversion or upgrading of hostels.

Nationwide strike on 'mass action' agenda

PATRICK BULGER

that it wants a firm commitment to interim government and to elections for a constituent assembly or it should face unprecedented mass action and possible withdrawal from negotiations at Codesa.

Shilowa indicated, however, that mass action could still take place as the alliance was demanding government action on a whole range of issues ranging from corruption to government-sponsored violence against its opponents.

The alliance partners would be

going back to their constituencies between now and mid-July to hold report backs and to seek mandates on mass action.

Shilowa said mass action would take the form of factory occupations, stayaways and a general strike in August that would continue until government gave in to alliance demands.

He said the issue of Cosatu participation at Codesa had become "academic". More important was the involvement of organs of "people's power" like the civics in negotiations.

Comment: Page 8

SIEMENS

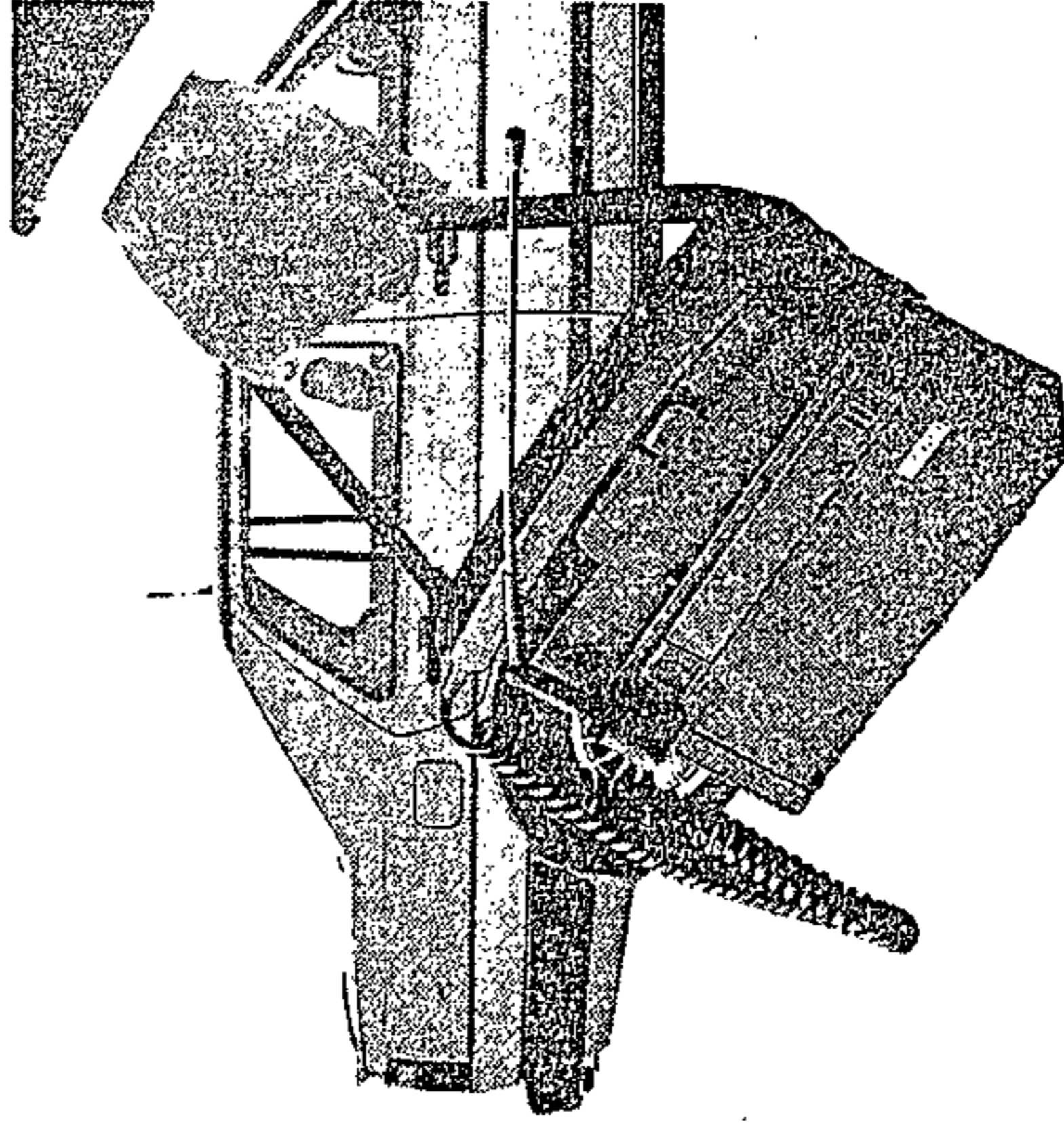
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ISSAHL JUT EWUWY 4000

House prices outrun inflation rate

Biday 3/6/92

123

CAPE TOWN — Prices of houses in the lower bracket were rising above the rate of inflation and prices in the middle bracket were beginning to climb again, Real Estate Surveys director Erwin Rode said in the latest quarterly report on the SA property market.

He said some regional markets were doing fairly well in all price classes. Above-inflation house

price increases were recorded in Port Elizabeth and Durban which performed best in all price categories while there had been a recovery in upper band Pretoria homes.

"Overall, the levelling-off process in the Cape Town index is continuing. Although houses in the lower price brackets are maintaining reasonable growth, house prices in the upper and middle categories are still seeking to stabilise at more rational levels after the massive hikes of 1990/91."

The demand for flats remained high with vacancy levels around zero in most areas surveyed.

Rentals in Johannesburg's inner city had showed a drop in nominal rand terms over the previous quarter, but elsewhere rentals had generally increased, with strong growth in Durban and Pretoria.

The tempo of non-residential building had started to slow down, Rode said.

"The non-residential property market is reflecting the dire economic position of the country. Wherever there may have been a sign of nominal growth in rental levels, these still represent a step backwards in real terms," Rode said.

Capitalisation rates in many categories were, however, down from the previous quarter indicating that investors had not lost heart completely.

The office market was also not particularly promising, Rode said.

"Reports indicate that A-grade rentals in almost half of the office nodes surveyed were lower, even in nominal terms, than in the previous quarter."

"Top-of-the-range A+ rentals fared better, particularly in Johannesburg's best decentralised areas. Office rentals in the Durban CBD surprised by holding up well in the face of increased vacancies."

LINDA ENSOR

Rode said increasing office vacancies were prevalent in many nodes with very few areas showing less than 7%, and in many instances the vacancy percentage was much higher. Johannesburg and Pretoria CBD vacancies were slightly down, while levels were rising consistently in the Durban and Cape Town CBDs.

Shop rental rates did not perform well and nominal levels in most areas were

down over the past quarter.

Real prime industrial rentals for 1 000m² units on the Reef and Durban had sunk to the level of two years ago, while rentals in Cape Town and Pretoria were back to 1989 rates.

The Cape Peninsula was the only area where industrial rentals of all unit sizes showed a drop compared with the previous quarter and there were also more vacant offices. Almost all industrial rentals in the Eastern Cape increased

over the quarter. In Pretoria only 250 m² units showed an upturn with units of more than 2 500m² being particularly hard hit.

"In the central Witwatersrand little significant change in rentals or vacancies was reported but the East Rand, Far East Rand and Durban all reported higher rental levels for every unit size surveyed, with the Transvaal areas also reporting lower vacancy levels. Durban's vacancies were unchanged," Rode said.

8/1 pay 3/6/92

House sales up (23)

SALES of new single-family houses rose 1.3% in April to a seasonally adjusted annual rate of 530,000, the Commerce Department said in Washington yesterday. It followed a revised 15.9% fall the previous month.

REPORTS: Business Day Reporter, Sapa
Own Correspondent, AP-DJ.

Toilets stain the countryside

A NEW scene greets the eye on the borders of some black townships. *Sowetan 4/6/92*

These are rows and rows of corrugated iron structures which dot the veld as far as the eye can see.

They indicate that a site and service housing subsidy scheme is underway.

This is part of South Africa's response to the problem of homelessness for millions of the country's citizens - a legacy of the apartheid policy.

The driving force behind the project is the Government funded Independent Development Trust with R800 million to spend.

The site and service housing policy, however, is not without its critics.

Chief among them is Glen Mills, Professor of Architecture at the University of the Witwatersrand.

He says that this solution to the acute housing shortage merely perpetuates the monotonous and anti-social township housing layout as well as creating an endless spread of shanty towns.

Also taking a dim view of this development are some residents of KwaThema on the East Rand who have dubbed an area in which a site and service scheme is taking shape as Toilet View.

Meanwhile, site and service projects are mushrooming across the land.

IDT director of communications Mr Jolyon Nuttall has reported that their site and service subsidy scheme covered 104 projects involving 106 695 sites.

Each project had to be negotiated with a developer who in turn must involve community organisations about the size of the site, the nature of the services and most important, the allocation of the stands to the most deserving families.

Nuttall said there was jubilation in their ranks recently after the 50th project was signed up.

Approval of the 104 projects in principle was given by the IDT's trustees in July last year and 10 months later they were virtually at the halfway mark in finalising contracts.

Nuttall said: "Some developments are well underway, individuals have taken transfer of their stands and, with great verve and initiative, are erecting dwellings on them."

In a newspaper article, Mills said, as the intense debate surrounding the chronic South African housing shortage went on, there remained a persistent misunderstanding about the major social issue.

For all the deliberations of the major players, the IDT, Urban Foundation, Development Bank of Southern Africa, and the ANC's Department of Economic Policy, they appeared to be missing the point that housing was both process and product.

The path to home ownership, he said, was strewn with legal, financial and political barriers.

And while much was being debated and planned to get households through this morass of uncertainty, they had stopped short in systematically addressing the problem of what is being delivered, the thing on the ground, the house itself.

Blacks segregated

Mills said: "In the past, township development was regarded as more than a mechanism of social control for it left blacks segregated and isolated on the cities' periphery and home ownership was never considered."

"With this in mind, it is both bewildering and alarming to note that within the process debate there is a clear implication, if not specification, that the site and service option is the desirable solution."

South Africa, Mills said, ran the risk of generating the shackland sprawl because the product side of housing was not absorbed into the process-dominated agenda.

"Thus by default more than by design, the new housing policy (if that is where the debate is headed) is going to deliver nothing less than an endless spread of shanty towns across the landscape."

Looking at land use in the housing scenario, Mills said there was the pavilion concept, or in other words, a house surrounded by space.

If the pavilion in the form of site and service shacks is multiplied and used as a solution for the nation's homes' shortage, it would require more than 1 500sq km of land or a further 20 Sowetos.

This would be alarming because the consequences of a site and service policy would be disastrous, at least in terms of the space, infrastructure and capital resources required.

"In terms of elementary or geometric house shape, there are two alternatives to the pavilion: the street (houses joined together at the sides to form the terrace effect) and the court (houses backed up against each other to form courtyards)," Mills said.

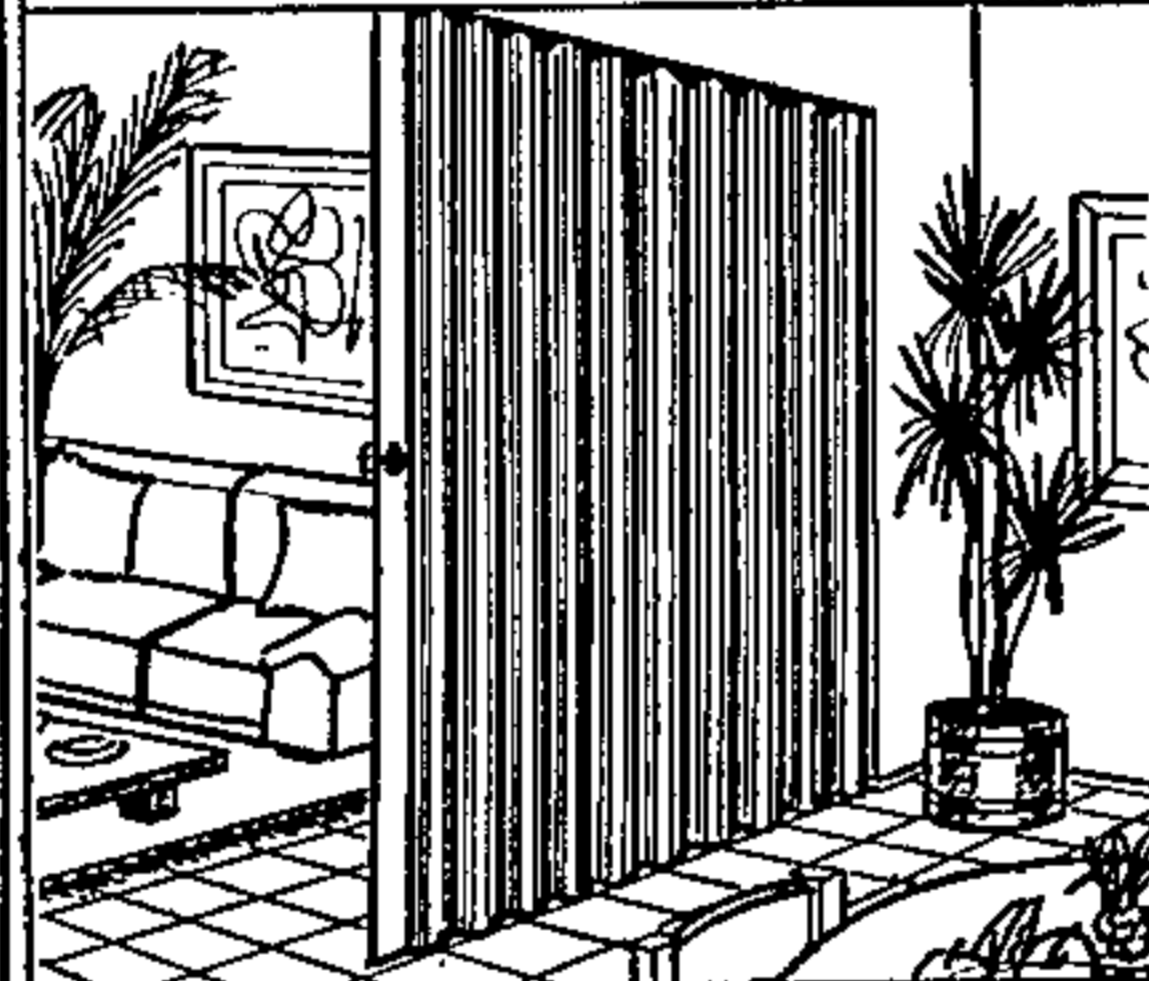
"In overall performance, the latter is the most effective because people are brought into focus and come together spontaneously."

"It is much more socially agreeable and certainly economically viable."



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UNIT TRUSTS

Today's quotations for unit trusts:

	General	Equity	Funds
ABSA	138,31	129,37	6,60
BOE Growth	145,01	135,49	4,42
Fedgro	130,14	121,54	7,39
CU Growth	117,04	109,27	4,95
Guardbank Growth	2472,54	2315,11	6,10
IGI	133,50	124,79	4,19
Momentum	239,38	224,04	4,96
Medfund	193,50	178,95	3,83
Metlife	121,88	113,95	n/a
NBS Hallmark	828,12	864,78	5,82
Nonrich	348,65	323,87	4,47
Old Mutual Investors	2900,58	2704,33	3,57
Sage	2474,63	2209,01	4,25
Sanlam	1712,15	1599,88	3,68
Sanlam Index	1333,38	1248,58	4,24
Sanlam Dividend	480,45	429,89	4,40
Sanlam General	128,25	119,53	n/a
Southern Equity	195,53	182,98	4,83
Standard	1169,77	1099,23	6,99
Syfrats Growth	290,05	262,16	4,43
Syfrats Trustee	121,78	114,04	n/a
UAL	2088,24	1957,28	4,64
Specialist equity Funds:			
Guardbank Resources	150,09	140,65	5,50
Guardbank Industrial	114,29	107,48	n/a
Sage Resources	119,72	111,81	5,99
Sanlam Industrial	1031,03	963,79	3,48
Sanlam Mining	313,07	292,40	5,37
Sanlam Industrial	130,63	121,88	n/a
Southern Mining	140,48	131,37	5,48
Standard Gold	171,85	161,04	7,57
Standard Industrial	105,33	100,08	n/a
Standard International	105,32	100,05	n/a
UAL Mining and Resources	382,63	367,32	4,58
UAL Selected			
Opportunities	1738,27	1626,36	4,25
Old Mutual Mining	255,19	237,63	6,32
Old Mutual Industrial	372,41	348,90	4,19
Old Mutual Gold Fund	107,21	99,80	6,12
Old Mutual Top Companies	256,32	236,08	n/a
Income/GR Funds:			
Metboard Income	103,79	102,70	18,09
Guardbank Income	119,02	115,58	15,84
Old Mutual Income	108,31	107,14	14,03
Standard Income	93,67	82,67	14,55
Syfrats Income	107,08	108,01	14,94
Syfrats GR	1039,75	1029,35	n/a
UAL GR	1117,07	1105,90	14,37



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Interest on home deposits still being lost

B/day 4/6/92

PETER GALLI

HOME buyers and people who leased properties were still being denied interest on deposits as unscrupulous estate agents were not bound to inform them of their rights, industry sources said yesterday.

The interest was divided equally between the Estate Agents' Board and the agent. The board's share was placed in its fidelity fund, presently at about R90m.

A major source of discontent was that the fund only paid out about R2,5m a year in claims, which was more than covered by interest earned on the capital amount. Banking sources said interest earned on such an amount would amount to about R12m a year.

"The fund is in place to protect the consumer and it is essential that this be maintained," board chairman Norman Nel said.

However, Free Market Foundation

executive director Leon Louw questioned this.

"The R90m is essentially consumers' money and some of it should be returned for the benefit of the industry and the public.

"Membership of the board is compulsory under the Estate Agents Act, which (creates) the impression they are protected by the Act. But this essentially protects the profession at the expense of the public," Louw said.

The board should be abolished and the Act repealed. Most people were not prepared to endure the lengthy process of applying for restitution.

Nel said the board had a recommended offer document that covered the issue of interest payable on a deposit, but it was not mandatory.

The present code of conduct allowed the board to remove an agent's

certificate to practise or to fine him up to R1 000.

It had submitted a new code of conduct to the Department of Trade and Industry, which would force the agent to make full disclosure.

"We have asked for the maximum fine to be increased to R10 000 and are still awaiting approval of this from the department. However, the board is unable to make the agent repay this money should he refuse as it does not have powers of restitution," Nel said.

The Property Association chairman Jan le Roux said the fact that the fund could be used only for the restitution of deposit money misappropriated was limiting and of little help to the public.

"If the consumer suffers a financial loss as a result of the negligence of the agent, the board cannot do anything to compensate for this."

TIME HOLDINGS
FM 5/6/92
Property paradox

123

In yet another SA paradox, Time Holdings' low-cost housing activities made a record loss when the local housing shortage has reached crisis proportions. Time Housing, historically the group's largest operation, reported an attributable loss of R14m for the year to December and has been sold off as a result (*Property* May 22).

But expansion of the Time Life and Time Botswana operations will replace housing, Time Holdings MD Colin Hibbert says, "with Time Prop, the local property development operation, remaining a significant contributor to earnings."

Though Time Holdings was largely exposed to the affordable housing market when established in 1981, prescience, serendipity, or a combination of the two resulted in the group increasing the Time Prop, Time Life and Time Botswana operations to roughly half of all activity last year.

Hibbert predicts the Botswanan expansion will produce income soon whereas the expansion of Time Life will have a material impact in the medium to long term.

Over the past six months, Time Botswana has won three contracts worth over P100m (R130m). It has recently been issued Botswana's third life assurance licence.

Roughly 75% of earnings from continuing operations (excluding housing) came from Time Prop in 1991, Time Botswana constituting most of the remainder.

The R15m market capitalisation is a 45% discount to NAV despite there being "a number of undervalued assets in the balance sheet," says finance director Neil Carter. He notes Time Life is shown at R4m and Time Prop at under R1m, in line with NAV.

Taking Time Prop's fully taxed earnings of about R6,5m in 1991 and capitalising the earnings flow, it would be worth much more. Hibbert says Time Holdings may sell minority stakes in operations to narrow the NAV discount. This includes a probable listing of Time Botswana, expected to raise over P3m.

At 40c, the share is at a 3,3 p/e on EPS from continuing operations of 12c. It could have recovery potential.

William Gilfillan

HIT BY HOUSING

Year to Dec 31	1990	1991
Turnover (Rm)	265 148	263 591
Operating income (Rm) ..	4 640	2 831
Attributable (Rm)	2 593	(9 585)
Earnings (c)	7,3	(25,8)
Dividends (c)	5	—

House prices will go up

Sowetan 5/6/92.

By JOSHUA
RABOROKO

123

HOUSE prices may increase by two percent in real terms this year provided there is no further destabilisation of the political environment.

According to ABSA's latest Quarterly Housing Review

The prices are likely to be supported by an economic upturn in the second half of the year, which will stimulate the domestic property market and highlight the weak supply situation.

Houses completed and building plans approved fell to their lowest levels in five years between the last quarter of '91 and the first quarter of '92. Houses completed declined by 16,1

percent and plans approved by 9,7 percent during 1991.

While it is probable that interest rates will decline by a further 2 percent, they are expected to harden during the course of next year and prospective buyers should not rely too heavily on lower rates for the foreseeable future.

On a national basis, the average price of a medium-sized house rose 13,2 percent to R135 000 in the first quarter of '92 compared with the first quarter of 1991.

During the same period, the average price of a smaller house rose 14,7 percent to R103 000, while the average price of a larger house rose 13,7 percent to

R192 000.

The year-on-year increase of 14,1 percent in building costs in the first quarter of '92, was lower than the general inflation rate for the third successive quarter, and reflects the depressed economy and the building sector in particular.

Existing houses

This resulted in a marginal narrowing of the price differential between new and existing houses, from 24 percent in the first quarter of '91 to 23 percent in the first quarter of this year.

In certain regions, the price of a medium-sized house increased appreci-

ably between the last quarter of '91 and the first quarter of '92.

These include parts of Natal excluding Durban-Pinetown (5,6 percent), the OFS and the Northern Cape (4,7 percent) and the East Rand (5,5 percent).

Other regions showed marginal increases such as the Eastern Cape 2,6 percent, Transvaal excluding the PWV area 2,2 percent, and the Durban-Pinetown area 1,9 percent, while prices in Pretoria and the Western Cape remained unchanged.

Prices in Johannesburg declined by 3,5 percent, on the West Rand by 3,4 percent and the Vaal Triangle by 3,0 percent.

Two point official ⁽³²⁰⁾ rate drop ₍₁₂₃₎

CT 5/6/92

THE government announced yesterday that it intended dropping the official rate of interest by two percentage points, signalling marginal relief for taxpayers on fringe benefits.

In a statement, Deputy Finance Minister Mr Theo Alant said the government would be recommending to Parliament that the official rate be reduced from 19% to 17% from August 1.

After the announcement last month by banks that they were lowering their bond rates, Internal Revenue decided to adjust the official rate to keep it at the traditional one percentage point below prevailing bond rates.

Mr Alant said taxpayers receiving loans from their companies at no interest or at a rate less than the official rate would benefit from the reduction because the taxable value was calculated on the difference between the two.

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Stals sinks hopes of new bond cut

TOM HOOD
Business Editor

(123)

ARG 8/6/92

HOPES of an early cut in overdraft rates and another drop in home loan rates evaporated last night when Reserve Bank governor Chris Stals announced details of a three-point plan to drain surplus funds from the country's money market.

Dr Stals said short-term fluctuations in the money market due to the role of domestic banks could lead to volatile effects on interest rates.

After consultation with Finance Minister Derek Keys, he said it was decided to provide additional facilities to financial institutions for the investment of surplus short-term funds.

MARC HASENFUSS, Business Staff

CHANNELLING a miniscule percentage of the Life Offices Association's (LOA) free investment income into a fund for "socially desirable projects" would reallocate about R2-billion for low-cost housing and the erection of labour intensive factories.

This is the view of Mr Issy Goldberg, chairman of the South African Shareholders' Association, in response to an announcement this week by the LOA that it would invest several billion rand

LOA fund for social projects is welcomed

nually in socially responsible projects.

Mr Goldberg said he was ecstatic that the LOA's decision had eventuated at last. "The involvement by the LOA is not only necessary but also essential in bringing about some relief to the problems emanating from a sick economy."

He said that during the past three years, at successive annual meetings of some major life insurers, he had postulated the idea of LOA involvement in providing funds for low-cost housing and factories. But he was invariably told it was not the policy of the life institutions to "give away" policy holders' money or risk funds entrusted in their care.

Mr Goldberg had replied that in these tremulous times, investment in socially responsible projects was the fiduciary duty of life institutions managing these funds. Their duty was not only to produce good earnings but also to take every precaution to protect investment capital effectively against the possible ravages of violence and anarchy.

"There is no point in taking out fire insurance on a house that is already burning."

Mr Goldberg had proposed that the LOA should make available a small percentage of its free investment income each year to a trust managed and directed by top people in the private sector.

"This small percentage of anything up to five percent would produce from the LOA about R2-billion a year. This would be channelled by the private trust into low-cost housing and the creation of labour intensive factories to absorb unemployment.

"The LOA project of making funds available is the only possibility — outside long-term foreign investment — where non-inflationary funding can become reality."

According to Mr Goldberg, the LOA's total managed assets, shares, property and government paper is estimated at over R200-billion — which approximates the GDP of South Africa. The daily cash flow for LOA members is close to R120-million.

"These figures bear testimony to the might of

the institutions which have a vital role to play in the development of this country."

On the subject of low-cost housing, and in light of suggestions made in the recent De Loor report, he said that at least one major construction group could supply a basic concrete home (four walls, a base, windows and a door) for about R5 000 a unit.

The panels comprising this unit could be bolted together on site by trained black labour. While a humble unit of this kind might not satisfy the sophisticated, it assumed the dignity of a home to the homeless, he said.

"The government's function would be to provide land with basic services in areas not too remote from industrial development. Basic services would comprise water taps to serve every three or four homes and outside toilets which are apparently now in over-supply."

A small piece of land attached to the home might give the occupier the opportunity to cultivate a small vegetable garden.

For each R1-billion invested by the LOA, 200 000 such homes could be provided.

Mr Goldberg suggested that in the case of low-cost houses, new householders should pay a small deposit (R200, for example).

It appeared that before the details of the LOA plan were made known this month, some form of guarantee for planting vast sums into the project would be required by the LOA.

He said the government might be prepared to guarantee repayment of the LOA's involvement and to pay an interest rate of about six percent to the institutions lending funds.

Mr Goldberg points out that most LOA investments are vested in the top blue chip shares on the JSE, the dividends of which average between two and 2,5 percent.

"Investment on the JSE by LOA members is in some cases three to four times the investment in property (which produces a return of about 10 percent); thus the average return on total funds committed is between six and seven percent.

He said capital repayments by government should start in only five years time. "Five years will be critical in the evolution of South Africa's politics and economy."

Mr Goldberg said policy payouts would on maturity be minimally affected by the LOA's involvement.

He said the LOA had taken three years to consider its involvement and now the impending start of such involvement gave cause for hope.

"If one accepts the premise that humble people with something to lose will fight to keep their home and refuse to engage in stupid internecine strife and blood-letting, then the importance of the LOA may have exponential lessening on the violence in our country."

R2-b boost for low-cost homes

123 R2G 6/6/92

Bank Rate unlikely to fall in near future

Star 10/6/92

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Homeowners experienced another welcome drop in the bond rate this month, the second in three months.

However, the Reserve Bank has signalled that it is not ready to bring down the bank rate and further cuts are unlikely until later in the year.

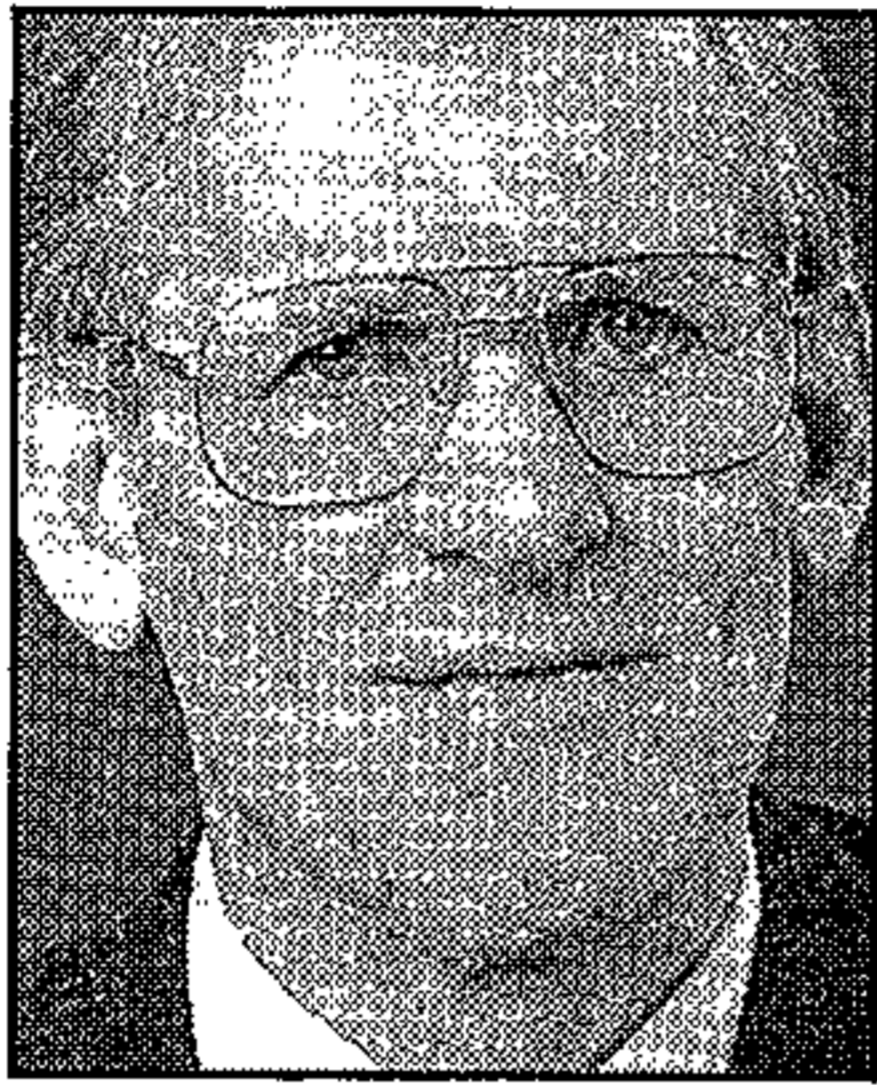
United/Allied deputy managing executive Archie Hurst says: "The financial institutions have dropped mortgage rates one percent below prime but all indications are that the Reserve Bank will not follow their lead and reduce rates at this stage."

Mr Hurst says the institutions have every intention of keeping the rates at their present level.

"It depends on the cost of money.

"Liquidity in the economy is going to build up between July and August but it appears to be the Reserve Bank's intention to manage the money market through this period and prevent any immediate drop.

"In this scenario it is possible



Archie Hurst . . . United/Allied deputy managing executive.

that the bank rate might fall one percent in October/November.

"The institutions might follow this fall, bringing the mortgage rate down another percentage point," says Mr Hurst.

Mr Hurst says that the fall in rates below prime has been brought about because the financial institutions have all wanted to build their mortgage loan book because of the bene-

fits it has on their capital ratio and also because of a lower cost of funds.

"There is a lot of competition out in the market.

"However, even this fierce competition is unlikely to cause rates to fall any further without a drop from the Reserve Bank," warns Mr Hurst.

Perm home loans marketing manager Steve Bird says there are other reasons for the institutions bringing rates down.

"We are concerned about the cost of funds. It doesn't help us when rates are high, it makes our job more difficult.

"If rates are low, both the client and the mortgage lender benefit.

"We are worried about the stretched ability of clients to pay.

"Inflation is rising and peoples' incomes have not increased at the same rate.

"The market is stagnant and it needs regeneration. If rates come down and the market picks up it helps everybody.

"This starts the buying, building and employment cycle.

"It is not simply a question of the home owner smiling, the whole economy is affected so it is a good move to make.

"However, this is the second move in three months where the financial institutions have led the rate downwards without a corresponding drop in the prime rate," says Mr Bird.

He says that as the marketing manager of home loans he would like the rates as low as possible because this would suit all the clients he would like to deal with, stimulate the economy and the home building sector.

However, he points out, there is a very important other side to the issue.

Investors need a real rate of return above inflation.

Says Mr Bird: "We owe them a return and if the rates come down too far deposit rates would have to gear down accordingly.

South Africans have all, in the past, paid roughly the same bond rate, but this is changing.

Today there are a range of rates on offer depending on the individual's particular circumstances. Usually the higher the person's net worth and the larger the bond, the lower the rate.

United/Allied deputy managing executive Archie Hurst says differential rates are on offer to people who take packages with the financial institution and qualify in terms of their net asset worth and income.

In the case of United there are cheque products to which the mortgage bond is linked and for this the borrower gets a reduction in the mortgage rate depending on his income and net asset value.

"These clients must have a cheque account with us. The idea behind it is to cross-sell all the bank's products to a particular client. We want them to do more business with our bank. We look at the total business which they are doing with the bank and can give a reduction in the interest rate. To a de-

SA must get used to range of rates

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gree this compensates for the loss of interest income.

"You want to attract the high net worth individual to the bank, generally, he is a lower risk," says Mr Hurst.

"Obviously you try and tie the client in to the bank by offering a benefit on the mortgage loan and getting his cheque account business so you are building a relationship with the client," says Mr Hurst.

First National Bank chief manager home loans and property Andre Latre, taking a view of the future, believes that over time banks will certainly differentiate their rates further from a base rate.

"The institutions would do this in much the same way as they do with the overdraft rates. The banks would assess

the risk of the area and the person, and load their rates accordingly. At the moment because of the sensitivity of home ownership this is not happening," he says.

Perm home loans marketing manager Steve Bird agrees that differential rates are probably here to stay.

Says Mr Bird: "I think it may cause some confusion in the market place while the concept settles in.

"Basically, you have the base rate and then under and over-base rates. The selection of the rate offered to the homeowner is going to be more on the individual. This is something that didn't come into the lending exercise in the past.

"In the building society days we were very concerned about the

value of the property, but as long as you thought you could pay and you had a deposit, you were not much of a factor. Now in a totally different economic situation, we have to look at not only the property, the area, the quality, resalability, but also at the jockey. This is very much in line with bank overdraft lending.

"Most of the former building societies are doing the same as we are, creating risk management departments, and a whole new lending policy is being followed.

"It is standard banking practice and we in the building societies are going to have to get used to it."

In the past people who took larger mortgages, which offer a higher margin to the lender because of the lower ad-

ministration costs, and who were low risk clients, were being charged the same or even higher rates than the smaller, high cost and risk client.

"It is becoming a risk-lending analyse. We are going to have a multitude of different rates and lending criteria," says Mr Bird.

In the United States differential rates have long been used and the market mechanism has adapted. US homeowners often use mortgage brokers who shop around for the best rates in much the same way as an insurance broker operates in South Africa.

If the range of differential rates expands, as many members of the industry believe it will, mortgage brokers could find a niche in this country.

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As homeowners are squeezed by high interest rates, inflation and a lack of corresponding salary increases, so the financial institutions' bad debt experienced has increased, though not as much as was feared.

Standard Bank divisional general manager Duncan Reekie says though the bank has been aggressive in the home loan market, it has not done so at the expense of lending standards.

"We may have been aggressive on price, but there has never been a question of lowering lending criteria.

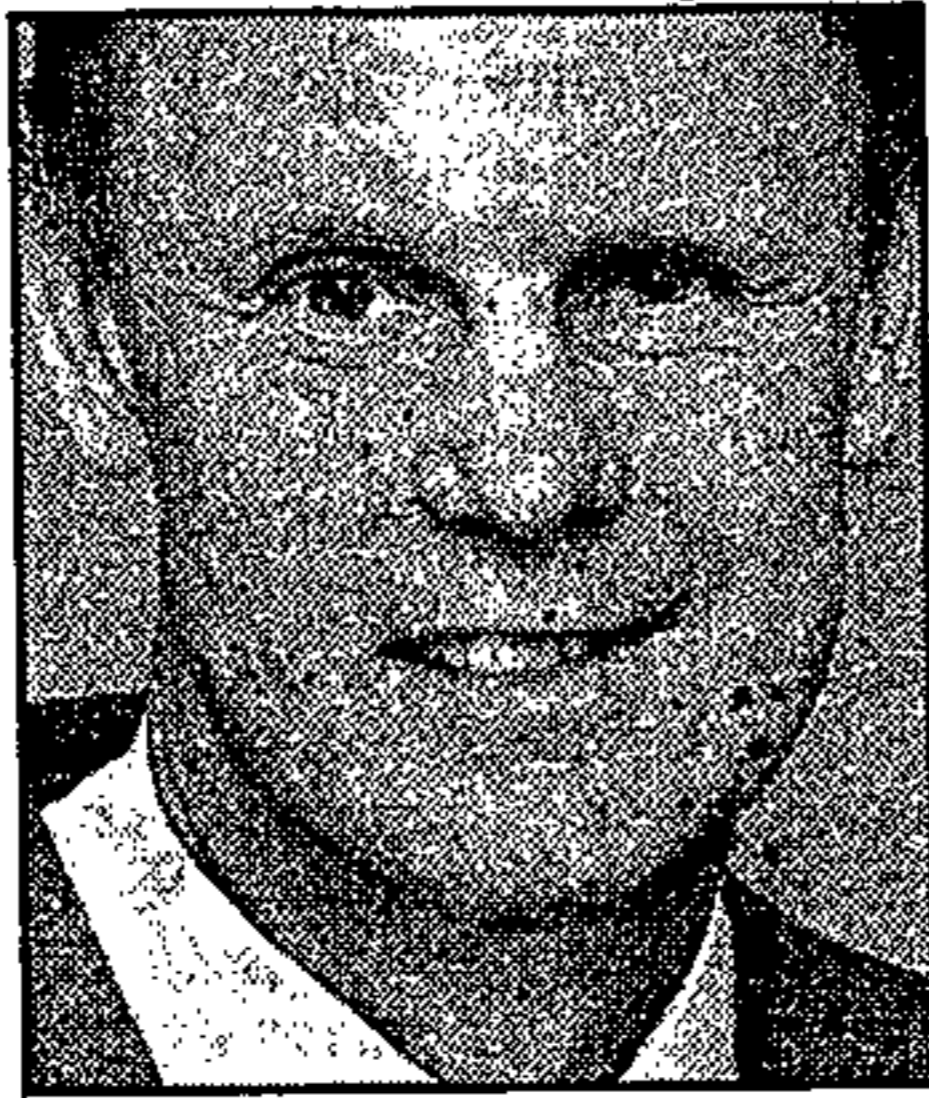
"The only institutions which have been badly burnt are ones that have gone very aggressively into the lower income group market.

"The reason for the bad experience in this area does not necessarily relate to the lending criteria, but rather the changing socio/economic conditions in the country. We are

Bad debts on the rise — banks

STARZ 10/6/92

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Duncan Reekie . . . Standard Bank divisional general manager.

involved in the lower income market. As a national bank we would not exclude any group, other than on grounds of not being credit worthy.

"What the bank may look at is limiting its exposure in certain areas and possibly discontinuing lending in particular problem areas," says Mr Reekie.

United/Allied deputy managing executive Archie Hurst says arrears in the middle-to-upper-income categories are running slightly higher than experienced historically. Repossessions are also running at around the same levels as in the past.

"People are struggling but they are making their payments," says Mr Hurst.

However, in the lower income level arrears tend to be higher because of unemployment. However, this is in line with past experience.

"Repossessions tend to be concentrated in particular

areas. Often this is due to large developments taking place and people who have bought the houses have not understood what is involved in buying a home.

"People realise it is very important to retain their homes. Their first priority is to save their home and they cut back elsewhere rather than lose their houses.

"I don't think that people realised the recession was going to be as deep and as long as it has been," says Mr Hurst.

Perm home loans marketing manager Steve Bird says bad debt on an industry basis is probably worse than it has ever been. More and more is being put aside for bad debt provision.

Ownership education plans (23)

Many of the difficulties in which homeowners find themselves is due to a lack of knowledge. *STAN 10/6/92*

First National Bank chief manager home loans and property Andre Latre says: "I believe it is essential to educate people into the benefits and responsibilities of homeownership. I think this should be introduced as part of the school syllabus. It should cover fluctuating interest rates, the responsibility of maintenance, rates and taxes, water and electricity.

"It should make it very clear that once ownership in the property is theirs. They can't go back three years later and say the roof is leaking. They must have all those things looked at in the beginning. The consequences of not paying should be explained."

First National Bank has already started its own pilot education programme for homeowners.

"We have a trainer who speaks four languages and we have groups of potential homeowners in. There are videos and a slide presentation. This is a trial scheme which we are hoping to expand further. The feedback from people who have been on the course has been very positive."

Perm home loans marketing manager Steve Bird says the institution produces a booklet on what is involved in home ownership, initially it was aimed at the emerging market.

"We soon realised there was no such thing as people who know and people who don't. Whether it was a housewife in Sandton or a Soweto resident, everyone is confused.

"In addition, we have produced a desktop flip-chart style presentation programme to show prospective homeowners the various aspects of homeownership," says Mr Bird.

Insurers STSR-10/6/92 urged to put funds (123) in housing

Channelling a miniscule percentage of the Life Offices Association's (LOA) free investment income into a fund for "socially desirable projects" would realise about R2 billion for low-cost housing and labour intensive factories.

So says Issy Goldberg, chairman of the Shareholders' Association, in response to the recent announcement by the LOA that it would invest several billion rands annually in socially responsible projects.

Mr Goldberg said in Cape Town this week he had for some years proposed the LOA become involved in providing funds for low-cost housing and factories, but had been told it was not the policy of the life institutions to "give away" policy holders' money or to risk funds entrusted to their care.

However, he believed investment in socially responsible projects had become the fiduciary duty of life institutions, not only to produce good earnings but to protect investment capital against the possible ravages of violence and anarchy.

He proposed the LOA make available a percentage of its free investment income each year to a private sector trust which would channel the money into housing and labour-intensive enterprises.

A small percentage — up to 5 percent — would produce about R2 billion a year from the LOA, whose total managed assets, shares, property and government paper could be estimated at over R200 billion — about the GDP of South Africa.

"Investment on the JSE by LOA members is in some cases three to four times the investment in property (which produces a return of about 10 percent), thus the average return now on total funds committed is between six and seven percent."

But, the government might be prepared to guarantee a return on the LOA's social investments, which would mean payouts for present policy holders would, on maturity, be minimally affected, Mr Goldberg said.

Trouble awaits the ill-informed new buyer but such problems can often be avoided by going to their lending institution for advice, instead of regarding it as an enemy.

First National Bank chief manager home loans and property Andre Latre suggests people should look at their total income and not commit more than 25 percent of their gross income to their bond repayment. However, they should also take into account their other commitments.

"Affordability is a critical factor. Unless you can afford to buy a home, there is no point in trying.

"Careful planning is essential. I would not advise people to move into property they cannot really afford. The consequences are too dreadful. It is always possible to upgrade later, but once you lose a property the consequences are far reaching.

"If the home is lost through someone taking action against the owner, there is a judgement against the owner and this will affect their ability to get credit in the future," says Mr Latre.

There are also a range of other costs which must be taken into account when calculating affordability such as bond registration fees, transfer duty, relocation costs, rates, water and electricity, telephone installation, repairs and occupational rent.

"We suggest buyers take advice from professionally qualified people. If you are in doubt, con-

Careful planning is needed for the new buyer

STAR 10/6/92
123



Andre Latre ... FNB chief manager home loans.

sult a lawyer, check with a reputable estate agent, they will tell you if you are getting good value for money.

"I believe people should save before buying a house and prove to themselves that they can afford to buy the house. In the past people were obliged to put together 20 percent of the purchase price.

"I would also advise people to see their bank manager before they start looking at houses. If they give all their financial details to the manager, he will be able to suggest to them the price range in which they can begin looking," says Mr Latre.

Perm home loans

marketing manager Steve Bird also recommends people come and talk before they look for a home.

"We have designed a pre-approval certificate. The client goes into his branch and has his financial position analysed to determine what he can afford and he is given an amount based on this assessment, so that he knows what price range he can afford to look at.

"This saves people from looking at homes they cannot afford. Depending on where they buy they will need different deposits, but at least they know what they can afford to repay," says Mr Bird.

He says the institution would look at the property, the individual and the area. If the institution is too heavily committed in a particular area, the managers might refuse the loan, though the individual might be perfectly financially sound.

Mr Bird says: "Another problem is when people are in an existing home and think they should move. There are a lot of temptations to move but the question of whether to upgrade their present home should be

considered.

"Before people move they should check the facts and figures. Our advise to clients is to come and talk to us first, don't just go out and get great ideas.

"Often the move is to a slightly nicer house and buyers face the costs of that move. By the time you have paid the estate agent, cancelled the bond, redone the bond, paid transfer duty and moved, it has cost you thousands. Therefore with the move to new property, which may be very little more in value, you have incurred a great big debt to cover the cost of sale and moving."

He believes the alternative of making improvements to the existing home is often cheaper.

If homeowners have paid off part of their existing bond they can borrow back practically immediately to pay for improvements. It is a simple readvance and there are no legal formalities.

For those who need to borrow over the original registered bond value, they will need to have a second bond registered but there is no transfer duty.

Invest excess cash in your bond repayments

The bond rate has fallen yet again and homeowners will have the opportunity to have a little cash in pocket, but it might be a better idea to add the excess to the bond repayment.

United/Allied deputy managing executive Archie Hurst suggests even with mortgage rates at current levels it is an attractive proposition to reduce the home loan as quickly as possible. The added advantage is that excess payments can be withdrawn by arrangement with the bank manager.

"Where do you go to find an equivalent return? The stock market is currently considered over-priced by many experts. Investments in fixed deposits are subject to tax.

"To obtain the equivalent return to paying off your bond, you would have to find a return around 28 percent.

"For people who are thinking of buying, now is the time to buy. There should be a window of opportunity for the next four months. There are some real bargains out in the market."

Pern home loans marketing manager Steve Bird says in a scenario of rising rates people should immediately cut their discretionary expenditure and pay off as much of their bond as possible, in order to reduce the impact of possible future rises.

"The home is the person's primary asset and they should do everything to protect their investment. It is vital to ensure they do not get into arrears otherwise they are always trying to catch up and it ends up compounding the problem. There is no magic formulae, it is time to tighten the belt.

"When rates are moving down, as

they have over the past few months, people have many choices, but we advise people to pay into their bond. Maintain your existing payment and watch the capital sum reduce," says Mr Bird.

At current rates of around 18 percent, people are paying R15,43 per R1 000 of their bond on a 20-year bond. The saving of a one percent drop in rates on R100 000 bond is around R77,37 each month. However, if people maintain the same level of repayment as when the rate was 19 percent, the effect is to reduce their repayment period by five-and-a-half years.

On a 25-year bond the repayment period is reduced by nine years and those with a 30-year bond will repay their bond 14 years earlier. Mr Bird says the advantage to the

bank in getting people to pay off more of their bond is that the bank then has more security on the loan. The banks then relend the additional funds.

"However, if we can't lend the money again, it is costing us money.

"There is a marginal advantage from the security point of view.

"The disadvantage to the lender is that it wishes to maintain loans and be able to receive its interest payments.

"However, the main reason we are advising people to pay in more into their bonds is that it is the best investment for the individual and we are filling our role as financial advisers. It is a relationship building exercise.

"Another factor is that if they pay off more of the loan they have increased borrowing capacity."

A Home Loan
that is the property



123

PROPERTY

New move on loans for black housing

10 Aug 10/6/92
 FINANCIAL institutions are prepared to consider granting bonds in problematic black areas if they are convinced the risk factor is reduced.

Nankan Real Estate, established five months ago, will, along with many other agencies, sell some of Absa's and NBS's repossessed properties in black areas, MD Vino Nankan said.

"The institutions have guaranteed bonds for these homes as they are already exposed and have undertaken to consider the refinancing of low-cost housing by granting bonds for other homes in black areas," she said.

An NBS source said repossessed properties were made available to a number of estate agents for resale as the building society needed to resell these properties.

Selective

"This is normal business practice and it is quite likely we will consider further funding in these areas if the agent proves the risk factor can be reduced," he said.

Allied/United operating executive Nallie Bosman agreed, saying Absa would like to resume normal lending in problematic areas, and would do so if the problems could be resolved.

"We have never withdrawn completely from the market and still lend on a selective basis. However, our focus is naturally on areas where problems are not experienced," he said.

Nankan hoped to bring owners, civic and financial institutions together to try

to negotiate an alternative to evictions. "Absa and NBS have indicated that they are prepared to take a loss that they will then write off on some properties," she said.

"Their primary goal is not to evict home owners, but rather to find a compromise. I believe I am able to bring all the parties together and we can find an amicable solution to some of these problems."

The man in the street was suffering as, while there were buyers for these properties, the fact that bonds were not readily available made it difficult for buyers to acquire them.

Also, there was no guarantee that another bond would be granted for the property should the buyer want to sell it at a later stage. The future of lending lay in the black market and this needed to be addressed now to avoid problems becoming more severe.

"Most black buyers tend to fall into the R100 000 to R200 000 price range, and we are seeing good interest in the areas close to Soweto," Nankan says.

However, most black buyers were not interested in buying a townhouse or flat, but were looking for a house with its own garden.

"I have had discussions with several of the established estate agencies about ways in which we can work together. They have a far greater exposure in the traditional white areas, and I understand the black market," she said.

Quick response bond applications launched

Blany 10/6/92
 ANDREW KRUMM

HOMEBUYERS looking for a bond can now apply electronically and receive an answer from a financial institution within one day, according to Comprehensive Property Services (CPS) MD Stefan Swanepoel.

The new system, known as the "24-hour bond approval in principle", came on line on Monday. It links buyers — through subscribing estate agents — to seven financial institutions.

"All the buyer needs to do is complete a shortened application form, which the estate agent then sends off electronically to the buyer's bank," Swanepoel said. Should the answer be negative, the client can reapply to any other bank by sending the same electronic application.

The seven participating banks — First National, Nedbank, Standard, NBS, the Perm, Boland Bank and the EP Building Society — undertook to respond via CPS and the estate agent within 24-hours of receiving an application, Swanepoel said.

"Market interest in the system is high, since it does away with weeks of delay inherent in past bond approval systems. More than 750 estate agencies, who will be charged a R200 monthly user fee, have requested that the service be installed."

Users will not, however, be charged transaction costs, Swanepoel said.

"Our programmes were developed to minimise the costs to subscribers and can be used on any IBM compatible PC or MS-DOS system.

"To accommodate smaller agencies, our programmes can also function on the Telkom 'minitel'." Swanepoel said it was hoped the service would eventually be extended to all who dealt in the buying and selling of property.

Although CPS was wholly owned by the seven participating banks, he said, it was not a profit-making venture.

"Bond application is only one of about 50 functions identified by the owner-banks in an effort to streamline the market's trading, legal and financial hurdles into an efficient network," Swanepoel said.

Sectional title needs to change with the times

SAPOA's sectional title and group housing committee has been at the forefront of new legislation.

It has had prominent industry figures contributing to its involvement with the Sectional Titles Act of 1971, which has been replaced by a new, amended Act, says chairman Arthur Schoeman.

Sectional title is a "living thing".

The committee continues to make recommendations to government regarding amendments to the Act where practical issues arise, he says.

It has also been involved with the Surveyor-General and the Deeds Office in an attempt to smooth out practical administrative difficulties.

B/Dany 10/6/92

Examines

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The committee examines administrative difficulties that arise from the Act. "There is seldom much wrong with the law; the problem lies in administration," he says.

Good relations have been established between the private and public sectors, and regular meetings are held with local authorities to iron out any problems.

The committee tries to examine matters such as cluster and group housing in a broad context. It is producing guidelines for the development of cluster housing. Regular seminars are to be held on issues relating to these areas.

"We hope the guidelines will serve as a practical guide for developers. We are involving experienced developers and town planners and will highlight their positive and negative experiences in this regard," Schoeman says.

Stand allocation based on need — IDT

123 ANDREW KRUMM

THE allocation of 100 000 newly developed stands to homeless families is not open to abuse or favouritism, says Independent Development Trust (IDT) communications director Jolyon Nuttall.

Referring to an R806m IDT scheme begun in July last year to develop housing sites in 104 destitute communities nationwide, Nuttall said community leaders allocated IDT stands on the basis of need.

"The selection process is not open to abuse. On the contrary, without community involvement, selective assessment could occur," he said. *By Day 10/6/92*

Social consultants were also employed to establish or negotiate the quality of community participation.

"In certain communities the number of applicants was so great that community leaders allocated stands by drawing names out of a hat.

"However, this is not common and in

most areas allocation is done on a grading system and according to IDT rules," said Nuttall.

The IDT stipulates that a beneficiary has to earn less than R1 000 a month, have dependants and must never have received subsidy assistance.

Nuttall said the demand for subsidised site and service schemes was huge. "When we first launched the scheme in July last year we were four times oversubscribed."

He said R750m had been budgeted for the scheme, but this amount was increased by R56m over the year and most projects were under way.

"In 81 out of the 104 projects we are preparing to sign or have signed agreements with developers so that the completed stands can be transferred to individuals within the communities," he said.

Prices set⁽¹²³⁾ to rise by^{STAR} about 2 pc^{10/6/92}

House prices can be expected to rise by about 2 percent in real terms if there are no further political difficulties in SA.

This is the view of ABSA senior economist Christo Luus.

"Firmer prices are likely to be supported by an expected economic upturn in the later half of 1992. This will stimulate the residential property market and highlight the shortage of stock," he says.

Extending the shortage still further has been the decline in new building. Houses completed and building plans approved fell to their lowest levels in five years between the last quarter of 1991 and the first quarter of 1992. Completed dwellings fell by 16,1 percent and plans approved declined by 9,7 percent last year.

Mr Luus says interest rates are likely to harden during the course of 1993 and warns homeowners not to rely on the lower rates for the foreseeable future.

Across the country the average price of a medium-sized home rose 13,2 percent to R135 000 in the first quarter of 1992, compared with the first quarter of 1991.

Over the same period the average price of a smaller dwelling climbed 14,7 percent to R103 000. Larger house prices rose around 13,7 percent to R192 000.

In certain areas the price of a medium-sized house increased substantially between the last quarter of 1991 and the first quarter of 1992. Areas affected include parts of Natal, excluding Durban/Pinetown (5,6 percent), the Orange Free State and the Northern Cape (4,7 percent) and the East Rand (5,5 percent).

Other regions showed marginal increases such as the eastern Cape (2,6 percent), Transvaal excluding the PWV area (2,2 percent), Durban/Pinetown (1,9 percent) and prices in the Pretoria and Western Cape remained unchanged.

Prices in Johannesburg fell by 3,5 percent, on the West Rand by 3,4 percent and in the Vaal triangle by 3 percent.

Property rights 'must remain untouched'

By Frank Jeans

123

SUN CITY — The main speakers at the opening of the South African Property Owners (Sapoa) convention here stressed that property ownership was a fundamental right.

Opening the convention, Dr Zach de Beer, leader of the Democratic Party, said: "The epicentre of the capitalist system is respect for property rights and we are entitled to insist that those rights remain untouched."

Dr de Beer, who is also Code-

sa management committee chairman, said that to confiscate property from its owners and give it to other people was not only morally wrong, but economically disastrous.

At the same time, unless the mass of people could feel that within a few years their economic lot was improving and the wealth gap was narrowing, the "fledging democracy of the new South Africa is likely to be hijacked by some populist dictator with a mouthful of deceitful promises and a gun in his hand".

Chris Saunders, chairman of

the Tongaat-Hulett group, commenting on the proposals by the ANC for a wealth tax, said such an idea of transferring resources — "robbing rich Peter to pay poor Paul" — was not the solution.

Urging Sapoa to play its part in urban revival, Mr Saunders said: "No nation has ever prospered who's cities have failed."

Commenting on unemployment, he said the lack of skills had left the South African workforce uncompetitive with the rest of the world.

"We must act now on the recommendations of the De Loor

commission on housing and build our way out of a deepening recession."

Sol Kerzner of Sun International, making a presentation of the multi-million-rand Lost City project, told delegates: "The expected boom in tourism will bring to South Africa an additional one million visitors a year."

"This means that the hotel and leisure industries will have to provide a further 18 000 beds to meet the demand."

He was having talks with the SA Tourist Board about this, Mr Kerzner said.

Urgent strategy necessary to limit economic damage

By Frank Jeans



SUN CITY — Interest rates could be pushed down by between two and three percentage points over the next year in a bid to limit damage in the economy and set the scene for recovery in 1993.

Mike Brown, economic consultant with stockbrokers Frankel Max Pollock Vinderine, said this at the Sapoa convention here.

In an economic preview, Mr Brown said: "Studies have pinpointed the need for the investment rate to grow from its current level of about 19 to at least 25 percent. This should be regarded as a minimum target for any new economic strategy."

Finally, success in raising the rate and productivity of capital investment in South Africa would depend to a significant extent on creating a climate of certainty and stability in both political and economic structures which would raise the



Mike Brown . . . housing expenditure needs to double.

confidence of both foreign and local investors.

On the housing issue, he said the cost of a viable programme was the subject of widely varying estimates but most seem to coincide on the likelihood that expenditure on housing in South Africa would need to double from less than three percent of GDP to around five to six percent.

STAR 11/6/92

"The recently published De Looer Task Group report on low-income housing targets a total expenditure of five percent of GDP on 198 000 housing units a year for the next 10 years.

Exchange controls

Urging the scrapping of exchange controls, Dr Richard Grant, Director of Research and Publications of the Free Market Foundation, said:

"Exchange controls are one of many types of government interference that have been used to achieve Third-World status.

"This is not to say that the government wants to be in the Third World, but this status comes as a by-product of its misguided actions. Whether these actions come from good intentions or from corruption does not make the consequences any less destructive. And we, in South Africa, are seeing these consequences first-hand.

"There is not one argument in favour of exchange controls that has not been demolished by logic. No serious economist will

defend them — yet they persist. why?

"We know why exchange controls can't work, and experience has shown us that they don't work.

"The most often cited reason for imposing exchange controls is that they are intended to prevent capital outflows," said Dr Grant. "Not only have they failed, they have also discouraged capital creation and inflows. Exchange controls have not made things better in any way. They have made things worse.

"Those maximum limits, or "allowances", on purchases of foreign exchange for overseas travel have become minimal.

"The expectation that people won't be allowed to take their money out if things get worse, leads them to plan ahead and take out as much as possible — now.

"Making the controls stricter doesn't help. It just leads to the attitude that: If you can't take it with you, then spend it now. There's no sense saving it when you won't have full ownership rights."

Land seizure 'is morally wrong'

8/way 11/6/92
SUN CITY — Confiscation of property from rightful owners to give it to someone else was morally wrong and economically disastrous, DP leader Zach de Beer said yesterday at the SA Property Owners' Association (Sapoa) Silver Jubilee convention.

"However, unless the majority of our people can see their economic lot improving and the wealth gap narrowing over the next few years, our fledgling democracy is likely to be hijacked by some populist dictator with a mouthful of deceitful promises and a gun in his hand," De Beer said.

Tongaat-Hulett group chairman Chris Saunders told the convention transferring resources from the "haves" to the "have-nots" was not a solution. He said there were too many have-nots for wealth taxes and other similar measures to be effective.

The prime object of SA's political and economic policy had to be the enabling of the masses to share in the creation of new wealth, he said.

PAC secretary-general Benny Alexander said nationalisation was not an effective means of redistribution in itself, as it transferred wealth from only one elite group to another. "Redistribution has to take place at the points of production." Alexander said nationalisation was not the

PAC's primary approach.

He pointed out that redistribution could not be paternalistic, as people needed to become self-sufficient. "Black workers, managers and entrepreneurs have been targeted to benefit from this. A system must be created that allows the worker to feel part of the country and of the economy, thereby adopting a more responsible attitude and satisfying their expectations."

Private business would be asked to facilitate this by creating black equity programmes and issuing new shares or reducing present shareholders' interests. This would include representation and voting rights.

"Redistribution must also not take place from one elite to another and must take place primarily at the point of production and involve those at this level of operation," he said.

Arthur Andersen senior tax partner Pierre du Toit said it was almost inevitable that SA would get a land tax of some sort.

It would be a political move as no future regime would be able to resist the political pressure to tax land.

"A land tax should not be instituted as a tool of restitution or redistribution," he said.

PETER GALLI

1992. The restructuring will enable liberal dividend policy and this has period by the directors.

Call to end delay on electrification

DUMA GQUBULE (123)

MAJOR low-cost housing and township electrification programmes cannot be delayed indefinitely and must be implemented to stabilise the socio-political situation, says Powertech executive chairman Peter Watt in his company's 1992 annual report. *8/25/11/6/92*

When these programmes get off the ground and the political negotiation process bore fruit the power electrical industry and Powertech in particular, would face a bright and challenging future, he said.

Watt did not expect any early solutions to the difficult trading conditions and forecast a 0,3% to 0,5% decline in GDP for 1992.

He gave a number of factors that would benefit the group including the many proposed capital expansion projects. These include upgrading of Sapref, Genref, Caltex Sasol 2 & 3, the Columbus Stainless Steel project and extensions to Alusaf.

Another factor was the opening of doors to Africa where involvement would be sought with overseas partners on projects supported by the African Development Bank and the World Bank.

Powertech ended the year to end-February with a cash pile of R46m after investing more than R30m in modern plant and equipment for the expected upturn in the economy and to enhance export competitiveness.

Watt said acquisitions were a high priority and would be actively pursued.

Powertech showed a 5% increase in earnings to 32,3c (30,8c) a share although turnover at R1,15bn, was marginally lower.

A dividend of 9,7c (9,3c) was declared.

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BILLY PADDOCK

CAPE TOWN — The major changes contained in the new Taxation Laws Amendment Bill, to be introduced in Parliament today, are amendments to VAT levelling the playing field for developers of share blocks, sectional title and freehold title.

Most of the other amendments are re-enactments of the Government Notice of November last year, when the Finance Minister amended provisions of the VAT Act, and formalising existing practice.

VAT changes for developers

B (10 any 11/6/92)
The Bill amends the Marketable Securities Tax Act, the Transfer Duty Act, the Stamp Duty Act, the Self-governing Territories Constitution Act, the Regional Services Councils Act, the KwaZulu and Natal Joint Services Act and the VAT Act. The amendment to the Self-governing Territories Constitution Act relates to VAT and neutralises the effects of introducing VAT in these territories by putting the TBVC states in the same position they were in before introduction of VAT.

The main area this affects is transactions under the Customs Union, where SA pays 10% VAT on imports etc but pays the territories 13%, as was the case under GST.

According to DP Tax expert Geoff Engel, the territories would not follow SA by introducing VAT unless the prejudice they felt under the new system was neutralised.

The major new development is relief given to de-

velopers of Share Blocks

which allows them the benefit of claiming VAT input credits — denied until now. Developers had to pay VAT on materials and other input costs but had no way of claiming this back when units were sold off.

The Bill alters the position in the Transfer Duty Act and the VAT Act whereby the share capital and the loan capital/obligation on first sale becomes subject to VAT and the developer can claim/deduct

input credits against VAT on the sale. This applied to Sectional Title and Freehold Title developers in the past. Only new share block developers are affected by the amendment. Other share and loan obligations were unchanged and not subject to VAT.

The other important amendment plugs a loophole used mainly by banks to avoid VAT. Apparently banks were providing VAT-able ser-

ices, but dressing these up as financial services (which are not subject to VAT).

The Bill also exempts trade unions from VAT on member's subscriptions.

The period of grace has been extended from December 1991 to June 30 1992 to correct errors in registration. Many mainly small companies and business enterprises, whose turnover did not exceed R150 000 a year, erred at the introduction of VAT and registered, putting themselves in a disadvantageous position.

Another amendment also eases the cash flow of more than half the vendors required to pay VAT.

TOMORROW'S SOLUTION

MORTGAGE RATES

FM 12/6/92.

More cuts to come?

(123)

The likelihood of more bond rate cuts in 1992 is strong. Absa economists believe Reserve Bank Governor Chris Stals will cut Bank rate by 2% or perhaps 3% during the course of the interest rate cycle which should turn in the second half of 1993. That could mean two cuts of 1% each in 1992, which could see banks in turn lowering their mortgage rates by an equivalent amount.

These further cuts would come on top of the 1% Bank rate cut in March. Mortgage rates have been lowered on two occasions already in 1992 — the first in early February and the second at the beginning of May (to take effect in July) — to bring the bond rate to 18% from July.

But last week's announcement by Stals that he would tackle high liquidity in the money market by raising banks' cash reserve requirements from 4% to 5%, is a sign to some that he will not rush to lower Bank rates.

The move also reduces the likelihood that banks will precipitate these cuts by lowering their mortgage rates beforehand, according to Absa economist Dominick Sutton.

Should the falls come about, the implications for the property industry are enormous, especially for the residential market which seems poised for an upturn. Views differ, however, as to how sharply house prices will rise and in what category.

Real Estate Surveys MD Erwin Rode says an increase has been noted in the volume of property transactions and the trend is expected to continue. He forecasts the greatest movement in house prices will occur in the lower end of the market because of pressure from new entrants previously caught in the Group Areas Act.

He says prices are not expected to rise much in the middle market and will continue to decline in the upper end. These markets have a high incidence of subsidies and are therefore not so sensitive to interest rate movements.

Former Finance Minister Barend du Plessis estimated in 1991 that 70% of homeowners were subsidised and Rode believes most of them fall into the middle and upper market categories.

Absa, in its latest *Quarterly Housing Review*, predicts that house prices will rise by only 2% in real terms this year — nominally 16% or 2% plus inflation — the current inflation rate of 15.6% is expected to decline to average 14% for 1992.

In his January 1992 *Property Economist* report, Neville Berkowitz forecast an interest rate drop of 2%-3% during 1992. He is less optimistic than some about house price increases, which, he says, are more sensitive to changes in confidence levels than to inter-

est rates.

He says that even with the 9% mortgage rate in the late Seventies, there was negative real growth in house prices due to the 1976 Soweto riots and the aftermath.

But Berkowitz believes the timing could not be better for home buyers and investors — at least for the medium term. With inflation expected to rise in the new SA, he says investing in property is better than letting money erode in the bank.

Ampros MD Gerald Leissner also believes interest rates will fall further this year. He reasons that the inflation rate — CPI in particular — seems to be unusually high and most economists say it will come down. "More than that, I think the economy needs a shot in the arm. One way to do that is to drop rates, even if only in the short term. Farmers are in trouble, retailers are hurting badly and consumption is down. Government needs to do something.

"Such a move, I think, will help the retail sector — though not necessarily the oversupplied office market. On the residential side, prices will rise because the lowering of bond rates will push up demand for existing housing stock — which is expected to come under increasing pressure from new entrants in the market.

"Demand for sectional title and rented flats should also receive a boost — if the question of bonds is resolved. Judging from the work we're doing at the Central Johannesburg Partnership, especially in areas such as Hillbrow, such a resolution is possible."

Bureau for Economic Research director Ockie Stuart supports others' views that the emphasis on lowering the inflation rate will

result in more Bank rate cuts, though the BER believes there may be only a further 1% cut in the last quarter of 1992.

"Mortgage rates usually follow the cuts. This time round, they actually preempted the Bank rate cut. So, whatever one says for rates applies to mortgage rates. At the end of the year, we should be looking at a prime overdraft rate of 17% and a mortgage rate, at best, of 16%," predicts Stuart. ■

FANCOURT

What to do?

There is no doubt that the Fancourt hotel and country club estate in George is a quality development. Its timing was good in view of the expected tourist boom. Foreigners have accounted for 68% of the hotel's guests over the past six months and 48% of its R42m sales — with total sales potential to 1996 put at R380m.

A further R20m is waiting in the wings for buyers of corporate and executive lodges. The scheme allows for 292 lodges, with 69 corporate ones already sold, and 207 permanent homes.

There is also a rumour that a German company is considering buying R250m worth of lodges in another stage of the scheme.

The problem is: how long can the scheme's debenture holders wait for interest from the R90m they have committed to the scheme? Fancourt is striving to raise more capital to complete infrastructure, release proceeds from sales and start paying interest as soon as possible.

ANOTHER ONE BITES THE DUST

It appears that another big UK property developer has come a cropper. Sapa recently reported that Mountleigh Group Plc has been put into receivership.

Accounting firm KPMG Peat Marwick has been appointed by the Mountleigh board to manage the group's assets, estimated at £400m. This compares with its debts of roughly £500m.

Mountleigh's problems have been widely anticipated following recent losses and news last month that the planned £125m sale of its Merry Hill shopping centre in the west Midlands had fallen through. The disposal was seen as a key element in the group's fight to surmount its debt problems.

Earlier, Mountleigh's Spanish department store, Galerías Preciados SA — the second-largest retailer in Spain — said Mountleigh was considering an offer from unspecified "outside investors" for 100% of the business.

A statement released by the department store said it considered a management buyout a possible alternative to an acquisition by outsiders. A spokesman for Galerías said he was unable to provide any details on the offer for the company or say whether the potential buyers were Spanish or British.

Other assets include the Camberley shopping centre and a 50% share of the Criterion in London's Piccadilly.

Average new house may soon cost R1m

CT 12/6/94 from MAGGIE ROWLEY (123)

SUN CITY. — If building costs continue to soar at the present rate a new medium-sized home would cost almost R1 million by the turn of the century, a property expert warned yesterday.

Mr Peter Gardiner, a director of Anglo American Property Services, was speaking at the convention of the South African Property Owners' Association (Sapoa).

He said that in the early 1960s the cost of building a good quality house was R80 a square metre while today the cost is R1 500 to R3 500.

Prices were conservatively estimated to rise to between R8 000 and R11 000 a square metre in the next eight years, which would bring the cost of a new medium-sized home to about R980 000.

● Lottery funds to revamp cities? — Page 10

The hidden wealth in your home

Start 13/6/92

123

Improve, don't move is often the best advice for homeowners. Well-planned and carefully costed additions and alterations to your present house will give you your dream home and can add greatly to its value should you wish to sell it at a later stage.

WITH the costs of building a new home soaring to ever-increasing levels, many homeowners are opting for the option of improving their existing home instead.

Added to this is the substantial legal and transfer costs associated with selling a home and buying elsewhere.

As a result, more and more homeowners are taking the route of adding on an extra bathroom and family room to enhance their lifestyle and — hopefully — the value of their home.

This can either be a costly nightmare or profitable pleasure, depending on how this formidable task is approached.

But following these guidelines could make the task all that much easier. It could also help you avoid the pitfalls into which so many homeowners fall.

The rapidly changing nature of mortgage-based finance also makes it relatively easy to obtain further finance from your financial institution to pay for those home improvements.

The recent drops in mortgage rates makes it an ideal time to consider improvements. Depending on the current size of your bond and how much capital has been repaid, you could even find that taking out an additional mortgage loan will not necessarily mean higher monthly repayments. It is also the cheapest finance around, in most cases lower than prime rate.

But before embarking on this venture, you have to be absolutely certain that you are prepared to live with noisy and messy builders tramping in and out of your house for weeks or months.

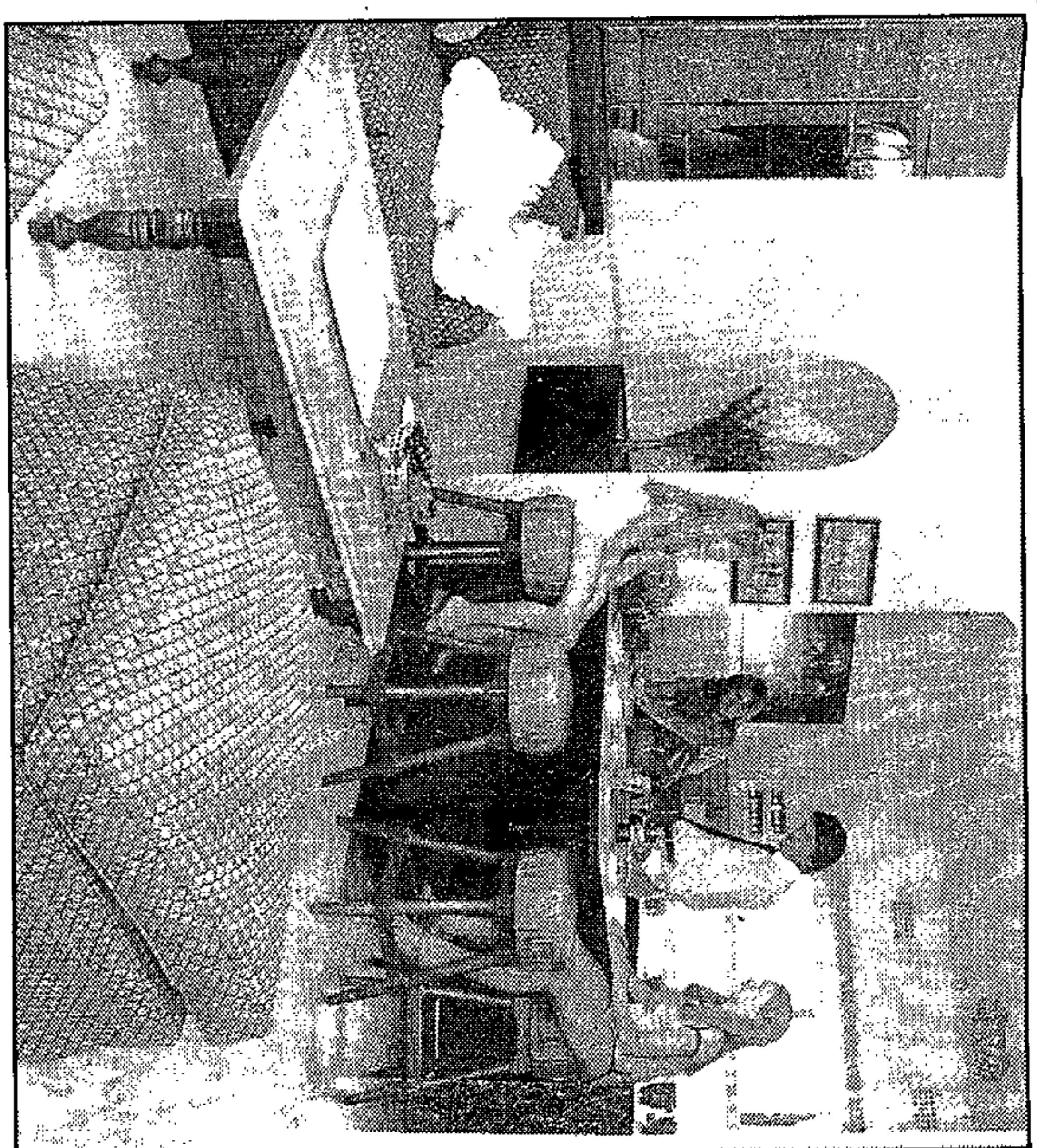
And if you are married, remember that home improvements are likely to put a great deal of stress on that relationship. In addition, some builders can be unreliable.

But, if you are still prepared to proceed with improvements, read on, because waiting for you at the end of the rainbow (hopefully) is a spanking-new house, at a much cheaper price than selling up and buying elsewhere.

Which improvements you make will have a huge impact on the capi-

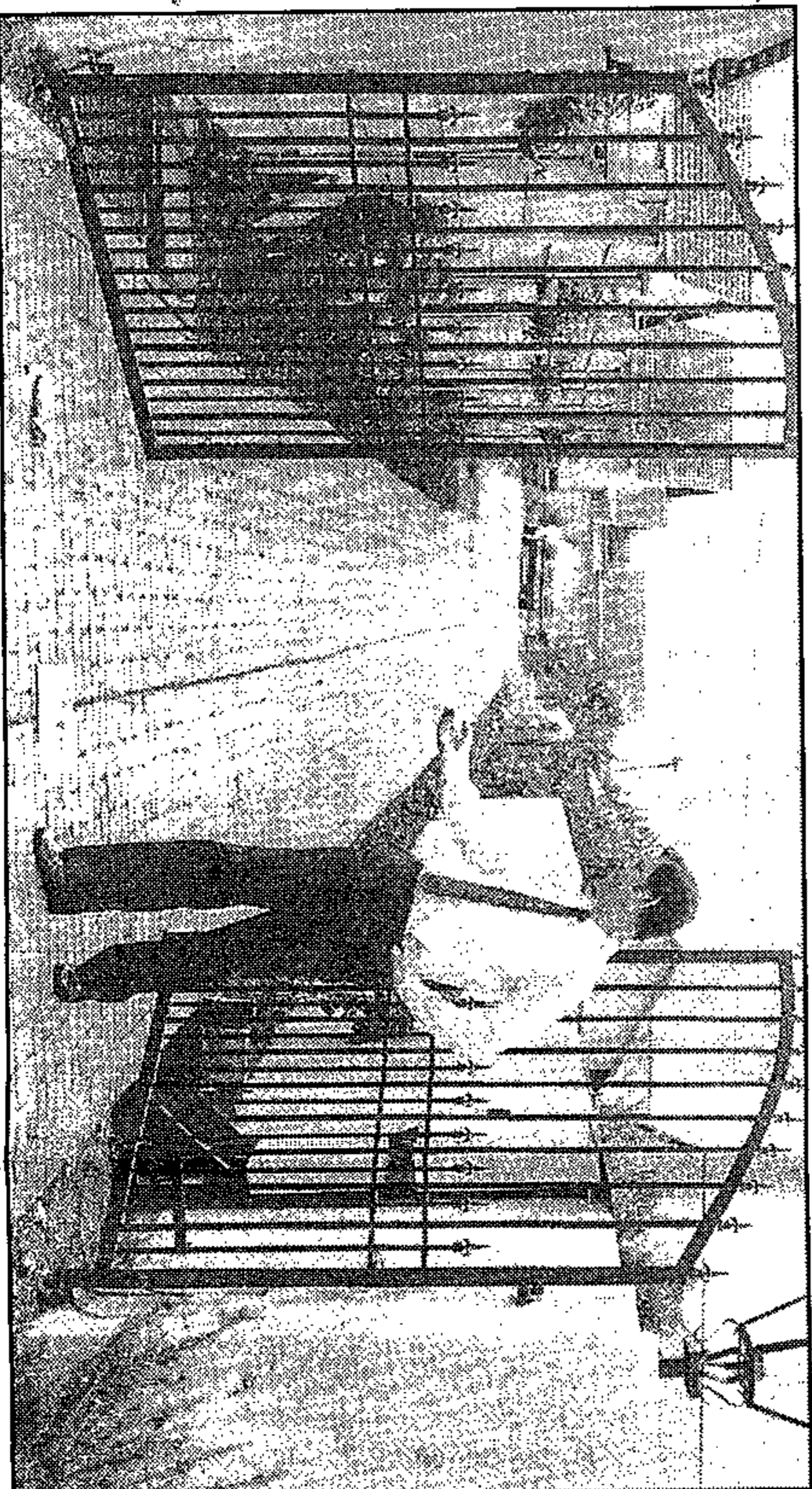


SPIC AND SPAN: a well-appointed, attractive bathroom is a good feature when it comes to putting your house on the market.



ADDITIONAL LIVING SPACE: an extra nook added on to the lounge area is often an especially popular feature with young couples.

Upgrade the value with additions and improvements



A TOP PRIORITY: security gates are an important feature which many buyers will take into consideration when contemplating the purchase of a house in a large town or city.

tal value of your home should you want to sell it one day. So it is worth taking a look at what improvements make one home more valuable than another. Despite ever-increasing residential property prices, it still is possible to over-capitalise.

A recent study conducted by one of the largest financial institutions in Britain should, at least, point in the right direction as to which home improvements should be considered.

The study was done to determine what percentage of money spent on certain types of home improvements would realise the largest immediate return.

As the UK residential property market is not all that dissimilar to the local market, the findings should be roughly applicable to South Africa. (See accompanying table). It could be argued that South Africans would

Research among local estate agents reveals an equally interesting and pointed findings. Several estate agents were asked to list the things that added most to a home's

replace rotting guttering and fascia boards and get rid of grubby and worn-out carpets. A word of advice from people who have sold many homes in their lives

1. **Split-pole or wire fencing:** pre-cast concrete walling or plastered brick wall will depend on your budget.
2. **Standard 1.8m concrete wall:** costs between R30 and R130 a running metre while brick fencing costs considerably more.
3. **In most large towns and cities in South Africa today, burglar bars and alarm systems have become absolutely necessary.** Burglar bars should ideally be sturdy and well built. Alarm systems should be kept in working order. Often the existence of a good security system, comprising of burglar bars and electric alarms, could clinch the sale of a house.
4. **Fitted kitchen:** An attractive fitted kitchen is often the deciding factor for people choosing a new home, especially for the cook in the house. Surprisingly, built-in ovens and hobs are not listed as being essential, even in
5. **vegy, about 70 percent of people looking for a home in the higher price bracket want a pool.**
6. **Second lounge:** Couples with young families tend to look for a second lounge or family room. Adding on a second lounge, enclosed verandah or courtyard, could be a way to create extra living space and definitely add value to your house.
7. **Servants' quarters:** Many new homes don't have servants' quarters — yet 90 percent of buyers at the top-end of the market need them. Servants' quarters are one of the strongest selling points.
8. **Over-capitalisation:** Many people make the mistake of over-capitalising, especially when the house is a bad position or lower-class suburb.
9. **Often a house far too large for a certain plot is built which makes it very difficult for the owner to regain his/her money spent on the house.** Before spending a great deal of ir

These are rewards

13/6/92

appearance and selling potential. The biggest surprise was that the characteristics of a saleable home are basically the same, regardless of the area or price bracket.

The difference is that, as the price bracket increases, the buyer expects more in the way of additional rooms and features.

Here are the most important considerations for the buyer:

1. Cleanliness: According to most agents, this aspect came out on top every time. Perhaps one of the best investments you could make now is to have your home freshly painted — inside and out,

— beware of unusual or bright colours. They might look sensational with your furnishings, but they could clash horribly with someone else's. The most acceptable colours are white, cream and other pale neutral colours.

If you are repainting the outside of the house, it's likely that your roof will need attention

Other areas to consider, specially if you intend selling your house soon, is the bathroom and shower fittings. A clean and neat bathroom is often one of the strongest selling points in any house.

And don't under-estimate the value of invest-

Home-improvements:	Immediate Return
Second-bathroom.....	93%
Extra room.....	86%
Extra family-room.....	77%
Newly fitted kitchen...	65%
Swimming pool.....	55%
Extra garage.....	47%
Enclosed porch.....	45%
Tennis court.....	23%
Jacuzzi.....	10%

ing a little time and money on the garden.

2. Security: The second most important item on our estate agents' lists concerns security — hardly surprising in today's world of soaring crime

A fence or wall to keep dogs in and intruders out is a priority to almost everyone. Some would say this ranks as the number one feature. Whether you

But, generally speaking, a kitchen should look neat and clean with lots of cupboard space.

Here again the colours should be neutral.

4. Second bathroom: A second bathroom or ensuite to the main bedroom is popular and adds value. Many prospective buyers preferred a shower in the second bathroom.

5. Lock-up garage: For security, a lock-up garage is important, especially in cities.

If you intend building a garage, it makes sense to go for a double garage.

6. Swimming pool. According to the local sur-

elementary sums to determine whether you are overcapitalising or not.

Take the current value of house, add on the money you intend spending on it and then compare that figure with prices of similar homes in your area. If you cannot find homes selling in that area within about 20 percent of the total amount, you should know that you are spending too much.

Remember an old rule in the property world: Buy the worst house in the best area and then upgrade. Don't buy the best house in a bad area. The area will only drag down the price of your house.

HOUSES FOR THE HOMELESS

Partners lay the foundation

SOUTH 13/6-17/6/92

Recent statements from the private sector and ANC policy announcements show a measure of common ground when it comes to the need to house the homeless. But differences over details may put any house-building partnership on a shaky foundation, as **Lynda Loxton** reports in the last of a six-part series:

HOUSING, OR rather the lack of it, has become one of the most emotional issues in South Africa. Rent boycotts in the townships, with their matchbox houses, have all but halted housing development.

On the fringes of cities and towns, squatter communities huddle in shacks, braving winter, the bulldozers and angry white residents who see them as a threat to their lifestyles — and property prices.

In rural areas, housing remains rudimentary with little or no access to running water or electricity.

Last year's census shows three out of every five people in South Africa now live in cities and towns.

Independent Development Trust (IDT) chairperson Mr Jan Steyn has blamed the unprecedented surge in urbanisation on the recession and drought. He estimates the number of urban squatters could be as high as seven million.

The recently released De Looer Commission of Inquiry report estimates there is a shortage of 1,3 million homes. It says 198 000 units will have to be built every year to reduce the backlog.

This has affected not only the homeless. Building Industries Federation of South Africa (Bifsa) economist Mr Charles Martin says between 5 000 and 10 000 jobs are expected to be lost in the construction industry over the next 12 months because of a decline in the number of building projects. Employment in the industry has already dropped 15 percent over the last year to a 10-year low of around 230 000.

Common ground

Something has to be done. The government is considering the De Looer report and moves are underway to launch a National Housing Forum to draw up a co-ordinated housing policy.

Initiated by the IDT and the Development Bank of South Africa, the forum will include representa-

tives from a range of political parties, from business and the building and construction industry.

Major inputs to the forum will be the De Looer report and the ANC's recently released policy guidelines on housing.

Interestingly, there is much common ground between the two documents, although each emphasises different points.

The ANC believes housing is a right, that it should contribute to social equity and that it is a development issue. In addition, there should be community control over, and community participation in, the provision of houses.

Its guidelines say: "The ANC believes all South Africans have a right to essential services such as water, sanitation, refuse removal, electricity and affordable housing."

Ability to pay

It believes the state should, as far as its resources allow, undertake appropriate action to ensure these basic needs are met progressively (based on ability to pay). It recognises this objective will not be easy to fulfil in the short term, but is one towards which the country should strive.

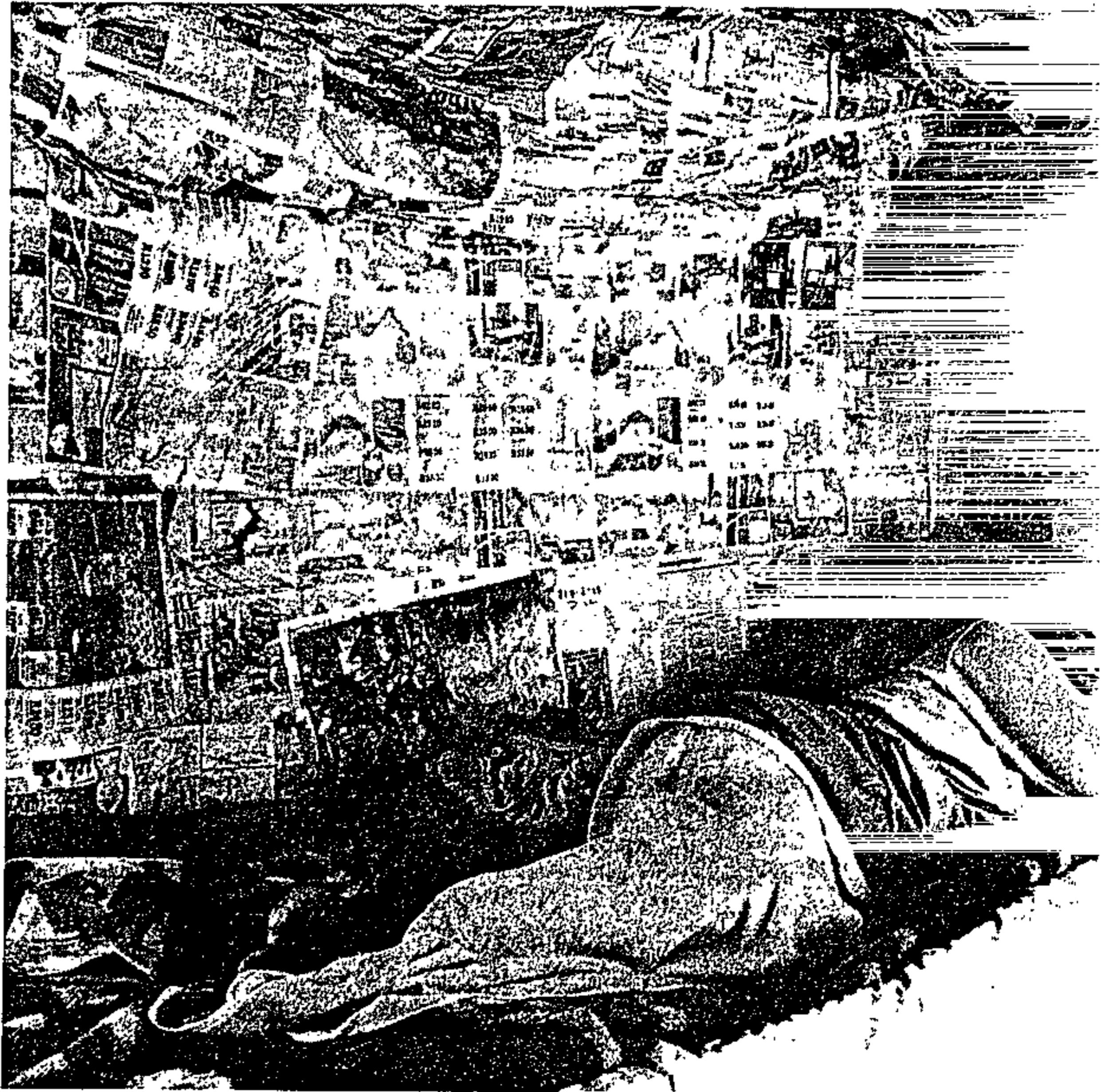
The ANC believes the provision of houses must occur within the total developmental framework. There must be a link to other developmental priorities in, for example, the economy, transport, health, education and access to jobs.

To ensure this link, the ANC wants to see the involvement of community groups in the design, implementation and management of housing projects.

Parts of the De Looer report and suggestions from the private sector echo these sentiments. But while the ANC stresses community involvement for democracy, the private sector believes this is the only way to deal with rent and land repayment boycotts that keep investors out of low-income housing.

Perm general manager of housing and community development Mr Dennis Creighton told a recent housing conference the banking sector could not now be expected to apply normal business practices to poor areas. It would have to find ways to support community-based efforts to finance housing in informal and underemployed sectors, where the need was greatest.

This could include forming community development trusts with



PLACE OF REST: A scene typifying South Africa's growing housing problem

'Any investment in housing should not increase the debt burden, should not be unduly inflationary or negatively affect the balance of payments'

power to negotiate with mortgage lenders and own assets on behalf of the community; the formation of co-operative housing ventures; and the formation of housing associations which would own houses for rental and be landlords.

Another idea being explored is to establish a National Community Bank (NCB). This will provide easy access to home loans for low-income earners. The NCB will rely on community support and the bank is expected to recycle its profits for the benefit of communities.

The De Looer report suggests the establishment of an unemployment relief fund to help the unemployed continue their bond repayments.

The ANC's point that all racially-based housing institutions should be replaced with institutions which are non-racial, legitimate and account-

able to the people, has been included in the De Looer report.

The report recommends a single housing department and financing authority as well as increased subsidies, relaxation of building standards and zoning regulations, greater spending, the integration of local authorities, higher density of populations in urban areas and increased employee activity.

The report says schemes such as the Group Credit Scheme (GCS) and the Home Loans Guarantee Scheme (HLGS) initiated by the Urban Foundation and the IDT are potentially viable ways of overcoming the standstill in housing development in poor communities because of township violence, rent and land repayment boycotts.

The report also recommends an investigation into the possibility of using the assets of the SA Special

Risks Association (Sasra) to insure risks such as the boycotts. Sasra was established to offer insurance against losses caused by political upheavals.

But housing of any kind is expensive, and where will the money come from to wipe out the backlog?

The ANC recognises that any investment in housing should "not unduly increase the debt burden, should not be unduly inflationary or negatively affect the balance of payments".

But it believes there can be a "redistribution of income and assets and the redistribution of investment from one area of expenditure to another and/or those areas that have to those areas that do not have".

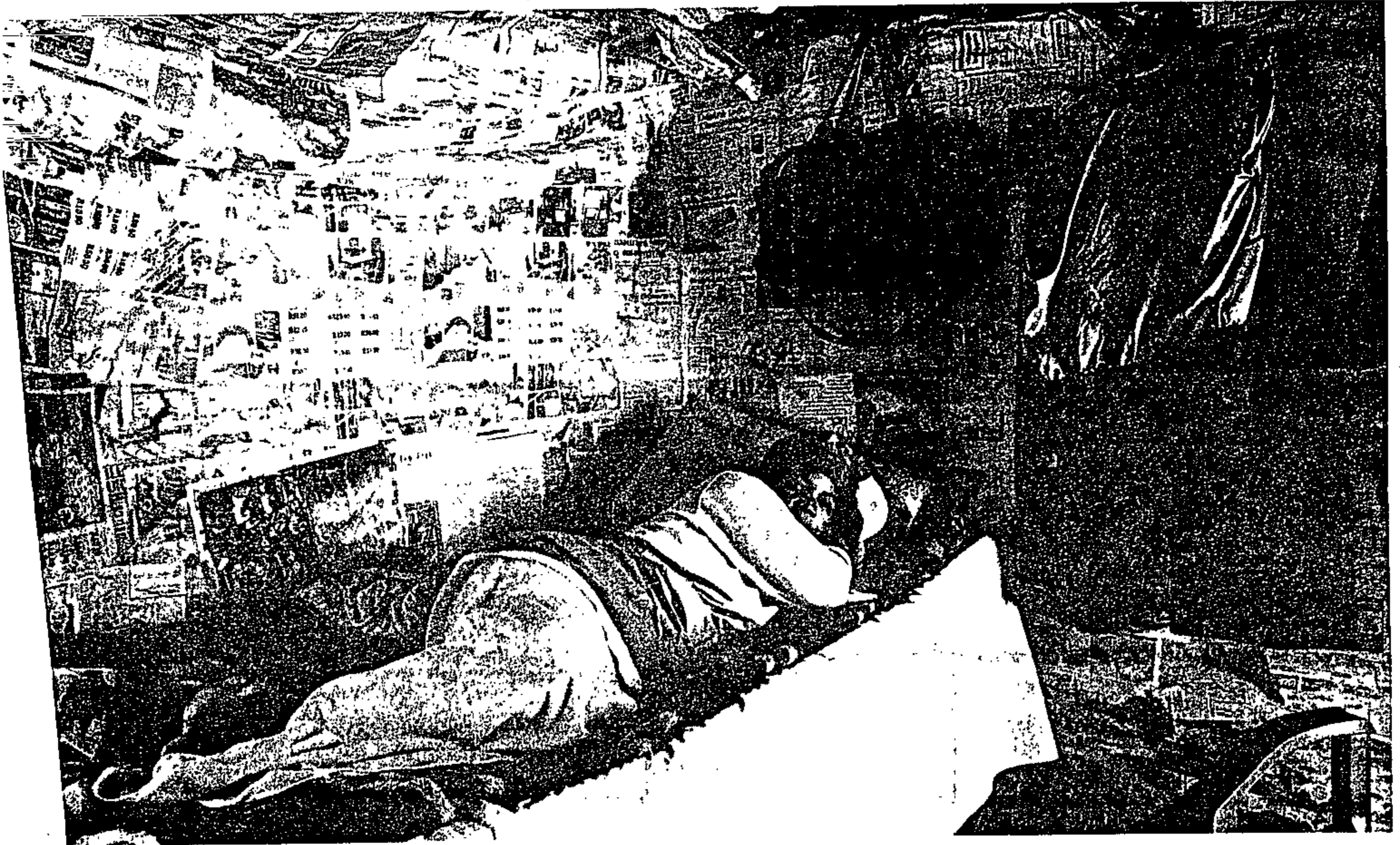
This will mean some kind of subsidy system for the most needy with, for example, service charges and rate structures that favour the poor and not the rich.

When it comes to the distribution of land for housing, the ANC is wary of private developers. This is understandable, given the record of many property speculators.

It plans to curb speculation by applying high municipal rates on well-located undeveloped land, a capital gains tax on land transactions and the use of legal arrangements and tenure forms which land and housing transactions from the market and guard against raiding by the more affluent groups.

This feature has been made possible by the support of **ENGEN**

FOR THE HOMELESS: lay the foundations



REST: A scene typifying South Africa's growing housing problem

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MTH 13/6 - 17/6/92

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able to the people, has been includ- ed in the De Loor report. The report recommends a single housing department and financing authority as well as increased subsi- dies, relaxation of building stan- dards and zoning regulations, greater spending, the integration of local authorities, higher density of populations in urban areas and increased employee activity. The report says schemes such as the Group Credit Scheme (GCS) and the Home Loans Guarantee Scheme (HLGS) initiated by the Urban Foundation and the IDT are potentially viable ways of overcom- ing the standstill in housing devel- opment in poor communities because of township violence, rent and land repayment boycotts. The report also recommends an investigation into the possibility of using the assets of the SA Special

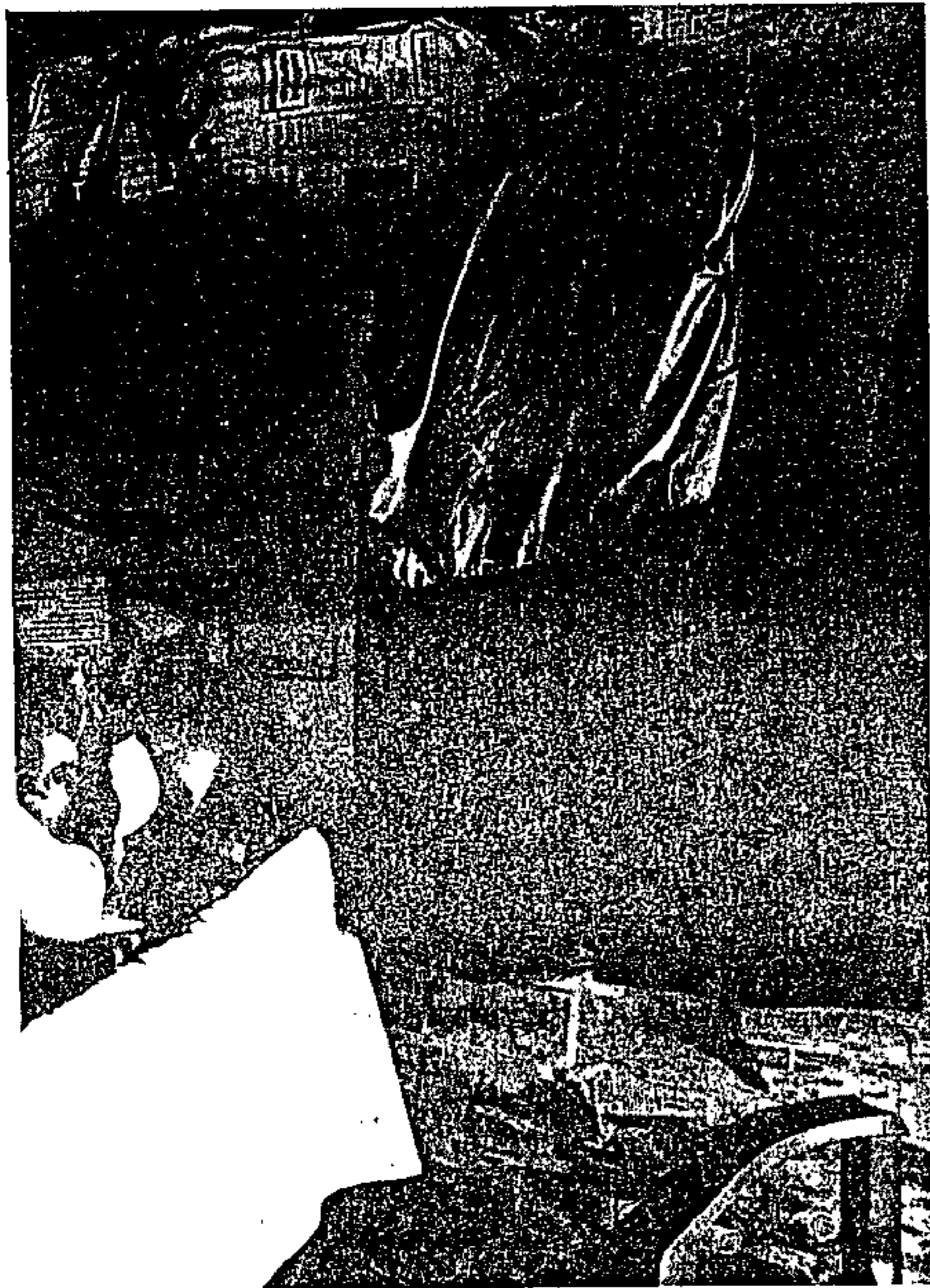
Risks Association (Sasra) to insure risks such as the boycotts. Sasra was established to offer insurance against losses caused by political upheavals. But housing of any kind is expen- sive, and where will the money come from to wipe out the backlog? The ANC recognises that any investment in housing should "not unduly increase the debt burden, should not be unduly inflationary or negatively affect the balance of pay- ments". But it believes there can be a "redistribution of income and assets and the redistribution of investment from one area of expenditure to another and/or those areas that have to those areas that do not have". This will mean some kind of sub- sidy system for the most needy with, for example, service charges and rate structures that favour the poor and not the rich. When it comes to the distribu- tion of land for housing, the ANC is wary of private developers. This is understandable, given the record of many property speculators. It plans to curb speculation by applying high municipal rates on well-located undeveloped land, a capital gains tax on land transac- tions and the use of legal arrange- ments and tenure forms which land and housing transactions from the market and guard against raiding by the more affluent groups.

Land: the hunger that may be costly to still

SOUTH 13/6-17/6/92 (123) (123) (123)
IN MOST NEWLY indepen- dent countries in Africa, land hunger has been one of the most difficult issues to resolve — and it won't be any different in a demo- cratic South Africa. ANC policy guidelines acknow- ledge that it will take much more than the repeal of apartheid land laws to redress South Africa's unequal division of land and land- lessness. "The present pattern of land ownership, which is the direct result of apartheid laws, must be funda- mentally changed to address land- lessness and land hunger," say the guidelines. "The programme of redistribu- tion of agricultural land must be accompanied by measures which will ensure that land will be produc- tively used. These must include the provision of adequate infrastructure as well as training and appropriate extension work." The last points have to be fleshed out a lot more. It's all very well to redistribute land, and make sure no- one is unfairly treated, but one also has to ensure that agricultural land- use policies and support services are in place to make the best use of the land so that the country can grow the food it needs and export crops at a reasonable cost. That also means the country's mix of economic policies have to support agriculture and ensure that the other sectors of the economy — industry, mining and commerce — can function in the best possible way. Often an attempt to favour one of these sectors can have disastrous consequences. For example, how will an ANC government deal with the myriad of marketing boards that "protect" farmers and maximise state rev- enues but also help to increase food prices? And how will the redistribution of land be financed? The guidelines say there will be compensation for land taken for redistribution. The criteria for calculating compensation should be "of a manifestly just and equitable nature; they should be laid down in advance in legislation, and in the case of any dispute, the courts should have the last word". The ANC suggests it would be "unjust to place the whole burden of the costs of transformation on the shoulders either of the present gen- eration of title holders or on the new generation of owners". A special land fund should there-

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Land: the hunger that may be costly to still

SOUTH 13/6-17/6/92

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"The present pattern of land ownership, which is the direct result of apartheid laws, must be fundamentally changed to address landlessness and land hunger," say the guidelines.

"The programme of redistribution of agricultural land must be accompanied by measures which will ensure that land will be productively used. These must include the provision of adequate infrastructure as well as training and appropriate extension work."

The last points have to be fleshed out a lot more. It's all very well to redistribute land, and make sure no-one is unfairly treated, but one also has to ensure that agricultural land-use policies and support services are in place to make the best use of the land so that the country can grow

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A special land fund should there-

Green controls urged for 'dirty' industries

SOUTH 13/6-17/6/92

THE ANC wants to run a government that is accountable, fair and "green".

In a welcome development, the new ANC policy guidelines devote no less than three pages to environmental policies in all areas of the economy to ensure that South Africans live in a clean, healthy and sustainable environment.

The guidelines say the ANC's objective is to reverse the trend of exploiting non-renewable resources in South Africa. Production and consumption patterns need to be adjusted in order to create conditions conducive to sustainable development.

"It is essential to ensure that a future growth strategy is compatible with ecological and human rights principles, and that growth is geared towards the provision of basic needs for the whole commu-

nity, and is not seen as an end in itself," says the ANC.

It wants to see the development of environment-friendly industries. Where "dirty" industries are unavoidable, they should be subject to strict controls. This will affect industries that process minerals and metals.

"South Africa should also be careful not to accumulate a debt burden which will place it in a position where it is forced to undertake projects that are environmentally unsound in order to service these debts."

It is concerned about the environmental degradation caused by inefficient white farmers who use too many fertilisers and pesticides and black farmers who have been crowded together in the homelands.

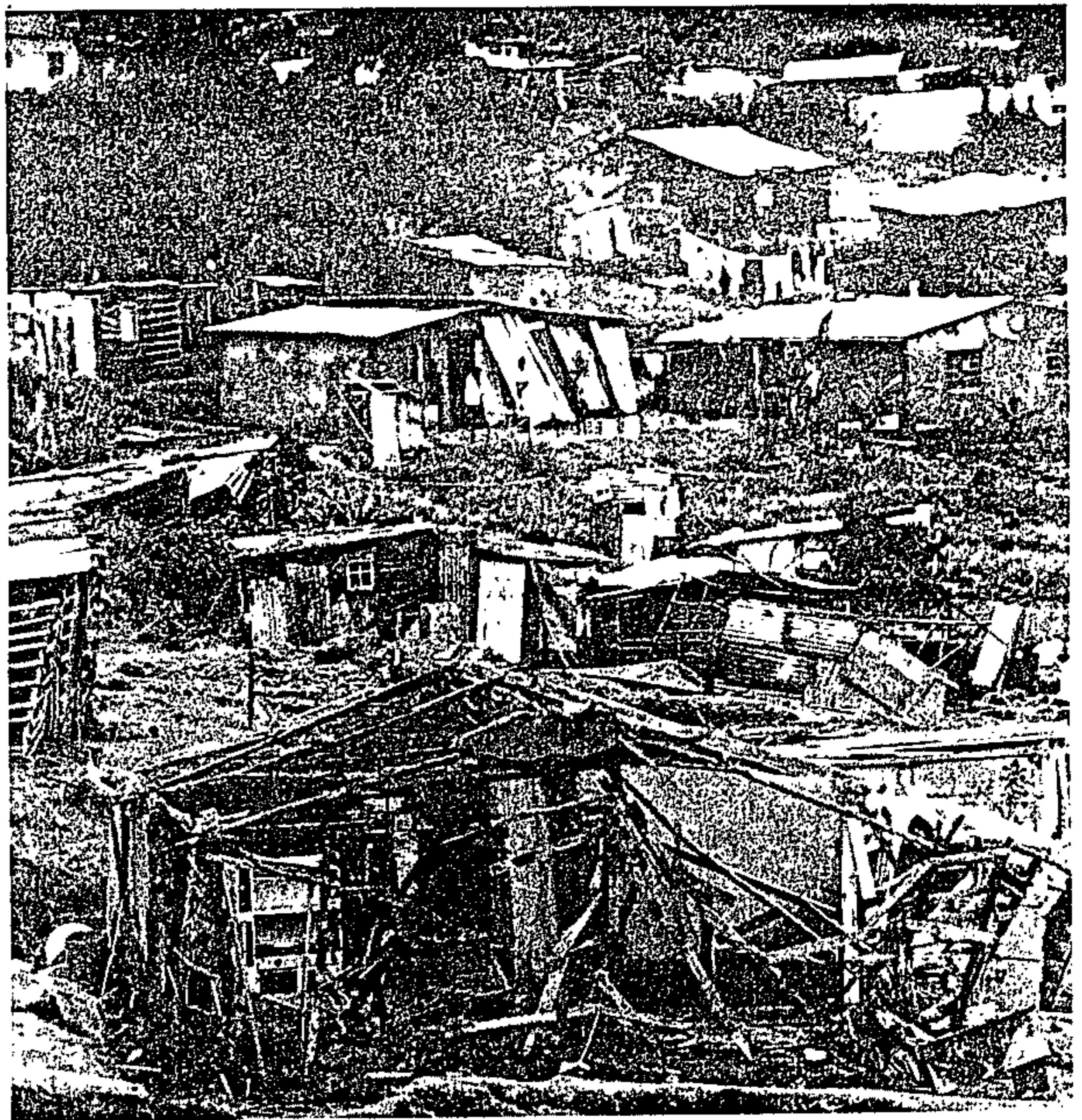
The forestry sector is criticised for its massive afforestation pro-

grammes which use alien species in unsuitable areas.

This calls for a restructuring of agriculture to move away from large-scale, single species agriculture and forestry towards a diversified, small-scale system. This should be supported by new services in agricultural education and extension, marketing and credit supply.

But perhaps the worst damage to the environment is caused by mining. The ANC wants to lessen the dependence of the economy on this sector while ensuring that what mining is necessary, takes place under strict controls.

The guidelines provide no details on how this is to be done, but mining houses will be asked to help communities dependent on mining to find alternative means of earning a living.



EXPOSED TO THE ELEMENTS: Squatter shacks destroyed in a flood

fore be established to handle this. The source of the money for the fund will be "part of a wider question of finding resources to finance urgently-needed social development and advancement".

"The ANC supports the idea of developing a national consensus around the principle of sharing the burden of financing land reform, housing, education and training by means of a special fund. The concept of burden equalisation, through the introduction of special taxation measures, has been applied successfully elsewhere and has possibilities for South Africa."

The other option will be to borrow money abroad or to solicit aid funds. But, as the experience of

Zimbabwe shows, this is neither easy nor desirable.

South Africa already has a huge debt burden and it will have to be careful about increasing that without affecting the economy.

To get direct aid for land redistribution, more scientific research into how this will be done is necessary to make the idea easier to sell to foreign funders.

The Zimbabwean experience has shown that black peasant farmers can, given the necessary technical and financial support and access to reasonably good land, make an enormous contribution to agricultural production — but getting the right mix of support measures in place is tricky.

This will have to cover not only access to good land, but technical support, training, credit facilities, pricing incentives to grow suitable crops and the right technology.

Providing all this in a good agricultural season will be challenging enough, but the drought sweeping South Africa will, if it persists, make it more difficult as drought relief schemes take precedence over almost everything else.

The drought has also taken its toll on the quality of land, where conventional agriculture is no longer feasible and hundreds of farmers face bankruptcy.

Redistribution and resettlement under these conditions will need special attention.

Tax Bill expected to boost housing

THE provision of housing to low-income groups will receive a substantial boost if the Taxation Laws Amendment Bill, introduced in the House of Assembly last week, is passed, experts have said.

Non-profit development agencies and community-based trusts would be entitled to exemption from VAT on investment capital and interest, if the Bill were to be approved.

An attorney involved in the development field said the VAT exemption was equivalent to a state subsidy and would provide significant incentives for development companies to redress the national housing shortage.

"The Bill marks a recognition by the fiscus that there is an ongoing need for housing in the lowest-income

(123)
ADRIAN HADLAND

segment," he said. This was particularly important in a market segment where the private sector did not operate due to the high risk factor. The Bill would be particularly important for the growing number of community-based development agencies and trusts, he said. "The days of 'top-down' development institutions with solely white executives running the show are over."

The exemptions from VAT would allow agencies, which are exposed to high risks, to cut costs and accumulate reserves. BIDAY 15/6/92

The passage of the Bill could make a substantial impact on the provision of low-cost housing in SA.

Low cost homes for 'white' areas

B/Day 15/6/92

123

ADRIAN HADLAND

A MAJOR property developer backed by the Urban Foundation has started building low-cost, higher density black housing in traditionally white suburbs and is looking at extending these plans across the country.

The plans, which would affect several northern and southern Johannesburg suburbs, were part of an attempt by developers to racially reintegrate the city.

The initiative is also in line with a Johannesburg City Council planning drive to increase residential densities and prevent urban sprawl.

Developers continue to find low-income township development a costly and risky exercise despite new incentives in the Taxation Laws Amendment Bill introduced in Parliament last week.

Increasingly stringent building society lending criteria for black home buyers have further aggravated the viability of development companies in the low-income sector.

The difficulty blacks had in getting loans led one major developer, the Urban Foundation's New Housing Company, to modify its strategic thrust in November last year to include "in-fill" projects in white areas, NewHCo CE Rod MacGillivray said.

The Time Developments group recently pulled out of the low-income housing market. The Urban Foundation was recently forced to restructure its endangered housing utility operations and establish NewHCo, which was founded last year with initial financing of R17,5m from the Urban Foundation, the IDT and the private sector.

It is a non-profit organisation try-

ing to facilitate the provision of low-income housing and development, largely site and service provision in black townships. Feasibility studies into white area development across SA are currently under way.

The CE of FHA Homes, a Transvaal regional division of NewHCo, John Weaver, said several pieces of land not in townships were under-utilised, adding that all major metropolitan areas throughout SA were being examined for reintegration and densification.

MacGillivray said NewHCo was trying to find a niche below where the private sector delivered homes, and hoped to provide houses at below the R100 000 mark.

Urban Foundation executive Matthew Nel said the foundation was "working with a number of agencies investigating opportunities for in-fill projects, refurbishment and conversion of existing buildings and the development of strategic land holdings such as District Six and Cato Manor".

Also being assessed was the possibility of upgrading existing CBD office space into affordable residential accommodation, the development of vacant mining land and the creation of a financial mechanism to allow the redevelopment of inner city areas such as Hillbrow and Joubert Park.

In-fill projects are already underway in Port Elizabeth and Maritzburg, where a total of 88 houses are being built. Weaver said feasibility studies on potential areas in Johannesburg were well advanced.

New option for homeowners

CT 15/6/92 Business Staff (123)

THE Natal Building Society (NBS) has launched a home loan package which gives homeowners access to credit based on the appreciating value of their property.

An NBS spokesman said that the additional funds that could be drawn with Actionbond could be used for education, a new car or home improvements.

He said with conventional mortgage products, attention is given to the bond amount and outstanding balance. The difference with Actionbond is that the equity, which accrues to a homeowner as a result of rising property values, is also accounted for when establishing a credit line.

Property owners may face bitter pill in future SA's new forms of taxation

5/18/1972

The property industry has been left with little doubt about its future in the South Africa of tomorrow, certainly in regard to the effect of proposed taxes on wealth land and capital gain.

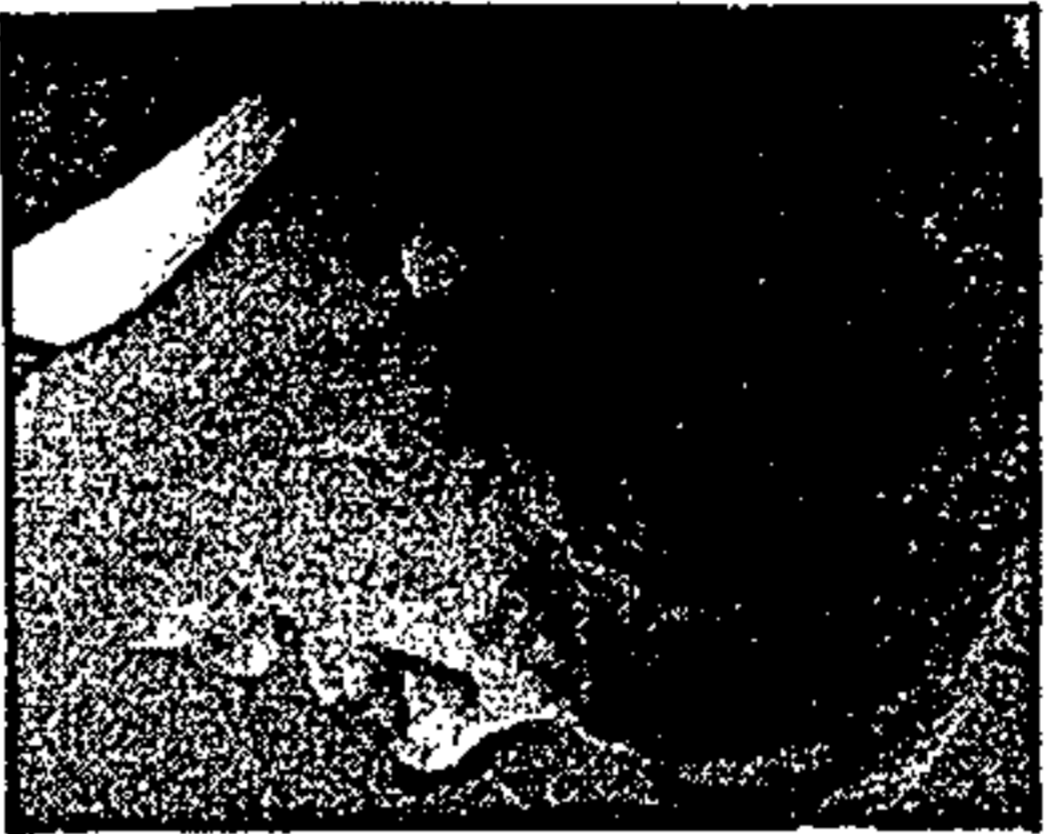
A black-dominated government might also be expected to enforce an unprecedented system of equity sharing of business and State ownership.

These were the key topics to emerge from the recent South African Property Owners Association (Sapoa) convention at Sun City.

While main speakers were adamant that it was vital to maintain a "hands-off-property" policy, new forms of taxation could well turn out to be a bitter pill for owners.

Dr Zach de Beer, leader of the Democratic Party, certainly gave a strong reminder to a future black government, when he told delegates: "To confiscate property from its owners and give it to other people is not only morally wrong but economically disastrous."

The tax spectre, however,



Pierre du Toit... variety of wealth taxes.

kept looming over the convention, particularly when Pierre du Toit, a partner of Arthur Anderson and Company, foresaw a variety of wealth taxes ahead.

He said: "The income tax rates of 70 percent and over of the heyday of Afrikaner socialism will not return."

"There will be capital gains and transfer tax, land tax and

death duties, but these will be more perceptual than seriously revenue producing.

"Other sources like prescribed investments will be revisited but in moderation."

However, Mr du Toit also cautioned the tax planners of the future that the ultimate test for the success of a restricted tax system would be found in adherence to the rule of law.

Benny Alexander, secretary general of the Pan Africanist Congress (PAC), on the other hand, punched home a few truths about black corporate share ownership and envisaged businesses and possibly some existing State enterprises being asked to create a fund to promote and support such a system.

"This could be done by issuing new shares or by reducing shareholdings of existing shareholders," said Mr Alexander.

"The redistributed shares must have voting rights and workers will structure themselves in appropriate form to

enable their block stock ownership and stock effective representation in management and decision-making structures."

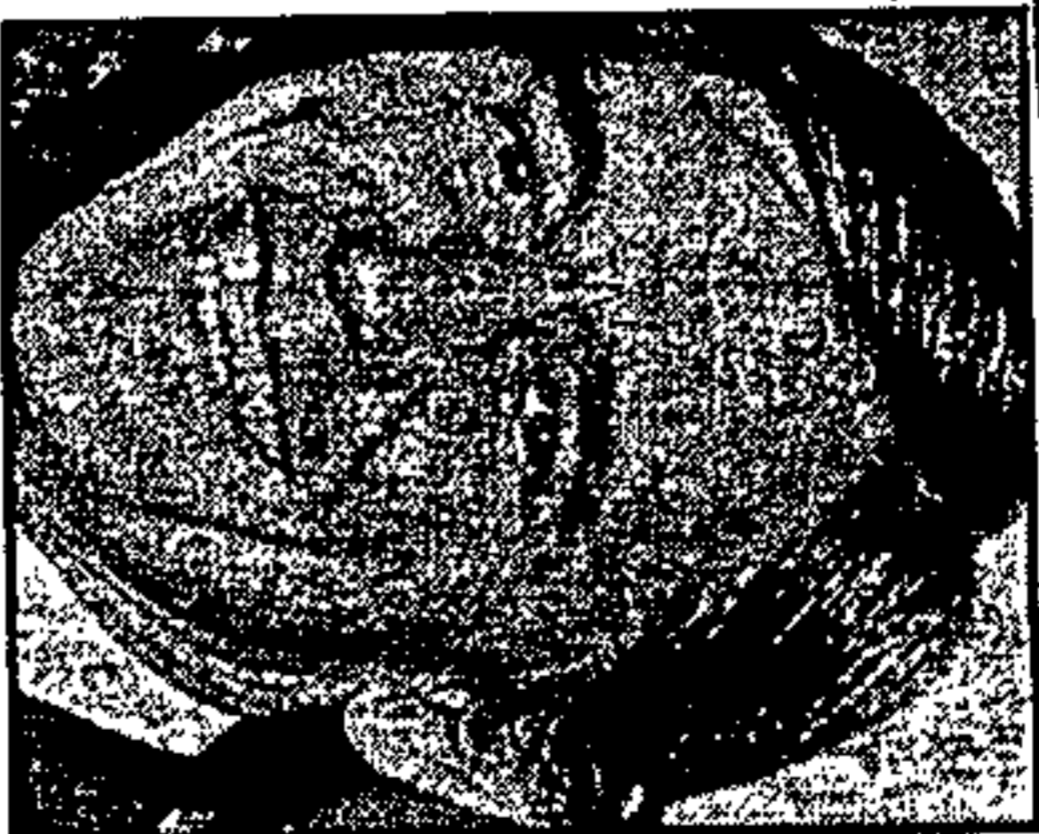
He also saw businesses, being required, "in liaison with employees", to submit to the State or appropriate agency, human resources development and training programmes to ensure black advancement to senior positions.

Peter Gardiner, a director of Anglo American Property Services (Ampros), commenting on what he termed "the vulnerability of homeowners" amid the backdrop of the Blobosrand squatter debacle, said:

"Land devaluation has threatened most major landowners near the cities through the threat of, or actual invasion of squatters, linked to total disrespect for private property rights."

He proposed the formation of a Land Court to prove "undue prejudice" and for landowners to receive adequate compensation.

Mr Gardiner also noted that



Peter Gardiner... homeowners vulnerable.

for the first time, the impact of the reform process was being felt in the home environment and that homeowners must be prepared for a more democratic government "to look to vacant land near established infrastructures".

Nick Harris, an executive director of Russell Mairiot & Boyd Trust at the convention, predicted that office rents

could come under pressure next year.

He said: "While we might think that rentals are keeping pace with inflation, nothing could be further from the truth."

"I expect rents to rise slightly in the popular locations which have low vacancies such as Rosebank, Parktown and Randburg but in other areas they will do well to remain steady and one may see a further drop of up to five percent."

"Should major property owners decide to cut their losses and try to attract tenants, even greater falls could be experienced."

Mr Harris also said it was time the industry appreciated that we could not keep on developing the veld and that we had to look to maximise the return on our existing resources and preserve urban and rural environments.

Ultimately, market forces could well turn off the seemingly endless supply of unfetted developments.

NAHB aims for policy-making role

The news that \$30-billion has been approved by the United States Aid Organisation to provide housing for the "poorest of the poor" in South Africa is proof, says the National Association of Home-builders (NAHB), that it is on the right track in redefining its role in the

housing delivery process. Initially formed to stabilise the home building industry and enable the implementation of home warranty schemes, the association is now determined to act as a major player in the formation of a national housing policy.

To this end, it is now actively seeking alliances with industry players in less privileged communities and lobbying for maximum participation in the National Housing Forum, which will in the next few weeks debate the De Loor report recommen-

dations and, hopefully, formulate an overall housing strategy.

The NAHB is in the best position to act as the catalyst, says newly appointed executive director Daan Roelvert, because it is an umbrella body for most of the big home builders as well as many others whose livelihood is bound up with the industry, and has already been influential in changing government thinking on housing and rationalising the industry.

It regards the confirmation of the US aid package, as well as the imminent relocation of the aid organisation's offices from Nairobi to Pretoria, as evidence of its success in focusing international attention on South Africa's housing problems — as well as possible solutions.

It has also notched up successes this year in the form of a joint national

housing conference with the African Builders' Association and, together with the Institute for Housing of Southern Africa, securing the 1993 World Housing Congress, to be held in Cape Town.

At a function this week to mark the association's 10th anniversary, former director Johan Grotstus said it had been the NAHB's recognition that builders within the sector did not function in isolation which led to the initial search for alliances with other players: those in land development, the financial institutions, manufacturers and suppliers of building materials, researchers, marketers, and those with specific technical knowhow and entrepreneurial skills.

Once this had been achieved, the NAHB focused on setting specific targets for the housing delivery process and, said Mr Grotstus, the re-

cent marked change in government thinking and policy was in large measure due to the association's voluble rejection in 1983 of moves to thrust sole responsibility for housing on to the private sector, and its wide ranging lobbying activities since then.

While the association could not claim all the credit for the current revitalisation of the housing debate, it did feel justified in claiming a key role in ensuring that housing had come to be acknowledged as being of primary importance in the "national household".

It had finally been recognised that a healthy, stable housing industry was essential to the wellbeing of all South Africans and that conditions had to be created to ensure that the capacity of the industry and its supporting services were utilised to the full.

Aid for SA awaits nod from Congress

THE first tranche — worth \$30m — of an \$80m US aid programme for SA is to go ahead pending congressional approval, a US embassy spokesman said yesterday.

The four-year project to support increased production, improvement and ownership of affordable housing for those disadvantaged by apartheid was mooted in January and would be financed from funds authorised by President George Bush when Comprehensive Anti-Apartheid Act sanctions were lifted last year.

"While some \$9,2m or R26m has been granted for the 1992 financial year, none of this has yet been allocated as Congress has not yet approved the project. However, we expect this to happen soon," the

(123) PETER GALLI

spokesman said.

As the financial year end was September 30 and the money had to be allocated by then, it was hoped the project would be speedily set in motion and the money distributed, he added.

Several groups working with US Aid and private voluntary organisations would be funded to carry out the work.

"US Aid has been reluctant to get involved in housing as this is traditionally a very difficult area and many avenues exist for us to be ripped off," he said.

However, housing assistance had been sought for many years and the

US government had decided to embark on this pilot programme. If successful, it was prepared to expand its interest in the housing area and commit itself more fully, the spokesman said.

In line with its commitment to the project, housing specialist Dave de Groot was being transferred from the Nairobi office to Pretoria from July.

The project aims not only to assist the development of affordable housing and increase private sector financing for low-cost housing, but also to support black construction enterprises, expand black employment and strengthen black community-based housing and management organisations.

Small house could cost R980 000 in year 2000

Bl Day 17/6/92
A SMALL house could cost R980 000 in the year 2000, only eight years away, although residential building costs are expected to increase only slightly in the short-term, says Ampros director Peter Gardiner.

Gardiner told last week's Sapoa conference that in the '60s a good quality house cost R80/m² against today's R1 500/m² to R3 500/m². "This is conservatively estimated to rise by R8 000 to R11 000/m² by the turn of the century."

However, given the current decline in building cost escalation, housing construction costs would increase marginally in the short-term due to a rise in the number of new house starts and more confidence among housing contractors.

Gardiner said the good news was that since 1980 real house prices declined on average by only 1,8% a

(123)
ANDREW KRUMM

year, whereas the real industrial and office markets declined by 2,2% and 3,6% a year respectively.

But housing price increases were expected to keep pace with inflation this year, with prices increasing in line with the general economy, although lagging it by between six and nine months.

Conversely "new office rental increases in 1992 will lag well below inflation at 5%, while industrial rentals will rise by 10% to 12%".

Gardiner said national residential rental levels might drop slightly in the short term, but rise in response to reduced subsidisation and higher demand for rental accommodation. The non-viability of new stock at current rental levels in relation to saleable units, had to stimulate growth in the market in the medium term.

He said the recession and company rationalisations had had an impact on regional house prices, particularly in Pretoria, where

medium-sized house prices rose by only 10,18% in 1991, compared to a 29,41% rise in Durban.

Pretoria-based Armscor and its affiliated companies had retrenched more than 7 000 skilled employees during the past three years, while the full effects of Volkskas's move to Johannesburg were yet to be felt.

However, Pretoria's prospects were "good" as its proximity to Johannesburg and sophisticated infrastructure allowed for rapid expansion as the economy picked up. The city was also not affected by unrest, he said.

On financing, Gardiner said he expected the bond rate would continue to fluctuate through its traditional link with prime, although specialist institutions might introduce a subsidised rate for the lowest income groups.

A new government would be a "wild card" though, and as it shifted emphasis to social upliftment, bond rate would change depending on Reserve Bank influence.

Builders want housing forum

B/Dan 17/6/92 (123)

THE National Association of Home Builders was formed 10 years ago to supplement services offered by the SA Building Industries Federation (Bifsa) and the Master Builders Association, past executive director Johan Grotsius said at its tenth anniversary celebration this week.

"The association was instituted to support the interests of the home building industry, which differs from the other sectors of the construction industry," he said.

However, it was only in the past five years that the association could fully focus on its real responsi-

bilities of setting specific targets for the housing delivery process and moving towards fulfilling its dream of building the nation through home ownership, said Grotsius.

It had attempted to bring all players in the industry together and believed that a single effective strategy would soon be adopted. "Subtle but persistent persuasion has succeeded in conveying the message that the housing battle could not be thrust upon the private sector," he said.

In anticipation of a changing social structure in SA, the association had started to encourage members to establish business

alliances with black groups so that entrepreneurial skills could be developed within deprived communities.

The association had accepted the challenge of working towards greater rationalisation in the industry's organisational structure in order to improve services.

Executive director Daan Roelvert said he hoped to see the formation of a national housing forum in the near future.

Positive

A world housing conference to be held in Cape Town next May "was quite an achievement", he said.

Chairman Martin van Zyl said the association did not do enough for its members and, as there would be a new government policy in the next two years, it had to work on moving forward in a positive way.

"The national housing forum will be the venue for placing an acceptable policy for the future on the table as there is no way forward without this," he said.

NAHB ready to help

Sowetan 17/6/92

THE National Association of Home Builders says it should provide houses after the United States Aid Organisations approved R90 billion for the "poorest of the poor" in South Africa.

Formed to stabilise the home building industry and help to implement home warranty schemes, the association is now determined to play a major role in the formation of a national housing policy.

To this end, it is now seeking alliances with industry players in less privileged communities and lobbying for maximum participation in the National Housing Forum.

The Forum will debate the De Loor report recommendations and, hopefully,

Sowetan Reporter

formulate a housing strategy.

The NAHB is in the best position to act as the catalyst, says newly-appointed executive director Mr Daan Roelvert.

Roelvert said it had already influenced the Government on housing and was the umbrella body for most of the big home builders and other organisations linked to the industry.

It regards the relocation of the US body from Nairobi to Pretoria and its aid package as evidence of success in diverting international attention to South Africa.

The successes this year include a joint national

(123) housing conference with the African Builders Association.

MK 'will have fewer than 1 000'

From CHRIS BATEMAN

LONDON. — THE ANC's military wing, Umkhonto we Sizwe (MK) would have fewer than 1 000 members by the time integration began in South Africa, Professor Andrew Seegers, head of Political Studies at UCT, claimed yesterday.

A leading authority on civilmilitary relations in South Africa, Professor Seegers was commenting at the Chatham House conference on 'A Changing South Africa' here yesterday.

This drew a concession from top MK member and former Robben Island prisoner Mr Tokyo Sexwale, chairman of the ANC's PWV region. "She has a point but her figures are ridiculous," Mr Sexwale replied.

Many "freedom fighters" were increasingly trying to leave the army and build careers.

Of more than 10 000 returned exiles, mostly MK, many had gone underground and had been instructed to stay there

while others were receiving advanced training in Uganda, he said.

"The people in Uganda are on standby," he said, and added that he hoped there would be a settlement, "otherwise I don't know what's going to happen."

Professor Seegers also said she believed the IMF would shut down the grant arms-cor complex "as quickly as possible."

Arms suppliers had been trying to enter the international market in an "aggressive manner", she said.

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by Ian Walker

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Freeze on payments for state housing

Political Staff CT 19/6/92

RENTALS and instalments on state-financed houses have been frozen indefinitely, National Housing Minister Mr Leon Wessels announced last night.

In a statement, Mr Wessels said the decision followed earlier announcements that rentals would not be increased until "certain investigations" had been completed.

The "freeze" was applicable only to the interest and capital redemption elements of the rental or instalment, and not to increases in municipal tariffs, service charges and other levies that also were part of them.

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Four more independent HOD MPs join NP

Political Staff CT 19/6/92

THE State President Mr F W de Klerk yesterday welcomed four former independent MPs from the House of Delegates into the National Party.

This brings the HOD NP MPs to five as Mr Sathi Naidoo (Durban Bay) joined two months ago. The new NP MPs are Mr Salamuddi Abram, leader of the House of Delegates and chairman of committees, Mr Perumal Nadesan (Allandale), Mr Yakoub Baig (Moorcross) and Mr Sagadeva Naidoo (Verulam).

Viljoen rejected inquiry into corruption judge

Political Staff

THE Ombudsman, Mr Justice P J van der Walt, yesterday confirmed that State Affairs Minister Dr Gerrit Viljoen refused a recommendation from him four years ago to appoint a commission of inquiry into the affairs of the Development Aid Department.

Mr Justice Van der Walt, who is the former Advocate-General, said that at his request he had a meeting with Dr Viljoen on December 6, 1988, and recommended an inquiry into the department following complaints of corruption by the Transvaal attorney-general.

However, Dr Viljoen denied the need for the inquiry. Dr Viljoen instructed Mr Van der Walt to conduct an internal inquiry alongside a police inquiry.

Mr Justice Van der Walt said in a letter to the Speaker of Parliament, Mr Eli Louw, Mr Louw had called on him to supply the chain of events to shed light on the debacle after a Parliamentary debate.

The confirmation of the Ombudsman contradicts the claim by the government and Dr Viljoen that they acted properly and swiftly to stop and prevent all corruption in the department as soon as they discovered it.

On December 6, 1988 Mr Justice Van der Walt attended a meeting with the Auditor-General of the Department of Development Aid, Mr Gilles van der Walt, his deputy in the department and members of the Commercial Branch of the SAP, he said.

On the same day or after it he went to Dr Viljoen to request the inquiry, he said.

HEALTH TALK

087 203 32+

F W entertains Moroccan minister

THE Moroccan Minister of State for Foreign Affairs and Co-operation, Dr Abdelatif Filali, had talks yesterday. Dr Filali is on a week-long visit.

Community allowed to stay on farm

THE Mogopa people, who were forcibly removed from two farms near Ventersdorp in 1984, will have one of the farms, Zwartrand, officially restored to them, the Deputy Minister of Regional and Land Affairs has decided.

This was confirmed by the Director of Land Affairs, Mr Pine Penar, on Wednesday.

He said the community had been removed from the farms in the Western Transvaal in the early 1980s.

They reoccupied Zwartrand without consent in the late 1980s. It had now been decided that they would be allowed to remain there.

The other farm, Hartbeeslaagte, was state land and would remain so, said Mr Penar.

14:00: Kdebo	14:00: Kdebo	14:00: Children's Programmes
15:00: Matrie Help-U	15:00: Matrie Help-U	16:30: The Scheme of Things
		17:00: Bright Ideas
		17:30: Loving
		18:00: The World of Parsonic
		19:00: Batman (1989), Action adventure starring Michael Keaton and Kim Basinger.
		21:15: Red Scorpion (1989). A Soviet agent is sent to infiltrate an African uprising and kill its leaders. Starring Dolph Lundgren, M Emmet Walsh and Al White.
		23:00: M-Net SuperSport. Cricket: Highlights of the second day's play of the second test match between England and Pakistan.
		23:30: M-Net SuperSport. Golf: The second day's play of US Open at Pebble Beach, California.
		1:00: Dead-Bang (1989). Police thriller starring Don Johnson, Penelope Ann Miller and William Forsythe.
		2:50: Revenge of the Nerds II. Comedy, starring Robert Carradine, Timothy Busfield, Curtis Armstrong.
		4:20: Programme will be announced
		5:00: M-Net SuperSport. Boxing: Direct transmission from Caesar's Palace, Las Vegas, of the heavyweight title fight between Evander Holyfield and Larry Holmes.

CASINOline



HEALTH TALK

087 203 32+

New home loan package from NBS

STAR 20/6/92

THE Natal Building Society has announced the launch of Actionbond, a home loan package which it says adds a new dimension to financial planning.

In a redefinition of mortgage finance, NBS Actionbond allows qualifying homeowners to tailor a credit line based on the increasing value of their property. Actionbond clients will now have access to extra credit and not just the portion which has been repaid.

"We believe this is an innovative concept in South Africa, making Actionbond the leader in strategic mortgage-based financial planning," says Trevor Olivier, assistant general man-

ager NBS Loans and Savings Administration.

"Properly addressed, the new plan can provide funds for education, a new car or home improvements, and at the same time offer numerous cost savings.

"The Rode report indicates that since 1980 house prices have increased on average by an effective 325 percent. In fact, since 1988 the growth has been about 53 percent, which means a house purchased at R150 000 would now be worth about R230 000."

When dealing with conventional mortgage access products, attention was given to the bond amount and outstand-

ing balance. The difference with Actionbond was that the equity, which accrued to a homeowner as a result of rising property values, was also taken into account when establishing a credit line.

One-stop package

Olivier says that depending on personal circumstances, Actionbond gave homeowners access to up to 10 times their normal re-advance limit. For example, if a house was purchased in 1988 for R100 000 and a R90 000 NBS bond registered — payable at 19 percent over 20 years, the amount available for re-advance four years later

would be R2 390 (ie the capital repaid).

However, if the value of the property increased during this time period to R175 000, the Actionbond client would now have access to 90 percent of the accumulated equity in his property, thus providing R67 500 rather than R2 390.

"Actionbond is a one-stop finance package specifically designed to allow borrowers to effectively manage their total financial situation through their home loan. Real monthly cash savings can be achieved by consolidating various repayments into a mortgage loan at lower rates," says Olivier.

(123)

Homeowners can make big savings

ONE of the most difficult aspects of saving in a South Africa plagued by high inflation, high taxes and a slow growth rate is to find a safe investment that will give an effective return above the inflation rate of about 16 percent and at the same time keep you out of reach of the taxman.

MONEY TALK

To the homeowner with a bond on his property there is an exceptional opportunity available. By increasing his monthly repayments he can make huge savings over the

longer term. And it is tax free!

How important the latter is can be seen from the fact that the maximum marginal income tax rate is no less than 43 percent, which means the taxman can claim almost half of the interest earned on a fixed deposit. Bear in mind that the first R2 000

of interest is not taxable.

This does not apply when you "deposit" your savings in your bond account. Yet you are saving 19 percent in interest. In other words, you are in effect putting 19 percent interest in your pocket, plus the tax savings, which could total a return of more than 30 percent.

By looking at the following example one realises just how powerful the influence is of a relatively small increase in your bond repayment on your potential for creating personal wealth.

Let us assume you have a 15-year bond of R50 000 at 19,25 percent on your house. Your monthly repayment is R850. This means that you will pay a total of about R154 000 over the full life of the bond. The interest alone of about R103 000 would amount to two-thirds of this.

Now let us assume you increase your monthly instalment to R914. The total paid to the building society over the full life of the bond will drop by an amazing R34 000! This means not only money in your pocket, but it also means that you will reduce the period of repayment by several years.

In the meantime the value of your property should have increased (it can actually treble in value given our high inflation rate).

As can be seen from the above, the most important benefit derived from repaying your bond quickly is that you save thousands of rands on your interest bill. So it is wise to not only increase your monthly repayment but even "deposit" odd amounts - such as a bonus - in your bond account.

URGENT Message from your ancestors

IVIB Communications

Listen to the bones. Phone the number next to your birth date or next to the dream you have had.



Certified traditional Sangoma Harriet

30 hours per day
Lucky Number
Lucky Colors
Your future
Lucky day



Certified traditional Sangoma Florence

1. Predictions for this month
Dial 087-30-77- PLUS THE DIGIT NEXT TO THE MONTH OF YOUR BIRTH. CALLS CHARGED AT R5,97 PER MINUTE.

Birthdate	Zulu	Sotho	Tswana	Xhosa	Birthdate
Apr 21 - May 21	200	238	224	212	Apr 21 - May 21
May 22 - Jun 21	201	237	225	213	May 22 - Jun 21
Jun 22 - Jul 23	202	238	226	214	Jun 22 - Jul 23
Jul 24 - Aug 23	203	239	227	215	Jul 24 - Aug 23
Aug 24 - Sep 23	204	240	228	216	Aug 24 - Sep 23
Sep 24 - Oct 23	205	241	229	217	Sep 24 - Oct 23
Oct 24 - Nov 22	206	242	230	218	Oct 24 - Nov 22
Nov 23 - Dec 22	207	243	231	219	Nov 23 - Dec 22
Dec 23 - Jan 20	208	244	232	220	Dec 23 - Jan 20
Jan 21 - Feb 20	209	245	233	221	Jan 21 - Feb 20
Feb 21 - Mar 21	210	246	234	222	Feb 21 - Mar 21
Mar 22 - Apr 20	211	247	235	223	Mar 22 - Apr 20

2. Listen to what your ancestors say of your dreams
Dial 087-30-77- PLUS THE DIGIT NEXT TO THE DREAM YOU HAVE HAD. CALLS CHARGED AT R5,97 PER MINUTE.

Dream	Zulu	Sotho	Dream	Zulu	Sotho
KING	248	284	SMALL GIRL	286	302
BABOON	249	285	CAT	287	303
BIG WATER	250	286	ELEPHANT	288	304
DEAD MAN	251	287	SHIP / BOAT	289	305
TIGER	252	288	HORSE	270	306
COW	253	289	MOUTH	271	307
SKELM	254	290	BIG HOUSE	272	308
PIG	255	291	BEEES / HONEY	273	309
MOON	256	292	DOG	274	310
EGGS	257	293	SHOE	275	311
CAR	258	294	SMALL WATER	276	312
DEAD WOMAN	259	295	PASTOR / MINISTER	277	313
BIG FISH	260	296	FIRE	278	314
OLD WOMAN	261	297	GOLD	279	315
WHORE / BITCH	262	298	SMALL BOY	280	316
DOVES	263	299	SHIT / MANURE	281	317
MADAM	264	300	WOMAN'S GENITALS	282	318
SMALL CHANGE	265	301	PENIS	283	319

calls are charged at R5,97 per minute IVIB Communications (Pty) Ltd. (011) 476-4312

Cosatu a foreign body, says Bop Minister

BOPHUTHATS-WANA's Manpower Minister Simon Seodi this week told homeland workers that they would be "throwing money down the drain" if they joined the Congress of South African Trade Unions (Cosatu).

Delivering his budget speech, the Rev Seodi said Cosatu would not be able to represent workers in the homeland as it was "foreign in Bophuthatswana and should at all times be treated as such".

Recognised

Mr Seodi further instructed unions and employee organisations within Bophuthatswana to submit their constitutions and the addresses of their head offices to his department before registration.

Cosatu, South Africa's largest trade union federation, is not recognised by Bophuthatswana and as a consequence is not permitted to operate freely in the homeland. - Sapa

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Bricks for 20 000 homes in stock

THERE were now sufficient bricks stockpiled to build 20 000 average-sized homes, Claybrick Association spokesman Nick Vujovic said.

And with no end to the building slump in sight, the 400-million brick stockpile — double the stock held during the 1985 building boom — was likely to continue growing.

Vujovic said the industry was operating at 55% to 60% of its capacity, mainly because of the closure of various brick making factories.

The most recent example was Corobrik, which mothballed three of its 10 factories.

About 50 brick factories had been closed over the past five years due to

EDWARD WEST

BT Day 22/6/92

the building industry's slump.

Murray & Roberts Construction chairman Schaal van der Merwe did not expect an upturn in the construction industry — which traditionally lagged nine to 12 months behind the economy — for at least two years.

Low-cost housing building activity would only increase once the political situation improved, he said, adding that there was a change of investment emphasis in this sector from brick and mortar homes to serviced sites using other materials.

Vujovic said that on a regional ba-

sis, demand for bricks in the western Transvaal was expected to slacken with the winding up of the Lost City project at Sun City.

Demand in the Free State was minimal, and capacity had been cut as far as possible.

Demand was erratic in the PWV. Margins were tight and consumers could benefit by negotiating prices. In the western Cape, demand was reasonably buoyant.

However, in the northern Transvaal, where approximately 48% of the national housing shortage existed, homeland government agencies were showing much interest in purchasing bricks, Vujovic said.

Bank accounts

UK interest in SA growing, says London agent

Monday 24/6/92

(S) (123) (R)

CAPE TOWN — Interest in SA property had increased significantly this year although political uncertainty remained, said Seeff Residential Properties' London agent Adele Beare.

LINDA ENSOR

"We expect a growing number of British travellers to invest in SA holiday homes, particularly in the western Cape."

"Some of these entrepreneurs are interested in buying and adapting existing hotels while others are looking further ahead and identifying properties suitable for future development."

British people usually bought homes in places where they holiday, such as Spain, Portugal and Florida in the US. Now SA, with its attractive exchange rate, was becoming a prime holiday destination.

Furthermore, resort entrepreneurs believed there were opportunities in the "ill-equipped" SA market to establish tourist hotels to cater for the anticipated vast growth in the number of foreign tourists.

"Once these entrepreneurs are convinced that political stability is around the corner, I expect an influx of foreign investment into the SA tourist market, which must be considered a 12-month industry," Beare said.

<i>R</i>		<i>Address</i>	<i>Name</i>

h

SOWETAN BUSINESS

THE newly-formed A amalgamated Banks of South Africa is to continue financing black housing in an attempt to make a significant investment in the property market.

However, it will temporarily stop loans in areas that have been hard hit by violence and unrest.

The bank was responding to claims by small builders that Absa's Allied refused applications for mortgage loans in black residential areas until its policy changed.

Absa's senior media and public relations consultant Mr Gavin Webster said they were monitoring the

Why blacks can't get home loans

Sowetan 26/6/92

BY JOSHUA RABOROKO

situation closely. Their normal business activities will resume when circumstances allow.

The lack of home finance for black townships is not confined to Absa. Nedcor's Perm division,

one of the more active lenders, this week reported a considerable difficulty with home loan arrears in the black community. According to sources, even the Loan Guarantee Initiative, managed by the Urban Foundation and the Independent Development Trust, does not provide ad-

equate security. After pledging R3,5 million to the Initiative scheme, financial institutions have not come forward with the cash. It is understood that only 400 loans across 300 locations have been granted. Webster said the prime responsibility of every fi-

ancial institution was to protect the investments of its depositors. "The financial services industry is one of the most competitive in South Africa. There is aggressive competition between banks in all sectors of the market,

including mortgage lending, and margins, including those for mortgage lending, are continually under pressure," he said. "These factors cannot be influenced by attempts to disrupt the market by way of boycotts or any other such measures. In fact, such measures in-

clude the risk attached to such lending and while they prevent us from continuing with our normal business, they raise rather than lower the cost of lending."

He said Absa was active in its own right in educating aspirant homeowners on the responsibilities of home ownership and the mechanics of the financial services market.

"We are also pro-actively negotiating with representative community bodies and keeping open lines of communications with bondholders in attempts to solve the problems of homeowners and to build mutual understanding.

123

RESIDENTIAL

No more la dolce vita

123
FM 26/6/92

The recession is catching up with the residential property market. Last year sales turnover improved by a nominal 16,7% to a total of R29,06bn. In the first quarter of 1992, however, the market showed its first signs of a volume and value downturn. On an annualised basis, market turnover for 1992 will be R26,79bn — a fall of 8% in nominal terms.

Property economist Neville Berkowitz says activity in residential property sales fell by nearly 5% during the March quarter compared with the last quarter of 1991. His information is drawn from transactions registered in deeds offices around the country. If the present trend continues, 1992 will be the first year since 1987 that the value and volume of residential property transactions have shown a decline.

"The residential market has performed the best of all the property sectors since the beginning of the recession but it is now showing signs of succumbing to the pressures," says Berkowitz.

Recently released information from the United's *Housing Review* shows the downturn clearly. The price of an average-sized home in Johannesburg has dipped for the first time since late 1986 and a home in Pretoria now costs less than the national average. Similarly, Durban's remarkable house price increase has been brought to a sudden halt.

Meanwhile, there are indications that a cap will soon be placed on the continued development of Johannesburg's high-value suburbs. Urban Development Studies director Bom van Graan says the TPA's proposals to settle squatters in an arc from Midrand to Muldersdrift will seal off avenues for

growth. His comments come in the wake of his continuing research into the sectoral patterns of the city's growth.

According to Van Graan, the research shows that as young people become homeowners they tend to remain within the same socio-economic band as their parents. His findings indicate for example that children brought up in Parktown tend to buy or build homes further north in Parkhurst or Craighall and their children move even further north to Fourways and Lonehill. As an example, Van Graan says 60% of all new homes built in Strubens Valley have been developed by families whose roots are in the west of Johannesburg.

The TPA's plans to settle squatters north of Johannesburg will bring that natural outward movement to a halt (see map). It follows, therefore, that rejuvenation of selected inner suburbs will gather pace not only as people seek to live closer to work but also due to the lack of peripheral development space. After the well-known precedents of Johannesburg's Melville and Norwood suburbs, the next showing signs of becoming more upmarket because of large-scale renovation is Westdene.

Van Graan expects Parkhurst and Green-side to follow suit.

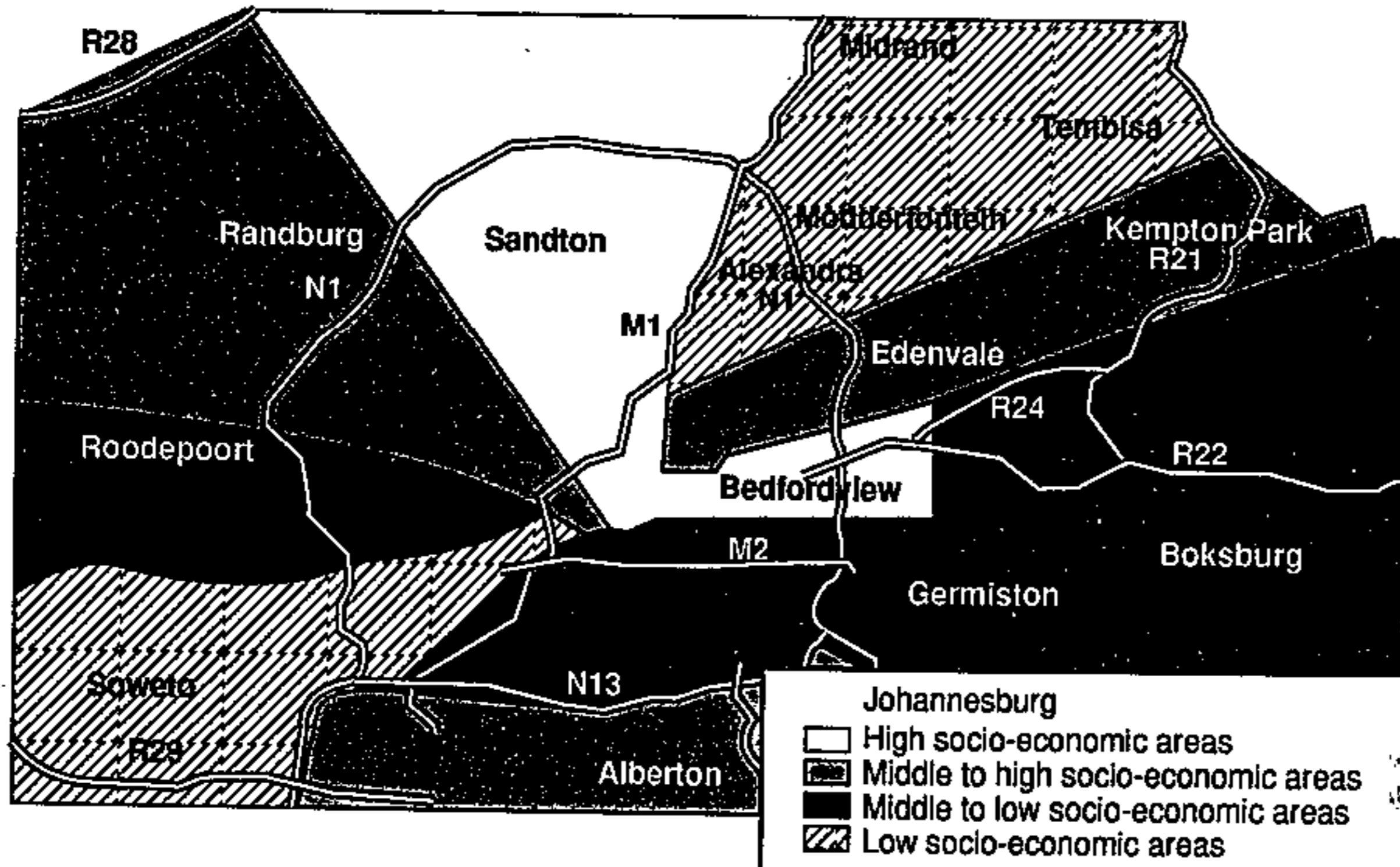
Cape Town's high socio-economic areas are concentrated in the southern suburbs. Because there are few new development areas available, there has been a trend towards higher densities through subdivision, with higher prices, and a move to middle-cost areas such as Bellville North and Somerset West.

An interesting feature of Urban Develop-

ment's research is that Johannesburg's Mayfair, once a low-income white residential suburb, is now recording the highest value for home renovations in Johannesburg. This reflects the recent phenomenon of Indian families moving into the suburb.

The irony is that, under the guise of the Group Areas Act, Indians were kept out of Mayfair and the suburb deteriorated; now that so many live there, the quality of the homes has improved noticeably. ■

The rich squashed in JHB socio-economic areas



Housing forum to be launched 'soon'

A NATIONAL housing forum is expected to be launched within weeks.

(123) WILSON ZWANE

The establishment of the forum was first discussed at a meeting in Johannesburg last November, attended by representatives from government, political and civic organisations, trade unions, business and development agencies.

job. "The forum will be launched soon, possibly within weeks," he said.

Government has since withdrawn from discussions aimed at establishing the forum, saying the forum was an attempt at "interim government by stealth".

Our East London correspondent reports that Time Housing MD Murray MacKay yesterday said the two biggest problems facing affordable housing developers in SA were the tapping of financial institution funds and bureaucratic delays.

Government would, however, maintain bilateral contact with the forum.

The only way to tackle the bulk of the housing backlog was to provide adequate security for funding institutions, which had "plenty of money available" but were reluctant to lend in areas where the traditional security of a bond was not working.

A source said yesterday a working committee entrusted with working out the forum's details, was close to completing its

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Assurers 'not averse to social investment'

CAPE TOWN — Life insurers and financial institutions were in favour of socially desirable investments provided the responsibility was equally shared in the industry and as long as the amount allocated was small in relation to their total assets.

LINDA ENSOR

ernment to guarantee loans to small businessmen.

This was said by ANC economic adviser Allan Hirsch at a meeting of businessmen and diplomats last night. Hirsch said a possibility was to have life insurers invest in government bonds directed towards housing or for gov-

ANC economics chief Trevor Manuel said the Life Office's Association (LOA) had recognised that insufficient money was channelled into socially desirable investments and was prepared to ensure that this took place.

"The LOA wants a democratic government to give life insurers the opportunity to commit money in an open way to socially desirable investments. If that

fails, then they would be willing to accept prescribed investments. They are asking for an opportunity to manage their assets in their own way first."

Manuel said the ANC intended to "engage" with those companies which had terminated their affirmative action programmes. A close watch was being kept on these companies.

He also said the ANC was investigating the possibility of establishing a court of audit to bring civil servants to book over the way they disbursed public funds.

 Holiday



Go for sectional title say experts

AS demand rises for apartment accommodation, property management companies are urging building owners to go the sectional title route — and making some startling promises about prospective returns.

For example, Ronnie Sevitz, MD of Kupers, the management company of the R3 billion Investec Property Group, says the value of properties can increase 50 percent with the opening of a sectional title register.

He reckons private owners of tenanted blocks in the northern areas of Johannesburg, Randburg and other desirable areas are losing out on their investments — and contributing to a “chronic” shortage of flats for sale in these areas.

There are several factors driving up demand and, consequently, prices sellers can demand.

Not least is the question of overall affordability, with the costs of houses now keeping many more people in the apartment market for longer periods.

However, Sevitz acknowledges the complexities of “sectionalising” may be offputting.

“Most owners of apartment

STAR
27/6/92
MEG WILSON



buildings say they don't know how to go about incorporating a share block company and then opening a sectional title register. This can take anything from six months to two-and-a-half years — the worst case in our experience — and if you aren't geared to do it, it is not the business you want to be in, even if the investment appreciation is as much as 50 percent.”

But, he says, his company is looking for stock and is prepared either to buy the buildings outright at market-related prices, or to seek sole mandates for marketing the individual apartments under sectional title, having handled the conversion.

“We have, during the past few years, marketed many upmarket buildings under sectional title, in deals amounting to more than R100 million and covering 750 apartments that are now individually owned.

“The original owners of the buildings realised additional appreciation in their investment of between 30 and 50 percent.”

Nathan Trakman of J H Isaacs says those that might make liquidating their asset attractive include rising maintenance costs on tenanted buildings, or the chance to move the investment from residential to commercial property.

He, however, says the difference in return from selling the building as an entity, and through an agent as sectional title units, is unlikely to be more than 30 percent, at most.

And he cautions that owners should check first that there are no obstacles to conversion on the part of local authorities, or maintenance requirements that would make it unfeasible or affect the granting of bonds to buyers.

Neville Schaefer of H Lewis Trafalgar puts the average return on a sectionalised building, realised through a developer/agent, at 20 to 23 percent over 18 months. He says his company would not be willing to take less than 10 percent of the sale price as its cut if it were to sectionalise a building. However, he agrees that the holding costs on apartment blocks favour the sectional title route, as does the fact that upkeep costs become the shared responsibility of the owners.

PROPERTY



Brick homes for A

A LOCAL company has developed a quick, easy-to-build home using brick-style panels which could make housing available to thousands of people who can't afford conventional brick houses.

The houses can be built by the contractor in less than a week, or bought in kit form for do-it-yourselfers.

They range from 20 square metres at R9 000 to 72 square metres at R22 500 and are designed for easy additions.

The house featured here is the 38 square metre "Starter" design, which sells for a basic R14 600 or R20 000, including internal walls and doors, ceilings and bathroom.

The same size house in kit form costs R12 000.

The largest house in the range is 72 square metres, which costs R22 500 in basic form and R34 000 including internal walls and doors and a bathroom.

The houses meet national building regulations and bond requirements.

The brick-faced panels are 110mm thick, the same as a standard single course brick wall and have an insulated foam core centre, which gives good sound and temperature insulation.

The panels are made in a factory and transported to the site with the rein-

forced concrete pillars, roofing and other materials.

Foundations are dug and filled with concrete as for a conventional brick house and it takes only a day or two to erect the pillars and panels. Floors are standard cement screed.

Owners can build just the shell, or include extras such as internal walls and ceilings. Other extras include electricity or solar power, kitchen fittings and inside toilets and bathrooms, depending on what the buyer can afford.

A project is under way near Nelspruit, where 50 houses are nearing completion. Homes of 72 square metres, much larger than the usual homes contractors offer, can sell for less than R40 000, including the land.

Kwix Homes spokesperson Glyn French says one of the aims of the project is to create jobs for local people wherever projects take place.

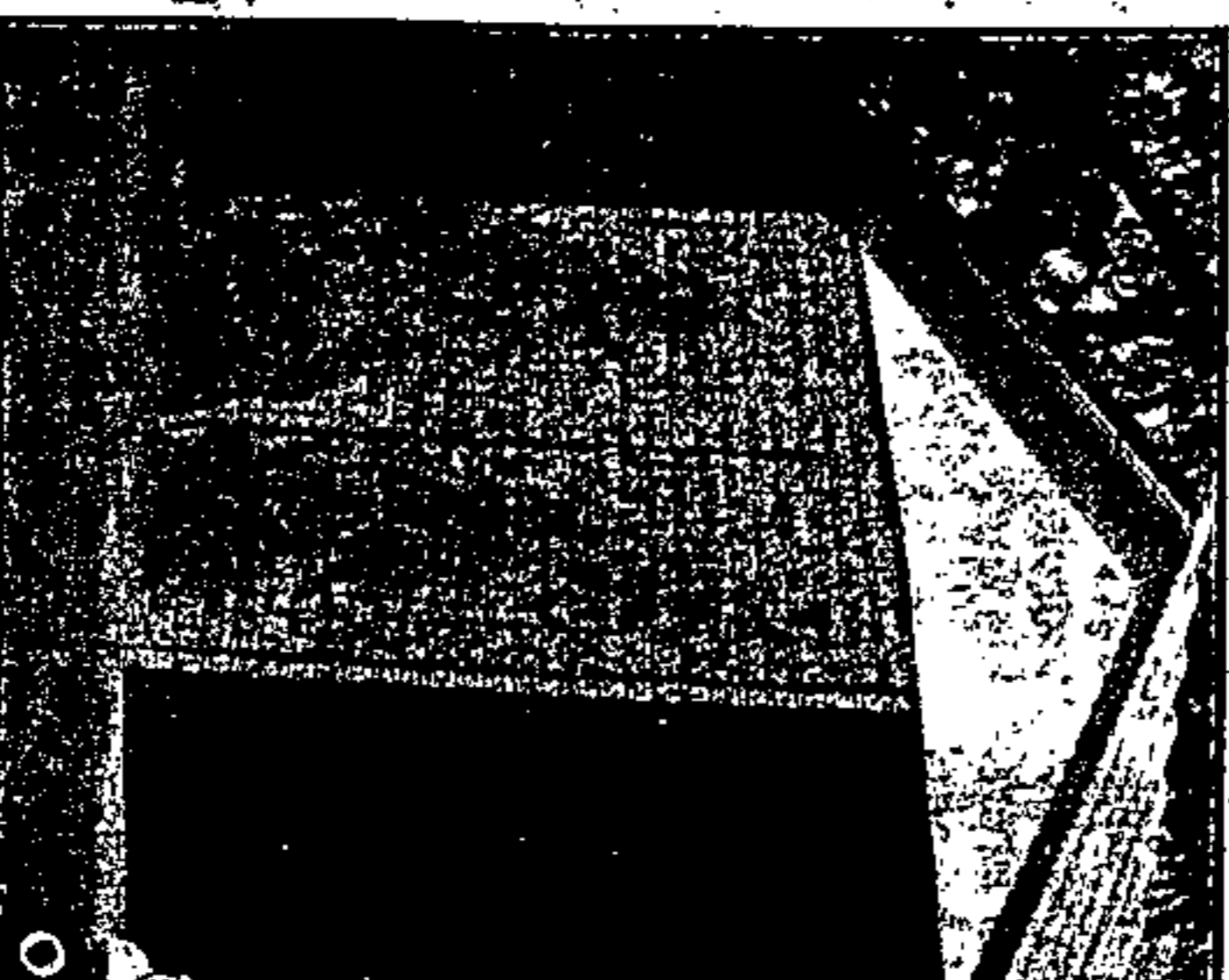
"We have done a lot of research and found that people prefer brick homes. But nowhere in South African can you get a 72 square metre brick house - a decent, family-sized home, for less than R35 000.

"This new method gives people a home which looks and feels like a solid brick house, but at an affordable price."

CIP/MS 28/6/92



BUILT-IN SECURITY... All window frames have burglar bars.



HOME SWEET HOME... Kwix Ho

Fighting the fly-by-nights

THE HOUSING Advice Centre, which assists potential home-owners in the low-income home ownership market, will become part of Lawyers For Human Rights on July 1 1992.

For over two years the centre has been assisting people who have been ripped off by fly-by-night contractors, agents and finance brokers.

According to the centre's director Brian Leveson, "the unfortunate reality is that people are as desperate as ever for housing and the problem of people being ripped off is getting worse".

"We therefore need to increase our potential to provide more assistance

to people and also to have greater clout to really tackle the problem."

By joining up with LHR the centre will be able to increase its resources and additional staff will be taken on.

"Unfortunately most of the people in whose plight the centre has intervened have been people who have already experienced problems, for example having lost large deposits to fly-by-night contractors.

"When these contractors disappear very little can be done. It is essential therefore that people who

are considering buying or building houses seek our advice."

Leveson explains: "It has always been our hope that people would come to us before the problem arises. We now realise that we have to go to the people and now with extra personnel this will be our top priority."

The centre will now be called Lawyers for Human Rights - Housing Rights Unit. The service will still be provided without charge to members of the low-income community and includes advice on

buying or building a house and all the financial consequences.

The Housing Rights Unit also intends expanding its service into the other provinces within the next year.

Leveson says the golden rule with housing deposits remains the same: Don't give your deposit to anybody or sign any contract before checking it thoroughly with a reputable body.

Housing Rights Unit of Lawyers for Human Rights is at 3rd Floor Zambesi House, corner Von Wielligh and Commissioner streets, PO Box 5156 Johannesburg. Telephone: (011) 331-3465/66 from July 1 1992.

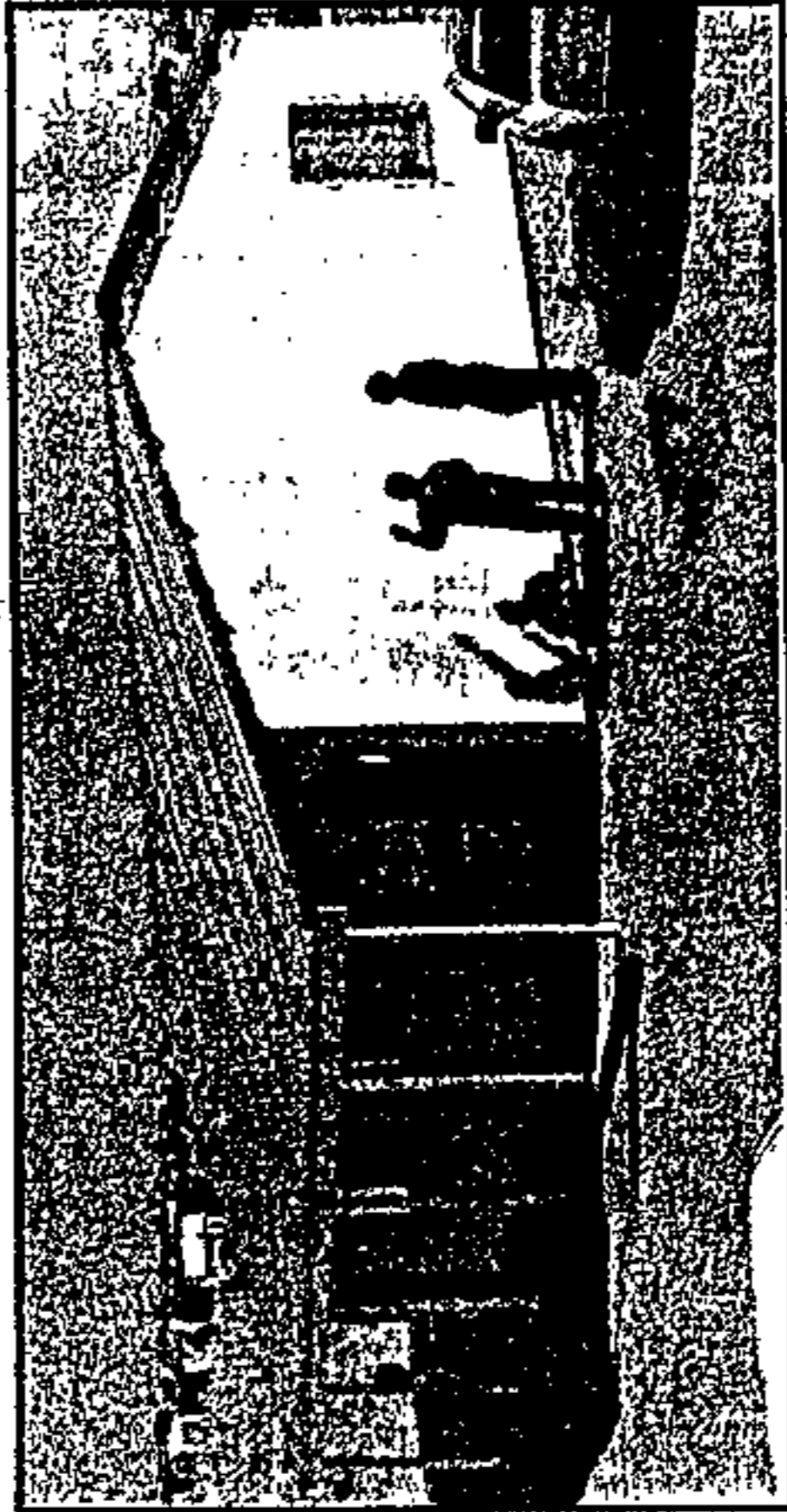


Clp/rev 28/6/92



HOME SWEET HOME... Brian Leveson, Corlett Cettojane and Una Gumedede advise an aspirant homeowner on potential pitfalls.

Timber creche built



LOW COST... This 112 sq metres creche in Ivory Park - the first in the fast-growing area - cost less than R60 000 to build.

Clp/rev 28/6/92
THE first of 64 community creches to be built by the National Council for Child Welfare has opened in Ivory Park, Midrand.

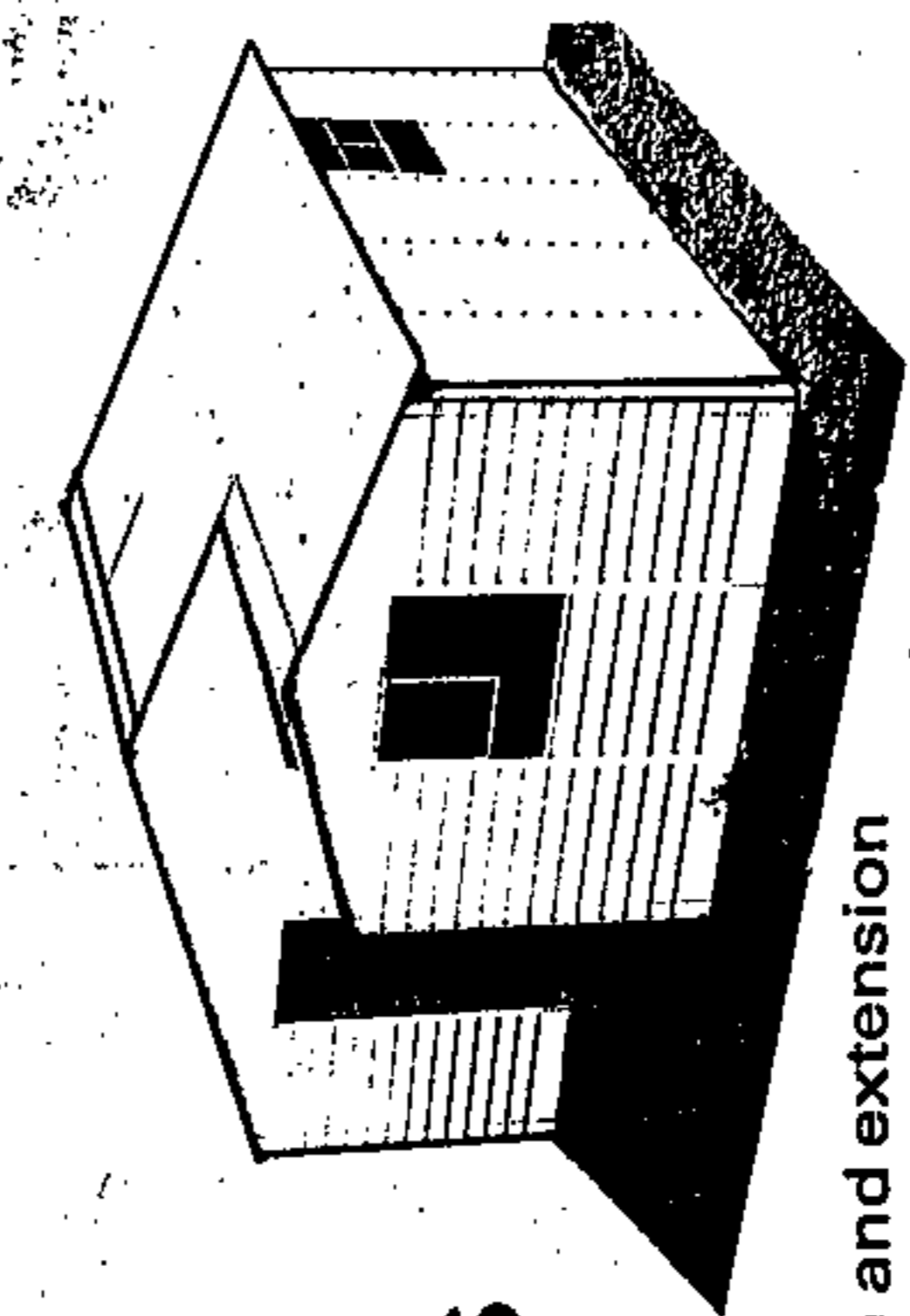
What makes this project unique is that the creches are built from timber, the first educational institutions in SA to use this building method.

The Ivory Park school is 112 sq metres and cost under R60 000 - which means a saving of at least R15 000 on

each of the 64 schools. There were no facilities at all for pre-school children in the fast-growing area.

The next phase of the project will see creches opening in Refilwe and Mameledi near Pretoria.

In the next few months, creches will be built in Phola Park, Wattville, Bekkersdal, and Delmas. The rest of the 64 creches will be built in other urban and rural areas throughout the country.



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PO Box 7670, JHB. 2000 Tel. (011) 494-4400 Fax (011) 494-1910
Ask for David or Walla

Why you can rely on Family SafeGuard

String of successes for FHA

ORIGINALLY known as the Family Housing Association, FHA Homes was one of five housing utility companies established by the Urban Foundation under Section 21 of the Companies Act. *C/Pnes 28/6/92*

This means it is a company not for private gain. Its main goal is to provide serviced land, to build homes and to upgrade informal settlements.

Operating in the Transvaal – mostly in the PWV area – FHA Homes has, since its inception in 1983, delivered more than 8 000 homes to low- and middle-income families and serviced and sold over 25 000 stands. It is involved in eight projects which are delivering over 100 houses a month.

Apart from the sheer physical size of the task ahead, FHA Homes must also deal with ignorance of the home ownership concept, difficulties with personal and bond finance, and limited land, building and personnel resources.

FHA is striving to minimise these problems by working closer with the community and financial institutions. In Dobsonville Gardens a residents' committee has been formed and there are regular meetings to discuss any day-to-day problems and future development plans.

Regarding financial institutions, FHA is endeavouring to submit bond applications to as many institutions as possible to minimise exposure.

FHA is also assisting where possible with arrears. (123)

Officials are interviewing and educating purchasers on home ownership and assisting with the resale of properties.

FHA offers assistance and advice to companies on the formulation and upgrading of housing schemes.

FHA is very aware of the need for prospective purchasers to be confident that they are getting the best possible service and advice when negotiating to buy a home.

At FHA we are continuously training and educating our sales consultants to achieve and maintain a high standard of ethics to ensure this service is being met.

Readers might be interested in our housing developments on the West Rand at Dobsonville Gardens (900 stands) and Mohlakeng (550 stands).

Packages including land and all fees start at R47 500 for Dobsonville and R44 000 for Mohlakeng.

For further information contact Des Jordaan on (011) 29-7211.

Eskom power cheapest despite large price hike

B/day 29/6/92

(123) ~~55~~ ~~212~~
 EDWARD WEST

EVEN though SA's 9,28% electricity price increase in 1992 was the highest of 14 countries surveyed, its 11,26c a kilowatt hour average price was the cheapest in the world, a National Utility Services (NUS) survey has shown.

NUS, which specialises in analysing energy tariffs, projected a possible 60% increase in SA's industrial and commercial electricity rates within five years despite Eskom's commitment to reduce electricity costs in real terms over the period.

Eskom, which saw its prices fall 14% over the past five years, planned to reduce its prices by a further 20% in real terms over the next five years, its 1991 annual report said.

The reduction would help many of its energy-rich customers compete on international markets, the report said.

In contrast, NUS director Rob Mac-

kenzie said: "The impression may have been gained that we can expect electricity prices to drop. That is incorrect.

"While SA will still enjoy inexpensive electricity by 1998 compared with many other countries, it is likely that we will have moved up the price ladder and we could find our electricity more expensive than many of our trading partners which would reduce SA's international competitiveness."

Eskom's pricing policy manager Andries Calitz said if the inflation rate remained static over five years, the prices of all consumer goods would double.

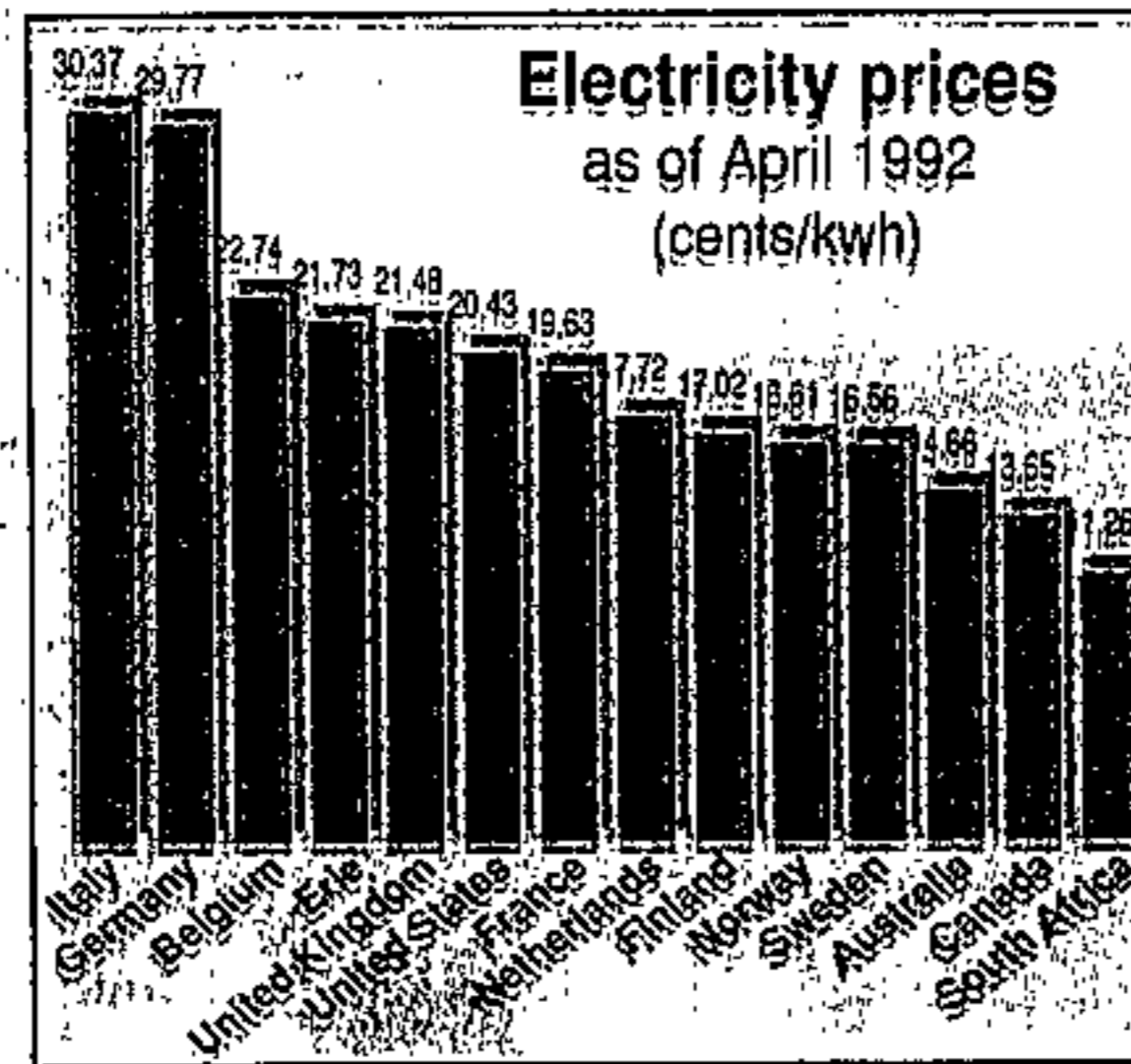
Eskom's prices had remained the lowest in the world during the past five years in spite of the NUS's earlier predictions that the situation would change, he said.

The NUS said the UK, Finland, Italy and Australia experienced percentage price increases in excess of their inflation rates, but SA, Sweden, France, Canada, US and Belgium had percentage increases below inflation rates.

Ireland maintained its prices while Germany, Netherlands and Norway reduced their electricity prices.

On a city-to-city basis, Durban was the most expensive supplier of electricity at 11,95c a kilowatt hour followed closely by Johannesburg at 11,79c.

Cape Town and Pretoria supplied electricity at 11,25c and 11,54c a kilowatt hour respectively while Eskom was the cheapest supplier at 9,79c.



Graphics: RUBY-GAY MARTIN; Source: NUS SA

Bank rate drop won't cut bonds

STARZ 30/6/92

Finance Staff

123

The Reserve Bank announced a cut in Bank rate yesterday from 16 to 15 percent after learning that the inflation rate had dropped below 15 percent in May.

It is unlikely the cut will lead to reductions in bond rates; banks and building societies have announced a one percent cut from 19 to 18 percent, effective from tomorrow.

It is good news for hard-pressed businessmen and consumers, who can expect a similar cut in their overdraft or credit finance rates with commercial banks likely to reduce prime lending rates and other lending rates within the next few days.

Central Statistical Services reported today that the inflation rate in May fell to 14,8 percent from 15,6 percent in the previous month.

Food prices last month still showed an unacceptably high increase of 27,8 percent compared with May 1991.

● See Page 16

B10007
30/6/92

Funds for welfare ~~(12)~~

A TOTAL of R152m had been allocated from the Development and Housing Fund in the 1992/93 financial year for low-cost welfare and family housing projects for whites, Housing and Works Minister Adriaan Vlok said yesterday.

~~(12)~~ (123)

US puts race limitation on SA contract bids

5/Day 11/7/92

123

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SIMON BARBER

ONLY black and other minority-owned US firms may bid on the principal contract for the new SA housing initiative of the US Agency for International Development.

The initiative, which the successful bidder will design and implement, will fund "innovative financing schemes, technical assistance, training and research aimed at developing housing programmes which do not perpetuate the forced living patterns imposed under apartheid."

The agency proposes to issue contracts for this project worth \$30m between now and 1994.

Of that amount \$6m is to be obligated this year.

In its formal request for bids, the agency stipulates that "this procurement is set aside solely for disadvantaged enterprises" defined in law as firms controlled and managed by black, Hispanic and native Americans and those who can trace their origins to Asia and the Pacific. No SA

bid will be accepted.

The successful bidder will be obliged also to subcontract out at least 10% of the business to "disadvantaged" Americans.

Racial set-asides are a standard feature of US government procurement practice, but it is rare for a major contract to be reserved exclusively for minorities.

Meanwhile, bidding has just closed on a contract to provide office equipment, computer software and after-sales services to the ANC and Inkatha.

This contract, which was open to US and SA bidders, is part of the agency's Transition to Democracy Project, under which the ANC and Inkatha are to receive \$4,5m and \$2,5m to assist them develop their negotiating positions.

The two organisations are to receive the funds in kind rather than in cash to ensure they are not misused.

Call for national accord to depoliticise housing

UNLESS housing is depoliticised and a national housing peace accord implemented, it will be impossible to apply soon the findings of the De Loor report.

MV3 Architects managing partner and contributor to the report Piet Moolman says if the findings of the De Loor housing report is not acted on in the near future, the backlog of homes will continue to grow.

"The establishment of a national housing peace accord is essential for any action in the affordable housing market. The most important factor for this is the depoliticisation of housing by all players.

"This is the 31st housing report in 20 years and I am afraid that the report will be put in limbo for the next 18 months, thereby seeing the backlog grow," he says.

The backlog of homes stands at 1,3-million, with new demand for 198 000 homes being reflected every year. If a housing accord is achieved, money will most likely be forthcoming from international funding agencies.

However, a single housing ministry with a central channel for the control and distribution of the money is needed. The R1,6bn allocated for housing

PETER GALLI

is spread between eight and nine housing bodies.

"This needs to be streamlined into a single housing body," says Moolman. "The report says about R3,6bn is needed for housing in the near future. By cutting out present inefficiencies, the R1,6bn could be increased to more than R2bn.

"Add to this finance from international bodies and we could be close to achieving the R3,6bn sought. However, there are many factors that make me rather sceptical that an accord will be reached soon," he says.

In the past, an iron fist approach to a policy was implemented. However, the De Loor report is presenting proposals which need to be taken to the community and negotiated until consensus is reached. However, mediation will probably be lengthy and erode the possibility of implementing these at an early stage, he says.

Government needs to create a climate for the private sector to become involved in the market. It also needs to determine an appropriate subsidy policy and remove restrictions on establishment of new towns.

"The last thing we want government to do is to build houses. The private sector must be responsible for this," he says.

The report has been written in a very difficult time in SA and comes against a background of political uncertainty, a recession, massive unemployment and the repeal of the Group Areas and other Acts.

A team of World Bank experts has been in SA twice and looked at urbanisation and housing. The bank has found that while SA has uneconomic cities, it has the potential to apply a policy of inward densification by piggybacking on the existing infrastructure.

Effectively this means encouraging the poor to move closer to the city. A problem here is that land close to cities is more expensive. "Urbanisation needs to be seen as an opportunity, not necessarily a problem," says the World Bank.

Moolman says: "The housing sector needs to be an integral part of the economy and the future of SA will be determined in the cities. These must be turned into highly efficient economic machines for the creation of wealth in a new SA."

Politics makes buyers hesitate, says Geffen

Bl Day 1/7/92

123

PETER GALLI

RECENT political events have seen activity in the residential property market decline as prospective buyers hesitate ahead of further developments.

Lew Geffen of Lew Geffen Estates says there has been a drop in attendance on showdays and the market is in a freeze. The number of sellers has increased and, while prices have not really dropped, they have little upward potential until political matters are resolved.

"The increase in sellers is predominantly among the wealthy who have more choices. While the market is not as panicky as in 1986, there is a lot of emigration talk among the wealthy," he says.

Pam Golding Properties director Ronald Ennik agrees, saying that once again it is the top end of the market that has reacted to political developments.

"It is too soon to know how great an effect the political developments have had on the market, but while it does not appear to be collapsing, activity is definitely slowing down at the upper end," he says.

While showdays have been quiet, there is not as negative a reaction as would have been expected. Buyers are rather hesitant and fence-sitting.

Seeff Residential Properties Transvaal MD Bernard O'Riain says sales have slowed down as people are reluctant to commit themselves, but adds that the attendance on showday remains good.

"However, those sellers that have been holding out for months and refusing to accept certain offers are now having to accept lower prices — if there is a buyer. Some buyers are therefore looking at this as a buying opportunity," he says.

This has, however, started to sort out the real sellers from those that are not genuine. However, the middle to lower priced markets were still performing well.

The group has passed its R25,6m April sales record in Transvaal before the end of the month, with the average selling price being R203 000, O'Riain says. Ennik says the middle to lower market range is still performing well.

Geffen concurs, saying that the middle range is showing a 20% increase.

"The recent drop in the interest rate was overdue and is not nearly enough as there is still an enormous number of people who cannot afford housing, but it has assisted the market," he says.

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RMBT is celebrating 130 years in business

ONE of SA's oldest investment groups, Russell Marriott & Boyd Trust, is celebrating its 130th year in business.

The Durban-based financial services and property group, which manages assets worth R1,2bn, has a strong focus on the over-50s group, with 2 600 of its 4 000 clients in this age bracket.

RMBT MD Michael Mun-Gavin says that 10 years ago the company had no more than R60m of client funds under its management. "A major contributing factor to this growth was RMBT's concerted drive in the late-1980s to become a recognised diversified financial services organisation.

"This is in addition to maintaining the strong position it has traditionally held in the property investment market."

The independent company currently administers two equity trusts and acts as portfolio manager to the Natal Building Society fund.

It also manages four listed property trusts in addition to its broader range of financial services activities.

In the space of a few years financial services, including equity portfolio and cash management, have grown from almost nothing to R400m of total client funds under its management today.

Mun-Gavin says RMBT will continue its strong thrust into the financial services market and look to providing more gilt-edged investment options for more senior citizens.

Simple principles are frequently overlooked

OVER-50s should follow some simple but often overlooked financial principles if they are to retire in comfort, says Fincorp (Ernst & Young) financial consultant Vernon Cresswell.

Financial planning is seldom more challenging than when one is at this age, he says.

It is often a time when one must fund tertiary education and when making provision for retirement becomes more demanding.

What exacerbates matters is the lack of certainty in financial markets, he says.

Assuming a 50-year-old is looking at another 10-15 years of a paid career, his current situation could be:

- Monthly cash flow is likely to cover expenses with a small surplus;
- He almost certainly will own his own home;
- He should be receiving or be due to receive the proceeds of matured endowments; and
- There may be extra cash invested in unit trusts, or he



VERNON CRESSWELL

may have received some form of inheritance.

Cresswell says his major expense would probably be teenagers' education.

Had he not provided for this his monthly surplus cash would be used for it.

He suggests a fairly low-risk approach to investment, which should be growth related.

It is not a time to view new life assurance products as the ultimate form of investment.

"This is because of the long period (at least 10 years) required.

"I believe better growth and flexibility would be found in other instruments such as unit trusts."

However, life assurance such as matured endowment contracts could form a most valuable part of one's portfolio as they have distinct advantages, Cresswell says.

"The cost of acquiring these contracts is far superior to the upfront costs usually associated with new contracts — not to mention their flexibility."

It is essential to have a balanced portfolio, made up of a sound spread of property (a home plus possibly a small holiday home) and equities (unit trusts and a small portfolio).

In addition, some form of cash holding for emergencies should definitely be considered as this provides a hedge against retrenchment, which is prevalent during this career phase.

Property must be chosen carefully

BULLISH sentiment is returning to the homes market, but aspirant investors should look carefully at what and where to buy if they seek value and good resaleability.

Options include well-situated and properly managed flats, which are in growing demand — ostensibly as they provide better security for residents — cluster home complexes and retirement villages.

Investment in retirement village units could offer investors and owners the biggest returns at present, say property specialists.

Camdon's retirement village divisional MD Laureen Schneider says factors behind pressure on retirement village prices include:

- The percentage of the overall population officially classified as "aged" is growing faster than demographers expected; and
- The decline in the number of new retirement village units coming on to the market arising from "meddlesome" legislation.

Camdon's group MD Scott McRae says the Retired Persons Housing Act requires developers to provide costly financial and completion guarantees which translate into higher prices. This discourages smaller developers and leaves the market open to larger institutional developers with heavy overheads, which also mean higher prices.

Increasing lawlessness makes the secure environment of a retirement complex highly attractive.

"We have a classic case of rising demand and falling supply — a scenario which is bound to cause prices to rise," says McRae.

Camdon's, which claims to have the largest national cross-section of properties in this market, has only about 20% of the retirement village stock it had a year ago.

Schneider says the emerging scenario offers attractive investment opportunities. "Returns over the medium-term could arguably outstrip other property investments, and the message is buy now."

Boosting pensions can pay off later

PENSION benefits can be boosted to help take care of retirement needs by making extra contributions.

Fedlife deputy GM (employee benefits) Gerard Ehmke says no matter how attractive a person's pension scheme, it is unlikely to be such that inflation will not take its toll during years of retirement.

Generally the average person turning 50 is likely to have about 120 to 180 pay days left.

Preserving

"But by setting aside, say, R150 a month during the rest of their working life they can do something about preserving the value of their pension."

Ehmke says at about the age of 50 many people start looking forward to retirement which is probably 10 to 15 years away.

Assuming they have 15 years before retirement and pay an additional R150 a month contribution to the pension fund, at retirement the fund will be worth an additional R120 000 (at an assumed interest rate of 18% per annum).

Beauty

This "maturity" value of R120 000 must be used to buy an annuity (pension), says Ehmke.

"The beauty of this sort of investment of R150 a month is that such additional contributions to pension funds by an employee are tax deductible up to R1 800 per annum.

"Hence, if a marginal tax rate of 43% applies to the member, they are effectively only paying just over R84 a month — a small price for the handsome return they will enjoy once they retire," he says.

'Minorities' to bid for ⁽¹²³⁾ housing plan _{ET 2/7/92}

From SIMON BARBER

WASHINGTON. — Only black and other minority-owned US firms may bid on the principal contract for the US Agency for International Development's new South Africa housing initiative.

The initiative, which the successful bidder will design and implement, will fund "innovative financing schemes, technical assistance, training and research aimed at developing housing programmes which do not perpetuate the forced living patterns imposed under apartheid."

USAID proposes to issue contracts for this project worth \$30m between now and 1994, of which \$6m is to be obligated this year.

In its formal request for bids, USAID stipulates that "this procurement is set aside solely for disadvantaged enterprises", defined in law as firms controlled and managed by black, Hispanic and native Americans and those who can trace the origins to Asia and the Pacific.

No South African bid will be accepted. The successful bidder will also be obliged to subcontract out at least 10% of the business to "disadvantaged" Americans.

Under the Fiscal Year 1991 Foreign Operations Act, USAID is required to take special steps to reserve Africa-related contracts for black Americans and other minority groups "using less than full and open competitive procedures".

Meanwhile, bidding has just closed on a contract to provide office equipment, computer software and after sales services to the ANC and Inkatha.

This contract, which was open to both US and SA bidders, is part of the USAID Transition to Democracy Project, under which the ANC and Inkatha are to receive \$4.5m and \$2.5m to assist them develop negotiating positions. The two organisations are to receive the funds in kind rather than cash.

The key to a decent home loan

Sawetan 3/7/92

123 (MBA)

BEFORE applying for a home loan, you must have saved up enough to pay a reasonable deposit on your house. The actual amount needed will vary according to your circumstances.

We will be returning to this important matter in future articles - but if you wish to know more about it right away, FHA Homes can certainly help you.

The more you can save for your deposit, the better your chances of being granted a decent-sized home loan. But even then, sensible people are careful not to borrow too much.

If you are a first-time homeowner buying a newly-built home, an easy way to calculate the maximum amount you can afford to borrow is to first work out how much you - plus any family members who live permanently with you - would together earn over a period of 20 months.

George and Patricia Ngubane have a combined monthly income of R2 500.

$R2\ 500 \times 20\ \text{months} = R50\ 000$. This means that, provided they have saved an adequate deposit, they will probably be granted a loan of up to R50 000.

The Ngubanes have managed to save R12 000 over the years from which they estimate they can afford a deposit of R10 000.

$R50\ 000 + R10\ 000 = R60\ 000$. In other words, the Ngubanes can probably afford a house plus ground costing R60 000.

If you have saved less than the Ngubanes, don't despair. And if you earn less than the Ngubanes, don't give up.

Few of us have managed to save a great

deal. And perhaps not many of us qualify for a bond of as much as R50 000. But keep on reading. The information we're gathering also applies to less expensive conventional homes, as well as a number of even cheaper options, which we'll be discussing over the coming months.

Once the Ngubanes had worked out their combined income, plus how much they could afford for their deposit, they were ready to visit FHA Homes to discuss the house they would like to have built for them.

After making an appointment, they prepared a list of questions.

Firstly, they needed to find out whether it was possible to have a conventional brick house built for R60 000, including ground. They know that FHA Homes was formed by the Urban Foundation and does not operate for private gain; and they expected a straight answer.

FHA Homes, they were told, could arrange for their home to be built in Dobsonville Gardens, Vosloorus, KwaThema, Tsakane or Mohlakeng at a cost of no more than R60 000 including ground.

The Ngubanes were satisfied. They had friends living in Dobsonville Gardens and were impressed by the safety and beauty of the area.

Before the Ngubanes sign any papers, however, there is more that needs to be discussed. One must never rush into buying a house.

So be with us next Friday when we go through more of the finer details involved in becoming a homeowner.

Take these tips to keep the wolf from the door

(123) ~~123~~

STAR 47192



HOUSE OWNERS were given a shot in the arm with the announcement of a cut in bond rates from July 1. But for some the relief will be only temporary and the spectre of instalment default and repossession still looms large. The Saturday Star asked NBS assistant manager **TREVOR OLIVIER** to comment.

HOW many houses are repossessed every year?

There is no national figure available, but a lot more properties have been repossessed in the past couple of years. On a national basis the NBS repossessed between 600 and 800 houses.

The reason for the increase is the additional volume of lending. Financial institutions are doing an enormous amount of lending.

Unemployment

The competition from banks has created many difficulties for the traditional house lenders because the banks have taken a "banking" line on loans and have made home ownership more accessible. We have had to amend our tried and tested procedures to meet that competition. The result has been an increase in repossessions. But, seen against the background of the large number of new loans granted, repossessions are a tiny proportion.

Who is being hit?

There is an across-the-board profile of people affected — from the lower income groups through to the higher income. The unemployment problem has been the single biggest factor. When will a house be repossessed?

Reminder

That depends on individual circumstances. At the NBS we look at each account every month. If the instalment set — which is based on a repayment term at a certain interest rate — is not paid, we send out a reminder notice. If a

house owner walks in and says "I can't pay — here are the keys," we suggest selling the property and other options and. If this fails, we institute legal action. What alternatives are there?

There are several.

- In an "advance" situation where excess amounts have previously been paid into the account, it is possible to skip an instalment;
- If there is sufficient margin between the balance owing and the value of the property, another alternative is to register a further bond to cover the arrears;
- Extending the term of loan can make a difference, but a negligible one. For example over 20 or 30 years in a R100 000 loan is about R30 a month;

Collateral

- Asking your employer for help in advancing funds against pension assets or from accumulated leave;
- Cashing in on insurance policies with surrender value, using them as collateral security or borrowing against them to pay the arrears;
- Paying interest only for a while; and
- Using the government deferment scheme that provides the financial institution with a guarantee and allows a repayment based on a 17 per cent rate.

What about other debts?

Pay your house loan first. The cost of acquiring and then losing your house is very high. Other movable assets are not inflation-linked in the way that your house is.

Many defaulting house owners stay on as tenants?

That is a possibility if



OUT IN THE COLD: Even if you have other debts, pay your house loan first. The cost of acquiring and then losing your house is very high and other movable assets are not inflation-linked in the way that your house is.

we can't find a tenant, but it seldom happens.

What happens to repossessed houses?

The financial institution becomes the owner after the "sale in execution" and has to manage the upkeep. An effort is then made to sell the property on the open market.

How many repossessed houses are still empty?

That is not a major problem because of the demand for housing.

Who is responsible for the upkeep of repossessed houses?

The lender.

If your house is sold for

less than your mortgage, are you still in debt?

Yes, there is a personal obligation by the borrower. We try, as far as possible, to collect that money, because it is unfair to borrowers, investors, shareholder and other house owners to do otherwise.

If you have defaulted in the past, can you get another mortgage?

Defaulting makes it very difficult. A lot depends on whether judgment was obtained against the house owner and whether it was recorded in the credit records.

Housing report slammed

CT 4/7/92
Municipal Reporter

THE Cape Town city planner's department yesterday issued a highly critical commentary on the government's De Loor Housing Policy Report, saying it was "too deeply founded on the ideology of the free market".

Many of Dr Joop de Loor's recommendations had literally been lifted out of the World Bank's "Reconnaissance Mission Aide Memoire" of December 1991.

The World Bank document recommended that users should pay the full cost of all services, and that prices charged for them "must ensure the economic efficiency of investments".

The ideology of the free market was not not always appropriate in the field of housing.

"To cost all state land at market rates when considering developing it for low-income people would be likely to perpetuate an already unequal situation," the planners said.

No progress yet on hostel upgrade

SOME progress had been made with plans to upgrade hostels in SA, but no actual construction had yet begun, Local Government and National Housing spokesman Francois Jacobs said last week.

He said negotiation with all affected parties was a "cumbersome process" and that it was difficult to say how soon upgrading would get under way.

More than a year ago President F W de Klerk said he would instruct government officials to do something about improving hostel conditions.

Jacobs, director of urban development in his department, said the successful conclusion of discussions with hostel dwellers and

other interested parties would determine whether the R294,6m set aside for the projects would be spent by the end of the 1992/93 financial year.

Administrations in the four provinces were setting up negotiations in which hostel residents, neighbouring town residents and hostel owners, plus political, civic, labour, employer and community organisations, were taking part.

Jacobs said: "It is generally accepted that there is a two-fold need in hostels.

"Some people want their families to live with them, while others regard themselves as temporary residents and prefer single

quarters. (123) (123) (123)
"Both needs should be accommodated. In terms of the hostel strategy of the government, consensus on upgrading or conversion of hostels is required before any projects can be undertaken," Jacobs said.

Project approval regarding specific hostels had already been applied for. After approval, tenders for construction would be the next phase.

Jacobs said allocation of funds were as follows:

- R197,92m for 207 158 beds in the Transvaal;
- R47,92m for 50 158 in the Cape;
- R23,79m for 24 904 in the Free State; and
- R24,96m for 26 125 beds in Natal.

THEO RAWANA

By Day 6/7/92

STAR 6/7/92 (123) (12)

Residential building sector feeling effect of recession

CAPE TOWN — The economy's disappointing performance and the unstable and uncertain political and social climate over the past six years have had a far-reaching influence on the building sector, says the Bureau for Economic Research (BER) at Stellenbosch University.

It says in its latest building and construction survey that fixed investment in the residential sector, in particular, was put under pressure during this time

and that activity has been mainly in the non-residential sector.

"The poor performance of residential investment since 1985 has, however, caused a backlog in the demand which will be unleashed as soon as political and economic conditions improve.

"More political and social stability and certainty should materialise as the negotiation process progresses and this should also increasingly support invest-

ment in residential buildings from 1993."

Non-residential investment will also be negatively affected in the short term by continued political instability and uncertainty and this sector will reach its next upswing phase only in 1994.

Both architects and quantity surveyors expect further deterioration in business conditions, with staff numbers decreasing at a higher rate.

"These already poor conditions

are expected to deteriorate further in the third quarter, albeit at a slower rate," says the BER.

While building contractors expect both the volume and value of work to decrease further in the third quarter, they feel a bottoming out will not yet materialise.

Sub-contractors think the deteriorating conditions will continue, with no chance of a bottoming out in the third quarter. — Sapa.

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Civics threaten to boycott bonds

B/Day 7/7/92
ADRIAN HADLAND (123)

A BOYCOTT of bond repayments, directed at lending institutions throughout the country, would begin in August, SA National Civic Organisation (Sanco) president Moses Mayekiso said yesterday.

In order for the boycott to be averted, certain demands would have to be met, he said. These demands included the disbanding of both white and black local authorities, the cessation of local government negotiations, a moratorium on large Telkom bills, an end to the strike at the SABC and the deployment of an international peace-keeping force, a Sanco statement said.

The bond boycott resolution was reached in Bloemfontein over the weekend at Sanco's first general council meeting since its inception earlier this year.

Mayekiso said big business, especially private lending institutions, had an obligation to put pressure on the state for the attainment of majority rule and the establishment of an interim government.

He said lending institutions had collaborated with black local authorities in order to secure land and were very selective in the granting of bonds. "We understand they are in the business of profit-making but this should not happen at the expense of the people."

He also suggested development agencies, including the IDT, should be restructured. This should be done before the IMF or the World Bank involved themselves in the country.

THE US Agency for International Development (USAID) wants to help SA deal with its housing backlog. To which end, it proposes to enter into \$30m worth of contracts between now and the end of fiscal year 1994. All of which will translate, not into bricks and mortar, but into "housing programmes which do not perpetuate the forced living patterns imposed under apartheid".

Since May 28, the agency's contracting officer in Swaziland has been soliciting bids for the scheme's principal contract. Interested parties are invited "to submit a proposal for a three-year programme of technical assistance, training and strategic financial support in community-based planning, development and management of housing and urban development... for black South Africans". If that sounds a little vague, USAID is not entirely sure what it means either.

What the agency is really saying is: "We have a pot of money to do something about SA's housing problem. Come up with a plausible plan for spending it, and it's yours." There is nothing unusual about this. It is the way USAID generally operates.

The closing date for bids is August 28, but this is not relevant for SA readers. However competent they may be in devising projects to assist their own population, the contract is not for them. Nor may just any American entity apply. Only proposals offered by "disadvantaged enterprises", as defined in Chapter 19 of the Federal Acquisition Regulations, will be considered.

FAR 19.001, to give the citation its technical name, states that a "disadvantaged enterprise" is one that is at least "51% unconditionally owned by one or more individuals who are both socially and economically disadvantaged... and that has its management and daily business controlled by one or more such individuals".

The "socially disadvantaged" are those who have been subject to racial or ethnic prejudice or cultural

US foreign aid has little to do with philanthropy

8/Day 7/7/92

SIMON BARBER in Washington

bias because of their identity as a member of a group without regard for their qualities as individuals". Such persons are to be regarded as "economically disadvantaged" as well if "their ability to compete in the free enterprise system is impaired due to diminished opportunities to obtain capital and credit as compared with others in the same line of business".

The following are listed as automatically belonging in this category: Black and Hispanic Americans, American Indians, Eskimos, Aleuts and native Hawaiians, plus US citizens who can trace their origins to India, Pakistan, Bangladesh, Sri Lanka, Bhutan, Nepal, Japan, China, the Philippines, Viet Nam, Guam, the Republic of Palau, the Northern Mariana Islands, Laos, Kampuchea, Taiwan, Burma, Thailand, Malaysia, Indonesia, Singapore, Brunei, Federated States of Micronesia.

Thus, in the unlikely event they were to become naturalised Americans, the Sultan of Brunei, one of the richest men on earth, and Sony's Akio Morita, would be entitled to the privileges of disadvantage, no questions asked.

Virtually all federal procurement entails legally mandated set-asides for the "socially and economically disadvantaged". However, it is un-

usual for an entire contract to be made the exclusive domain of such persons, as in the present case. The anomaly is the result of section 567 of the 1990 Foreign Operations, Export Financing and Related Programmes Appropriations Act.

It makes a special case of USAID spending for development and famine relief in Africa. It requires that, "to the maximum extent possible", all assistance for the continent approved by Congress in 1990 should be channelled either through "disadvantaged enterprises" or "historical black universities and colleges" or colleges "having a student body in which more than 40% of the students are Hispanic American".

In subsequent years, these entities are to receive not less than 10% of the African aid pie. Furthermore, any non-disadvantaged organisation that is awarded a contract must, as a condition of receiving it, share at least 10% of it with a "disadvantaged" subcontractor.

In order to ensure that USAID does not wriggle out of the requirements, the agency's administrator is expressly commanded "notwithstanding any other provision of law... (to) use less than full and open

competitive procedures" when granting Africa-related contracts.

Finally, the agency is to notify its Office of Small and Disadvantaged Business Utilisation at least seven business days in advance of advertising a contract worth more than \$100 000 so the office may begin alerting the correct kind of bidder before anyone else knows the contract is on offer.

All of which serves to illustrate that US foreign assistance, especially now that the end of the Cold War has removed the geopolitical motive, is primarily a domestic programme.

Congress is allowing USAID to spend \$30m on something called "Shelter and Urban Development Support" in SA not because it intrinsically cares that millions of black South Africans are homeless or inadequately housed, or even because it believes some higher purpose might be served by actually helping them.

If it cared, it would have taken steps to ensure the money was spent as efficiently as possible by ordering the agency to find contractors solely on the basis of competence. The likeliest candidates would have been indigenous organisations with practical experience on the ground and the commitment to use the funds effectively.

The truth is that, whether it likes it or not, USAID is just another of the federal government's engines for redistributing revenue among the citizenry. Not for nothing have the majority of scholarships the US has provided to black South Africans over the past decade been to American institutions for whom USAID money is merely part of the larger federal subsidy package.

For the past 25 years, a key objective of the government's redistribution function has been to purchase domestic racial harmony by buying off racial and ethnic elites through access — privileged or compensatory, depending on your point of view — to society's goods. Among those goods are aid contracts.

The result is a racial spoils system. It has now matured to the point where not an eyebrow is raised when Congressman Mervyn Dymally, chairman of the House Africa subcommittee, and his colleagues on the Congressional black caucus openly state that they will support the administration's foreign assistance requests only if their own racial constituency is granted a slab of the cake. Hence the language in the 1990 Foreign Operations Act.

Dymally makes no secret of viewing Africa as "our" turf and has unashamedly used his position to leverage business for his "disadvantaged" clients, not only from the US government but from African rulers as well. His latest plan, brewed up with the ANC's lobbyist — "disadvantaged" former congressman Walter Fauntroy — is to have Congress establish an independent board which would receive \$260m from the US Treasury to establish joint ventures with black South Africans.

During a recent appearance here, ANC economist Tito Mbowen talked artlessly of the Dymally plan as though it were imminent manna from heaven. Oh dear. Even assuming Congress ever authorises the money, and hell will probably freeze over first, the poor fellow seems to be missing the point. If Congress votes a dime, its purpose will be to enrich "disadvantaged" Americans, not South Africans.

Sanco reveals start of bond boycott

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Own Correspondent

JOHANNESBURG. — A boycott of bond repayments, directed at lending institutions countrywide, would begin next month, South African National Civic Organisation (Sanco) president Mr Moses Mayekiso said yesterday.

He said the demands that would have to be met if the boycott was to be averted included the disbanding of white and black local authorities, the cessation of local government negotiations, a moratorium on large Telkom bills and the deployment of an international peacekeeping force. *CT 7/7/92*

The boycott resolution was reached in Bloemfontein at the weekend at Sanco's first general meeting since its inception earlier this year. Sanco has about 700 branches countrywide.

Mr Mayekiso said big business, especially private lending institutions, had an obligation to pressurise the state for majority rule and the establishment of an interim government.

Lending institutions had collaborated with black local authorities in order to secure land and were very selective in granting bonds, he said.

"We understand they are in the business of profit-making but this should not happen at the expense of the people. They have consistently ignored the needs of the community." He also suggested the restructuring

Lending institutions had collaborated with black local authorities in order to secure land and were very selective in granting bonds, he said.

"We understand they are in the business of profit-making but this should not happen at the expense of the people. They have consistently ignored the needs of the community." He also suggested the restructuring of development agencies like the IDT.

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Diplomatic house-hunters would rather rent than buy

ESTATE agents are divided on whether political uncertainty is dissuading newly arrived or prospective foreign diplomats and their staff from buying residential properties.

Aida chairman Aida Gefen said diplomats were not showing great interest in buying. This was partly because of uncertainty about where a new government might establish its administration.

Seeff properties Pretoria manager Duncan Gray supported this view. "Although there is rising interest in residential property, foreign buyers are holding back a little while longer, looking at renting and not buying," he said.

However, Pam Golding Properties chairman Pam Golding disagreed. "We are negotiating with at least one big foreign embassy for residential sites in Cape Town, and are exceptionally busy in Pretoria."

She would not give details, saying only that there was more interest from Africa than Europe.

ANDREW KRUMM

Gray said the number of African diplomats interested in residential properties in Pretoria was rising. Diplomatic staff favoured sectional titles property for security reasons.

Areas like Pretoria's "old East" had come under scrutiny, but most interest was in centrally situated Hatfield, Brooklyn and the exclusive Waterkloof.

"Diplomatic buyers in Pretoria are looking at the full spread of house prices, from R170 000 to R1m," said Gray. "Some have no price limits at all."

Golding said Cape Town suburbs like Bishopscourt, Constantia and Higgovale were favoured by diplomats. She said these were top properties in the R1m to R5m range.

No income growth, so property is in doldrums

Bl Day 8/19/92 (88) (123) (128)

PETER GALLI

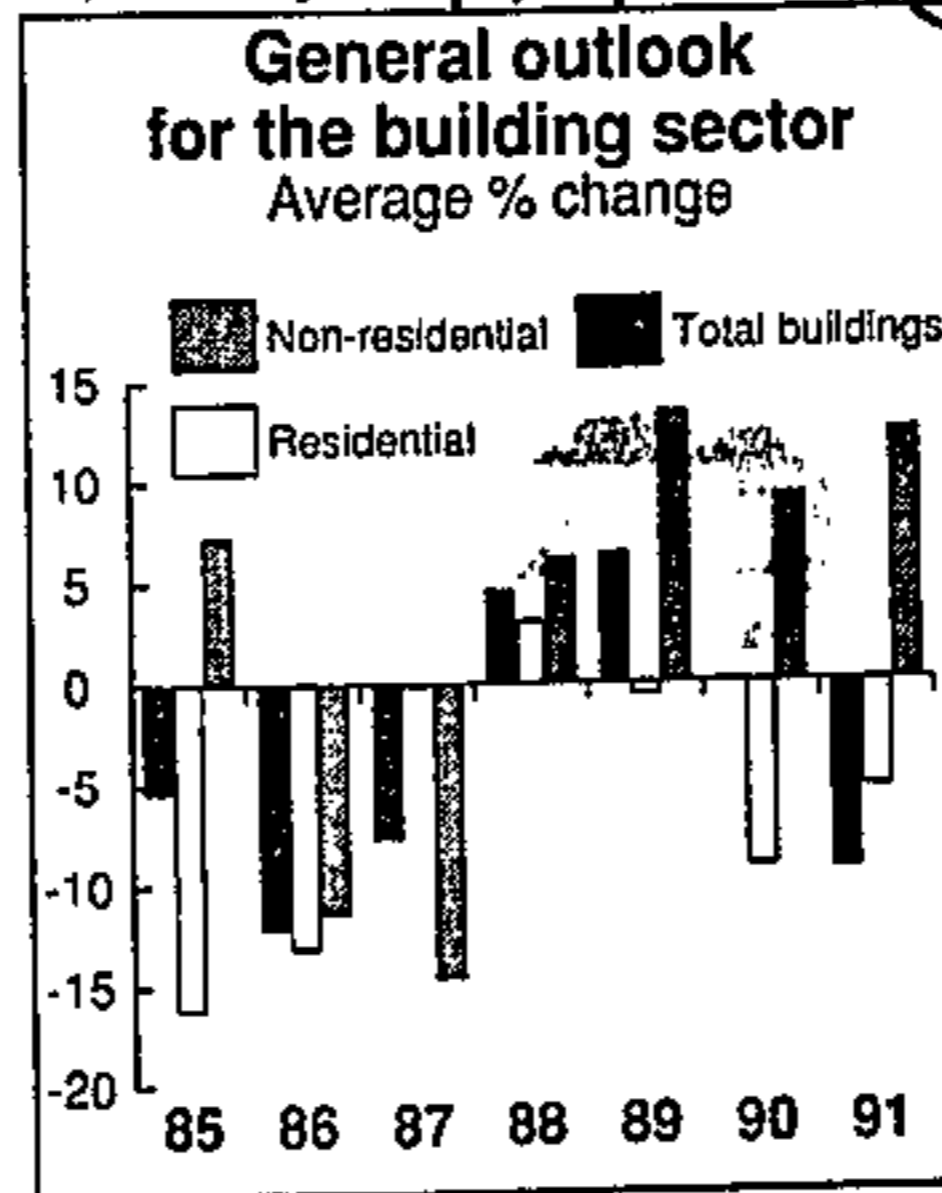
INVESTMENT in the residential property market is unlikely to improve much before the middle of next year, says the Bureau for Economic Research (BER) at Stellenbosch University.

It says in its latest report on the building and construction industry that investment in non-residential buildings will reach its next upswing phase only in 1994, because of surplus capacity in the sector and an unfavourable investment environment.

The recession is particularly painful for the building industry, which has been under pressure since 1985 with only a short, mild revival.

The report says residential investment is determined by real disposable income and the real prime lending rate. The BER does not expect growth of any note in disposable income until the second quarter of 1993.

"Due to this, changes in personal disposable income will exert little upward pressure on residential investment before the middle of 1993.



The real prime lending rate is also expected to remain high before softening considerably in 1993," the report said.

However, investment in non-residential buildings performed slightly better than the residential market between 1985 and 1991.

There was average negative growth of -0,4% in this period, compared with an average growth rate of 3,5% during 1989-1991.

The average growth rate of invest-

ment by private business was 1,6% and 6% for the two periods respectively, while the average growth rate for investment by the authorities was -5,6% and -11,6% respectively.

A substantial amount of excess capacity existed in the commercial market, and building activities were thus expected to lag the expected upswing by quite some time.

"Prospects for shopping space are much the same, as oversupply in supermarket space in particular indicates that investment in the sector will also lag the economic upswing.

"Investment in the sector will also be negatively affected as the upswing will not be consumer orientated and private consumption expenditure will only benefit later in the upswing," the BER said.

However, investment in industrial space was expected to be more sensitive to the economic upswing and would react more quickly as there was less surplus capacity.

Economic growth was expected to be driven mainly by manufactured goods in the short to medium term. This would increase the demand for industrial space.

Hostels: Govt ⁽¹²³⁾ seeks accord

Political Staff

THE government would not take any unilateral decisions about the future of single-sex hostels and representative working groups would discuss their future, the Department of Local Government and National Housing said yesterday.

The department had noted the Goldstone Commission's comments, spokesman Mr. Johan Oosthuizen said.

Mr Justice Goldstone said in a statement on Monday that the commission was distressed that some of its urgent recommendations had been ignored — in particular, that hostels should be immediately and securely fenced and policed.

Weapon carrying

Mr Oosthuizen said negotiations were taking place. The government wanted to work on a consensus basis.

● The government is to give serious consideration to the carrying of weapons in public and a total ban on carrying them in unrest areas, Deputy Law and Order Minister Mr Johan Scheepers said yesterday, reports Sapa.

He was referring to a recommendation by the Goldstone Commission.

● In a statement yesterday, the Democratic Party's law and order spokesman, Mr Peter Gastrow, said: "The message of the Goldstone Commission report is for the government, the security forces, the ANC and the IFP to look at themselves and their supporters, rather than at each other, when dealing with the causes of violence."

en to a hospital where she later died.
The charred bodies of Mamotsane

12 IFP supporters had been killed in Thokoza last Friday.

UK detective ends probe of SAP

TIM COHEN

PRETORIA — Scotland Yard's Det-Supt David Don left SA yesterday after completing an investigation into the SAP's handling of the Boipatong massacre.

In an interview, Don declined to reveal the findings of his investigation, which will be submitted to the Goldstone commission in a report.

The commission appointed Don and another senior British detective, Cdr Tom Laidlaw, to assist in the drawing up of a report assessing the adequacy and effectiveness of SAP investigations into events at Boipatong.

Don said his function was not to take part in the investigation of the massacre itself, only to assess the SAP's role.

Don was seconded to the investigation by Dr P Waddington, who will draw up the

final report. Waddington is one of the overseas academics who will be on a panel which is to draw up guidelines on mass action.

Don said he hoped to bring an objective view to how an investigation should be handled. He hoped his lack of knowledge of the political situation in SA might be a strength, rather than a weakness, in performing this function.

As a general rule, a largescale investigation required good organisation to prevent details being lost in the welter of information.

Good co-operation from the public was essential and it was important to build mutual respect between the police and public, he said.

Quick march for thousands

STEPHANE BOTHMA

THOUSANDS of white men had been ordered to report this week for a year of military service, despite legal opinion that the conscription system was invalid, the End Conscription Campaign (ECC) said yesterday.

The ECC held that the national service system was falling apart, and said only between 30% and 40% of those called up in January had reported.

Many conscripts did not report because of confusion over the legality of call-ups and the perception that the system was "discriminatory and unnecessary".

The ECC said so far none who did not report in January had been charged.

An SADF spokesman said yesterday it was impossible to speculate on how many would report.

He said such figures could be misleading. Many had valid and lawful reasons for not reporting.

A bond boycott win

halt housing schemes'

8/19/92

THE financing and provision of low-income housing in SA would virtually cease if a national bond boycott took place, SA Housing Trust corporate marketing chief Mike Fowlds said yesterday.

Fowlds was responding to SA National Civic Organisation president Moses Mayekiso's announcement earlier this week that a bond and rent boycott would be instituted in August.

Fowlds said the trust's financial arm, Khayalethu Home Loans, would be particularly hard hit as it operated only in the low-income housing market. He said if the boycott threat was real, the financing and provision of much needed housing largely would come to a halt.

"The country will slip even further into a financial void with existing bondholders, in particular, possibly losing all they have worked hard to secure — a home," he said.

Concern over the boycott was also expressed by representatives of a number of housing development institutions, including Gill Strelitz of the Urban Foundation.

Strelitz said the potential crisis called for a committed effort on the part of community leaders and financial institutions to meet and find a way through the situation.

"While there might be some short-term gains for current homeowners in not making their monthly repayments, in the

medium and long term no winners emerge through such boycott action," she said.

New Housing Company CEO Rod MacGillivray said the "ill-advised" boycott, if successful, would have major repercussions throughout the housing industry. "I doubt it would result in financial institutions putting pressure on government, but more likely they would just stop lending," he said.

MacGillivray indicated that while bond repayments may be stopped, "there is no moratorium on interest charges. All that would happen is the amount of the bond would increase".

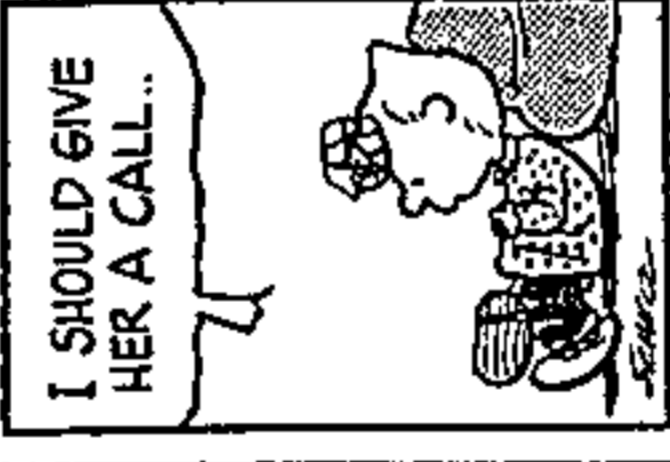
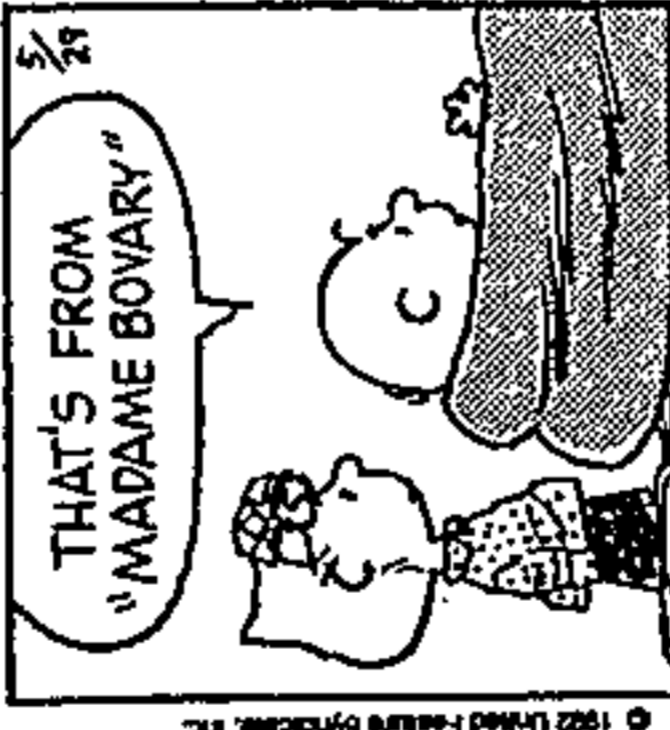
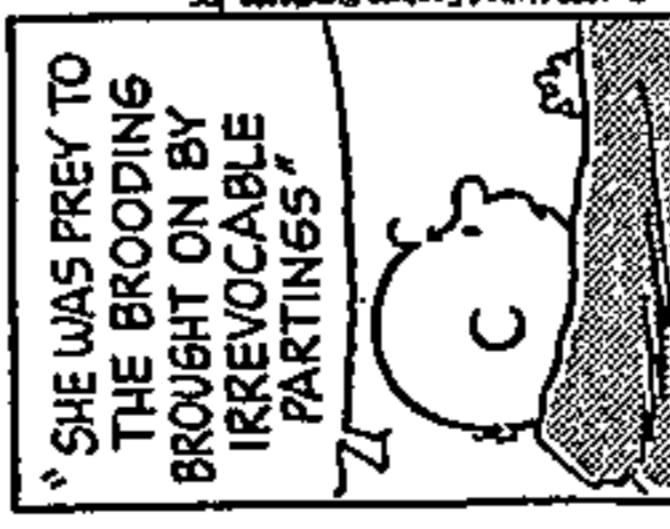
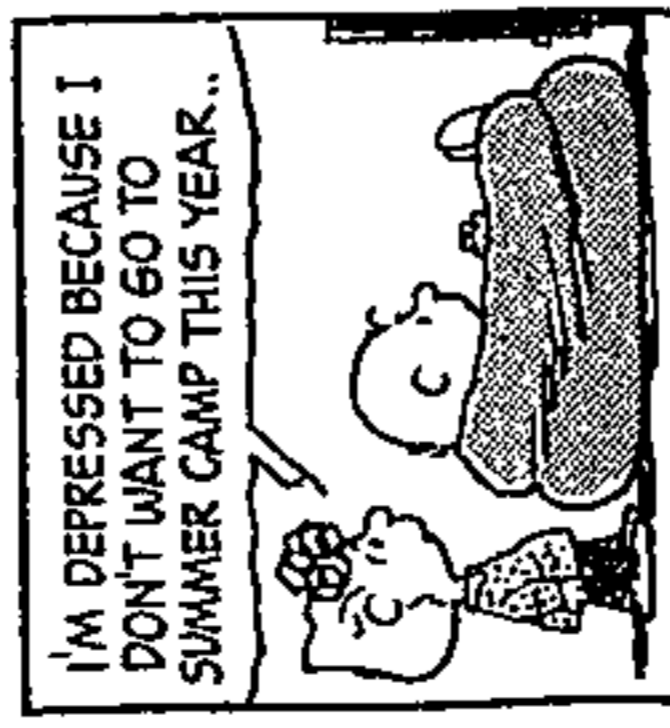
Association of Mortgage Lenders director Martin Milburn-Pyle referred to association president and FNB senior GM Norman Axten's statement earlier this week in which he said threats of boycotts and political strife in the townships had made investors and construction companies reluctant to become heavily involved in low-income housing development.

ANC spokesman Sakkie Macozona said the organisation would not endorse or oppose the bond boycott until the matter went before its campaigns committee.

● Comment Page 6

PEANUTS

By Charles Schulz



■ Inner City could pose problems in the future:

By Joshua Raboroko

THE property industry will have to look at new approaches in financing and development if it is to provide facilities that will be relevant in the changing South African environment.

This is the view of Mr HJ "Fuzz" Loubser, the chief executive of Propnet, the business unit that is responsible for facilitating development on Transnet land. "South Africa has changed rapidly and radically and we have had to keep up with these changes in recent years. We must expect new demands on all sectors of the property market.

"We will be making a serious error of judgment if we think we can get away with the same approaches that were successful in the past."

One area that Loubser believes requires an urgent readjustment from the point of view of developers and property owners is the "inner city".

He said that it was vital to look at the example of the American inner cities of depressed, poverty-stricken and a caul-

Radical thought changes needed

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Sowetam 9/7/92

dron of simmering unrest, as witnessed by the Los Angeles riots of a few months ago.

"We must take serious note of what happened there; the underlying issues that caused the riots are in many ways similar to the South African situation.

"Accelerating urbanisation alongside rapid political change has utterly changed the demographic patterns of our inner cities."

He said that other issues that needed to be looked into were the integration of existing cities with the surrounding dormitory towns; political representation for all citizens and major pressure on public transport systems.

Scepticism over bond boycott

B1 Dan 9/7/92
THE call for a bond repayment boycott has gained little immediate support from political and community organisations.

Considerable scepticism existed over the SA National Civic Organisation's (Sanco's) stance among potential allies, sources said yesterday. Many felt such a move would be inappropriate.

Civic Associations of Johannesburg general secretary Cas Coovadia said the call for a bond boycott would create confusion and have "negative spinoffs".

"It is a very serious call to make and needs an in-depth look at in current conditions," he said.

Coovadia suggested there had been insufficient consultation with organisations over the boycott.

He would continue to pay his bond until the position had been clarified.

Sanco general secretary Dan Fandi said the implementation of the boycott would only begin once consensus had been reached with potential allies. These includ-

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ADRIAN HADLAND *123*

ed the regional structures of Sanco, the labour movement, the ANC, Azapo and other political and community organisations.

Fandi put down a deposit on a house in Grahamstown in 1989 but has not paid any bond instalments since.

Azapo publicity secretary Strini Moodley, who does not have a bond, said the question of bond boycotts needed to be considered carefully before Azapo's support could be given. Moodley said Azapo had not been approached by Sanco.

Cosatu campaigns organiser Lisa Seftel said Cosatu was planning to meet Sanco to discuss the boycott issue.

ANC spokesman Saki Macozoma indicated boycott action would have to be passed by its campaigns committee before it could be adopted by the ANC. The committee was due to meet this week and would consider the bond question.

Top property sales volumes crumble

BIDON 9/7/92

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PETER GALLI

PROPERTY developers in the middle to upper market range are biting the bullet as sales volumes have plummeted by as much as 50% over the past few months, developers said yesterday.

Disa Development chairman Theo Stergianos said the market was extremely tight and sales volumes were being severely affected.

"While we hold land in a number of areas, we are not undertaking any speculative developments and all projects are tenant driven. The market is very quiet and activity is at least 50% down on a year ago."

Rabie Investment Holdings MD Leon Cohen agreed, saying political uncertainty and the economic recession had resulted in sales volumes dropping steadily over the past few months, and were now about 50% lower than six months ago.

"The property development industry is in a difficult position due to the

capital expense it has to outlay for every project. It also has to look six months to two years ahead and plan accordingly," he said.

Rabie was undertaking no speculative developments. Construction was not started until at least 70% of a project had been pre-sold, Cohen said. Disa was selling only off-plan.

"Disa has diversified and now not only builds homes but conducts estate agency work in the Western Cape. We concentrate around the R120 000 price range, but people are worried about job security and are not keen to commit to bond responsibilities."

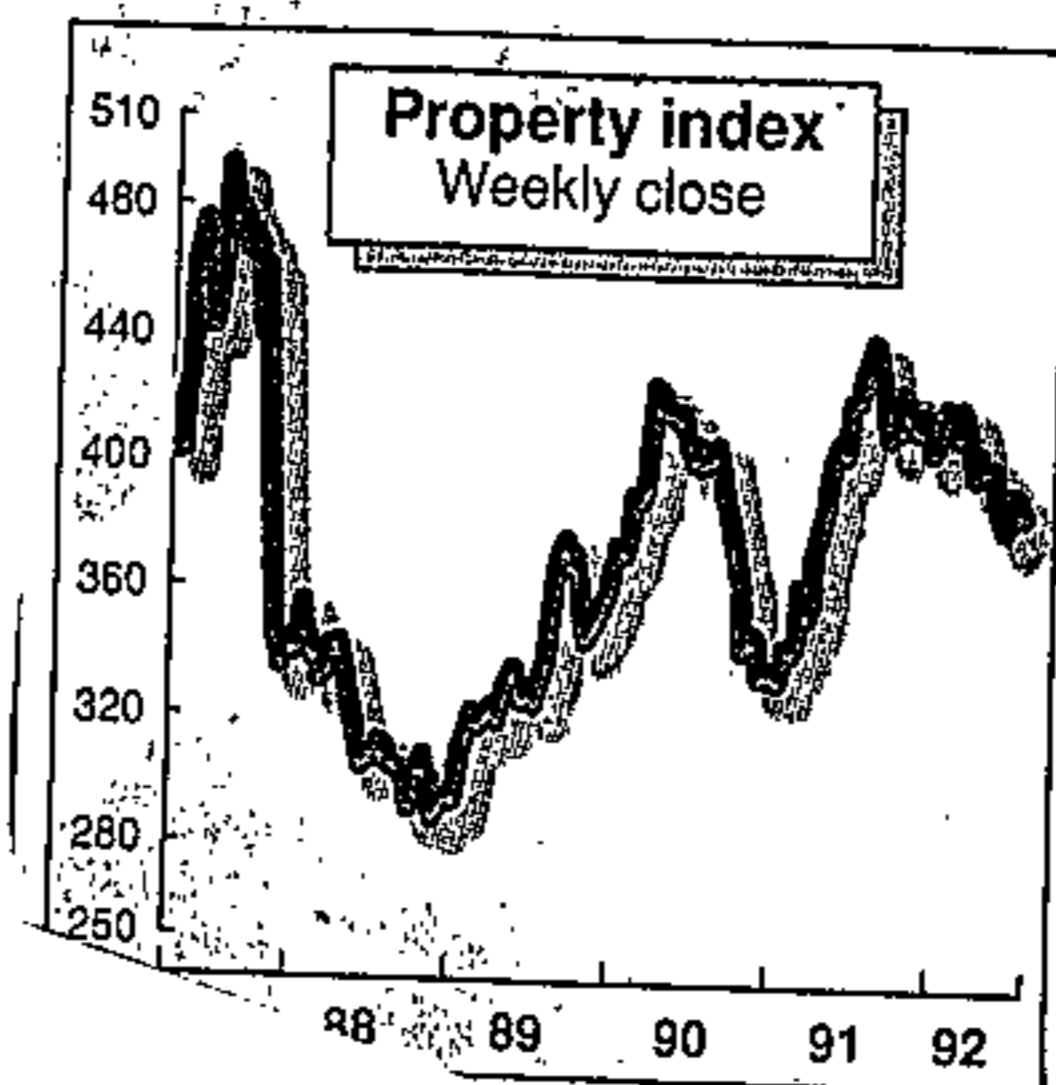
The company looked at the market from the Western Cape to East London and Port Elizabeth.

Rabie's main business thrust was the Western Cape market in the R100 000 to R2m range, but it had a Johannesburg office that concentrated on sectional title development.

While Rabie had reported a loss last year, this had been reversed and a small profit had been made in the financial year to end-June. It hoped to improve this next year.

Stergianos was less optimistic, saying Disa's return to profitability was dependent on political and economic developments. Disa reported a R1,99m loss in the six months to end-February.

The property index was unchanged yesterday at 381,4 points, midway between its August 7 1991 high of 441,25 points and November 11 1990 low of 327,46 points.



Bond boycott gets little support

(123) CT 9/7/92

JOHANNESBURG. — The call for a bond repayment boycott has gained little immediate support from political and community organisations.

In fact, considerable scepticism existed over the South African National Civic Organisation (Sanco) stance among potential allies, sources said yesterday.

Civic Associations of Johannesburg general-secretary, Mr Cas Coovadia said the call for a bond boycott would create confusion and have "negative spin-offs".

Mr Coovadia suggested there had been

insufficient consultation over the boycott and that he would continue to pay his bond until the position had been clarified.

Sanco general-secretary Mr Dan Fandi said the implementation of the boycott would only begin once consensus had been reached with potential allies.

Mr Fandi put down a deposit on a house in Grahamstown in 1989 but has not paid any bond instalments since.

Azapo publicity secretary Mr Strini Moodley, who does not have a bond, said the question of bond boycotts needed to be

considered carefully before Azapo's support could be given.

● Sapa reports that the Standard Bank said yesterday a bond boycott would increase the destabilisation of South African society.

The bank said there was no logic in a situation whereby those institutions that had the confidence to enter the low-cost housing arena were now faced with a bond payment boycott if demands totally outside their sphere of influence or control were not met.

... geographically and harm our land values." ■

FURNISHED APARTMENTS

Life in the suburbs

Thanks to the lingering distortions of the Rent Control Act, the development of rental apartments is still a dead duck. But, happily for some developers, the trade in furnished apartments for rent is alive and well.

In the late Seventies, the only furnished apartments available to rent in Johannesburg's northern suburbs were at The Augustus in Illovo or at The Don Pepe in nearby Melrose North. Demand for temporary havens — typically from relocating executives and spouses in between marriages — was so great that developer Norman Bank, the man credited with starting the executive apartment trend, added a third in the form of Don Pasquale, also in Illovo.

But though demand for this type of accommodation clearly far outstripped supply, developers remained oddly reticent about getting into the market.

It wasn't until 1988 that two new players

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Trafalgar Court ... going into hotel occupancies

emerged. 50% Syfrets-owned sectional title developer H Lewis Trafalgar launched its first scheme in Pretoria, Trafalgar Court.

Within months, Incity MD Marc Wainer bought the two Don developments in Johannesburg from Bank and immediately refurbished and refurnished them. The following year he entered into a 10-year lease with Stanprop to run The Augustus which Bank had sold to Stanprop in 1986. Wainer now manages both the Dons and The Augustus through the Don Group, a private syndicate of which he is a member.

Wainer, who recently left the Investec Property Group to go on his own, says he intends to double the number of rooms he has available — now standing at 214 — over the next year.

Meanwhile, H Lewis Trafalgar MD Neville Schaeffer, who is about to open the doors to his fifth scheme, says when it's complete he will be the leading developer of this type of accommodation with 237 rooms to let.

After his first scheme in Pretoria's Arcadia, Schaeffer also looked to Johannesburg's northern suburbs (and elsewhere) to build up his portfolio. He opened a further three schemes, buying, like Wainer, old apartment blocks which he then refurbished. Under the corporate name of Trafalgar Court, Schaeffer opened his Sandton scheme in 1989; Illovo in 1991 and Gardens (Cape Town) the same year. His latest scheme is the redevelopment of another old Illovo landmark, Fox Hill, on Rudd Road. It is to be renamed Trafalgar Court, Wanderers, and will be ready for occupation in December. A new feature will be a breakfast room to cater specifically for travelling businessmen.

Surprisingly, occupancies in both the Trafalgar Court and the Don Group apartments continue to top the 90% mark throughout the year. December is said to be the worst month as businessmen invariably ensure they are home for Christmas. Occupancies are also said to be high at Lakeside Manor, a 41-unit building owned by Braamtrust near Bruma, east of Johannesburg.

High occupancies in the Illovo area where

there are currently three executive apartment blocks has encouraged developer, Gallic Construction, to bring a fourth, more upmarket scheme, on stream. It will be called The Courtyard at Rosebank and, like its sister development in Sandton, The Courtyard at Sandton, will probably be managed by Protea Hotels subsidiary Places. Investors say building from scratch, as Gallic is doing, makes tenancy much more expensive,

but projected out at hotel rates over a five-year period, the schemes still offer attractive returns.

Schaeffer says his only project not doing well is the one in Gardens, which is showing a relatively low 60%-70% occupancy rate. He believes an education process still has to take place in Cape Town and that eventually interest will be stimulated.

Budgeting on a 90% occupancy rate, Schaeffer maintains his buildings will typically show initial returns of 16%. Over four years — thanks largely to six-monthly tariff increases which follow those of the smaller hotel groups — the annual returns have risen to 25%.

Schaeffer, who is delighted with this growth in what he describes as a largely untapped market, says 70% of Trafalgar Court's regular bookings emanate from large corporations, financial institutions and foreign embassies.

The Don Group says 60% of its clients are corporate but it plans to launch an ad campaign to improve the mix.

For users it's clearly a better bet to lease furnished flats on a monthly rather than daily basis. The saving is as much as 50%.

Bachelor flats at Trafalgar Court, Illovo, fetch R2 300 a month (R100 per day), which compares to nearby Don Pepe's studio rate of R2 000 a month (R110 per day). These rates are 115% lower than similar, upmarket, single accommodation in a hotel. Studio rates at the ultra-luxurious Courtyard at Rosebank may, like its Sandton operation, be in the order of R260 per day or R3 800 a month — still cheaper than the Sandton Sun.

Trafalgar Court's three-bedroom apartments in Illovo, meanwhile, go for R245 per day — roughly the same daily rate as a Courtyard studio. On a monthly basis they cost R4 150.

Compared to hotel rates, and taking into account savings on room service and liquor, one can see why furnished apartments are attractive to companies seeking to house their transient employees. It's like the message in Wainer's new ads which will read: "Double the space at half the price." ■

perts, said Mr Schoeman in a

Snow... pavement, sleep nud-
dled next to each other for
warmth.

Big chill switch-on boosts Eskom

Staff Reporter

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STAR 10/7/92
She said the latest record did not necessarily reflect how cold it was, but how power supply and usage had increased.

Eskom is smiling as shivering South Africans set a record by using 22 640 megawatts of electricity in one hour between 6 and 7 on Wednesday night.

Eskom spokesman Hanlie du Toit said the previous peak-hour record was 22 480 MW, measured during the previous cold snap on June 25. Last year's system peak-hour record was 22 186 MW on June 19.

"Early in the morning, the electricity demand rises rapidly due to household and industrial activity, reaching its peak between 8 and 9 am. In the evenings, when people prepare food and switch on heaters and television sets, the demand rises rapidly once again, resulting in another peak," she said.

Thobile Makhoba and her friends also use plastic sheeting, boxes and pieces of rags to shield themselves against the winter chill.

Ms Makhoba told The Star that when she first started sleeping on the pavement, four years ago, she had two blankets and a coat.

"Someone just grabbed the blankets during the night. One by one, they were gone until I was left with nothing," she said.

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Tutu, De Klerk hold talks on petition

Staff Reporter

STAR 10/7/92

Archbishop Desmond Tutu yesterday held an hour-long discussion with President de Klerk about a recent church leaders' petition to the Government to bring the perpetrators of the Boipatong massacre to justice.

The petition was handed in at Tuynhuys on June 22. It also called on political leaders to reach agreement on the international monitoring of violence and on multi-

party control of the security forces.

Archbishop Tutu's request for the meeting was a personal initiative.

John Allen, spokesman for the archbishop, said the discussions took place in a friendly and open atmosphere. The archbishop did not believe the differences were irreconcilable, and was hopeful the discussions would contribute to the resumption of negotiations.

Clerics soften stand on Govt

STAR 10/7/92

DURBAN — The national conference of the SA Council of Churches last night drew back from a moratorium on further talks with the Government.

It also softened its stand on urging church leaders to place advertisements in newspapers, calling on the Government to resign.

The debate became heated during the discussion of this resolution, which in its original form asked that unjust laws be disobeyed.

An amendment was passed unanimously which instructed the na-

tional executive committee to start a process of consultation among member churches and in society to formulate a plan of action — which might include a talks moratorium and advertisements.

Introducing the original motion, Emma Mashini said: "We want the Government gone, whatever needs to be used."

Anglican Bishop of Johannesburg Duncan Buchanan said: "I would much prefer that we talked than fought ... if we don't talk to them, who will convert them?"

— Own Correspondent.

FINNIST-ETVINGE

Police call for hostel changes

PRETORIA (123) The police have called for urgent attention to be given to upgrading or re-modelling hostels.

The head of the SAP's Internal Stability Unit, Lieutenant-General Johan Swart, said it was naive to expect fences and entry control at hostels to solve the problem of conflict.

11/7/72

MONEY MATTERS

MAGNUS
Heystek



Residences in selected areas snapped up

(123) (10)
SM 11/7/92

MANY people who took Magnus Heystek's advice on buying a second property in recent years are today showing healthy capital gains. He does not see this trend changing quickly.

ONE OF the few bright spots in an otherwise very depressed investment scenario is the rental level on the residential property market, especially in certain areas and for certain types of accommodation. However, rental levels in the retailing and commercial fields are under great pressure, and many property owners are being forced to reduce rentals to fill buildings.

In many cases, not even this is enough, and large office blocks have reverted to offering up to nine months' rental free in order to sign up tenants.

The retailing and commercial property market is now paying the price for massive oversupply of new office space which, in the current economic climate, is not going to be taken up very soon.

In the centre of Johannesburg I counted 16 empty shops in the Downtown Centre in Pritchard Street alone earlier this week.

The rental market for residential accommodation, on the other hand, is performing very well. In the Greater Johannesburg/Sandton/Randburg areas, vacancy levels are almost non-existent, with rentals rising very much in line with the inflation rate — in some cases by more.

Confirming this trend in the marketplace is estate agent Elize Rozenman from Montagu Homes in the northern suburbs of Johannesburg, who reports an "incredible" demand for townhouses and clusters in areas like Fourways Gardens, Lonehill and Bryanston.

"Empty apartments are snapped up almost immediately and rentals of up to R2 300 a month for an ordinary three-bedroomed apartment are being achieved without any problems," she says.

A similar trend is being experienced by Johan Franck, director of Richland Properties, a major developer and builder of two and three-bedroomed apartments in the northern suburbs of Johannesburg and in Sandton.

Richland has been in a niche market in the residential property market for a number of years and to date has sold more than 1 500 townhouses. The recipe is simple: a small, affordable townhouse in an upmarket area.

Unable to buy or build

Many buyers were investors who are currently smiling (not yet laughing) all the way to the bank. Not only have they seen the values of their investments escalate rapidly in recent years, but rentals levels are now covering bond repayments in many cases.

The latest Rode Report on the SA Property Market shows clearly that rental levels for residential accommodation in most large South African cities are still rising rapidly despite the depressed economy.

Several factors contribute to this. First, more and more people are finding it impossible to buy or build at current prices and are forced to rent until their financial position improves.

Second, due to the lack of speculative building activity in the residential property market as a result of high interest rates and rapidly rising building costs, the supply of residential dwellings has dropped substantially.

The market has also been positively influenced by the abolishment of the Group Areas Act two years ago. Many professional blacks are now renting in formerly white areas. Added to this is an increase in the number of immigrants: many settle in Johannesburg/Sandton.

The uncertain political scenario is also causing many prospective buyers to sit on the fence and wait for things to unravel. But in the meantime they need somewhere to stay — so they are forced to rent.

But people considering an investment in a second property should be selective in their choice of property as well as the area. Townhouses and cluster houses are in greater demand than free-standing dwellings on large tracts of land. The reasons are security and upkeep.

Property economist Neville Berkowitz says the areas in demand include Sandton, Morningside, Bryanston, Killarney, Rosebank, Illovo and Melrose.

Areas to avoid include Hillbrow, Berea, Yeoville and even Observatory which run the risk of becoming "grey". The fear of greying, real or otherwise, depresses rental levels.

But even at current higher levels in certain areas, investors will have to be prepared to subsidise tenants

for a number of years in relation to bond repayments and the opportunity cost of making such an investment.

Someone who buys an apartment worth R170 000 with a deposit of R30 000 will need monthly repayments of about R2 200 a month on the bond. The rental levels will most probably not exceed R1 500 in current markets.

But this "subsidy" of R700 a month in the first year will gradually decrease as rental levels increase. Normally, by year four the bond repayments and the rental levels will roughly match each other and in year five the rentals will start exceeding bond repayments.

Many who took my advice on buying a second property in recent years are showing healthy capital gains. I don't see this trend changing quickly in the foreseeable future.

Planners must change minds

CIPren 12/7/92

A NEW state of mind will help town planners design townships in the new SA, according to University of Cape Town architect Revel Fox.

In a speech titled "New townships for old", Fox told the winter school at the Grahamstown Arts Festival that "designing for the poor has often been neglected".

"What exists are dormitories, hostels that don't cater for the needs of the community."

He said the apartheid regime had consciously isolated townships from the white communities in town.

Calling for more accessibility, he said when planning townships an architect must bear in mind that most people rely on trains and buses.

Ownership of the land by the tenant must be taken into consideration so that the house can be extended to accommodate boarders.

Fox pointed out Bisho in Ciskei and Lilongwe in Malawi as typical old townships which have been transformed into new ones.

Skilled architects, ideas from the community and financial assistance from the State formed the best approach to planning new townships. - ANA

Aida sees light on property market horizon

PENT-up local demand for residential property, coupled with overseas participation, could see a marked increase in prices within two to three years, Aida Holdings chairman Aida Geffen said in the latest annual report. **61047 1317192**

The group was more positive about the future of the real estate industry than it had been for several years.

The sectional title and cluster develop-



PETER GALLI (123)

ments sector had held up but there was resistance to prices above R350 000.

Higher operating costs offset an increase in turnover.

A dividend 33,3% lower at 1c a share was declared for the year to end-February on the back of substantially improved earnings of 4,1c a share (0,7c previously).

Plea for a new view ⁽¹²³⁾ on design of townships

ARC 13/1/92

GRAHAMSTOWN. — City planners need a new state of mind for designing townships in a new South Africa.

That's the opinion of Mr. Revel Fox, an architect from the University of Cape Town, who delivered a speech on *New Townships for Old* during the winter school at the Arts Festival.

"Designing for the poor has often been neglected. What exists are dormitories, hostels that don't cater for the needs of the community.

"Another important aspect is accessibility. South African townships are consciously built to be isolated and apart from the white community in town," he said.

When planning townships an architect must bear in mind that most people rely on trains and busses.

People in townships come mainly from farms, rural locations, and homelands where they are used to space. Ownership of the land by the tenant must be taken into consideration so that the house can be extended to accommodate boarders.

Mr. Fox pointed out Bisho in Ciskei and Lilongwe in Malawi as typical old townships which have been transformed into new ones.

A combination of skilled architects, ideas from the community and financial help from the state formed the best approach to planning new townships, he said. — Eena.

Options to house homeless

AFFORDABILITY remains a key constraint in housing SA's homeless and will have to be seriously addressed if the shelter needs of the majority of South Africans are to be met.

Three ways of increasing the range of affordable options are highlighted in a working paper by Warren Krafchik of the Institute for a Democratic Alternative for SA (Idasa) which has been put out by Wesgro as part of its "Growing the Cape" initiative.

The first of these is the need to provide a full range of possible delivery options including site and service schemes, a wide range of incremental housing and conventional housing as well as rental accommodation.

Consultants

The second is to reduce the costs of infrastructural services, the provision of which is the major component in low cost housing.

Krafchik points out that historically township planners, surveyors and electrical and civil consultants work in isolation from one another.

Cost reductions, he says, could be achieved if electrical and civil engineers are consulted on township layout instead of minimising costs subject to a given layout.

Once the area is designed, further cost savings are available by reducing standards.



Property Perspectives

by MAGGIE ROWLEY

(123)
CT 13/7/92

Full water-borne sanitation costs between R2 000 to R3 000 per site and cost reductions in existing systems can be achieved by reducing pipe diameters and by using inspection eyes to reduce the number of manholes.

The high water table in the Cape Flats excludes the possibility of treating sewerage on site but alternative simplified water-borne systems, including condominal systems have been shown to reduce capital and maintenance costs by 60% in Brazil.

The costs of providing tarred roads, he says, amounts to about R1 500 to R2 000 per site and savings are available in this area by reducing road widths and using alternative surfacing methods.

Water, he argues, can be provided in a number of ways including kiosks, communal standpipes, yard taps and in-house water supplies.

"Finally a full range of of electrification options would include no electricity and/or gas provision to full underground cables providing in-house reticulation. Intermediate options could include a supported or

insulated barbed wire overhead system."

He says an interesting option used in Maritzberg was to allow the user to choose the capacity of the fuse installed and rates for each household vary according to how much each is able to draw at peak times.

Access to affordable materials in convenient locations is an important constraint facing many

particularly informal settlement residents. Solving this is yet another way of increasing the range of affordable options.

"Given the present location of most retail material outlets, these residents have little access to appropriate materials and advice

Upgrading

"The alternative which is frequently used of necessity is to rely on locally provided waste materials at exorbitant prices (R1 000 to R2 000/m³ of waste as opposed to the swamill structural timber price of R300 to R750/m³).

This issue, he argues, is critical particularly if upgrading and incremental shelter is to form an important part of a future housing dispensation.

Krafchik's full paper, which is one of three on construction being distributed by Wesgro to facilitate awareness, discussing and research on aspects of the Western Cape economy, is available at a cost of R10 from the Wesgro offices, PO Box 1678, Cape Town.

Boycott call a threat to social upliftment Shill

THE call for rent and bond boycotts as part of mass action would severely restrict activities of the newly established Investment Development Unit (IDU), Life Offices' Association chairman Louis Shill said yesterday.

Shill said one of the unit's aims was to provide affordable housing and property for the small entrepreneur to operate out of rented or mortgaged premises.

The threat of a boycott placed unnecessary difficulties in the way of the IDU's programme for social upliftment, said Shill.

If the proposed boycott was pursued, warned Shill, the IDU would have to refocus on areas where there was more chance of achieving common purpose between investors and potential users of such money

through sound ventures. Sapa reports that an urgent meeting is likely between leading mortgage lenders and civic organisations after the SA National Civics Organisation's (Sanco's) threat of a boycott to support ANC mass action.

Sources in financial circles speculate that if such a boycott were to be reintroduced it would undermine banker confidence and fewer low-income sector bonds would be approved.

Association of Mortgage Lenders spokesman Martin Milburn-Pyle confirmed the possibility of lending cuts for certain income groups and in certain areas in the event of a boycott. This would be at the discretion of individual lenders.

GAVIN DU VENAGE

RIDAY 14/1/92

(123)

Uncertainty pushes house sales up

610A4 14/7/92
POLITICAL uncertainty is again increasing house sales and emigration inquiries, but there is still a queue of immigrants to match departing South Africans.

Estate agents and removal firms said more people were thinking of leaving because of uncertainty following the Boipatong massacre, the breakdown of talks and the threat of prolonged mass action.

International removal companies have reported a 15% to 30% increase in the number of inquiries about overseas removals over the past month, citing political uncertainty as the main reason for this.

"Nationally, the number of telephonic inquiries about moves abroad has risen nearly 20% in the past month, while in Johannesburg queries are up 30%," Stutta-

123 PETER GALLI and ANDREW KRUMM

fords Van Lines director Louis Le Roux said yesterday.

Both Elliott International chairman Tom Ansley and Pickfords Transvaal manager Andrew Baker estimated inquiries were up.

Ansley said although political uncertainty prompted the rise in inquiries, there had not been a corresponding drop in people moving to SA.

"The number of families moving into SA predominantly from Europe and English speaking countries - matches the number of families moving out."

Latest Central Statistical Service fig-

□ To Page 2

House sales

BIDA4 14/7/92
ures for March showed 351 people immigrated whereas 330 people emigrated.

"It will take between three to four months for an accurate picture of how political factors are influencing international removals," Ansley said.

Baker estimated that the correlation between local inquiries and actual removals was about 45%.

Le Roux said the popularity of destinations had changed, with interest shifting from Australia and Canada to western Europe. "In terms of the volumes of actual removals, the UK is still top of the list at 25%, then the US at 20%.

"Next is western Europe at about 20%,"

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while removals to Canada and Australia are nearly 10% of volume. Australia and Canada are still popular, but due to the recession and a lack of jobs, it is difficult to get permission to move there," he said.

Aida Holdings chairman Aida Geffen said a large number of homes had come onto the market. These ranged from middle to upper income markets.

"At the upper-end, we are having problems selling the homes. Despite their wish to leave SA, sellers are not dropping their prices," she said.

Pam Golding Properties director Ronald Ennik agreed. He said house prices were standing up better than expected.

UCT ⁽¹²³⁾ launches housing course

Property Editor
AN annual short course in Housing and Community Development aimed at equipping low income communities with the skills to participate meaningfully in their development in the Department of Construction Economics and Management at the University of Cape Town.

Funding of R100 000 has been provided by the Canadian government to cover the costs of the first two years.

Course co-ordinator, Professor Bruce Boaden, said political changes, coupled with a greater national and international interest in housing, had resulted in more resources being made available for upgrading and development projects.

"Clearly, there will in the next few years be a major demand for people with skills in housing and community development, not only at the graduate level but in larger numbers at post-matric level.

"More specifically there is a need for community based workers with a broad understanding of housing and community development issues to play a liaison role between the community and planning or implementing agencies."

The course has been developed in co-operation with a steering committee representing civic-based organisations and this committee will monitor the course once it is up and running. Beginning in August, the course will deal with the basic principles of building construction and town planning; housing finance; project management; legal, political and social aspects of housing; cost estimates and basic computing skills.

Boaden said most of the lecturers will be private sector practitioners and particular emphasis would be placed on case studies.

The course, which will accommodate about 30 students a year, will run over 15 weeks. Matriculation or experience in this field and a proficiency in English are entry requirements. A fee of R300 will be charged.

Houses come cheap from the slag heap

JOHANNESBURG. — A leading South African mining corporation has found a way to save money, provide cheaper housing and protect the environment by using its industrial waste to make building materials.

Details of the breakthrough were carried in a paper delivered at an environmental symposium here on recycling. ⁽¹²³⁾
CT 18/7/92

Genmin Mining Corporation engineer Mr B E Dowling said the process had begun with a Council for Scientific and Industrial Research (CSIR) report which concluded that chrome, copper and platinum slag (metal waste) was suitable for making concrete.

Genmin began making "cement bricks", experimenting with different proportions of platinum slag and cement mixed with water, and testing them. Slag can also be used instead of sand in mortar.

Slag is presently being incorporated into Genmin's employee housing scheme at its Impala platinum plant. — Sapa

Joburg changes its 'density' policy

Municipal Reporter

CAPE TOWN set the trend several years ago for allowing home-owners to build second dwellings on their properties, and now Johannesburg is about to take the lead in encouraging third dwellings.

Mr Ian Symon, Johannesburg's planning director, announced this week that the proposed new policy "makes second and third dwellings a primary right".

The present complicated coverage formula will be abandoned and a new policy introduced whereby subsidiary

(123) CT 15/7/12
dwellings could have up to 50% of the floor area of the main house.

Mr John Muir, chairman of the Cape Town City Council town planning committee, said yesterday that Cape Town would follow what Johannesburg was doing with interest.

"We have probably been leading the field in terms of densifying the city, not in all areas but wherever we feel it is appropriate. We pioneered granting permission for second dwellings, known here as 'granny flats', several years ago."

the good standing of the industry, and had consideration was to clear his name.

Little strike activity in building sector

THERE is little strike activity in the building and construction industry despite the number of people employed in the sector, says SA Building Industries Federation (Bifsa) executive director Neil Fraser.

He feels the reason is that trade unions have problems organising labour action, because building workers tend to move from job to job.

"Our industry also works on the basis of local industrial councils rather than national industrial councils, which means we can negotiate closer to home. This gives us an edge," he says.

But the industry was not without strike action or disruptions, which were usually caused by retrenchments.

Employment was governed by the level and size of contracts. If new contracts were not available, or were smaller, this inevitably led to retrenchments.

"This results in staff cutbacks and in some cases union action and sympathy strikes.

"Bifsa has recommended that most staff be employed on a contractual basis rather than on a full-time basis," Fraser says.

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A survey on total industrial action in the first six months of the year by Andrew Levy & Associates shows that grievances are the main cause of strike action (39,8%), followed by wages (32,3%), recognition/bargaining levels (13,9%) and dismissal/discipline problems (10,5%).

In all industries, about 650 000 man-days were lost in the six-month period — almost double the 375 000 man-days lost during the same period in 1991, but lower than 1990's 1,2-million.

The motor industry suffered the greatest number of man-days lost in the six-month period, at 35,3% of the total number of man-days lost because of strikes. Then came the retail sector at 14,7% and the mining sector at 12,9%.

Last year, the building industry was responsible for only 2,9% of the man-days lost through strikes.

"Retrenchments are still continuing on a monthly basis as the industry is under severe pressure, which is reflected in tender prices.

There seems to be little light at the end of the tunnel and we are not predicting an upturn until the middle of next year at the earliest," he says.

Central Statistical Service (CSS) figures on retrenchments in the building industry show that 14 500 people lost their jobs in the six months from September 1991 to March 1992.

About 369 800 people were employed in the building and construction sector in March 1992 — down from 384 300 in September.

"This figure seems to be dropping regularly from month to month and the figure to June will probably reflect an increased number of job losses," Fraser says.

Medium-sized companies are suffering most, as the large firms generally have long-term contracts. Some smaller companies are co-operating in joint ventures and just managing to survive.

Fraser said a recovery depended on political solutions. The oversupply of commercial space needed to be filled "to give the local market confidence", but for this to happen there had to be economic activity.

Workshop to explore urban housing

THE one city, one tax base concept and its effect on the delivery of housing will be the central issue at an SA Institute for Housing workshop in August, institute president Jan Viljoen says.

"The workshop programme was designed to give a broad view of the impact a single city with a uniform income base would have on the future provision of housing in local areas," Viljoen said.

The workshop will run from August 6-7 at the King David conference centre in East London.

"Just how housing delivery will change through the one-city-one-taxbase idea, is critical to the health of the housing industry — particularly since local authorities

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face a very different future," Viljoen said. "While the state is pushing local authorities to incorporate dormitory suburbs into single metropolitan bodies, the affected communities contest this."

This impasse would affect housing because the viability of metropolitan areas depended on efficient and affordable municipal and social services for all.

Organiser Rose Mitchell said Cape Administrator Kobus Meiring would be the keynote speaker. "We also have international speakers, local housing experts, city officials and community and civic association speakers lined up."



7 81

Project heralds new form of social housing

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NEGOTIATIONS on a project heralding a new form of social housing in SA are close to finality.

More than 2 000 residents of seven inner city buildings in Johannesburg may soon acquire ownership through a joint venture backed by the Perm, Standard, FNB and the Johannesburg City Council.

The project could have important implications for the provision of low-cost inner city housing across SA.

Draft agreements had already been signed by some financial institutions to provide low-interest loans for the initial financing and rehabilitation of the buildings, estimated at worth several million rands, Legal Resources Centre attorney and project advisor Trevor Bailey said.

FNB's chief manager of home loans Andre Latré said the bank was holding talks with the project co-ordinators, but until it could determine the specific capital required, the provision of guarantees and the involvement of the city council, no final agreements could be signed.

The project co-ordinators hoped that through the provision of favourable loans and grants, residents would not have to pay more than R430 a month towards sectional title ownership.

The priority would be to ensure security of tenure and affordability to low-income families living in the buildings, Legal

ADRIAN HADLAND

Resources Centre attorney Odette Geldenhuys said yesterday.

Geldenhuys indicated that buildings in other city centres, including Durban and Cape Town, had already been identified as possible sites for similar projects.

In the project's mission statement, the social housing scheme is envisaged as a two-phase development.

In the interim first phase, buildings would be acquired through soft loans by financial institutions. A non-profit company with bank, tenant and council representatives would be set up to administer the project.

During the first phase, tenants would be given the opportunity to participate in extensive educational training on all aspects of ownership and control of the buildings.

In the second phase, tenants would assume full control and ownership.

The mission statement said the project would promote the wellbeing of the community and enhance its control over its accommodation and living environment.

Other parties which have shown an interest in the project and which could provide financing include the Central Johannesburg Partnership and the New Co Housing company.

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DURING his recent visit to Singapore, President F W de Klerk was shown examples of local government-sponsored housing projects. He was clearly impressed by what he saw because, subsequently, he was quoted as saying he would re-read in a new light the recently published De Loor commission's report on housing.

If he hopes to contribute to the resolution of SA's housing problem, he had better complete his re-read soon. Whatever interpretation he places on the report and whatever policy this or a future government decides to implement, more time will elapse during which exponential growth will add disastrously to the current housing crisis.

Well-quoted statistics give an almost hopeless perspective to the situation. The Urban Foundation estimated in 1990 that the backlog in housing for urban black families stood then at 1,2-million. About 170 000 houses would need to be built each year simply to keep up with population growth. In the PWV region alone, the foundation's estimates in 1990 were that about 377 000 people were living in freestanding informal settlements.

The situation is so serious that instant answers must be found even while a national housing policy is being hammered out.

By taking early action, business is well placed to make a substantial contribution. It is, after all, in the best interests of employers of labour that their workers are properly housed and own the basic instrument of personal wealth, with the concomitant feeling of security that possession of land creates.

In townships around the PWV, black families fortunate to have joint incomes of more than R1 600 a month are moving into homes ranging in size from the most basic four-and-a-half rooms to larger and more elaborate designs. These range in price from R40 000 to upwards of R80 000.

The stands on which they are built have been serviced with tarred ac-

Business is placed to speed housings crisis solution

B/D/W 16/7/92

JOHN WEAVER

(123)



cess roads, electricity, running water and waterborne sewerage. As a commodity develops, so does the infrastructure. Residents set up creches to care for the infants of working mothers; churches are built; local entrepreneurs establish building businesses and offer a range of services such as fencing, burglar bars and house maintenance. Eventually the community justifies a school and in time shops, service stations and shopping centres.

Regrettably, most urban blacks fall below the R1 600 a month income threshold; a situation exacerbated by the recession. These are the people who, even if they are lucky enough to be employed, are probably living in a squatter community in which the scantiest of community life exists with no sense of permanence, far from work, in a house made from whatever scraps of material could be found in the vicinity.

The national housing policy — recommended in the De Loor commission report, proposed long ago by the Urban Foundation and which is now part of official ANC policy — is supposed to lift these people out of their pathetic plight. But they will have to endure many more bitter winters before politicians and other

interested parties agree on how and where they should be housed.

Short term solutions are therefore rapidly needed.

If market dynamics were not smothered by recession and violence, the conventional suppliers of low cost housing would partially fill the void. In recent months, however, these enterprises have either withdrawn from the market, or have been placed in liquidation. Those developers which remain are themselves hampered by the reluctance — and in some cases refusal — of the institutions to grant loan finance.

It is neither altruistic nor philanthropic for business to step into the breach. It is plain good sense.

Already we live in a society characterised by unacceptable levels of unemployment and vicious crime. As the homeless increase in numbers, this situation must become worse, leading to fear, intimidation, sickness, absenteeism and further degradation of the already battered economy. It is therefore in the very best interests of businessmen to care at least for the welfare of the people they employ, as indeed some organi-

sations already do.

There are a number of approaches that business can take.

People brought up in an environment of home-ownership anticipate entering the housing market at a young age. They understand the concept and are generally aware of the financial implications. Ignorance of the process and of the wealth building advantages of property possession blocks many who would otherwise qualify for a low-cost house.

There are probably many homeless wage earners to whom this applies. People living in squatter camps, for example, who earn joint family incomes of R1 600 a month or more, can be educated in and introduced to the benefits of home ownership. Employers could help by inviting specialists into the firm to explain these benefits to their staff.

Numerous SA firms, both large and small, have housing policies for their staff. These range from the development of full scale housing schemes, to a variety of less costly options. Programmes include the building of cluster homes for groups of employees; financial assistance schemes provided directly to the employee or through a financial institu-

tion, and the purchase of stands for, or on behalf of, employees coupled with guidance in planning and building the house.

A very real way that firms could assist employees earning less than R1 600 and who would not therefore be able to afford bond repayments on a conventional house, is for the company to deal direct with the builder. In this way a number of middleman mark-ups are eliminated resulting in cost savings as high as 20%. Incorporating housing, in some form or another, into remuneration packages will add a new dimension to wage negotiations and could contribute significantly to workplace stability and employee security.

The consolidation process as communities develop is a vital component of civic pride and social fabric. An aspect to which firms can contribute is in the creation of an economic community structure.

A thriving and growing community needs a variety of services. Houses must be built, improvements made to existing buildings, and tradesmen are needed to maintain essential services. Companies can award bursaries to staff family members to study trades; supply experts to assist in the setting up of small businesses or make financial contributions to worthy community projects.

To say that South Africa is at the cost roads, is to understate the current situation with metaphorical simplicity. While the politicians grapple with our long-term future, our people, right now, need help.

It is beyond the power of most businesses to provide jobs in the current economic climate, but it is within their power to assist the homeless who work in their factories and offices. And, if businessmen believe that all their staff return each night, as they do, to warm and secure homes, they should probe the living conditions of the people they employ. They probably will find that the heart of the most crucial problem facing our people right now, is alive but not well, in their own back yards.

□ Weaver is CEO of FHA Homes.

Extortion pushes up township project prices

TOWNSHIP warlords and extortioners, some posing as representatives of political organisations, are causing the loss of millions of rands a year on state-funded construction sites across SA.

The losses, in the form of pilferage and theft, vandalism, pay-offs and protection money, have affected virtually every construction company involved in the development of township infrastructure.

SA Federation of Civil Engineering Contractors (Safcec) president Des King says: "I don't think there is one company that comes out of the townships unscathed."

ADRIAN HADLAND

King said many construction companies in the R4,5bn-a-year industry included a risk premium in the tender price of up to 50% of the anticipated cost of the project to cover potential losses of time, money and equipment.

"It is not an easy thing to work in the townships. You must grease the palms of street committees and give hand-outs to local warlords to make sure work goes on uninterrupted," King said.

He said one local committee had de-

manded R80 000 upfront before a project could begin while a warlord in Kwa Mashu, Natal, wanted a new Mercedes-Benz and 10% of the profits on a new petrol station.

W J M Construction company MD Harry Adams, whose company won the Safcec president's award for "activities beyond the call of duty" in 1991, explained how a group of armed men in suits had arrived on a road construction site in Dobsonville last year and insisted on a monthly payment of R800 for "protection".

He said the men claimed to represent

□ To Page 2

Extortion

the Soweto Students' Congress and needed the money for a congress.

Adams said despite this, his company had lost 12 vehicles and equipment worth thousands of rands in 18 months.

The cost of the project, a 3km stretch of road, had been estimated at R10m at the outset but ended up costing R18m.

One result of the difficult conditions has been that companies, which more established ones say are less reputable, have become involved in township construction projects. The case is illustrated by the RSC appointment in April of an inquiry into alleged fraud committed by the Honiball civil engineering company.

A spokesman for Van Wyk & Louw consulting engineers, Frik van der Merwe, who investigated the Honiball case on be-

half of the RSC, said "circumstances can get so unsavoury that companies aware of the risk walk away".

This left other companies with a lack of know-how about a contract offering unrealistic tenders.

King said more than 90% of all township infrastructure development was funded by regional services councils and other state or quasi-state bodies.

Consulting engineer for the Central Witwatersrand RSC Duncan Miller said he was aware that a certain amount of protection money was being paid out. "Under difficult conditions, project prices are going to be high in these areas."

The RSC paid out about R200m for construction work in the townships last year.

□ From Page 1

■ In a recent address to South African Institute of Building, outgoing chairman Mr Johan Viljoen and incoming chairman Mr Mark Massyn agreed that a national forum was required to solve a housing backlog standing at 1,4 million units ...

ALIDE DASNOIS, Business Staff

CHAIRMEN of the South African Institute of Building have called for a national housing forum to solve the critical housing shortage.

Outgoing chairman of the institute, Mr Johan Viljoen, said such a forum would be able to cut through red tape and speed up construction of low-cost houses. And the institute's new chairman Mr Mark Massyn warned that the private sector would have to become more involved in providing housing.

In a recent address to institute colleagues, Mr Viljoen said the housing backlog stood at 1,4 million units.

"The fundamental principle of any housing policy is that it should be affordable to both the home owner and the community. Running costs of the unit and bond repayments should be affordable to the owner, while the capital subsidy provided by the taxpayer should be within his means — without running up large foreign or internal debts."

Home owners, said Mr Viljoen, were frustrated by capital subsidies which operated only for a short time before running out of cash.

In the year 2000, R4 billion would be needed to subsidise running costs of homes.

This figure, noted Mr Viljoen, was higher than the R3,5 billion for annual capital subsidies proposed by the De Looer Commission, which already represented a doubling of housing subsidies. "It is quite obviously unrealisable", he said.

An economic forum or national housing forum would be the best way to tackle problems like bureaucracy-caused delays in delivery of homes, inflationary effects of monopolies and cartels in supplies of material and the provision of low-income finance for the housing sector.

Outlining some of the problems faced by the housing sector, Mr Viljoen listed difficulties in obtaining land, red tape, "inappropriately high" standards set by the authorities, difficulties in obtaining finance for low-cost units and ensuring that it was repaid, building in violent or insecure areas and the abandoning of housing projects in black areas by many of those who moved into the field over the past five to 10 years "with high hopes".

All these problems could be solved, said Mr Viljoen, provided the proposed national housing forum was "genuinely non-political" — and provided it had the authority to cut through red tape.

The new chairman, Mr Massyn, said: "Such a forum should be a sort of housing-Codesa.

"It should include representatives from government, from political organisations, from major employers — who will have to contribute more and more to workers' housing — and from financial institutions."

"Tackling the housing backlog is urgent," he said. "If we are talking about addressing major problems in South Africa, it's clear housing is a key issue."

Forum call to end housing nightmare

(23) Mac 18/7/92

focus on IDT

Sowetan 20/7/92.

~~300~~ 123

WHILE, like most South Africans, I have been numbed by the renewed levels of violence that have occurred in our country, my colleagues and I are continually exposed to events on the ground that give us a different perspective and which sustain that hope.

The litany of names and dates signposting tragic events such as Sharpeville and June 16 now has additions like Boipatong.

Within our own arena of activities at the IDT, we have seen a few promising projects like the upgrade planned for Phola Park on the East Rand which has been turned into "war zones".

It was with some trepidation, therefore, that I and some IDT colleagues went last week to visit some of the capital subsidy programmes which we are funding in order to give poor families ownership of serviced land.

To our relief and growing delight we were reassured that the development process was producing dividends of stability and progress.

I invite the reader to visit two parts of South Africa with me. They are far apart geographically as well as contextually.

Come with me to Stutterheim in the Border region and to Delmas in the Eastern Transvaal.

Stutterheim is an hour's drive from East London, deep in "settler" territory. It has seen its share of business boycotts and disruption in the past decade.

The local community leadership, both black and white, decided to work together and form what is now popularly called a social compact. An application by the Stutterheim Forum Works Committee to the IDT to develop a housing project at Mlungisi resulted in more than R6 000 000 being allocated for 896 serviced sites.

We found that the injection of a capital subsidy of R7 500 a site has had a remarkable impact. Because the leadership has committed itself to co-operate and to share decision-making as well as resources, the building of homes and the forging of an associated fabric have been carried out with speed and purpose.

The structures being erected vary from simple but sound wattle and daub to bricks and mortar buildings. The total community - including the disadvantaged themselves - have assumed responsibility for converting bare sites into a living environment.

Labour intensive methods are being used to create job opportunities, new classrooms have been built or are being planned and a business advice centre has just opened. The IDT team experienced a hustle and bustle that augurs well for the future in the area.

Come now to Botleng, near Delmas, the heartland of conservatism. Here it might surprise the reader that a social compact also exists.

While the country bleeds in the aftermath of Boipatong, Mr Jan Steyn, executive chairman of the Independent Development Trust (IDT), gives an update on other events that give hope for the future of this country:



Jan Steyn ... there's hope for the future.

Vital statistics

IDT Capital Subsidy Scheme State of Play

The IDT is funding 104 projects involving 108 000 serviced stands across the country. Payments are being made at the rate of R6 million a week as sites are transferred from developers to individuals. To qualify for consideration

for a site, applicants must earn less than R1 000 a month, have dependants living with them and receive no other form of financial subsidy. It is up to the individuals to erect a dwelling on their sites, once they have taken ownership of the land via the IDT's capital subsidy of R7 500 a site.

It has been formed between black political leadership, local government and the farming and business communities.

The capital subsidy on 698 sites in Botleng - a total of more than R5 million - has led to a rapid and vigorous home building exercise.

A dream of ours is starting to come true. People have been brought together by a development initiative.

A community which has learnt to accommodate ideological constraints and led by those committed to the advancement of their constitu-

ents is achieving striking results.

In the IDT's R300 million school building exercise, similar results are being obtained in previously volatile areas.

I am convinced that, if we can replicate Delmas and repeat Stutterheim, if the IDT can extend its work through ongoing investment of its resources, communities will build back the fabric and restore the stability which they so badly need.

Let's give the beloved country the chance to do just that.

Probe told of need for hostel forum

(123) 2/7/92

PRETORIA. — A forum should be established to address the needs of hostel dwellers, including the upgrading of single-sex hostels, according to Ms Suzan Rubenstein, social researcher for a group of private housing and development consultants.

Ms Rubenstein gave evidence yesterday before a Goldstone committee inquiry into the displaced people of Alexandra, the violence-wracked township north of Johannesburg.

Yesterday, Ms Rubenstein told committee chairman Mr R Nugent, SC, it would not be proper to demolish hostels, as was demanded by communities surrounding the hostels.

The interests of the hostel dwellers should be established by means of surveys, and the inmates' problems should be properly addressed.

She said organisations like the Inde-

pendent Development Trust should play a major role in monitoring improvements to hostels.

Ms Rubenstein mentioned the TPA received money to upgrade hostels.

She said the basic needs of hostel dwellers were privacy and safe and affordable accommodation.

Another witness, Dr Liz Carmichael, chairwoman of Alexandra's Local Dispute Resolution Committee, said talks were held between Inkatha and the ANC to try and end the violence in the township. These talks were held in a good spirit, she said.

The LDRC would be approaching the community and organisations like squatter groups and taverners' associations to hear their views on how to end the violence.

The hearing continues today. — Sapa

House prices 'to boom by 240%'

CF 2/7/92

(123)

By AUDREY D'ANGELO
Business Editor

EXPERIENCE in Zimbabwe suggests that house prices in SA could rise by as much as 240% over a five-year period, says Richard Harman of the Board of Executors (BOE) Merchant Bank.

He points out in the current issue of BOE's investment newsletter, *The Wall Street Journal*, that uncertainty and the recession have combined to depress house prices.

But he thinks they may now be near the bottom, and advises anyone intending to buy to do so soon.

"The extent to which the experience of countries to the north of SA can be used as a guide to what may unfold here is a moot point. But the pattern may well prove similar as it has its roots in the economics of demand and supply.

"In Zimbabwe, for instance, house prices originally softened from previous highs by up to 30%."

After that, however, "through the accelerated development of a new middle class demand began to rise and within two years prices were above previous highs.

"During the following five years prices grew at an average rate of some 75% per annum."

Harman says that, hopefully, SA will not experience quite the same rate of increase "as the accompanying inflationary implications would be disastrous for the purchasing power of the rand.

"However, it is probably realistic to expect that the current discount should become a premium of between 10% and 20% in the face of increasing demand. In addition we can assume that building costs will rise and an escalation factor of say 10% would not be unreasonable.

"In order to measure the likely investment implications of such a scenario let us look at the example of purchasing an average three bedroom home in a middle class suburb for R175 000.

"If we assume that this repre-

sents a 25% discount to replacement then the building of an equivalent home today would cost R220 000. Taking into account increasing building costs the same house will cost around R355 000 in five years' time.

"If demand in five years' time is such that existing homes are trading at a 20% premium due to the scarcity of suitable land and the time delay for building, then our house would be worth R425 000.

"This represents an annual compounded return of 19,3% or a 240% increase over just a five year period."

However, Harman warns, "whether this will represent an after-tax return depends on whether a capital gains tax is introduced during the period."

He believes such a rise in house prices "is highly probable.

"What is important, however, is the timing of your purchase. Although there may still be some downside potential for residential property one should not try to pick the bottom or you run the risk of losing out altogether."

Stocks considers nationwide projects

PETER GALL

81 DAY 22/7/92

THE Stocks & Stocks group is considering a number of countrywide projects, including developing and financing low-cost housing units in certain identified sites, MD Bart Dorrestein says.

"We have a huge number of countrywide projects in the pipeline, but these still need the approval of political parties," he says.

An example of this is the group's offer to develop an area north of Randburg — Cosmo City — for the resettlement of the Zevenfontein squatter community, which will not be underwritten.

A 50m² shell house will be offered, complete with waterborne sewerage, toilet and sink for R20 000 a unit. The company has also offered to finance the sale of units at R178 a month over 20 years, while other options as low as R8 000 or a R75 a month repayment will be offered.

While no decision has been made in this regard, the group is believed to be considering a number of similar projects.

In another development, Dorrestein says work on the R350m Sandton Square development has been slowed down to accommodate Stocks staff working on The Palace hotel at the Lost City.

"When the present hotel project at Sun City is finished, we can transfer most of the workforce to that project," he says.

About 4 000 staff are employed on the construction of The Palace and, except for some local Bophuthatswana labour that will not be moved to the Sandton development, all staff will be retained.

Stocks has an order book of R1,2bn and

will be involved in the construction of a "mini town" for Lost City workers. The first paying guests would occupy The Palace on October 15 and the complex was scheduled to be opened on November 15.

The Sandton Square development is intended to fill the void between the civic centre and existing shopping centre and the 22 000m² site is to the north of fifth street.

Immediately to the east lies the Civic Centre and directly to the south and west lie Sandton City and the Sandton Sun Hotel. A total of 2 000m² penthouse office space, 24 000m² of general office space, 3 200m² of banking area and 15 000m² high fashion and speciality retail space will be offered.

"At the end of construction, the Sandton Square development will amount to about R350m and will, in building terms, be as big as The Palace hotel project," Dorrestein says.

Bophuthatswana's first fully private hospital, Ferncrest Hospital at Tlhabane near Rustenburg, was officially opened last week. The 120-bed hospital was built at a cost of R25m by Stocks Construction (Bophuthatswana).

Finance was provided by the Sefalana Employee Benefits Organisation (Sebo) and it is managed by Clinrun. Ferncrest, in which 57 local doctors have a 60% shareholding, lease the premises from the pension fund. Sebo, Stocks and ClinRun hold the other 40%.

and we have some 1 000 ha-

Intelligent risk management key to property development

BIDAY 22/7/92

INTELLIGENT risk management is the key to successful and profitable property developments, says Seeff Slot Developments MD Mark Slot.

"While we are prepared to develop in risky areas, we structure our risk carefully and never proceed until development costs are covered," he says.

The company was formed in November 1990 as an across-the-spectrum property development company and, while it has good access to prospective residential developments, it is also looking at commercial developments.

Developments are underway in Clifton and Stellenbosch, while a number of Johannesburg schemes are under negotiation. It has two development manag-

ers in Cape Town and one in the Transvaal but the Johannesburg market is its first priority, Slot says.

About 36 residential units are under construction in Stellenbosch, which is a niche market with strong demand among students. The project will be complete early next year.

Limit

"We are always looking at prospective deals, but limit the work we undertake so that it can be handled effectively. We have a staff of six and are looking to employ another three over the next 18 months, which will be adequate for the volume of work we intend to handle as we use professional consultants extensively," he says.

Despite the tough eco-

nomie climate, opportunities still exist, but have to be carefully thought through. The group tends to acquire sites for a specific purpose rather than for long-term use.

"Commercial developments have to be actively chased and we are presently involved in a motor showroom in Rivonia. We have changed the market's perceptions that we are just a residential developer and are now accepted as a commercial developer," Slot says.

While the property market is linked to political developments and unlikely to turn much before the year-end, Seeff Slot Developments operates in select markets and has a number of developments on its books for next year.

Plan to increase homes market share

BIDAY 22/7/92

SEEFF Residential Properties aims to become the strongest player in the SA market, Cape MD Samuel Seeff says.

While the Cape residential market is currently a buyers market and reflects difficult local economic conditions, the group has identified areas of growth to concentrate on, he says.

The company has set itself the goal of becoming the strongest residential agency in Cape Town, Johannesburg and Durban.

Growth in the Cape market has been identified as lying in the coloured market where more and more people are becoming white collar workers and either starting to buy homes or

upgrade existing property. "The company employs about 130 agents and we are negotiating with several companies in Durban and intend to take that market by storm."

"While we are going to become a national player, we may franchise some of our operations in certain areas," Seeff says.

Cape Town is considered a safe-haven by many and is seeing a net inflow of people, which has helped the market sustain activity, compared to other regions.

But the protracted economic recession has seen sellers struggling to achieve prices.

"There is still good demand for properties, but

only for those that are realistically priced. While buyers are now determining the price, most people are beginning to realise that their home is their biggest asset and are paying more attention to its maintenance," he says.

If there is a rapid political settlement, the upturn in the market will take place very quickly and Cape Town will again take its place as the most sought after area for foreign investors and upcountry buyers alike, he says.

However, should political developments continue to stagnate, there is little chance of an upturn before mid-1993.

division

Foreigners put off

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Foreigners put off by politics, violence

OFFSHORE interest in local residential properties has dropped off substantially due to political instability and violence.

Seeff international properties director Carmella Seeff says that after Nelson Mandela's release interest was brisk and had been expected to continue.

"We saw a lot of inquiries for farms and holiday accommodation along the Atlantic seaboard. We sold over R100m worth of properties after Mandela's release and believed that would continue as SA moved towards a political solution.

"However, foreign investors are now still looking at our properties but definitely adopting a wait-and-see attitude. They are concerned about the security and return on their investment and are not prepared to buy until the situation has improved," she says.

A more concrete ANC policy on foreign investment, the resumption of Codesa talks and a more positive mood would see renewed foreign interest.

Regular tours of prospective buyers are brought out from London, Germany, the Far East and the US.

The London office has received more than 300 inquiries from prospective immigrants, who are unable to sell their present homes due to the tough English market.

"We are looking to move into the investment field rather than the residential market in the UK and are talking to two of the largest London-based English real estate firms," she says.

Trade missions are being opened in Pretoria and Cape Town, but tend to rent residential properties rather than buy them. Speculation in residential property by foreign buyers has also dried up as it is now difficult to rent the property, resulting in the investor receiving no return on his investment.

Interest is still centred around Cape farms and several spectacular sales are concluded every year.

APARTMENT BLOCKS FM 24/7/92

Owners losing out?

123

Apartment blocks in prime areas are in hot demand — causing a little nervousness among tenants. Furnished apartments are attracting high occupancy rates (*Property* July 10) and there are rumours of a Malaysian group wanting to enter the market.

Investec Property Group's property management division, I Kuper, is looking for tenanted flat buildings in Johannesburg's northern suburbs, Randburg and other Witwatersrand areas.

It is offering to buy them outright — or convert them on behalf of owners into sectional title schemes via the initial shareblock company route — and then market individual flats.

The price? A "small deposit" according to I Kuper — ranging from R4 000 to R10 000, depending on the size of the building — to cover all professional fees. And the granting of a sole mandate to I Kuper to sell the individual flats.

The return on converting flats to sectional title seems attractive. Especially, as I Kuper MD Ronnie Sevitz points out, it could enhance the value of the property by as much as 30% to 50%. But several factors should be taken into account.

Owners may run the risk of being branded as traders and, therefore, liable for tax. In which case, they must weigh up whether they are better off sitting with their rental producing investments. Tax on the sale of the buildings or individual units — not on the profit, according to Kessel Feinstein tax partner Ernest Mazansky — is 48% in the case of a company and a maximum rate of 43% for a natural person (40% in the case of a married woman).

Mazansky says: "The likelihood of tax on sale will depend on each individual case; the facts and circumstances surrounding the sale; the owner's history in relation to property dealings; as well as on a myriad of other factors. Suffice it to say that the genuine property investor who holds his block of flats as a rental producing investment will not be taxed on the sale merely because he has chosen to dispose of his capital assets and has done so by way of sectional title, because this happens to be the way in which he will receive his highest price."

Another question arises. Do owners need to have another party (in this case, I Kuper)

to project manage the conversion for them? It may be worthwhile appointing a conveyancer to open a sectional title register, which would enhance the value of the property, without actually selling the flats.

Attorney Irvine Goldberg, at Cranko, Karp & Associates, says property owners would be well advised to open a sectional title register in respect of their buildings — costs are still very reasonable.



Killarney Court ... one of many I Kuper has done

The basic conveyancing fee for opening a register is only R500 for the building plus R45 per individual flat or section. Other costs to be taken into account are for the land surveyor or architect to draw up new plans for a sectional title building.

Mazansky says if the owner holds the block as a capital asset, he is entitled to take all reasonable steps to enhance his sale price without prejudicing his tax status. A problem can arise if he does too much and goes too far — such that he can be seen to be trading. But the mere opening of a sectional title register should not in itself cause a problem.

Sevitz claims most owners do not know how to go about opening sectional title registers; that they are not equipped to handle the hassles involved; and that it can take anywhere from six months to two-and-a-half years to open a sectional title register.

On behalf of owners, I Kuper is offering to incorporate a shareblock company; handle all the legal requirements; hold tenants' meetings as required by the Shareblocks Control Act; establish the directorate and body corporate; and sell on shareblock with guaranteed conversion to sectional title.

Mazansky advocates having another party project manage the conversion: "From a tax point of view, it is often better to place the sale in the hands of the agent rather than for an owner to take an active part in marketing

the sectional title or shareblock sales.

"The reason for this is that if the owner actively markets the sales himself, he might, as the court has put it, 'cross the Rubicon' and commence a business of property dealing — rather than simply disposing of his capital asset to best advantage. Allowing an agent to sell the asset on one's behalf avoids this inference."

Building owners must do their homework and weigh up the benefits of staying or selling. They will have to decide for themselves — as Investec maintains — whether they are indeed losing out by not going the sectional title route. ■

BUILDING SALES

Checking the facts

FM 24/7/92

Seeff Trust MD Michael Flax has responded to rumours that Seeff stands to make a healthy profit through its latest Verwoerdburg Shopping Centre syndicate. The complex, to be syndicated for R17,75m, was said to have been acquired for roughly R12m from Pangbourne Properties.

But Flax says: "You merely have to check the transfer document when it comes through in October to see that we paid substantially more. We are bound, however, not to disclose the sale price."

Pangbourne acquired the property in 1986 for around R8,5m. "Therefore," says Flax, "a rumoured R12m sale is out of line if you take into account the fact that Pangbourne has spent a few million rands on the building since it acquired it and the value of the property has appreciated significantly over a six-year period. Like Pangbourne, we have also spent a substantial amount to complete the refurbishment."

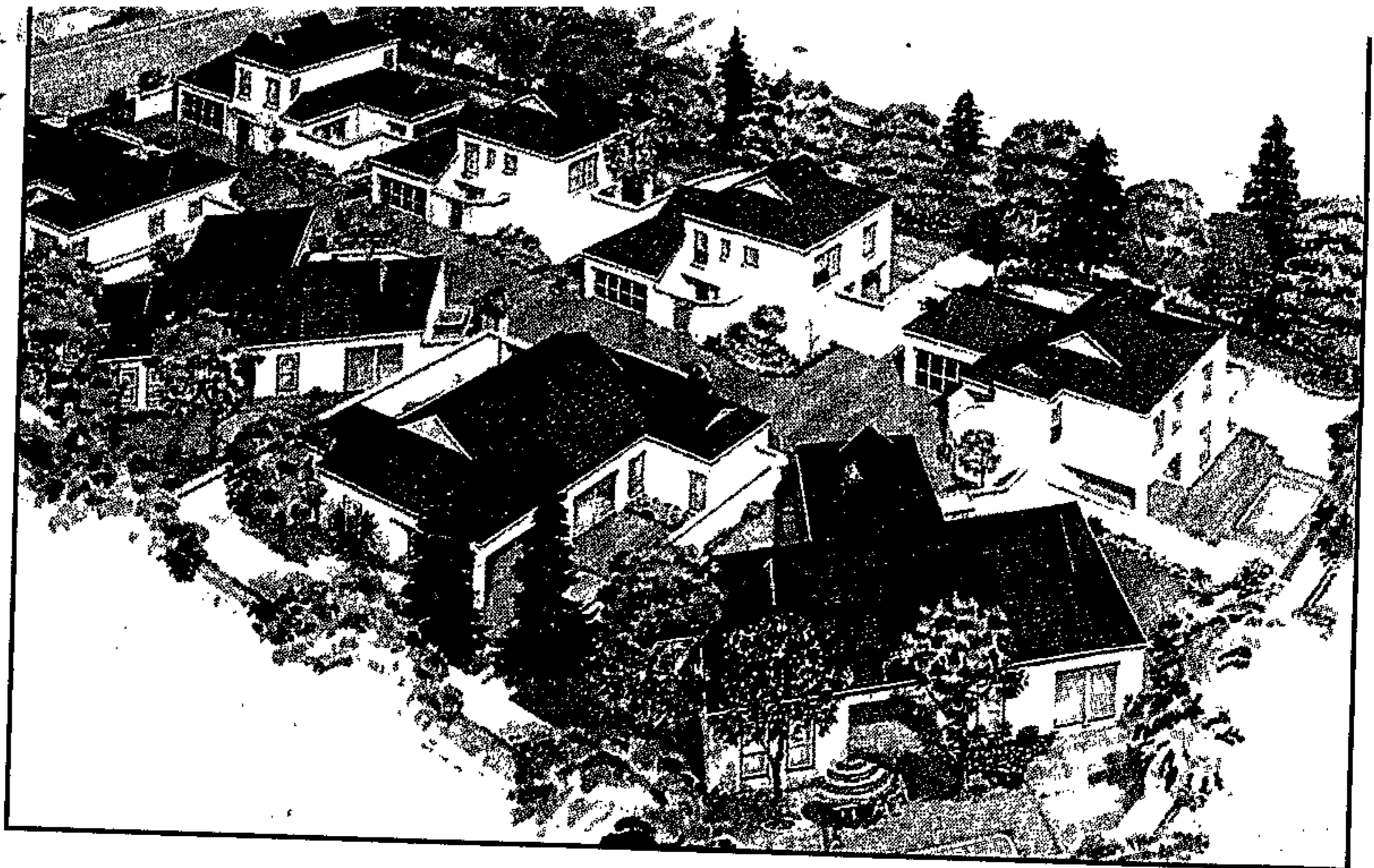
Flax adds that besides these costs, more expenses are incurred bringing a building to syndication, including letting activity.

The current syndication, the first in which the group chose not to underwrite the placing, has been well received, with roughly 40% of the paper already taken up. Though Seeff normally underwrites its syndications, Flax says the Discount House Merchant Bank underwrote the Verwoerdburg syndication "due to the development's size."

The 13 000 m² of retail space in the centre is fully let. Major tenants include Standard Bank, Checkers, Foschini and CNA. Altron has taken 750 m² of the 2 000 m² of offices and the balance is being let, on a short-term lease, to the Verwoerdburg Town Council for its art gallery.

Flax believes the syndicate's investors — mostly individuals, small pension and provi-

continued



BEST OF THE BUNCH: Cluster homes, with their lifestyle and superior security, are the rage right now.

Property is seen as top route for capital growth

STAR 25/7/92. ~~123~~ 123

THE relative downward potential of the capital value of a house should make it an attractive investment compared with alternatives.

And if transaction costs, commissions and taxes are ignored, a house has been a better long-term investment from both a cash-flow and capital appreciation point of view than gold, a fixed deposit or even shares.

— Strong stuff indeed! And from no less an authority than Absa's latest quarterly review of the property market.

Clear message

For investors there is a clear message, points out Camdon's group MD Scott McRae. Nevertheless there are different avenues of investment in the property sector, and this is the way McRae sees matters:

Conventional residential property: Steady if unspectacular recovery from the doldrums of the past year or two. The lower end of the market is already very active with projects in the R150 000 to R200 000 range selling well and even off-plan.

THE experts believe there are currently fewer risks and greater rewards in bricks and mortar than in any of the current options.

The mid-range properties are also showing signs of renewed buyer interest and sellers are more realistic in their pricing, so there is good upside potential in this market.

The upper end is still soft, however, and buyer sentiment will still take time to catch up with asking prices in spite of the fact that they have declined significantly from the heady days of the late Eighties.

Cluster homes: These are arguably one of the best investments at the moment for reasons of lifestyle and the high security demanded in the current climate.

Retirement villages: Without a doubt an excellent investment, says McRae. There is a shortage of retirement units due to Government interference in normal market mechanisms which has dis-

couraged fresh development.

Building costs have added to the shortages in this sector.

Sectional title flats: These have similar investment potential to that of cluster units.

Leisure property: More often described as holiday homes, this market has enormous investor potential — particularly if the political scenario is sorted out. Already there are distinct signs of new life in this market with South Coast sales picking up well.

Stands: Pure stand purchase is another avenue worth considering, says McRae.

Creative

There are still some excellent stands with sea views available along South Africa's coasts, but these will dwindle and a scarcity factor will begin to influence prices, especially if overseas investors move in.

McRae concludes: "South African property opportunities are opening up to some creative thinking. The market is poised for a resumption of growth."

That written-in clause will ensure a safe deal

YOU have accepted your agent's advice to sell first and buy only when you knew how much you are getting for your house. You realise that this is good advice.

There are two types of buyers: the buyer who does not have a house to sell, has cash on hand and can make a clean, safe offer; and the buyer who has not yet sold his house.

However, if your house has been sold and a bond granted to your buyer, who has also paid a deposit, you might not yet have received the bulk of the money due to you.

To buy a house, you make an offer writing into it a clause stating that the offer is subject to the condition that the balance of the monies due from the sale of your property will come through on transfer of your property into the name of your buyer.

Safe sale

You should also give a copy of the agreement of sale on your house to the estate agent so that he can check for the seller that the sale is safe.

The agent should also check with the attorneys transferring your house that the guarantees are in, that the deposit has been paid, that the bond has been granted, and so on, to ensure he can then present his seller with your offer as a sound one.

The insertion of that

BUYING YOUR HOME

**BERNARD
O'Riain**



clause protects you in the unlikely event of anything going wrong with your sale. But as the risk is small, the seller with whom you are negotiating will realise that his risk in accepting your offer is very small also.

How much can you afford? Let us say that you have R240 000 after deducting agent's fees. You can estimate the cost of buying a new home at R200 000 with a bond of R160 000 at about R11 000 including transfer fees, bond and attorney costs, and incidentals. If you are upgrading to a home of, say, R400 000 with a bond of, say, R300 000 you can estimate costs at about R22 000.

A well-trained agent will use a cost estimate which calculates bond affordability, how subsidies affect bond repayments and so on. Insist that the agent shows you these costs in writing.

Most agents are equipped with official tables of tariffs and costs. Buyers who can see clearly what is involved are happy to go ahead and make written offers when satisfied on these points.

Banks will allow you to have a bond over 30 years

where the monthly repayments do not exceed more than 30 percent of a couple's combined gross income. Only those earning more than R4 500 — combined salaries — should apply for a bond. Why?

With income less than that, bond repayments should not exceed 20 percent of income (unless there is a subsidy). No family can live safely on, say, R2 000 a month after tax.

Transfer

The next important point is to inform your attorney that you are making this offer on another house "subject to". He will ask you for a copy of the agreement of sale and the name of the attorneys who are handling the transfer of the house you have bought.

Both attorneys then communicate to ensure that the two transactions are linked.

□ Bernard O'Riain has been a member of the Institute of Estate Agents of SA (S Tvl branch) for the past 12 years and has served on several of its working committees.

STAR 25/7/92 (123)

'Boycott will hit the homeless'

Sowetan 27/7/92
1231
■ Prospective homeowners could be left in the cold as a result of the housing bond boycott:

By Victor Tsuai

THE freezing of bonds by banks and building societies following the call on homeowners not to make payments has resulted in the collapse of some contractors.

And there has been a hostile response from some community organisations to the call by the South African National Civic Association (Sanco) for the boycott of bonds from August 1 as part of the mass action campaign.

The feeling is that homeless people will be hard hit.

Banks and building societies have moved ahead by freezing bonds for many black townships before the intended action comes into effect.

Prospective homeowners who obtained bonds in July could be the last if banks and building societies stick to their guns.

According to a weekend newspaper, most major banks, with the exception of the Standard Bank, have announced they were doing away with bond loans because of the violence and the threatened boycott.

The bond boycott is expected to last until business institutions had played "a major role in forcing the government to agree to a constituent assembly", according to Sanco vice-president Moses Mayekiso.

Outdated

A spokesman for the Inkatha Freedom Party (IFP), Suzanne Vos, said that Sanco's policies were outdated.

"These people are actually hurting the very people they profess to help," Vos said. "They need to grow up and look at the needs of the people. It is another pathetic strategy to an unconstructive action."

"We appeal to IFP supporters to pay their bonds because this will benefit other people who need houses."

Dr Nthato Motlana, who spoke on behalf of the New South African Housing Association, said that his organisation was upset that there had been a call for a bond boycott.

"We intend building houses for our homeless members," said Motlana. "There are over 10 million people who need homes. Before we start with our project we will meet Sanco and discuss the issue to see whether we cannot find a solution."

Motlana said the decision was not in the interests of homeless people.

The chairman of the Diepkloof Civic Association, Isaac Mogase, said that as far as his organisation was concerned, residents were free to continue with their bond payments.

"This is clearly a matter beyond our control," Mogase told a meeting. "And we feel that for the moment the choice rests with the residents, most of whom reside in Diepkloof Extension."

Groups againt bonds boycott

More groups pour cold water on non-payment of bonds and rent:

By Victor Tsuai

(23)

MORE organisations, including the African National Congress (ANC), have distanced themselves from the call to boycott bond repayments.

The call, made by the South African Civic Organisations (Sanco), was also given the thumbs down by the Pan Africanist Congress (PAC) especially because there was no consultation on the issue.

Organisations which have already poured cold water on the idea of the August 1 rent and bond boycott are the Inkatha-Freedom Party (IFP), the New South African Housing Association under Dr Nthato Motlana and the Diepkloof Civic Association.

A spokesman for the ANC, Mr Carl Niehaus, said that the matter was being dealt with at the highest level yesterday.

"The ANC did not call for or take a decision on the boycotts," Niehaus said.

Pressed to give the ANC's view on the boy-

cott, Niehaus said to do so would be hypothetical. He said that the ANC would release a statement.

The PAC spokesman for the Department of Economic Affairs, Mr Mosebyane Malatsi, said that housing is a basic need for the people.

"Affected people should have a participatory right in co-determining the level and modalities of payment of the bond. However, there has been no consultation; this instance and participation of those affected seems an imposition which is

not acceptable."

Malatsi said that PAC members were free to deal with the situation as they deemed fit.

Johannesburg Civic Association general-secretary, Mr Cas Coovadia, said that his organisation would respond on Thursday on the issue.

Meanwhile, the Civic Association of the Southern Transvaal (Cast) has called for a boycott of traffic fines, television licences, bond and rent payments to help remove State President FW de Klerk "and his cronies" from power.

Cast also called for cultural and economic sanctions to be imposed on Bophuthatswana.

next Talkback topic

THE Government has granted a four-day indemnity for those in possession of arms such as AK-47 rifles. From next week, however, it will impose heavy penalties as a measure to curb firearm crimes. What else do you think must be done to stamp out the increasing use of firearms in South Africa.

Dial the hotline (011) 714-8063

news

in brief

Meet demands first - ANC

Sowetan 29/7/92 (C) (H)
THE African National Congress will not resume negotiations until the Government addressed its demands, ANC president Mr Nelson Mandela said yesterday.

He was speaking at a Press conference in Johannesburg on his return from Barcelona, the Middle East and the United Nations Security Council debate on South Africa.

Asked to comment on reports that the Government had come up with new proposals at its secret strategy meeting last week to break the negotiations deadlock, Mandela said it was better to wait until the ANC had received the Government's latest proposals.

He said, however: "We would be relieved if the Government has addressed the demands we put forward, because we are keen to resume negotiations."

Sanco softens bond stance (123)

IN an apparent softening of their stance on the rent and bonds boycott, the South African National Civic Organisations (Sanco) said yesterday it was up to individuals to choose whether they would support the boycott. *Sowetan 29/7/92*

Reacting to criticism by various organisations, Sanco vice-president Mr Moses Mayekiso was, however, adamant that his organisation was independent and would go ahead with the boycotts. He said Sanco would press ahead with the boycott since far too many people could not get bonds because of the high costs and prices involved.

"Several organisations which criticised our decision are out of touch. The simple fact is that the people are affected by high interest rates while others will never have access to bonds because they are not within reach," he said.

Cops search ANC offices (121)

POLICE searched the ANC's offices in Alexandra, Johannesburg, and the nearby M1 Hostel yesterday morning. *Sowetan 29/7/92* (C) (H)

Witwatersrand police spokesman Colonel Frans Malherbe confirmed the searches and said the action was a continuation of the police's efforts "to stop violence and the high rate of crime in Alexandra".

It was part of the "intensifying of policing in the area which was started in June". Much of the violence in the township has been blamed on conflict between mainly ANC-supporting residents and dwellers of the hostel, who are allegedly members of the rival Inkatha Freedom Party. (C) (H)

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in brief

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Another security file, claims T'kei leader

CT29/7/92 Political Staff

103

ANOTHER security file, similar to the one that named senior military officers in connection with the murder of anti-apartheid activist Mr Matthew Goniwe, would be released "at the right time", Transkei leader Major-General Bantu Holomisa said yesterday.

He also reiterated that he would not say anything more about the Goniwe document or release it to the authorities until a judicial commission of inquiry was appointed.

General Holomisa also warned that "the time for commissions of inquiry is running out".

He said in reply to questions at a press conference in the ANC's Western Cape headquarters that it was "true" that he had another security file and that this was not the Goniwe document.

"I don't think it will ever disappear even if I am killed. I will release it at the right time."

Boycott likely despite appeal

ER 30/1/92
JOHANNESBURG. — The boycott of rents and bond repayments may go ahead despite criticisms made by ANC president Mr Nelson Mandela, Sanco president Mr Moses Mayekiso said yesterday. (23)

It would begin at the end of next month if financial institutions failed to meet the South African National Civics Organisation's political demands, he said.

Mr Mayekiso said Sanco was an independent organisation.

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DET predicts mass failure

KATHRYN STRACHAN

AS THE third school term began this week, the Department of Education and Training (DET) predicted a further year of high pupil failure rates.

Johannesburg regional chief director Richard Motau said at a news conference this week black education was in deep crisis, with many black schools in the Johannesburg area having completed only 20% of the year's syllabus.

Motau said threats made by the National Education Co-ordinating Committee and the SA Democratic Teachers Union to bring schooling to a halt in solidarity with the mass action campaign only contributed to poor results.

A recent department survey of schools with the lowest pass rates indicated that "lessons dodging" by teachers as well as pupils, and a total lack of supervision and control by principals, also played a part. Many teachers were indifferent to their responsibilities, and parents and the community in general were apathetic about encouraging children to learn.

Mayekiso defies Mandela over call for bond boycott

THE proposed boycott of bond repayments may go ahead despite criticisms made by ANC president Nelson Mandela.

ANC-aligned SA National Civics Organisation (Sanco) president Moses Mayekiso said yesterday the boycott would begin at the end of next month if financial institutions failed to meet Sanco's political demands.

Mayekiso, while not wanting to be drawn on Mandela's implicit criticism, said Sanco was an independent organisation.

Mandela told reporters on his return to SA on Tuesday the civics were not in a position to call for a bond boycott without consulting the ANC.

"The civics don't take orders from anybody," Mayekiso said. "The policy of the civics is independent and accountable to its membership."

He said Sanco was prepared to discuss the proposed boycott with the ANC or any other organisation.

Sanco is calling on financial institutions to support demands for interim government and a constituent assembly by pressure on government.

RAY HARTLEY reports that the ANC alliance's plans for a two-day stayaway next week suffered a setback yesterday when the PAC reiterated it would not back the general

30/7/92. (123) PATRICK BULGER

strike next week.

PAC general secretary Benny Alexander told reporters the ANC's mass protests could not be supported because they were not aimed at overthrowing government.

The Azanian Students' Convention lashed out at organisations calling on teachers and pupils to observe a two-day stayaway next week.

But the SA Students' Congress on Wednesday reaffirmed its call on students to boycott classes next week, and sharply criticised organisations which had expressed concern at the effect of the stayaway on studies.

Leading political commentator and ANC expert Tom Lodge said yesterday there were signs that the ANC's mass action campaign had less support than expected.

"It's early days yet, because the ANC hasn't had any major activities which have failed. You can argue the case both ways, but to say mass action has failed is premature," he said.

Lodge said it was clear the campaign would not be the largest civil disobedience campaign in terms of numbers of participants, as the ANC had promised, but mass action was widespread and constant.

"All this suggests the ANC's local organisation is in better shape than its critics have suggested," he said.

In another development, eight East London Cosatu leaders arrested on Tuesday for occupying the Receiver of Revenue's office were released yesterday without paying bail after appearing in a special court, reports DIRK HARTFORD.

The eight, who include Numsa's acting president Mtuzeli Tom and regional secretary Enoch Godongwana, refused to accept bail in line with a recent Cosatu decision and were kept in jail.

Workers at Mercedes-Benz and other plants threatened to strike for their release and, after meetings between Cosatu, employers and the police yesterday, special arrangements were made to have the eight charged and released. The case has been remanded until September.

Meanwhile, Cosatu, responding to Sacob and JCCI guidelines to employers, said it would take action against any company which victimised or dismissed workers during next week's general strike.

These actions include declaring a national dispute with employers, consumer boycotts and an international blacklist of offending companies.

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PROPERTY AND BUSINESS How to become the king of the castle • New trend in beer

The pleasure of owning a home

Sowetan 31/7/92

HOME OWNERSHIP The biggest and

best investment you will ever make:

sure yourself.

But no amount of advice from relatives, architects, builders, lawyers and friends will help if the house says nothing to you.

Then, don't buy a house with a view to making a profit. Except to a property speculator, a house is not an investment - you buy it for the security of owning your own piece of land and having a roof over your head for comfort and pleasure.

But it's nice knowing that the property you're buying could potentially turn out to be the best investment you'll most probably ever make.

The right time

Most people I talk to have made money - in some cases fortunes - by shrewdly buying and selling residential property at the right time.

So what do you need before you set out house hunting? Cash availability is a prime consideration.

Don't start looking for a house until you know how much you have available as a cash deposit and to cover expenses, as well as how much can be committed to monthly bond repayments.

Although financial institutions have relaxed the rigid formulas they used in the past, the size of the bond they are likely to grant you still depends on your monthly income.

As a rough rule of thumb they will grant you a bond of which the monthly

By Magnus Heystek

BUYING A HOUSE is the biggest personal financial decision most of us will ever make.

No wonder it's somewhat traumatic and fraught with conflict, ideas and emotions.

It is made more difficult by the fact that there are few hard-and-fast rules.

My advice is therefore to gather as much practical information as possible when house hunting.

Ask as many questions as you possibly can.

When I was younger I used to read as much as I could about the residential property market in newspapers and magazines.

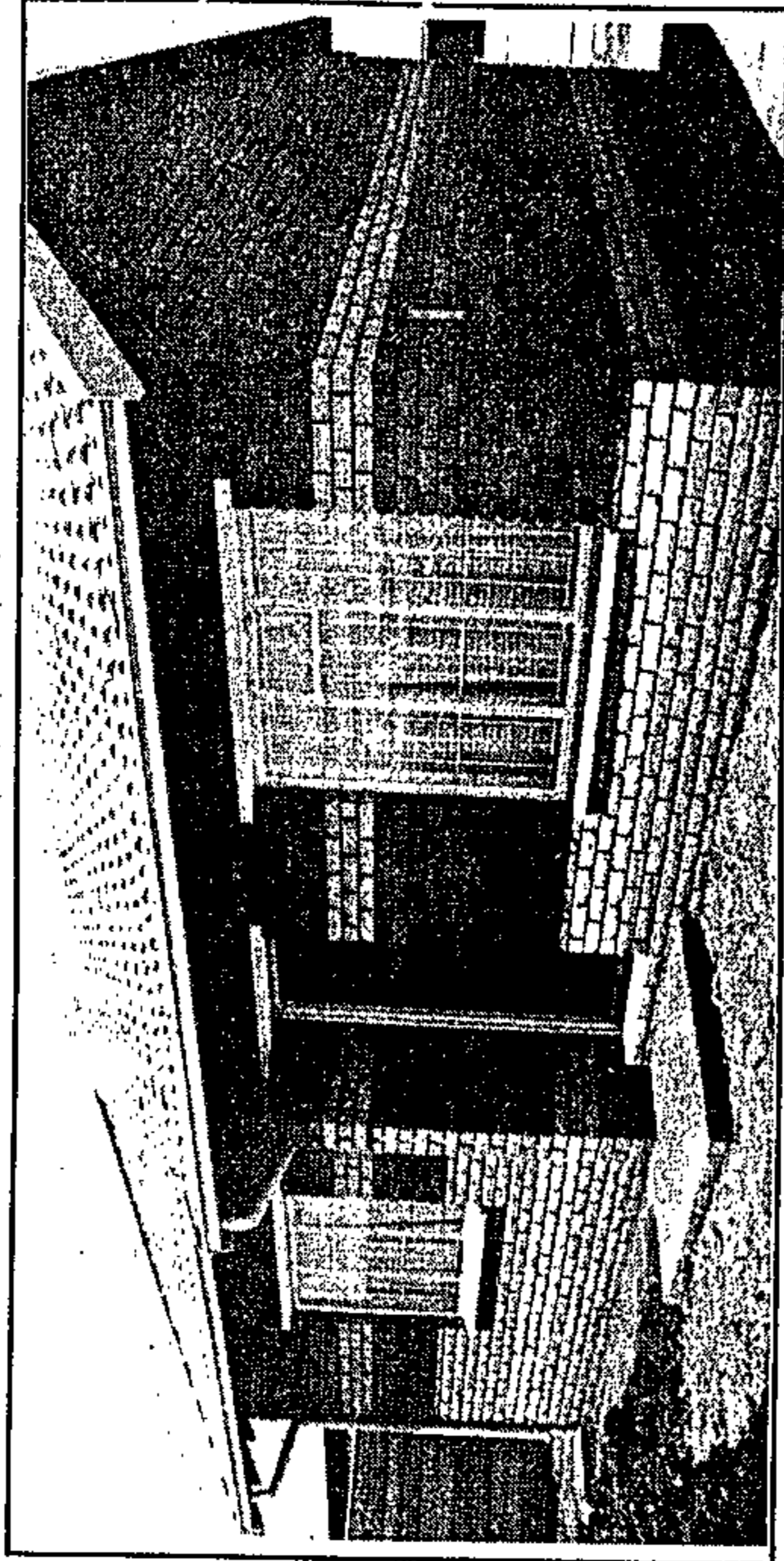
Even today, special property supplements in the *Saturday Star* or in the *Weekend Argus* in Cape Town are excellent sources of information.

Strong emotional appeal

First and foremost, buying a house should not be a cold analytical decision. The house you buy should have strong emotional appeal and good "vibes".

Don't be blind to its faults (and there'll be some), but it has to be a house that you feel will become your home.

Even if you are aware of market conditions and are not, for instance, rushing headlong into buying the first house you've seen, it is normal to experience self-doubt ("Have I made the right decision?"), and ask others' advice to reas-



Nothing beats the feeling of owning your own home.

Repayments does not exceed 30 percent of your gross monthly income. This will predetermine what you can invest in the house you buy.

As a rough guide, a building society or bank will give a home loan of between 65 percent and 90 percent of the purchase price or their valuation, whichever is the lesser.

So you'll need 10 percent to 35 percent of the purchase price in cash, of which five percent to 10 percent is required on signing the Agreement of Sale, with the balance due three to six months thereafter.

You can get bigger bonds depending on the price of the house (and your income). However, you will have to provide additional collateral security

your income.

Other forms of financing are available and could be investigated with the help of an estate agent, but building society or bank home loans are by far the most common.

Finally, a matter that strictly speaking should be raised after purchase but is so important I'm bringing it up now - having bought a house, insure your life for the amount of the bond.

This is to ensure that should something happen to you prematurely, your family will live rent-free in the security of their own home.

The cost is low and your family will not be among the many who tragically have to sell their homes due to the breadwinner's lack of foresight.

KwaMadala (23) demolition

JOHANNESBURG. —
The demolition of an
abandoned section of
Boipatong's KwaMadala
Hostel is nearly com-
plete, but there are still
about 500 residents
housed in the complex,
awaiting the outcome of
talks with employers and
prospective neighbours.

An Iscor spokesman
said only Iscor workers
lived there. — Sapa

All I want is a room somewhere

W/Mail 31/7-6/8/92

123

WHEN the Kriel Town Council agreed last month to buy R40-million worth of prefabricated houses for Thubelihle township, it shot a ray of hope through the alternative housing market. Somebody, at last, was cracking it.

That "somebody" was Dorbyl, a huge steel and engineering firm specialising in ships, locomotives and mining equipment. A small division also makes prefabricated houses out of panels of zinc-coated high-tensile steel. A Zinki house costs from R3 000 to R18 000 and comes in many colours (most people ask for cream). You can put one up in a couple of hours and add to it as time goes on -- more rooms, interior cladding, a ceiling, a stoep.

Dorbyl got into the alternative housing business when everybody else did -- when it was clear that urbanisation was proceeding at such a fast clip that major South African cities were about to be surrounded by shack settlements. Architects, builders, organisations and entrepreneurs all thought they had a brilliant idea for solving the "squattling problem" with low-cost houses.

Most of them flashed on the horizon like summer lightning, and disappeared.

"There are still a lot of companies in the starting blocks with housing products," says Shanti Industries' Alan Stokes. "They're waiting for finance. Whenever there's a new pilot scheme they all trek there -- and bomb out."

"The informal housing market is dead," says a major builder offering a quality shell house. "There's no finance. Nobody can buy."

"We're struggling," says another. "We sell two here, three there. I don't know how long we can stay in this market."

It doesn't cost much to buy a simple but well-constructed house, once you've got a site serviced by the province, a private developer or a council. Most houses cost between R3 500 and R10 000, and there's a choice of materials -- zinc, timber, high-tensile steel, reinforced concrete. At the bottom of the scale, it's little more than a shell; but it looks like a house, not a shack, and good ones can be improved and extended. There are prefabs with pitched roofs and verandas, indoor plumbing, provision for electricity.

Not quite as flexible as a shack

TYPICAL low-cost houses are a simple core grounded by posts. Floors are not included, although one can pour one's own; ceilings, interior and exterior cladding and insulation can be added later, as finances improve.

Doors and windows are generally included. Many have provision for electricity and indoor plumbing, assuming the site has been ser-

The informal housing market is dead, says a major builder. No one can buy even a cheap house
By **BARBARA LUDMAN**

When the South African Housing Trust asked for manufacturers to submit housing plans for a pilot loan scheme in Klerksdorp two months ago, more than 100 manufacturers responded. The attraction: for approved houses, homebuyers could get finance from SAHT's Khayaletu Home Loans. For many manufacturers, this project was their last chance to stay in the lowcost/"alternative"/"affordable"/incremental housing market.

The Kriel scheme is working because there's finance: the package includes the participation of the Perm and local employers. The scheme will take care of perhaps 4 000 families -- a beginning, anyway, on the 1,2-million families looking for a home.

The SAHT's pilot project is even smaller: 500 stands developed with Independent Development Trust (IDT) money near Klerksdorp. IDT sites are free; technically, the R7 500 subsidy goes to the informal settler via the developer who is paid to put in facilities for running water, water-borne sewerage, streets and stormwater drainage.

SAHT isn't popular among local NGOs; they'll tell you it's bureaucratic and prescriptive. But its Khayaletu Home Loans is one of the few agencies actually willing to lend money to shack dwellers, and if the pilot project works, it's almost certain to expand: it has just landed a huge loan from the IDT Finance Corporation (IDTFC) to operate in the incremental-housing -- under R12 500 -- home loan market.

Until now, for the most part, only The Group Credit Company, an Urban Foundation subsidiary also funded by the IDTFC, has been operating in that market. The system is related to the stokvel concept: borrowers form groups and elect officers; each member of the group stands surety for the others; loans are R5 000 or less per person and must be used for buying or improving housing. The money is disbursed in tranches to encourage repayment. The project is so successful it's branching out, with a branch opened this year in Port Elizabeth and others

viced with these amenities.

The scores of prefabricated houses on the market look much better than informal shacks and are undoubtedly more comfortable. But despite the claims of manufacturers -- that they are incremental, that the buyer adds on what he can afford when he can afford it -- they are not quite as incremental as a shack.



From squatter to resident ... A Lakeview man replaces his shack with a more permanent structure
Photo: GUY ADAMS

on the way around the country.

The GCC deals in instalment credit loans, not bonds, and the interest charged is what is allowed under the Usury Act: currently from 24 to 31 percent. It sounds high for a bond, even one disguised as instalment credit, but building societies won't get involved in this market, except under exceptional circumstances.

The GCC's rate of default is a low four percent. This doesn't surprise Michael Oelofse, senior manager of the Housing Policy Unit at the Urban Foundation. "Empirical evidence in South Africa is scarce," he says, "but international research supports the conclusion that lending money to the poor is a good investment."

Building societies that went in for bonds on starter housing -- above R12 500 -- in the 1980s seem reluctant to increase their involvement. "Basically it's a question of risk. There's

instability in the townships; often it's impossible to repossess a house. And even if you can, there's strong community pressure on someone who purchases a repossessed home. You come home to find a tyre on your roof."

But that's only part of the story. "It isn't as much the risk factor as the realisation that there isn't as much return to be made in the low-income market. It costs the same to service a R100 000 loan as a R1 000 loan. In the low-income market, often you're not earning enough in interest rates to cover your costs."

There are schemes: loan guarantee funds for houses costing more than R12 500, and employers who guarantee bonds for groups of their employees, generally basing the amount guaranteed on the amount in the employee's pension fund.

For the most part, these guarantee schemes benefit only people who qual-

ify for a bond anyway or work for a benevolent employer. "They address the needs of workers and that's a great step forward," says Shanti's Piers Kenyon, a development planner. "But if you're a hawker, you may be making R1 300 a month but you're self-employed, so it's no use."

"The IDT's capital subsidy programme (of servicing sites) is what's keeping housing going in this country right now. It's the most efficient way to get people on a rung of the ladder: a piece of land with basic services," says the UF's Oelofse.

"The IDT can only subsidise 100 000 sites throughout the country. That's not enough. The state must do it."

The need for the state to do it appears to be the view of the De Loor Commission on Housing, whose report on the country's housing problems was published in April -- although the commission would like access to serviced land linked to a means test. Still, "it should be possible," says the report, "for the government to increase the annual capital amount appropriated from the budget for housing from the present R1,6-billion to R3,5-billion over the next three years. This would then equate to about 4,7 percent of total state expenditure in 1990/91.

The report finds it important that a strategy to involve the private sector go hand-in-hand with such an increase.

The commission recommends that although tax sources seem limited, loan capital available on the domestic and international markets should be explored, plus guarantees by public sector institutions and "utilisation of government assets, as well as consumer charges".

Are tax sources limited?

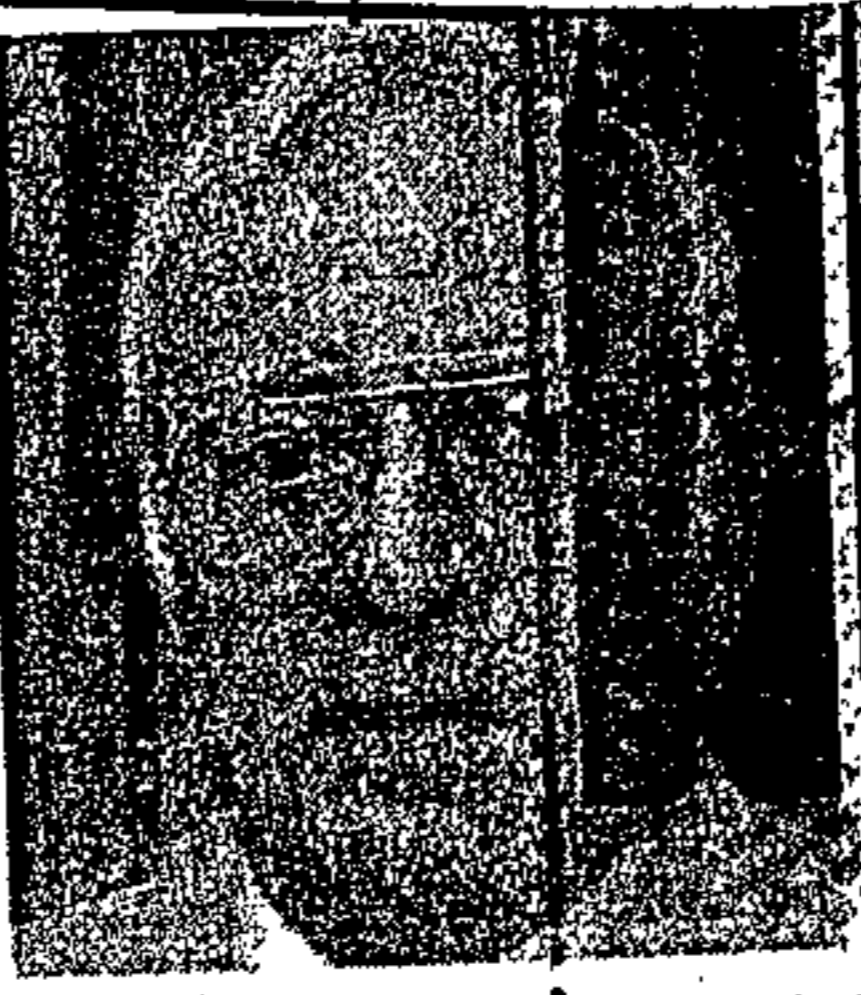
The UF estimates there are 1,2-million families who need shelter in urban areas, with 1,13-million more expected by the end of the century -- or 2,3-million families. At the bottom end of the scale are families who can afford nothing more than a serviced site and a rudimentary house: the incremental market, which is 58 percent of the total, or 1,35-million families.

At R7 500 per site, the IDT figure, it would cost the state just over R10-billion to accommodate them all.

Here's another incredible figure: this year the state has budgeted R4,3-billion for its special defence account, to finance unspecified and secret "special defence activities and purchases" -- over and above the R5,4-billion general defence allocation.

Direct the special defence account allocation to housing, and 1 601 sites could be serviced every day, seven days a week, 365 days a year. In two and a half years every homeless family could have a properly-serviced site.

Redirect even a part of it, and watch the patchwork quilts on the edges of upmarket neighbourhoods turn slowly into suburbs.



RONNIE RAPPOPORT

The right way to pay a bond off in advance

PAYING off a bond early has advantages, and buyers should look at certain conditions before taking this route.

According to legal firm Fluxman Rabinowitz Raphaely Weiner partner Ronnie Rappoport, it should be noted that additional finance charges, equivalent to 1% of the capital amount paid in advance of the due date, usually have to be paid to the lending bank or building society.

It is also usual for a borrower seeking to repay the outstanding capital and interest in one amount prior to the due date to give at least 90 days notice.

123
Notice

Another usual condition is that such notice may not be given in the first 90 days from the date the loan is paid after registration of the bond.

Home owners who are likely to make earlier repayments, or who may wish to have access to money on a frequent basis, should consider applying for equity-access bonds.

Rappoport says this enables them to register a bond over the property for a higher amount than the loan required.

While interest earned on money invested is taxable, interest paid on a home loan is not tax deductible in any way.

"It's advantageous, and probably the best form of saving, for the home owner to repay his bond as soon as possible."

Home loans

NOW

10% would not be likely investment assuming an average house in a suburb now this represents a replacement account rising the same house at R355 000 in

five years is ng homes are premium due of suitable land y of building, will be worth 10% increase." whether this after-tax re- on whether a is introduced

Repossessions soar as unrest scares lenders

BIDAY 3/8/92

123

INCREASED repossession of homes is of growing concern to lending institutions, in view of SA's uncertain political and economic climate.

Several banks and building societies, which do not wish to be named, are worried about the growing "abnormal" risk of lending to blacks seeking home ownership in townships.

They are also concerned about traditional borrowers and those whites who cannot repay bond premiums due to financial plight caused by the long economic recession.

Problem

While currently small in financial terms compared with the suburbs, home loans to blacks in some townships have become a problem.

The situation will be exacerbated by future threats of politically inspired nationwide boycotts of home-loan repayments, they say.

Already, resale after repossession of township homes from defaulting borrowers has become increasingly difficult.

Some institutions say this is due to growing criminal and political lawlessness.

Many such vacated

homes are either heavily vandalised or labelled "no-go" properties to prospective buyers or rent-paying tenants who are deterred by threats of violence. A common warning is a tyre placed on the roof of the house.

While the black market may have shot itself in the foot, institutions are still willing to continue granting loans to black borrowers, but only on a more selective basis, particularly for homes in more stable townships and white suburbs.

Although Standard Bank Home Loans has a strong commitment to the traditional home-loan market, it is also becoming more involved in the emerging market.

Says SBHL GM Duncan Reekie: "The traditional market is sophisticated and well established, but we also have an important role to play in assisting and educating all participants in the emerging market."

Natal Building Society assistant loans and savings administration GM Trevor Olivier says repossession is not exclusive to any income group.

Unemployment and failing businesses have been generally the largest contributing factors.

"Reductions in interest rates have done little to counter the repossession trend. Unfortunately, when the going gets tough, it inevitably takes its toll on borrowers who have over-extended themselves."

Olivier says also adversely affected are those who have not addressed possible repayment problems until they hit home, at which point it is too late.

Priority

He suggests borrowers give priority to repaying a home loan before other debts, as the cost of acquiring and then losing a home is very high.

"Other moveable assets are not inflation-linked over the long-term, such as a home.

"Default can make it extremely difficult to get any form of future credit, particularly if judgment has been obtained against the home owner."

If economic recovery commences next year, with inflation and interest rates declining further, this will ease the heavy burden on borrowers.

Consequently, the rate of arrears and repossession should drop, he says.

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It's vital to seek advice before buying a house

AS buying a house represents a milestone in one's life, potential buyers should know what to look for and get the best advice before going ahead.

First National Bank chief home loans and property development manager Andre Latre says: "Buying a property is one of the most important investments, so take time in deciding what you want to buy and ask for professional advice."

He says a potential buyer's prime source of advice should be bank managers in those areas where the home purchase is being considered.

"The manager at the First National Bank nearest to your new home can offer sound advice on property values there and will structure a home-loan package to suit you."

Realistic

Buyers should then conduct their own evaluation, including learning what may be a realistic price — before negotiating with any seller.

Once a rough market value for a property has been determined, it should be remembered that prices often vary considerably in any suburb.

Should any asking price be above average for similar houses, then look at the improvements made to justify the higher price, bearing in mind the property may be over-capitalised.

He says area and neighbourhood are important criteria: is the area in decay or does it have potential for growth and improvement? Also, talk to community figures such as the local school principal and shopkeepers about the area.

A brief look around will indicate if the area is more densely populated than another parts of the town or city.

Unless people in a high-density area spend money on the upkeep of buildings, the area will quickly

deteriorate and property prices may then fall.

Latre advises the buyer to take a checklist along when house inspecting, and to carry out a thorough inspection of the property, ticking off items that pass the test or can be easily rectified.

When considering the house itself, stand outside and look carefully at it and decide whether the home looks attractive from the street.

Then have a look if it has been well maintained in terms of painting, garden upkeep, garage doors, driveways, gates and wall.

If it looks neglected with dirty windows, uncut lawns and other easy-to-repair things, this could suggest deeper neglect, like plumbing or electrical cabling, which is expensive to repair.

Inside the home one should consider it in terms of "user-friendliness: will its layout and number of rooms suit you? Does it have potential for expansion or alterations that will be financially viable?"



ANDRE LATRE

Look for rising damp, cracking walls, sagging roofs, blocked drains, poorly maintained electrical systems and so on.

"If a property you like has an obvious fault, get an estimate for its repair and take that amount into account when making an offer," says Latre.

Healthy niche market is ticking over nicely

A HEALTHY niche market has been established by specialist lenders offering home loans exclusively to high earners.

Organisations such as Board of Executors and Investec Bank have become leaders in this field.

Investec Bank assistant GM Marius Khoury says his company, with its focused banking philosophy, provides home loans with a difference when compared with commercial banks and building societies.

Firstly, it uses senior staff to service selected clients such as doctors, chartered accountants, lawyers and architects.

They are offered a rounded product and service that includes financial packages, expertise on property, and tax advice, he says.

Because the bank confines its business to a low-risk market, bonds may be granted on a quick-turnaround basis, particularly when a client makes an application over the telephone for a specific amount.

In such an instance, he says, the home-loan amount may be approved in principle there and then, and confirmed within 24 hours, should the high-worth applicant's credentials be in order.

Moreover, Investec claims it is also able to process and register a mortgage bond much sooner than commercial financial institutions can.

"While we do not compete with the rates set by building societies and commercial banks, our's are competitive."

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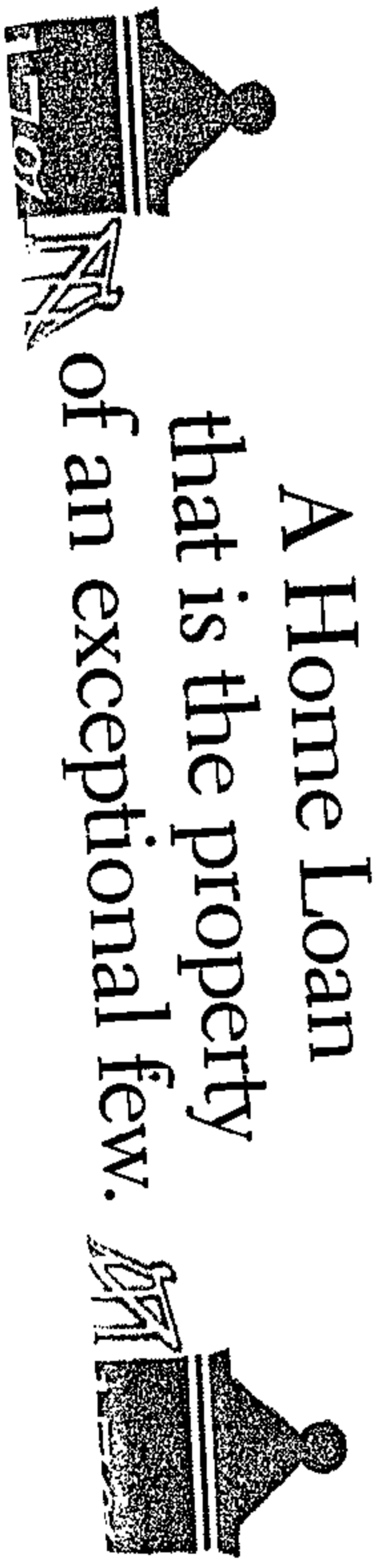
Business Day SURVEY

Political and economic uncertainty has depressed the residential property market more than expected and the recent reduction in the home-loan rate is unlikely to have a major impact on immediate prospects. LYNN CARLISE reports.

Seldom-used deal for investors

TAX-FREE savings are still on offer to potential home owners, despite many such concessions being phased out on many other investments. However, one of these on offer only by building societies is an attractive option which is not being taken full advantage of, primarily because developers are offering attractive financial packages. EP Building Society operations GM Koos Selbrits says the offer, available only from building societies, encourages people who do not own their own home to save sufficient equity to purchase. With a tax benefit on investments of up to R20 000, this option is aimed at people saving for a deposit on a house. Investors could realise a return that is unmatched by any other low-risk, interest-bearing savings instrument — depending on one's marginal tax rate, says Selbrits. EPBS marketing services manager Cliff Hall explains that because this product offers the saver 12% tax-free, it thus compares favourably with one offering a 20% taxable return to an individual who is taxed at the top marginal rate of 43%. In order to qualify, the saver must sign a declaration with the building society guaranteeing such savings will be used only as a deposit on a home. A copy of the agreement is then sent to the Receiver.

A Home Loan that is the property of an exceptional few.



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UNCERTAINTY about short-term political and economic prospects in SA is deterring people from buying homes in certain areas.

Branches of the Institute of Estate Agents say the market is much more depressed than expected, a result of prevailing economic and political conditions.

Comprehensive Property Services MD Stefan Swanepoel says recent contacts with more than 300 estate agents suggest there are more sellers than buyers on the market.

Standard Bank Home Loans (SBHL) GM Duncan Reekie says people in this political climate tend to be generally slow in committing themselves to homes or increasing their bond obligations.

Clearer

"However, I believe that when the future is clearer, the property market will take off."

Reekie says although homes are being sold in the current climate of unrest, they are taking longer to sell.

He attributes this to most home hunters being discerning and in no hurry to buy, while, to some extent, bargain-hunting is a feature of the market at the moment.

The 1%-point reduction in the home-loan rate, which came into effect on July 1, will not have a major impact on immediate prospects in the residential market.



DUNCAN REEKIE

"While the interest-rate drop is welcome, I feel it is too early to see any meaningful impression on property sales," says Reekie.

Nedbank assistant GM Tom Bangert says a current trend is that there is much transferring of existing bonds from one institution to another.

False

"This situation creates a false impression of high economic activity, but most of the business out there right now is not new business."

Bangert says the average life of a bond held by an institution has shortened from seven to five years.

While some banks report a tapering off in demand for home loans, this has not been the case for Nedbank, where demand continues to be fairly steady.

Similarly, the Natal Building Society (NBS) reports a 26% increase in new bonds for the year ending March 31, comprising 38 000 new home loans totalling R2,7bn.

NBS loans and savings assistant GM Trevor Olivier describes the buying trend for sectional title flats, properties and cluster homes as "tremendous" over the past 18 months.

Of interest in this general scenario is the trend in house prices.

Increased

As published by Absa in its latest quarterly review, houses have claimed almost 40% of the home mortgage-lending market.

It says the average price of medium-sized houses has increased appreciably in some regions, marginally in others in first-quarter 1992, but was down on the Reef.

Prices of those in Johannesburg, the West Rand and Vaal Triangle declined by 3%, while in Pretoria the figure remained static.

House prices can be expected to increase about 2% in real terms in the year ahead, providing there is no further destabilisation of the political environment, says the Absa report.

Supporting future demand is a steady decline in houses completed (16,1% in 1991) and building plans approved (9,7% that year), falling to a five-year low in last-quarter 1991 and first-quarter 1992, says Absa.

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EXISTING HOUSES A BETTER BUY FOR NOW

S BUYING an existing house could still be a better proposition than having one built, but much will depend on economic conditions arising in a new SA.

The price of a home in a middle-class suburb is currently 25% to 35% below replacement cost, depending on geographical location, says Board of Executors Merchant Bank assistant GM Richard Harman.

The discount is due to current socio-political turmoil and the resulting poor economic climate.

Whether SA can use similar political developments to those which occurred earlier in other independent African countries as a guide to what may unfold here is a moot point, but a similar pattern may unfold, as the pattern has its roots in the economics of supply and demand.

In Zimbabwe, Harman says house prices initially softened from previous highs by up to 30%. But through development of a new middle class, demand began to rise.

"Within two years prices were above previous highs, and during the following five years they grew at an average rate of about 75% a year."

Hopefully SA will not experience quite the same rate of increase, as the accompanying inflationary implications would be disastrous for the purchasing power of the rand, he says.

However, it is realistically expected that the current discount should become a premium of 10% to 20% in the face of increasing demand.

"We can also assume building costs will rise and an escalation

factor of, say, 10% would not be unreasonable." (123)

Looking at likely investment implications, assuming an average three-bedroomed house in a middle-class SA suburb now costs R175 000, this represents a 25% discount on replacement (R220 000).

Taking into account rising building costs, the same house would cost about R355 000 in five years time.

"If demand in five years is such that existing homes are trading at a 20% premium due to the scarcity of suitable land and the time delay of building, then our house will be worth R425 000 — or a 240% increase."

Harman says whether this will represent an after-tax return will depend on whether a capital-gains tax is introduced during the period.

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easy-to-repair things, this could suggest deeper neglect, like plumbing or electrical cabling, which is expensive to repair. Inside the home one should consider it in terms of user-friendliness: will its layout and number of rooms suit you? Does it have potential for expansion or alterations that will be financially viable?

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The big question is where to invest those surplus funds

SHOULD surplus funds be invested into accelerated home-bond repayment rather than some form of savings account in order to obtain maximum return? Several sources were asked to look at the options. Options are subject to many market variables, notably interest rates, monetary and fiscal policy, foreign investment, economic growth rates, changes in tax legislation and political stability issues that can seriously affect property values. Ernst & Young senior tax consultant Brendan Dardis says at present, excess redemption results in an attractive after-tax return of 18% a year, which exceeds after-tax returns on conventional investments. "If, however, one has an investment opportunity which is to realise an after-tax return in excess of 18% a year, then surplus funds should obviously be placed in such investment." But take note of whether One should remember that bond repayments, although they may fluctuate marginally, decrease in real terms as time goes by. Property economist Neville Berkowitz cites an Absa Bank reason why buying a house using a bond has proved a good investment over the longer term. In 1980, an average house was bought for R35 000 by paying a 20% deposit and using an 80% bond. The house was sold for R133 000 by end-1991. After the agent's expenses, the profit was R90 000. "In actual terms, this is equivalent to a 117% annual return on the original equity investment," says Absa. In real terms, Absa says the original R7 000 deposit, when inflation-adjusted, is the equivalent of R51 800 today. The "R90 000 profit" earned in 1991 was still 16.6% a year in real terms after inflation. Berkowitz says the moral of this story is to purchase a home with as high a bond as possible. Looking at another option, Standard Bank Home Loans GM Duncan Reekie supports paying surplus money into the outstanding bond, whether in lump-sum amounts or by exceeding monthly repayments. Using a R100 000 bond and assuming interest rates were to remain constant at 18% over the 20-year repayment period, the average monthly bond repayment would be R1 543 and the interest component R270 394. Should the borrower pay an extra R50 a month for 20 years, the savings on interest would be R66 072. An extra R200 a month would result in interest savings of R140 277 and the bond paid off in 11 years.

Tenants in need of concessions

HARSH economic conditions and lower consumer spending are forcing hard-hit landlords to consider postponing retail tenants' rent payments and even reducing rentals.

Major landlords report an increased number of retail tenants are approaching them to find short-term ways of solving cash-flow problems as tough market conditions force them to adapt.

Anglo American Property Services (Ampros) divisional retail manager Derek van den Bergh says that while the number of inquiries and approaches from tenants needing help has increased, it has not yet become a serious problem.

"We are seeing a rise in the number of tenants reporting large drops in turnover and who are finding it difficult to cover overheads. We attempt to do everything to help them and, in genuine cases, look at postponing rental payments for a period or even reducing the rental," he says.

The current political impasse is

also worsening the effect of the recession. While there has not yet been "wholesale slaughter" among retailers, if present economic conditions persist into next year this could still occur.

Lease renewals are also becoming lengthy, protracted and complicated matters, with tenants looking to push rentals lower and landlords hoping to raise them.

A number of options are available, such as negotiating shorter leases or offering a period of lower rentals that then rise again.

"In some cases undercapitalised tenants in newer centres who have to pay suppliers upfront could face serious problems," Van den Bergh says.

Baker Street Associates MD Rodney Timm says only a small number of tenants are applying for concessions. "The history of the tenant needs to be examined, as does his role and position in the centre.

"As a broker I believe one has to be

pragmatic. The issue of how the tenant will compensate the landlord in good times for allowances made in bad times also needs to be considered," he says.

A major institutional player who declined to be named says lower rentals were being negotiated where the problem was of a cash-flow nature, but the case had to be genuine.

"We are prepared to help our tenants in any way possible as it is not in our interests to see them fold or go insolvent. However, there are a lot of chancers in the market and we have to be sure their need is genuine."

BSA Property Managers MD Ivan Pachonick says he is seeing a trend, but mainly in centres in the outlying areas like Nelspruit and Pietersburg.

"We offer a sympathetic ear, but each situation is dealt with on its merits and we generally call for financial statements to check the validity of the claim," he said.

BIDA 5/8/92

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Quantity surveyors branch out

Don't just accept sudden death clauses — attorney

WHILE most "sudden death" clauses in property offer to purchase or deed of sale documents are legally enforceable, people should be aware of the need to negotiate changes in the contract and understand the implications of the document they are signing, says Werksmans Attorneys partner Stan Brasg.

"People believe that if the contract is a pre-printed document it is inviolate. This is not so, and people should not hesitate to negotiate its terms and amend clauses they find unacceptable," he says.

Sudden death clauses are those which give the buyer no period of grace to perform a contractual obligation once the period allowed for this has passed.

"Before he signs, the buyer needs to ensure he fully understands his responsibilities and the consequences of failing to perform.

"While the courts are increasingly examining the moral implications of contracts, the maxim of 'let the signer beware' is still most often applied," Brasg says.

While many clauses seem unduly harsh, there are often reasons for this, such as provisions for compensation.

In many cases, the purchaser is aware of what he is signing as he

Reports by
PETER GALLI

obtains some form of benefit.

"If he is in default and litigation ensues, he then tries to use the doctrine of public policy as an escape from his obligations in terms of the contract."

Most of these contracts have evolved over the years, Brasg says.

However, attorneys Moss, Morris, Mendelow, Browde partner Selwyn Cohen says the doctrine of *contra bonos mores*, which enables courts to declare a contract invalid on the grounds that it is contrary to public policy, is making itself increasingly felt.

"While local courts uphold the principle of sanctity of contract — that contracts entered into freely and voluntarily should be enforced — there is an increasing tendency to hold that agreements which are clearly detrimental to the interests of the community will not be enforced." This could be because they are contrary to law or morality, or run counter to social or economic experience.

Cohen says many contract clauses are unfair, but work in practice. Unfairness or prejudice itself were not grounds for holding that a provision was contrary to public policy.

Brasg says the courts are not keen to interfere with contracts.

Public policy is applied by the courts only if the contract or clause is clearly unfair and prejudicial, usually where the contracting parties contracted on an unequal footing."

Cohen says clauses that have been used for many years — like the sudden death clause in the offer to purchase document — are now being found unacceptable and set aside.

"The difficulty is that the question of whether a document or clause is contrary to public policy is subjectively decided according to the public policy as it exists when the matter is heard in court. This may be many years after the document was created.

"This can result in uncertainty for contracting parties, particularly creditors who may suddenly, because of a change in public policy, find their documents or portions of them unenforceable."

However, Brasg says the courts are generally unwilling to interfere in the contractual process.

He says the Conventional Penalties Act is in place to alleviate hardships and protect the public.

It states that compensation cannot be claimed which is more than the loss that would have been suffered had the contract proceeded.

"The courts have held that the sanctity of contract is equally in the public interest," he says.

G

Quantity surveyors branch out

THE quantity surveying profession has broadened its base from the "counting of nails" to the management of clients' funds and cost control, says Association of Quantity Surveyors president Wally Brink.

"The reason for this expansion is that money has become so expensive and the control of it so important. We control the money at both the project and the contract level," he says.

The industry was previously involved only in matters relating to the building procedure but is now concerned with the furnishing and equipping of the structure.

Regarding mass housing, Walters and Simpsons Quantity Surveyors low cost housing specialist Josh Heymann says millions could be saved if developers adopted cost-cutting measures.

"A lot more could be done to cut costs in the planning of sites and services and the procurement of contracts, a survey we conducted shows."

Sound cost control and contract procurement principles were essential and

BIDAY 518192 (123) (234)
quantity surveyors needed to be seen as a vital to planning and development. Brink says quantity surveyors had to be involved with mass housing, but in the control of money, to the point of paying monthly accounts, rather than in the drawing up of inventories. This would result in a lower fee as less time would be spent on the project.

"This is particularly so in the light of the severe housing backlog and projections that the PWV population will be 20-million by the turn of the century."

While current private sector development involved little more than the supply of roads and ser-

vices, vast amounts could be saved through proper cost management.



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Bond rates set to fall ⁽¹³⁾

Business Editor

ANOTHER drop in home loan rates seems likely within weeks — and it could be followed by a second before the end of this year. *CT&K/19*

The Board of Executors (BOE) — which led the market down in May — announced yesterday that it was cutting its mortgage bond rates by 1% to 16%, compared with the 18% now being charged by most banks and building societies.

Other institutions said they would not cut their rates until the Reserve Bank trimmed the bank rate.

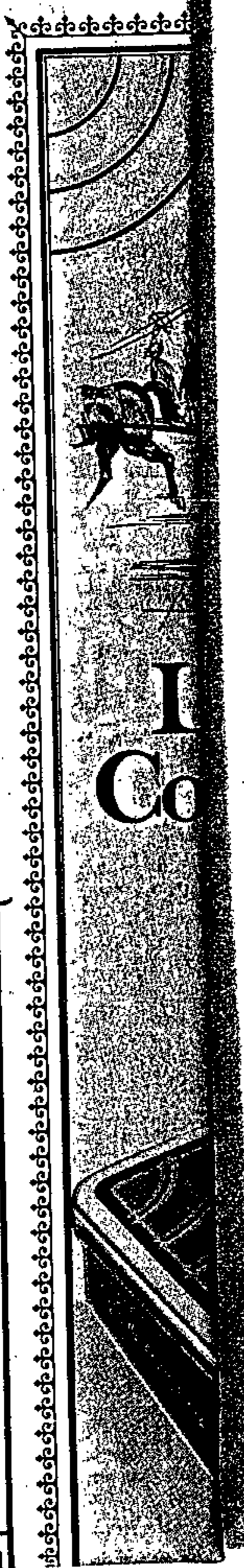
● Full story — Page 5

New envoy to the EC ⁽¹⁴⁾

DURBAN. — Foreign Affairs director-general Mr Neil van Heerden has been appointed South Africa's ambassador to the European Community and his post will be filled by deputy director-general Mr Rusty Evans. *CT&K/19*

Foreign Minister Mr Pik Botha announced that Mr Evans would step into the director-general's post on October 1.

There has been speculation recently about the future of Mr Van Heerden — widely regarded as one of South Africa's finest diplomats — and his reasons for quitting the important post.



Hope in

STAR 8/18/92
123 (88)

PROPERTY MARKET

WHILE an immediate upswing in the residential property market is unlikely in the next six to 12 months, the preconditions for a possible major and sustainable upswing in the next two to three years are falling into place.

This is the opinion of property economist Neville Berkowitz, who addressed The Star Investors' Club seminar on the property market this week.

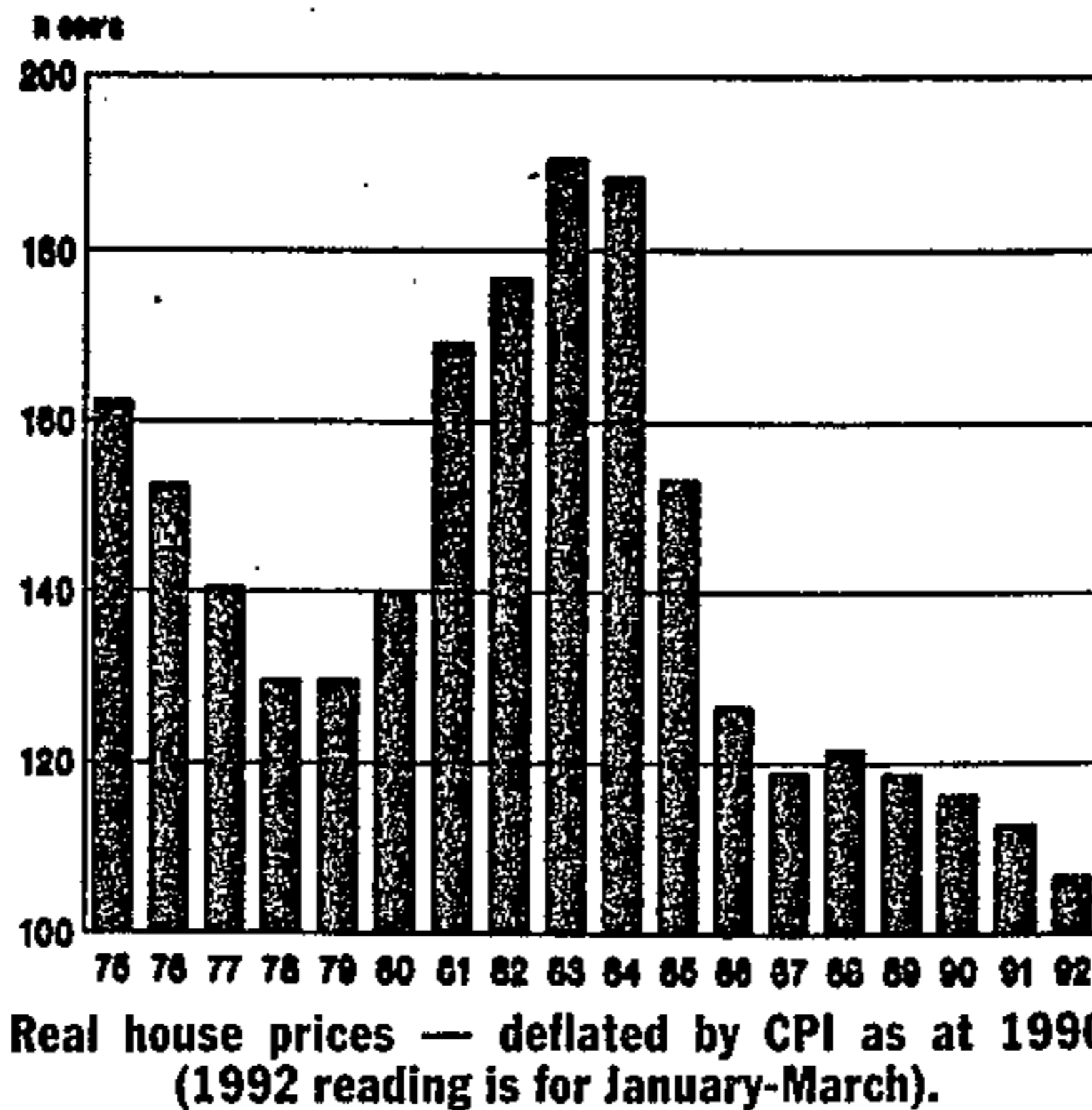
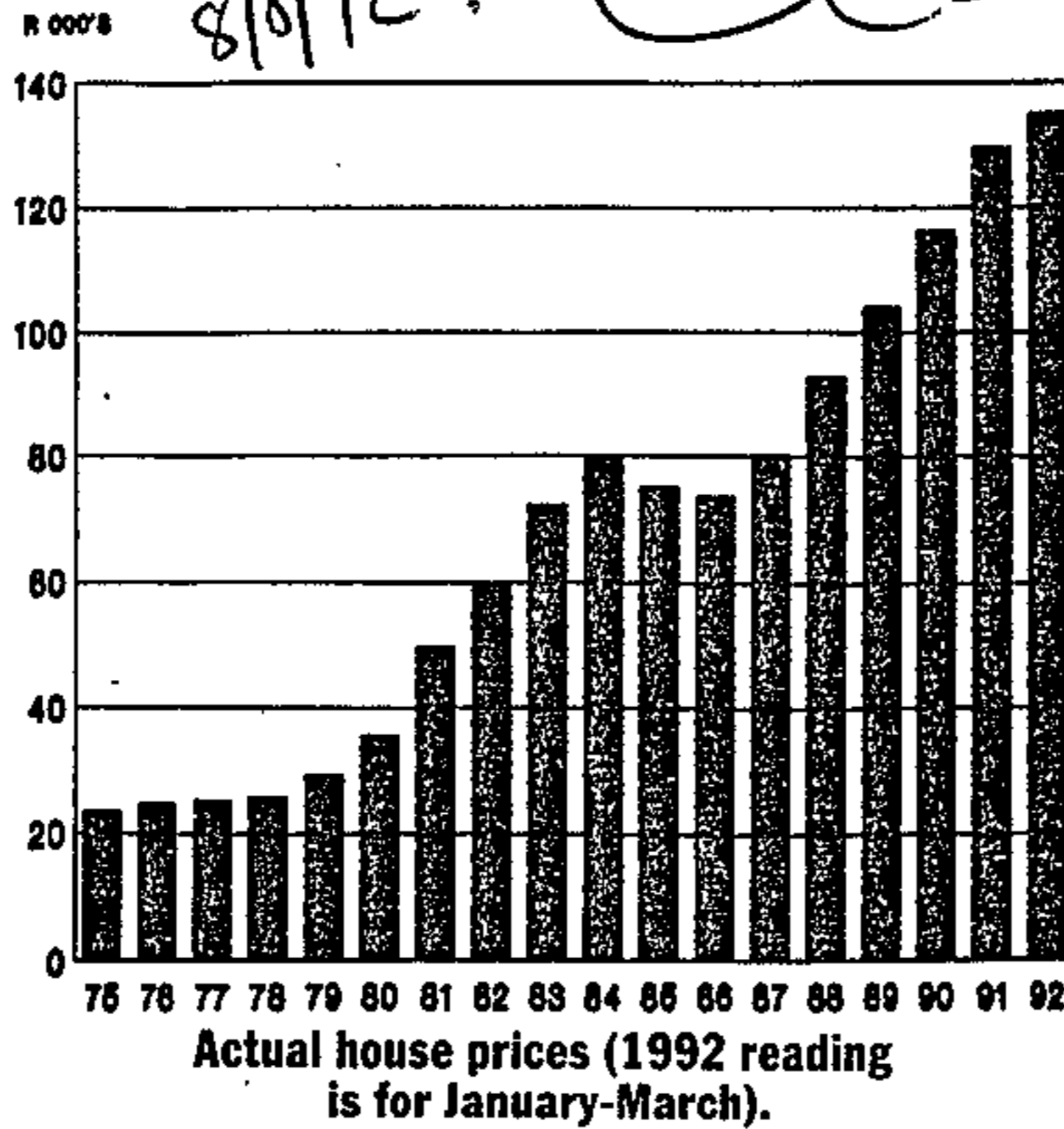
The seminar was sponsored by Richland Properties.

Factors

"As residential property prices are closely correlated with economic growth and confidence, it follows that any upswing in the economy will prove to be a boost for property prices. But this will have to be accompanied by an upswing in political confidence as well," Berkowitz said.

Several factors were likely to affect the residential property market positively. They included an increase in the economic growth rate, a drop in bond interest rates to about 15 percent by the end of the year and an increase in net immigration.

"An improving economy should spell an increase in the real earnings of people. However, this real earnings position will only come



THE signs for an upswing in the residential sector are falling into place. MAGNUS HEYSTEK reports.

about once the upswing gets into a more mature phase, so this is not likely to have a positive effect on the residential marketplace for the next 12 months."

The only sector of the market that was still showing some real signs

of activity was clusters and townhouses, he said. The main reason for this trend was increased demand for security and the appeal of the "lock-up-and-leave" lifestyle.

"People are willingly paying a 40 percent premium for a smaller clus-

ter house than they would for ,5 ha in a suburb with the problem of worsening security."

Another development which had long-term positive implications for residential property prices was the decline in the supply of houses,

This could lead to substantial price increases, provided political developments were broadly acceptable to most people.

"The only missing ingredient for an upswing in the residential property market is confidence." It was unlikely that any political settlement would be reached this year. However, resumption of Codesa talks would restore confidence.

Scenario

"If we have an acceptable government with support from local and foreign investors, we can move into an upswing phase in the economy, funded in part by foreign capital. In this scenario we can see the residential property market move up during 1994 to take advantage of all the other indicators that are pointing to an upswing.

"This, of course, is the best scenario."

It was possible that a more prolonged period would be spent bringing a coalition government into power against a background of continual violence. In this case the market would remain without confidence.

"The worst-case scenario is civil war. One doesn't have to be a genius to work out what that would do to property values," he said.

Banks awash with money

Star 8/19/72
123

ANOTHER bout of mortgage bond rate-cutting could be on the cards after the Board of Executors announced yesterday that it was cutting its bond rate by 1 percentage point to 16 percent from the beginning of next month.

This would come as welcome relief to thousands of home-owners under financial pressure.

The major players in the bond market — Absa, First National Bank and Standard Bank — would not immediately comment on the BOE move, but analysts say that a further softening of interest rates coupled with a relative lack of demand could force bond rates down even further.

Liquidity

Board of Executors Merchant Bank yesterday announced it would cut home-loan rates by 1 percentage point to 16 percent from September 1.

BoE Merchant Bank offers home loans only on properties worth R500 000 and more in selected suburbs and where the bond is at least R250 000. Home loans assistant general manager Richard Har-

THE downward trend in interest rates has accelerated in recent weeks, reports MAGNUS HEYSTEK.

man said the reduction was a result of the current liquidity in the market.

As a result of depressed market conditions, together with political uncertainty, the demand for home loans had reduced considerably in recent months. Banks were currently awash with money.

A spokesman for First National Bank said it had no "immediate plan" to further reduce mortgage bond rates, but the bank was "following the situation closely".

But money market commentators said bond rates would come down across the board very soon. The average mortgage bond rate now is 18 percent while certain prime customers pay 17 percent.

The downward trend in interest rates has accelerated in recent weeks. On the capital market, the rates were down by another 250 points

this week to around 14.5 percent. Commentators are expecting long rates to be about 12 percent by year's end.

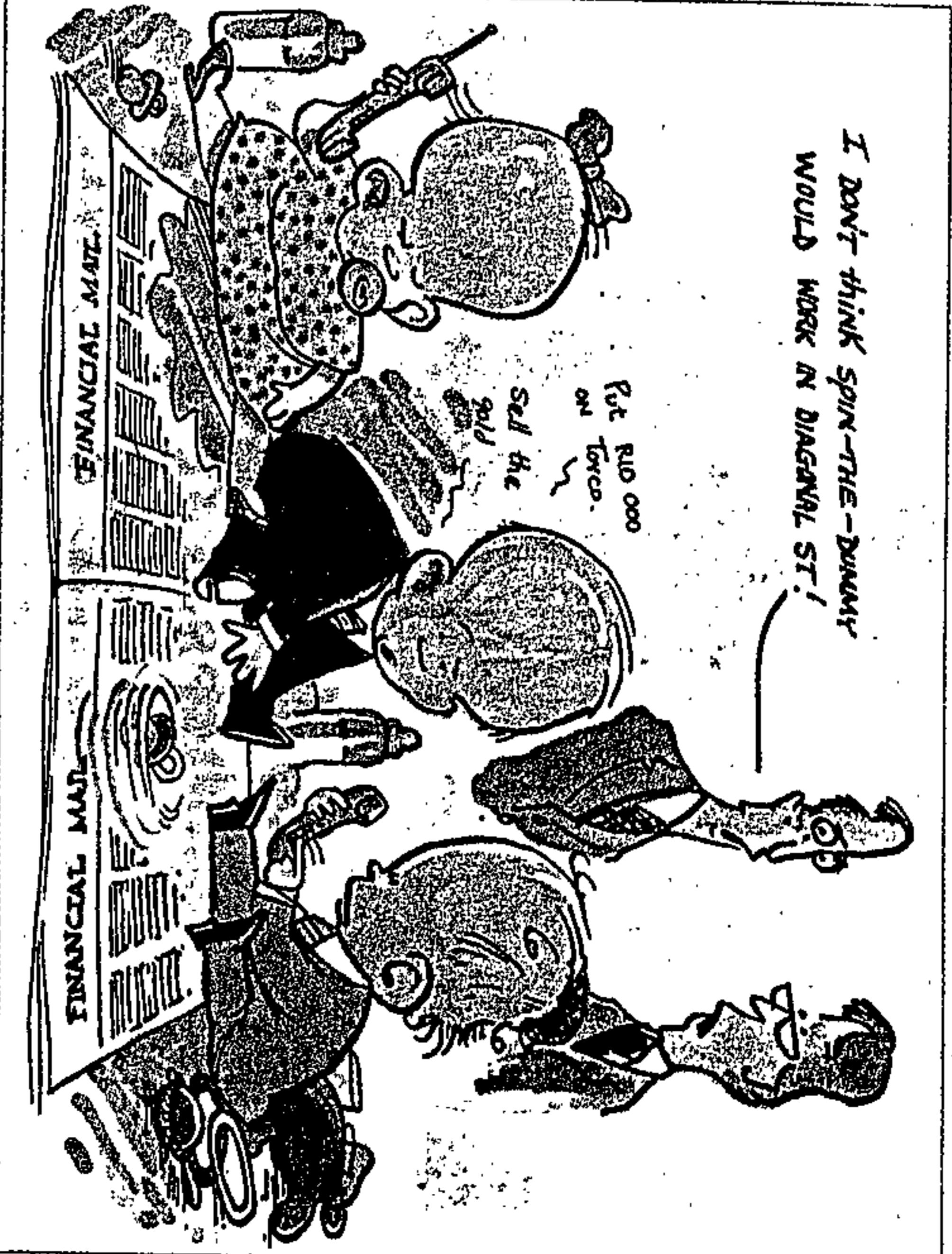
While the Reserve Bank has been battling to drain liquidity from the money markets via special tender issues, rates have been drifting and traded around 14 percent yesterday.

The downward drift in interest rates has been fuelled by optimistic pronouncements on the inflation rate. While the impact of the drought has kept inflation high, the trend is still downwards, say economists, and a return to a normal rainfall pattern could result in inflation coming down to around 12 percent by the year-end.

More housing

A further drop in mortgage rates will, in itself, have a disinflationary impact on prices. Mortgage repayments have been declining in real and nominal terms for some years and should enable more people to afford housing.

Property economist Neville Berkowitz disagrees with the consensus that declining mortgage rates are good for property prices. "Prices are closely linked to confidence in the economy. This will only come when the political situation improves," he says.



Follow the Std 9 lads and make JSE killing
Investors in the stock exchange would be well advised to dismiss their
STEPHEN CRANSTON

(Times Business)
9/18/92
Cheaper bonds

BoE Merchant Bank will lower its home loan rate by a percentage point to 16% from September 1.

But major banks will not follow it. Nedbank divisional director Mike Leeming says the money-market shortage in July was higher than at any stage in the past 22 months. Because of a rise in inflation, any drop in home loan rates would be premature. (123)

BOE is in a specialised market, offering loans on property worth more than R500 000. The bond has to be greater than R250 000.

First National Bank, Standard and Absa are not considering cheaper mortgage rates.

BoE cuts home loan rate to 16%

LINDA ENSOR and HILARY GUSH

CAPE TOWN — Board of Executors Merchant Bank has cut its home loan rate by one percentage point to 16%, but banking sources say there is little chance the move will set off a rates war.

The cut, effective from September 1, was made possible by the trend of lower interest rates, BoE Merchant Bank MD Mike Thompson said at the weekend.

"We have decided to go to 16% in anticipation of a general drop in rates."

Major commercial banks would not match BoE Merchant Bank's move, spokesmen said. **B/DAY 10/8/92**

FNB banking GM Bob Wood said that although mortgage rates were reviewed weekly, FNB was not cutting rates in response to BoE's announcement.

Standard Bank home loans GM Duncan Reekie said the bank had "taken note" of BoE's move. He said BoE was a small niche player in the elite end of the market. "Standard Bank would have to consider the effect of a similar move across the full extent of the bond market from the developing market to the kind of market it (the BoE) competes in. We have a significantly larger market share here."

Nedbank divisional director Mike Leeming said a high money market shortage in July and an increased inflation rate in June meant "any bond rate drop might be premature". But interest rates, including the home mortgage rate, were reviewed

□ To Page 2

Rate cut

continually.

B/DAY 10/8/92
Thompson said BoE, in taking its decision, had noted softening rates, and the general expectation that inflation would fall to about 12% by year-end. A further cut of one percentage point in Bank rate this year would not be surprising.

Furthermore, the Eskom 168 had dropped below 14,8% and the money market was liquid, which implied that there would be a scramble for assets, he said.

(123) □ From Page 1
BoE led the market in the last round of rates cuts by about two weeks and Thompson said it intended to remain competitive. BoE's rates were about 1,5 percentage points lower than its nearest competitor. BoE caters for the top end of the home loans market, with an average loan of about R500 000. It offers loans in selected suburbs where the bond required is R250 000 or more. Thompson said the higher margins achieved on this business allowed BoE to drop rates.

ALTHOUGH there are downward pressures on interest rates, homeowners in the broad band should not hope for further relief in mortgage bond rates in the near future.

This message comes from Trevor Olivier, NBS assistant GM of loans and savings, in the wake of an announcement by the Board of Executors (BOE) that it was lowering its rate by one percentage point to 16% from September 1.

Olivier said yesterday that the BOE operated in a very narrow band at the top end of the market — it is understood that

Homeowners warned on false bond hopes

loans are offered on homes worth R500 000 and more and where the bond required is a minimum of R250 000.

According to Olivier, banks and building societies would need to watch what happens to inflation — at present the Reserve Bank is keeping rates high because of the inflation level.

However, other

sources pointed out that when BOE last reduced its rates by a percentage point in May, other mortgage lenders did follow suit within a month.

While some economists hint that there could be a further drop of a percentage point or two soon, they also point out that homeowners' bond rates have dropped, on average, from 21% to 18% in the last 12 months.

● Increased property repossession, particularly over the past year is cause for great concern and the reduction in interest rates had done little to counter this trend, Olivier said.

Repossession, he said, was not exclusive to any income group and unemployment and failing businesses had been the biggest contributing factors.

"To counter this we are trying to encourage insurance schemes that cover unemployment as well as illness and death." — Business Staff and Own Correspondent

Mining land 'a viable option for housing'

123
11/8/92
ADRIAN HADLAND

REDEVELOPMENT of expensive mining land for residential use in Johannesburg would be more cost effective than building settlements out of town, planners have decided.

An SA Roads Board study has found that savings on transport subsidies, which cost the Johannesburg city council about R1 000 a person annually, mean it would be cheaper for residents and the council to make use of centrally located housing — despite land on the city's periphery being up to 40 times cheaper.

The study, entitled: "The improvement of mobility as a result of land-use planning", was undertaken by council planners on behalf of the roads board.

It examined the total costs involved in developing housing stock, roads and infrastructure in different parts of the Johannesburg municipal area.

The study concluded it was more cost effective in the long run to develop high density housing on central mining land, which would cost between R100 000 and R500 000 a hectare, than on land far from the city centre — such as that at Orange

Farm — where costs were only about R8 500 a hectare.

"People have been under the illusion that the establishment of townships 20km from the city centre is cheaper for the council and the communities concerned," Johannesburg council planning director Ian Symon said.

Justified

"This report proves that it is economically viable to develop mining land for higher density housing, even though it may cost 40 times as much."

Symon said the report justified the council's promotion of the use of mining land and in-fill projects for cost-effective residential development.

He said several mining companies, including Rand Mines Properties, were currently considering the financial implications of residential and commercial development on vacant mining land in and around the city's CBD.

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Call for halt to public land sale

LINDA ENSOR (123)

CAPE TOWN — The SA National Civic Organisation (Sanco) has called for a moratorium on the sale of all public land until an interim government is installed and a housing and development policy formulated for metropolitan and regional development.

Sanco is to form a coalition with the ANC and other land and environment organisations to look at issues relating to the future development of SA.

"We can no longer look at land issues as isolated problems.

"They must form part of a housing strategy aimed at investigating the land question and its implications in the greater metropolitan context," western Cape regional vice-chairman John Neels said yesterday.

"A critical part of this initiative would be the question of affirmative action and redistribution of land to communities historically deprived by apartheid."

Minister launches bid to help sacked hospital staff

HEALTH Minister Rina Venter said

yesterday she had launched a major initiative aimed at resolving problems involving the 7 000 hospital workers dismissed by the Transvaal Provincial Administration (TPA).

She said negotiations had begun on Friday between the TPA and the National Education Health and Allied Workers' Union (Nehawu) after requests from the Wits/Vaal regional dispute resolution committee which met Venter last week.

The negotiations were continuing yesterday.

Venter also said she had set up two committees to investigate aspects of the hospitals crisis.

One was to "see what we can do to provide social assistance for dismissed workers". She said she was considering some sort of assistance in kind, such as food provision, but not financial assistance.

The committee would also look at how demands for the reinstatement of the 7 000 workers could be considered without firing workers since em-

CHARLIE PRETZLIK

played by the TPA.

The second committee would examine ways of normalising "the atmosphere" at the Medical University of SA (Medunsa) and its adjoining teaching hospital.

Representatives from Medunsa told Venter last week the situation at the hospital remained volatile, which was affecting training.

A committee similar to the one dealing with Medunsa had been set up in Johannesburg at the instigation of the Wits/Vaal regional dispute resolution committee, she said.

Venter reiterated her commitment to outlawing strikes in the public sector, but said "we will institute a dispute resolution mechanism to ensure a similar strike never occurs again.

"Draft legislation is currently being negotiated between the Commission for Administration and the 11 public sector unions, except Nehawu, which boycotted the talks."

IS IT DIFFICULT TO SELECT A JURY?

HERE'S SOMETHING TO THINK ABOUT

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Sanco: Stop all public land sales

Municipal Reporter

123

CT 11/8/92

A MORATORIUM on the sale of all public land has been called for by the South African National Civic Organisation (Sanco) until an interim government is in place and a "representative housing and development policy" has been formulated.

Sanco announced yesterday that it was also opposed to the transfer of ownership of public land and buildings — "as in the case of the Model C option in white schools" — until a single education department has been formed.

Meanwhile, Sanco is forming a coalition with the ANC and other parties to look at development issues.

"Affirmative action" and "redistribution of land to communities historically deprived by apartheid" will be considered here.

Sanco said this was the thinking behind two independent agreements being negotiated with the Cape Town City Council: One over the Clifton bungalows and the other over fishermen's homes in Kalk Bay.

"In Clifton, where land values are

extremely high, an agreement is being negotiated whereby properties will be sold on the open market and the proceeds placed in a separate fund for use for low-cost housing".

In Kalk Bay, council properties were being sold to existing tenants at a subsidised price, with a restriction preventing resale on the open market for 10 years.

Sanco said there was no inconsistency between these two agreements. They formed part of "the same overall policy".

Land development had to be looked at "as a whole, bearing in mind the needs of the communities involved".

Land issues could no longer be looked at as isolated problems, but instead must form part of a housing strategy, Sanco said.

● Housing committee chairman Mr Neil Ross pointed out last week that the council's hands were tied in respect of the 55 Kalk Bay flats. It had to sell them for a price (well below market value) determined by a government formula, as national housing funds had been used to build the flats in the first place.

INFORMATION TECHNOLOGY

Industry taking the lead in forging African links

Reports by
MELANIE SERGEANT

GOVERNMENT has been criticised for hanging back on formulating a comprehensive technology policy which would assist SA industry to compete internationally. But industry is now taking the initiative.

Twelve organisations representing major players in SA's business, industrial and technological sectors met last night to start The Africa Initiative, which is aimed at opening African markets for SA organisations by inviting the continent's key decision makers here.

This will help obviate the need for individual organisations to make forays into Africa in search of markets.

Headed by SA Engineering Association chairman Roy Marcus, the initiative is the brainchild of the engineers and Systems Exhibitions. A board of trustees will raise and supervise sponsorship funds from industry to bring delegations to SA.

The scheme will target representatives of government departments and major business, as well as representatives of the World Bank, the African Development Bank, Preferential Trade Area for eastern and southern Africa, SADC, Africa Round

Table, the Commonwealth Development Corporation and Caisse Centrale. EC delegations and members from various chambers of commerce and foreign trade organisations will also be targeted.

Organisations expected to co-operate in the venture include the Foreign Affairs Department, Nafoc, the CSIR and KPMG Consulting, as well as Systems Exhibitions.

A National Technology Week, with the theme Technology for Africa, is planned for September 1993, giving SA's industrial and technological sectors a year to prepare to demonstrate their ability to meet Africa's technological needs, says Systems Exhibitions marketing director Jo Melville.

The prime purpose of the drive is to focus on the importance of technology to SA's economy.

"By inviting a number of important business and industrial delegations, companies and organisations involved will gain the most cost-effective method of reaching Africa's purchasers and decision makers."

Housing trust defends computer hire

THE seemingly expensive move by the SA Housing Trust's subsidiary Kayalethu Home Loans to spend R2m over two years to rent a computer system to handle its bond administration can be justified, trust officials believe.

Head of corporate marketing for the trust and Kayalethu Home Loans, Mike Fowlds, says the organisation looks after 25 663 bonds valued at about R571m.

The new system, which will be rented for R85 000 a month, thus translates to a cost of R3,31 a bond a month.

"This amount is peanuts, and probably less than it is currently costing us to administer our bonds utilising our small, home-grown system," he says.

The rental option was taken because of uncertainty about rationalisation in the

low-cost housing market.

He says the trust is the only significant player providing bonds in the lower income bond market.

"We have branches all around SA at the centre of each project. It is necessary to have administration at the various centres and link them to our head office in Johannesburg, so our costs are probably far higher than those of traditional bond finance houses."

"With the current talk of formulating new policies and having a national housing strategy for SA, it is important to rationalise the housing effort because duplication has been a problem in the past.

"Buying a system prior to full clarity of the rationalisation process would not have made too much sense," he said.

Weather Bureau hoping for supercomputer

IF government approves the budgets, the Weather Bureau could soon go to tender for a multimillion rand supercomputer.

Industry sources point to possible suppliers being Unidata through subsidiary Sepco which has the Convex agency, as well as Unidata-owned Cortech which owns the Cray agency.

Perschel would not comment on whether it would offer a Hitachi machine which was effectively a commercial mainframe

transformed into a supercomputer through the use of vector processing. Other contenders include NEC, Fujitsu and IBM.

Described as "highly sensitive", the tender was expected by some sources to be announced as early as October. The plan was believed to be worth more than R50m.

The bureau currently uses a large Control Data mainframe, which was classed as a supercomputer during the late 1980s.

Two banks set to drop bond rates



123

DEREK TOMMEY

STAR

15/8/92

GOOD news for home loan borrowers is that both Standard Bank and First National Bank announced yesterday that they will reduce the rate of interest on their mortgage bonds by 0,75 percent, from 18 percent to 17,25 percent, from September 1.

Other banks have not yet announced a reduction in their mortgage rates.

However, they are expected to follow suit or else run the risk of losing market share in what is about the only growth area for bank lending at the moment.

The reduction will lower the repayments of a borrower with a R100 000 bond by about R750 a year or about R62,50 a month.

Standard Bank senior general manager Dennis Matfield said it was hoped the cut would ease the pressure on home owners as well as help re-stimulate the housing market and the property industry as a whole.

Lose out

South Africans owe about R60 billion on house mortgages. This means that a 0,75 percent reduction in the mortgage rate will save them about R450 million a year, or about R38 million a month.

On the other hand, savers will lose out as the rate of interest they receive on their deposits is also likely to be reduced.

But there are far fewer savers than buyers of homes, which means that more people will gain than lose by the rate cut, and the overall effect should be to inject a large sum of money into the economy.

This could help to give the retail trade the boost it so sorely needs and possibly help stimulate the depressed manufacturing sector as well.

Home loan rates drop

CT 15/8/92
123

By AUDREY D'ANGELO
Business Editor

HOME loan rates are dropping again — giving some relief to South African consumers battling with high inflation and the continuing recession.

Standard Bank, First National Bank, Nedbank and the Perm announced yesterday that they were cutting their mortgage lending rates by three-quarters of a percent, from 18% to 17,25%, for both new and existing borrowers from September 1.

'Watching developments'

On a bond of R100 000 over 30 years, this would mean a saving of R67 a month. Repayments would drop from the current R1 502 to R1 440.

A spokesman for Amalgamated Banks of SA (Absa) said that no decision had been taken yet by the United, Trust Bank and Volkskas Bank.

"We are watching developments and will review the situation next week."

The Natal Building Society (NBS) is also considering the matter and will announce its decision next week. But a senior general manager, Mr Rob

Walkerley, said: "We usually keep up with the market."

The home loans market is fiercely competitive. When any major bank or building society announces lower rates the others normally follow within days.

The Cape Town-based Board of Executors (BOE) was the first to announce a cut in home loan rates last week. Its rates, which will come down by 1% to 16% from September 1, are still the lowest in the market.

But BOE caters for a small sector of the market.

It lends only on homes worth at least R500 000, in selected up-market suburbs.

'Difficult to assess'

Mr Bob Wood, a First National Bank senior general manager, pointed out that this was the third cut this year, said it was difficult to assess the chances of a further one before year-end.

"I would not like to speculate — but it's quite a long time until the end of the year."

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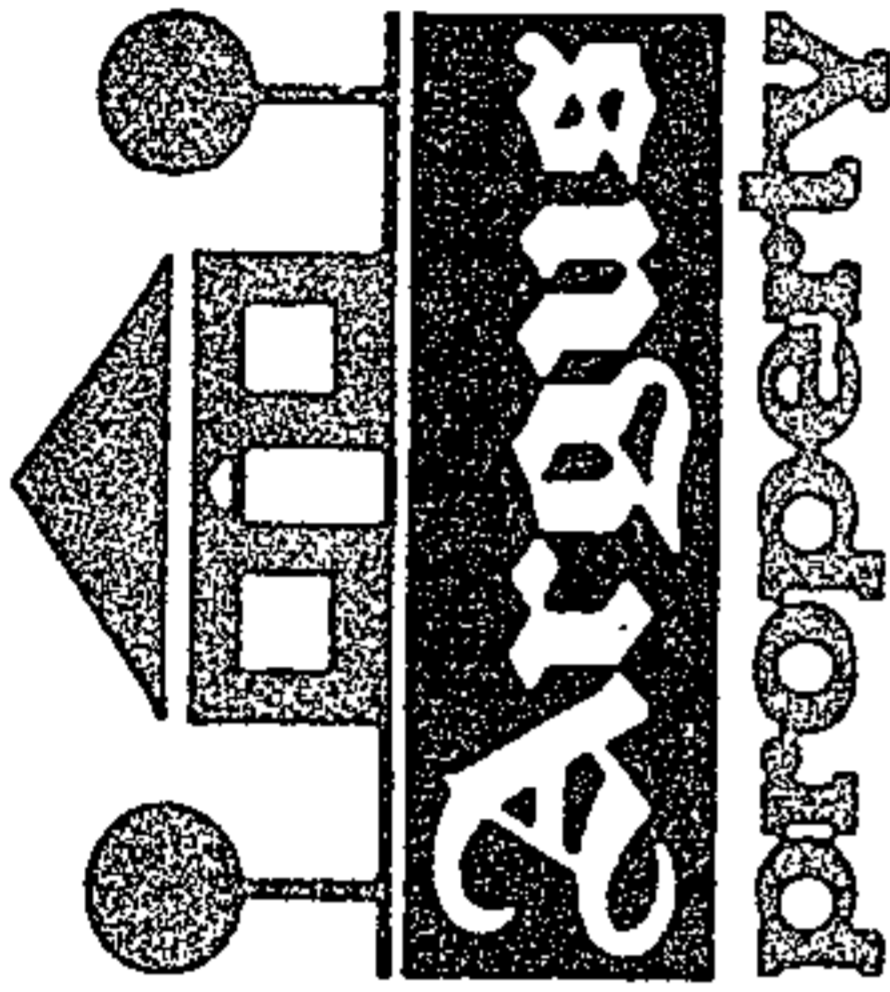
Bank cuts could

save homeowners

R250m a year

(123)
ARG 15/8/92

**Bright new
look for**



TODAY sees the advent of a new-look Argus Property — a two-section format, both in the compact tabloid shape, will be easier to read and to use.

■ One section will be packed with the familiar A-to-Z of homes for sale. Sophisticated reproduction and printing techniques ensure that the new, busier look on each page remains eminently readable. It is published, as usual, in all copies of Weekend Argus on Saturday and Weekend Argus on Sunday, the most popular, well-read weekend publication in the Cape with a sale of 115 000.

■ The other new section, Show Case, features homes for sale in the higher price range. It will be distributed to newspaper buyers in Weekend Argus on both Saturday and Sunday, in selected areas.

DOWN go bond rates

MARC HASENFUSS
Weekend Argus
Business Staff

GOOD news for homeowners, the bond rate has been cut again, and could save them about R250 million a year in bond repayments.

Four major banks announced a 0,75 percent cut — the third cut this year. Building societies and other providers of home loans are certain to follow this move.

Last night Standard Bank, First National Bank, Nedbank and Perm dropped their bond rates to 17,25 percent from September 1.

Home owners would save about R57 a month on a R100 000 bond with a 20-year term, a Standard Bank spokesman estimated. This reduces the repayment to R1 486 a month from R1 543.

When bond rates peaked in March 1991 homeowners were repaying close to R1 800 on a R100 000 bond. Since then repayment requirements have fallen R291 — representing a 16,5 percent saving.

The Standard Bank spokesman said a further cut in bond rates before the end of the year was possible, depending on the performance of the economy.

The cut should ease the pressure on home owners and re-stimulate the housing and property market.

He said the time was right to drop the bond rate to a level closer to prime rates.

Economists believe a drop in overdraft and other lending rates is on the cards. This view was confirmed by the move in the 90-day liquid BA rate into a 13,15 to 13,40 percent range yesterday.

Sanlam's chief economist Mr Johan Louw said the cut was in line with expectations following the declining tendency in money market rates in the past few weeks.

"The cut in bond rates is usually a forerunner to further cuts in the prime lending rate — which we could see by October at the latest."

Mr Louw said the 0,75 percent cut was indicative of the prevailing economic climate in which banks had to stimulate demand for credit.

Vibrant SA property market

TOM HOOD
Business Editor

123
AUG 15/8/92
THE South African commercial and property syndication market is buoyant compared to London and New York, says Mr Lawrence Seeff, MD of a leading property group.

He said that in Manhattan, which is 30 times larger than Johannesburg, only one building with a value of more than \$15 million had been sold in the past 12 months.

Individuals who could afford to buy or develop major buildings were not

interested in increasing their exposure.

As a result the market value of buildings had dropped between 25 and 30 percent in 12 months

London had a very depressed property market although there was a lot of interest from German, Dutch and French industrialists.

"Our markets are a lot more active than markets overseas. No matter how much South African property developers and owners are complaining, conditions are much better here than overseas," he said.

Bank rate may be the next

S/Time/ [Buss]

(123)

A BANK-RATE cut could follow the drop in the home-loan rate announced by Standard Bank, Nedbank, First National Bank and the Perm on Friday.

The home-loan cuts this year from 20% to 17,25% were followed by bank rate. Eighteen months ago home loans were at 21%.

The latest 0,75% cut injects R480-million into the economy. Cheaper home loans this year have put R1,7-billion into borrowers' pockets.

Market talk on Friday was that a drop in bank rate was imminent was denied by the Reserve Bank's Chris de Swardt. He said: "We are not considering it."

Standard Bank initiated the move, lowering home loans from 18% to 17,25%. It was followed by Nedbank, First National and the Perm.

Standard Bank's Dennis Matfield hopes the drop will "restimulate the housing market and property industry as a whole".

FNB's Bob Wood says the cut will lower the number of repossessions.

"The market gives us the ability to do it"

Capital-market traders believe the Reserve Bank will follow with a percentage point drop to 14% before the

By TERRY BETTY

end of August, inflation permitting. Traders expect the consumer price index due later this week to drop by about 0,5% from June's 15,1%.

They say falling market rates are putting downward pressure on bank rate. The long-term Eskom 168 has fallen to 14,10%. The long-term RSA has dropped to 14,20%.

Three- and six-month Treasury bill rates have shed about 0,5% to 12,77% and 11,94% respectively.

Econometrix's Azar Jammine does not expect a bank-rate cut until end-September, when inflation should be below 14%. He says Reserve Bank Governor Chris Stals does not want the bank rate to be below inflation.

Dr Jammine says the home-loan drop is insufficient to stimulate the economy, but will help to slow its deterioration.

"It is part of the process that should eventually result in economic recovery."

The drop will ease the pain of cash-strapped individuals. Others will use the spare cash to pay debts, to pad their bank accounts or pay off their bonds faster.

yesterday said the ANC na-

Bond rate battle

123

hots up

STAR 17/18/92

Home-owners were given further relief at the weekend with the announcement of a 0,75 percent drop in its bond rate by Standard Bank, a move followed so far by First National Bank, Nedbank and the Perm.

Other banks are expected to follow, with the third cut this year bringing most rates down to 17,25 percent from September 1.

The reduction in monthly repayments for home-owners is a further R85 a month in respect of a 20-year loan of R150 000.

This brings the total reduction this year on loans of that amount to R319 a month. — Staff Reporter.



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Speculation growing over Bank rate cut

By Sven Lünsche (123)

The bond rate cut by major banks over the weekend has fuelled speculation that the Reserve Bank will lower its key Bank rate within a few weeks.

Standard Bank announced a 0,75 percentage point cut in its bond rate to 17,25 percent on

Friday, a move which so far has been followed by First National Bank, Nedbank and the Perm.

Other financial institutions are expected to follow this week. STAR 17/8/92

Rumours swept financial markets on Friday that the central bank was set to lower Bank rate by up to two percent.

A cut in Bank rate is the precursor to lower interest rates on all bank lending to customers.

Analysts say pressure for a Bank rate cut is emanating from two sources.

Firstly, the deteriorating state of the economy, as evidenced by a 2,6 percent fall in

gross domestic product (GDP) in the second quarter of the year.

Secondly, interest rates in the money and capital markets have recently declined sharply.

On the capital market, rates on the benchmark Eskom 168 fell to a six-year low of 14,1 percent last week.

House prices 'to rise 13% in next year'

ct 17/8/92

123

By MAGGIE ROWLEY
Property Editor

RESIDENTIAL prices will rise by 13% in line with inflation in the next year forecasts Anglo American Property Services (Ampros).

Ampros director Peter Gardiner said real house prices were expected to improve after the expected strengthening of the general economy by the year end or early 1993.

Industrial rentals, on the other hand, were expected to rise by 10% to 12% during the next year while new office lease rentals were likely to lag below the inflation rate at about 5%.

Residential investment, he said had proved its worth since 1980 in relation to other investment opportunities with real prices declining on average by only 1,8% a year, whereas the real market in industrial space declined by 2,2% per annum and in office space — which is currently at 60% of 1980

levels — by 3,6% per year.

Gardiner said that 10,6 billion square meters of housing was constructed at a cost of R7bn (an average of R660/m²) last year with detached housing and high density units almost on a par.

“But an interesting third element of additions and extensions is becoming increasingly important as household monies are stretched and more and more homeowners upgrade their existing accommodation to the extent of 24% of the total construction cost for the year.”

According to the Ampros report, 54% of houses for black people constructed last year were below 70m² at an average cost of less than R25 000 per unit.

Gardiner points out that in the '60s, a good quality house cost R80/m² to build against today's R1 500 to R3 500/m².

swearing workshop
foreign students.

Home loans war heats up

CT 18/8/92
THE home loans war heated up yesterday with an announcement by Amalgamated Banks of SA (Absa) that it will reduce its mortgage bond rate to 17% a year for clients who have a cheque account and use at least two other services offered by any bank in the group.

Other clients will pay 17,25%, bringing Absa into line with the Standard Bank, First National Bank, Nedbank, the Perm and Saambou. (123)

● Full report — Page 11

BUSINESS BRIEF

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Plans afoot to set up national forum

Major drive to electrify households

BLOA-1 18/8/92.

123

WILSON ZWANE

DEVELOPING new strategies to electrify millions of homes is the aim of a major conference of representatives from Eskom, government, business, labour, political parties and civic organisations next month.

The conference was expected to pave the way for a national "electrification forum", which would work out ways of extending the provision of power to more areas of the country, a source close to Eskom said yesterday.

Eskom estimates that 70% of the population — an estimated 23-million people in 3-million households — do not have electricity. Most of these people live in rural areas and townships.

The two-day national electrification conference will be convened by the Development Bank of Southern Africa at Midrand from September 1. It will be attended by 160 representatives of interested organisations.

The electrification forum it sets up will look into the specifics of the electrification process, such as funding and technology. The conference was the brainchild of the ANC and the Mineral and Energy Affairs Department, which "separately requested the Development Bank to convene a conference for all interest groups in the field of electrification", the source said.

The foundation for the conference was laid at an ANC conference on electrification in Cape Town in February. At that conference the bank was requested to convene next month's gathering.

Peter Freeman of the Development

Bank said next month's conference was intended to create an opportunity for all stakeholders to participate in establishing an effective national mechanism to drive affordable and sustainable electrification.

"This could take the form of an electrification forum at national level but it is up to the conference to consider the structure and its goals and functions. The important thing is that the basic needs of people must be met."

Eskom public affairs executive Johan du Plessis said yesterday the utility was "very happy" about the conference and the envisaged national forum.

"We see this as a major step towards the democratisation of the electrification process," Du Plessis said.

He said its decisions would not have legal effect, but it would bring pressure to bear on a governing body of the day to "implement its recommendations".

STEPHANE BOTHMA reports that Eskom, in its annual report, said it was going all out to electrify 700 000 homes in the next five years. The report said 38 050 homes were connected to the electricity supply last year, and the plan was to connect a further 164 000 this year.

Eskom said it was proceeding with the programme even though loss of revenue, because of non-payment of accounts, amounted to R291m last year. The figure was expected to rise to R390m this year.

Capital expenditure in the current financial year was expected to be about R2,8bn.

Hostels: (123) Minister: (234) to testify ^{CT. 18/8/92}

Political Staff

THE Minister of Local Government and National Housing, Mr Leon Wessels, is to give evidence to the Goldstone Commission on the government's attitude to the future of township hostels.

Mr Wessels said earlier this year that the government had allocated R294,6 million for the upgrading of the hostels into family units.

After the commission said in July it was distressed that some of its recommendations on the hostels had not been implemented, Mr Wessels's department said representative working groups would discuss their future.

Yesterday, Mr Justice Richard Goldstone said the committee investigating the role of the hostels had asked Mr Wessels to give evidence in Pretoria on August 25 on "the present policy of the government with regard to the upgrading and/or conversion and/or closing of hostels".

R4-bn a year needed for housing subsidies

About R4 billion a year will be needed just to maintain present housing subsidy levels and maintenance costs until the year 2000.

So says Johan Viljoen, outgoing president of the Institute of Building (SAIB), who has added his voice to calls for the rapid establishment of a national housing forum.

He says the first principle of any housing policy is that both the homeowner and the community can afford it.

The homeowner has to be able to meet bond and maintenance costs, while any capital subsidy has to be covered by tax revenues — without incurring huge internal or foreign debt.

However, these two factors together will cost R4 billion a year until the year 2000 — a figure obviously beyond the national budget.

It is certainly higher than the R3,5 billion a year the De Looer Commission has recommended be found for capital subsidies — and that is already twice as much as being spent at present.

(123) (123)
STAR 18/8/92
A national economic or housing forum, which would take the issue out of the political arena, is the only way to really get to grips with the backlog, now estimated at 1,4 million units.

Such a forum should be able to tackle problems such as delays in the delivery process caused by bureaucratic blundering, the inflationary effect of monopolies and cartels on material prices and the lack of financing for the low-income sector.

Out of date

It would also have to address:

- Difficulties in obtaining land for development.
- The application of building standards that are 20 to 30 years out of date.
- ensuring that new buyers are educated in the use of urban facilities and about the bond repayment system.
- Finding ways to stop arson, theft and assaults on housing workers which make projects in certain areas unviable from the outset.

Further mortgage bond rate reductions on cards

STAR 18/8/92

By Magnus Heystel
Finance Editor

Further cuts in mortgage bond rates are expected following Friday's announcement by Standard Bank of a cut of 0,75 percent in its bond rate to 17,25 percent.

A rate of 16 percent is now expected before the end of the year while rates could decline even further if inflation falls later this year.

All the "Big Five" banks have now reduced their rates. The lowered rate applies to all new applications, while existing bonds will come into line on September 1.

This is the third reduction in bond rates since the beginning of the year and home-owners are now starting to feel a real difference in monthly repayments.

The latest reduction will free another R450 million a year in total bond repay-

ments, which should prove a welcome boost to a depressed retail industry.

A person with a R50 000 bond will now have to pay a minimum of R743 a month (excluding insurance) at an interest rate of 17,25 percent. This compares with R849 a month at an interest rate of 20 percent — a saving of R106 a month (see table).

Someone with a bond of R150 000 will by now have seen a reduction of R319 a month.

According to the banks the latest drop was a reaction to reduced demand for mortgage finance. The residential property market has declined sharply in the past three months because of the depressed economy and the mass action campaign.

Bank spokesmen hope the latest drop in bond rates will boost the property market, but estate agents and developers are more cautious.

"We need more than cuts in interest rates; we need economic growth and political confidence for this market to really take off," a developer said yesterday.

The further decline in bond rates — normally a precursor to a lowering of other interest rates, including the prime overdraft rate — reflects on the depressed state of the economy.

While debtors might welcome the latest drop in mortgage rates, savers are faced with greater reduced interest payments while inflation is still soaring.

Pensioners living off fixed-income investment, in particular, have seen their incomes decline sharply in recent months at a time when the price of basic foodstuffs has risen by as much as 25 percent. The purchasing power of such pensioners has dropped by as much as 35 percent in recent months.

Home loans war hots up

123
CT 18/8/92

By AUDREY D'ANGELO
Business Editor

THE home loans war heated up yesterday with an announcement by Amalgamated Banks of SA (Absa) that it will reduce its mortgage bond rate to 17% a year for clients who have a cheque account and use at least two other services offered by any bank in the group.

Other clients will pay 17,25%, bringing Absa into line with the Standard Bank, First National Bank, Nedbank and the Perm, which announced on Friday that they would cut their mortgage lending rate by 0,75%.

Saambou made the same announcement yesterday. The Natal Building Society (NBS) has not yet made a decision because it has not been possible to hold a board meeting since Friday.

But a senior executive said yesterday: "We are normally in line with the market."

Absa — with United, Allied, Trust Bank and Volkskas in the group — already has about 49% of the total home loans market in SA.

And it is clearly trying to make its share even bigger. In an obvious attempt to win clients away from other institutions, Absa's deputy CE Danie Cronje said: "It will cost new clients nothing to transfer their bonds from any other financial institution to Volkskas, United, Trust Bank or Allied. Absa will pay all switching costs."

"Clients can choose whether they want to hold their various accounts together or separately at Volkskas, United, Allied or Trustbank."

"The formation of Absa has cut our costs and has given us the leverage of an asset base of some R89bn. We are now starting to pass these benefits on to clients by way of more affordable banking and we expect to maintain our cost leadership in the marketplace."

"We are shaping up to face the challenges which the new environment will bring, both here and abroad."

A spokesman for Absa pointed out that huge savings would be made if a bondholder given the special rate of 17% kept up payments as though the rate were 17,25%.

On a loan of R100 000 repayable over 25 years paying the extra 0,25% would reduce the period of payment by almost four years, saving more than R60 000.

In today's competitive home loans market other banks are also willing to offer similar terms to good clients who make use of a number of their services.

Admitting last month that his group was using home loans as a "loss leader" to attract other business Hennie Diederichs, operating officer of Volkskas/Trust Bank said there was "a formal and informal rate structure" and individuals could negotiate.

Hostels: Goldstone asks minister to give evidence

Political Staff

(123)

ARC 18/8/72

THE Goldstone Commission has asked Local Government and National Housing Minister Leon Wessels to give evidence on the details of the government's policy on upgrading hostels.

Mr Justice Richard Goldstone, chairman of the commission of inquiry into political violence, announced this as part of a renewed attempt by the commission to resolve the conflict surrounding hostels.

Mr Justice Goldstone said that there was already some consensus that hostels would have to be changed and he had instructed the commission committee looking into the hostel question to address specific issues now.

Mr Wessels had been asked to give evidence at a public hearing on August 25 in the N G Synod Building in Pretoria on:

● The present policy of the government with regard to the upgrading and/or conversion

and/or closing of hostels; and

● The specific issues which the government thought the commission should look into to help it resolve the conflict surrounding the hostels.

The National Housing Forum — which was being formally established and on which most interested parties would be represented — had also been asked to give evidence on the same day.

Other major interest groups, including the ANC and the IFP, would also be asked to give evidence and anyone else who wished to do so should contact the commission.

The chairman of the hostels committee is Mr R W Nugent SC.

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Soweto council going broke

JOHANNESBURG. —
The Soweto city council
is on the brink of being
declared bankrupt.

However, a R5 million
immediate donation or
R3m a month could save
the council.

Council spokesman Mr
Mojalefa Moseki con-
firmed this yesterday,
saying: "All services to
Soweto's three million
residents will stop by
the end of the year, fol-
lowed by the council's
closure."

Sapa
6/23/92 CT 2018/92

NEWS IN BRIEF

BIDAM 2018/92
Bond boycott decision

A MEETING between the SA National Civic Organisation (Sanco), government and financial institutions today could decide whether the bond boycott call will be implemented or not, Sanco president Moses Mayekiso said yesterday. (123)

Mayekiso said the meeting would be attended by Manpower, Local Government and National Housing Minister Leon Wessels, officials of the Mortgage Lenders Association and banks and building societies.

Bond boycott hinges on meeting

STAR 20/8/92
By Kaizer Nyatumba
Political Reporter

The South African National Civic Organisation's proposed bond boycott will start at the end of this month if the organisation's demands are not met at a meeting to be held today, according to Sanco president Moses Mayekiso.

The meeting — to be attended by Sanco, the

Government and financial institutions — will discuss the organisation's demands for a national housing policy — which includes the reduction of interest rates on housing loans, easier home loans, and reduced purchase prices and land costs. (123)

Manpower, Local Government and National Housing Minister Leon

Wessels's office yesterday confirmed that the minister would be meeting Sanco today.

Mr Mayekiso said that if Sanco's demands were not met, the proposed boycott would begin at the end of August as scheduled.

He said Sanco also demanded a statement in support of peace and democracy from the finan-

cial institutions.

These institutions were also expected to pressure the Government to accede to the 14 demands put forward by the ANC before negotiations could resume.

ANC president Nelson Mandela has opposed the proposed boycott, saying it would lead to financial institutions refusing home loans to blacks.

Rightwinger on day 61 of fast 'satisfactory'

By Philip Zoio

Orde Boerevolk (OB)
chief of staff Leonard

OB leader Nic Strydom said Mr Veenendaal, who has been under police guard at Pre-

to fast until death unless Justice Minister Kobie Coetsee blocked his extradition to Namibia.

relating to an attack on a UN base in 1989.

● Diepkloof prisoner Stephan van den Berg, who



Bond boycott meeting today

JOHANNESBURG. — A meeting between the South African National Civic Organisation (Sanco), the government and financial institutions today could decide whether the bond boycott call will be implemented or not, Sanco president Mr Moses Mayekiso said yesterday. He said if the meeting failed to meet "our demands, the campaign will start at the end of August" — Sapa

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(123) CT 20/8/92

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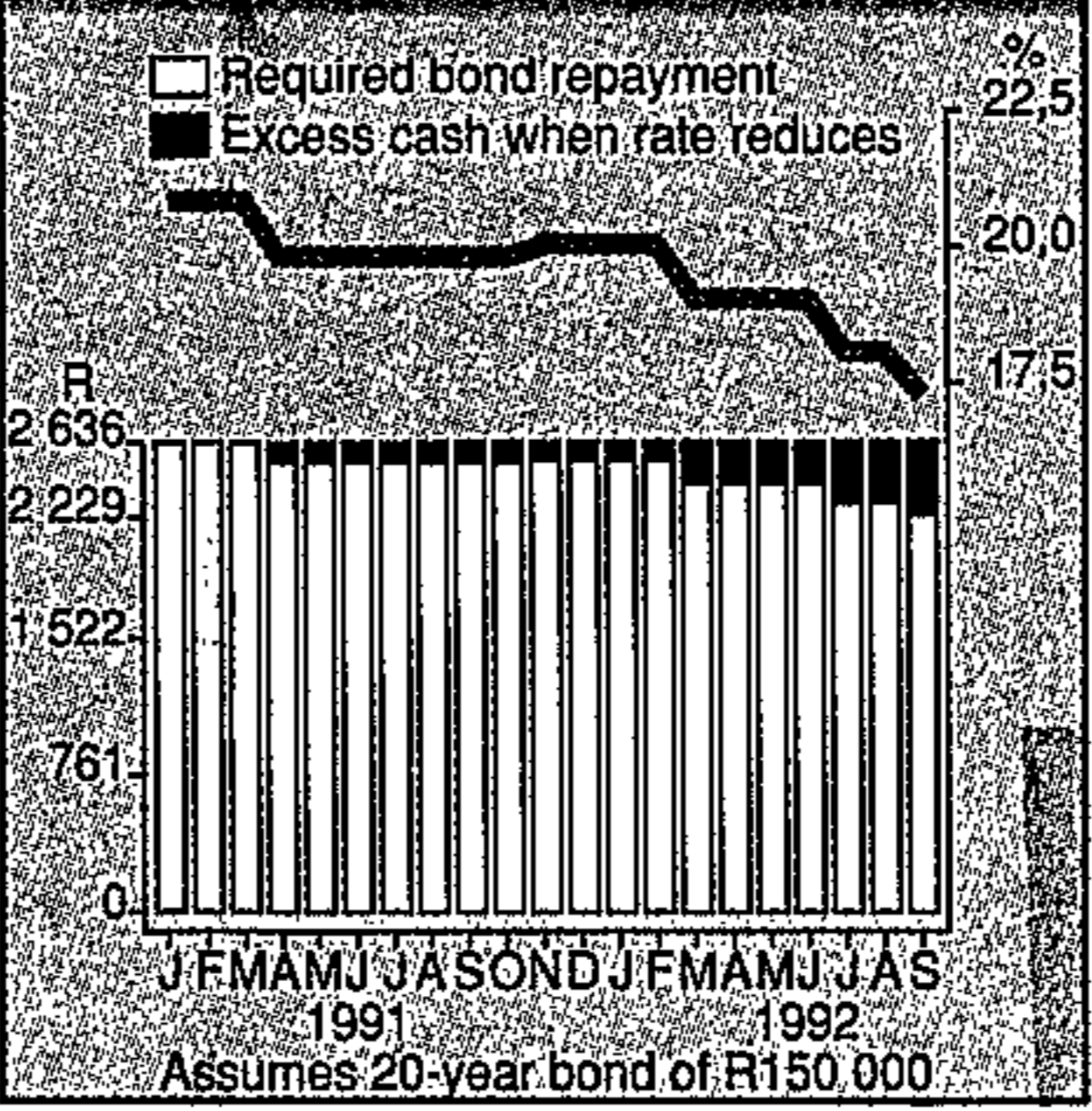
Southern Africa Labour & Development Research Unit



FM 21/8/92

123

Putting you in the black Effect of rate changes since 1991



R2 431. That's a saving of R117. Likewise, when the rate moved to 18% in July the instalment declined another R117 to R2 314. From September 1 the borrower will find that his monthly payment has declined to R2 229. Should rates fall to 16% by year-end, the instalment will be R2 087 — or R461 less than at the beginning of the year (see graph).

The R5 532 this would add up to over a year should come in handy to most families.

But, even at 17,25%, if Mr X chooses to continue paying his original mortgage repayment, he will reduce the term of his loan from 240 to 136 months and knock about R293 020 off his total interest bill.

Another effect of the rate cut is that home ownership becomes more affordable to more people.

Property analyst Erwin Rode says the lower rates will probably affect the number of houses sold but not necessarily their prices, especially at the lower end of the market.

Olivier cautions, however, that rates rise just as they fall and first-time buyers who, at the lower rates, just manage to get a bond, could find themselves in trouble later if rates go back up. He adds that the entire market suffers when cash-strapped mortgage borrowers are forced to sell their properties at desperation-induced lower prices.

HOME LOANS — 1

Cash stash

Homeowners complain that the price of just about everything they need keeps going up. The exception — that elusive something that occasionally moves in the opposite direction — is the cost of a home loan. Since the start of 1991, mortgage rates have dropped from 20,75% to 17,25%, effective from September 1, and may fall further before the year is out.

NBS's Trevor Olivier suggests they may end the year at 16%. "But this depends on many factors," he warns, "not least of which is inflation's behaviour over the period."

The reduction in bond rates has eased the burden on borrowers. Monthly instalments have fallen to make some spare cash available for other uses.

To illustrate, we have taken a typical borrower, Mr X, with a bond of R150 000, repayable over 20 years at 20%. This year's first rate drop, to 19%, in March, reduced the monthly repayment from R2 548 to

HOME LOANS — 2

How the cookie crumbles

The recent round of cuts in mortgage rates has presented problems to former building societies. With their huge home loans books, they are highly exposed to the fall in income:

- Saambou Bank's mortgage loans represent about 66% of its more than R4bn in total assets;
- NBS Bank 66% of about R9,5bn;
- Amalgamated Banks of SA (Absa), with both Allied and United Building Society's

portfolios, 36% of about R80bn; and □ Nedcor Bank, which has the Perm — formerly a building society — among its divisions, 35% of about R38bn.

The institutions which led the interest rate moves were the traditional banks, Standard and First National, who announced the cut to 17,25% on Friday. They have proportionately smaller exposures:

- Standard about 20% of total assets worth R46bn; and
- FNB with about 17% of R39bn.

These banks are making a determined drive for home loans. There are two major attractions: they have a risk-weighting of only 50%, which means banks have to hold less capital against them than they do against other types of loans; and they provide banks with marketing opportunities for many of their other products. That is why banks have recently been prepared to offer home loan rates lower than prime, over a period.

Even the giant Absa, with no need for organic growth, can't afford to lose its edge in the market. Despite the competition, it's still granting more bonds than any other organisation and it can't afford to retreat from the market for fear it will create a perception that it is uncompetitive.

Says spokesman Gavin Webster: "Our share of the home loan market is relatively large but, since the creation of Absa 2, mortgage loans form a more balanced percentage of our book."

No bond rate boom

(123)

THE latest cut in home loan rates by major financial institutions is unlikely to push up either house sales or prices, believe estate agents, developers and analysts. All the "Big Five" banks — ABSA, First National, Standard, Nedbank and the Perm — have now reduced rates to 17,25 percent.

w/maail 21/8 - 27/8/92

Mortgages may

tumble to 16%

STAR 22/8/92

(123)

PRAY for rain, because if the heavens open up this summer, further drops in bond rates can be expected. As it is, bond rates are expected to decline to as low as 16 percent before the end of the year.

This will come as welcome relief for cash-strapped South African households.

While good summer rains will speed up the process, economists predict that a decline in the inflation rate could see bond rates as low as 14 percent some time next year.

Still falling

But for the inflation rate to fall drastically, it will have to rain well in the next couple of months to relieve the upward pressure that higher food prices are exerting on the consumer price index.

If food is taken out of the CPI basket, it shows that the underlying inflation rate is at 10,9 percent and still falling.

Good rains would lead a slowdown in the surge in food prices and have a positive effect on the overall inflation rate.

A GOOD rainy season will help push down bond rates as inflation — especially food price inflation — will stabilise, **MAGNUS HEYSTEK** writes.

Most economists and financial analysts expect the inflation rate to decline substantially in the next couple of months.

The recession has forced cutting in almost all sectors of the economy, which is good news for inflation.

All the major banks have now announced a further drop of 0,75 percent to 17,25 percent in mortgage bond rates.

This is the fourth time that bond rates have been lowered since mortgage rates peaked at 20,75 percent last year, exerting a very positive effect on the financial position of homeowners whose bonds have been kept at the same levels.

A person with a bond of R150 000 has this year already seen his minimum monthly repayments decline from R2 548 a month to R2 314. And from Sep-

tember 1 the repayments will drop to R2 229 a month. At 16 percent — a fair bet at this stage — the repayments will be down to R2 087. This is R416 a month less than at the beginning of the year, or nearly R5 000 a year — equivalent to a 10 percent increase in salary for a person earning R50 000 a year.

The latest cut in the bond rate is expected to release about R450 million into the economy.

However, property analysts do not agree that the cut in bond rates will necessarily be good for residential property prices.

Opportunity

While it will make housing more affordable for more people, agents do not think it will lead to higher prices yet.

For housing prices to rise, the growth rate and political confidence will both have to pick up.

The further reduction in bond rates offers yet another exceptional opportunity for homeowners to repay their homes quickly. Someone who took out a bond of R150 000 at 20 percent and has kept up the original payments will pay off his house in 136 months instead of 240, with a total saving of R293 020 on interest.

Roof for each head in SA

123
ARG 22/8/92

IT is not the final solution to the housing crisis, Dr Joop de Loor says.

The report of his working group, now being put to local authorities and business groups on a nationwide whistle-stop tour, advocates a 10-year programme to put a roof over each South African head.

The statistics are mind-boggling: to do this, the government would have to spend R14 billion a year for the foreseeable future.

In the short term, the budget appropriation for housing would have to rise from its present R1,6 billion to R3,5 billion a year.

The housing crisis is being bedevilled by a low growth rate, unemployment, poverty, capital shortages and underinvestment in housing.

The report proposes setting up a national housing department to replace the baffling bureaucratic octopus which has choked the provision of housing under apartheid.

This department would co-ordinate policy and allocate subsidies on a national basis, possibly including present "self-governing states" and the TVBC areas.

All housing funds would be dissolved, to be replaced by a national housing finance corporation, based on the present structure of the Development Bank of South Africa.

In spite of criticism that the De Loor task group report does not take into account extra-parliamentary views on hous-

■ There have been 30 reports in the past 20 years proposing solutions to South Africa's housing crisis. Former auditor-general Mr Joop de Loor has made it 31 — but he says the answers he suggests could be implemented only once there is an interim government. Municipal reporter CLIVE SAWYER attended a briefing.

ing policy — mainly because they refused to get involved — he was optimistic a "housing accord" involving all communities could be made, without it being hijacked for political purposes.

He said his group had followed World Bank advice that the future of South Africa would be determined in its cities.

In turn, the bank had welcomed the non-racial, free enterprise principles of his report but had taken issue with some of the details.

The report notes that urbanisation is happening in South Africa at a rate greater than elsewhere in the world.

The number of informal settlers in cities is now understood to have reached 2,5 million.

There was a backlog of 1,3 million "housing units" countrywide, and to meet this backlog 300 000 units would have to be built annually.

In spite of this gloomy picture, the task group has set its

sights high: its vision is to provide all South Africans with secure tenure of at least a formal four-room house with a bathroom, in a safe and healthy environment, close to employment opportunities.

Other key proposals of the task group report were:

■ Schemes be done by a public and private enterprise partnership.

■ Attention should be given to using the vast resources of life offices, pension funds and stokvels.

■ Regional services councils and future metropolitan governments would play a role in providing bulk infrastructure.

■ In-depth inquiries be done into the building materials supply market and a fresh look at import control and tariff mechanisms to prevent overprotection of the local suppliers.

■ Special training programmes for small builders.

Dr De Loor said his report was a working document "which needs to be torn apart and discussed".

Don't ⁽¹²³⁾ cut bond ⁽¹²³⁾ payments — housing 5/11/92 (cm) officer 23/8/92

THE drop in bond interest rates can help homeowners to pay off their mortgages up to five years sooner, provided they maintain their monthly repayments at the former rate, says Mrs Belinda Fortune, housing information officer for the House of Representatives.

She urges homeowners not to reduce bond repayments, as paying the same monthly amount will shorten the loan period and save hundreds of rands in interest in the long run.

A Standard Bank spokesman estimates that the new bond rates will enable homeowners to save about R57 a month on a R100 000 bond with a 20-year term.

Mrs Fortune cautions prospective homeowners about budgeting properly when signing up for a mortgage loan.

"Interest rates might hold steady for quite a while still, but one must always prepare for a possible increase some time in the future."

Free advice on home ownership is available from Mrs Fortune at the Directorate of Housing, ☎ (021) 45 5630.

□ □ □

KLEIN VICTORIA, Bellandia's new 24-unit development on the corner of Alice and Smart Streets, Goodwood, has been designed specially for those who find current house prices have risen beyond their means, according to Bellandia managing director John Clark.

Each unit consists of two bedrooms, an open-plan kitchen and living room, bathroom, private garden, kitchen courtyard and on-site parking.

"Although it is believed that units in a development of this quality can fetch R140 000 in this area, we managed to arrive at a price of R120 000, which is excellent value.

"An added bonus is that 105% bonds have been arranged with the United, which will cover legal costs as well."

Big lenders join forces with blacks on housing

S[Times] [B455]

23/8/92

By KEVIN DAVIE

THE life and mortgage businesses and the ANC, PAC, Azapo and the IFP join forces at the end of this month to combat the housing crisis.

Taking part in the national housing forum (NHF), to be launched on August 31, will be 17 organisations. They include the Life Offices Association (LOA), the Mortgage Lenders' Association (MLA), Saccola and representatives of the building materials and construction industry.

Trade unions Cosatu and Nactu will be represented and so will the national body of civic organisations, Sanco. Others will be the Development Bank (DBSA), the IDT, the Kagiso Trust, the SA Housing Trust and the Urban Foundation.

Foreign

"There's a lot of hope for the Forum," says the MLA's Denis Creighton.

"This is the first occasion where most of the major players will directly be involved in solving SA's housing problems."

Mr Creighton says there is no shortage of capital for housing, but foreign money will be needed later.

"This is the first attempt to bring some order to the housing mess," says the ANC's William Cobbet.

LOA chairman Louis Shill says his organisation supports the aim of ensuring that housing provision is co-ordinated and well backed.

"Priority No 1 is housing. The funds are available but

the affordability problem needs to be bridged," says Mr Shill.

But most participants stress that they do not see the establishment of the NHF as a panacea. Housing policy has been so skewed by apartheid that even though the NHF will combine considerable financial and political muscle, it is unlikely to produce immediate solutions.

The DBSA's Johan Kruger says one problem is the disparity of services. Service provision in Langlaagte costs R172 a month, but in nearby Soweto a homeowner is expected to pay R332 for less service.

Mr Kruger says: "There is no short-term optimism, but the forum should create an enabling environment which

will produce long-term solutions." Mr Creighton says the SA development process has been distorted by past ideology. This has caused structural problems.

The work of the NHF should in time find teeth in legislation. But the process will facilitate the freeing of housing finance.

"Regrettably, it will be a slow process. There are major imbalances to correct."

Fruitful

Mr Shill says no yardsticks or form of prescription have arisen in the LOA's discussions with extra-parliamentary groups. Prescription is a desperate measure.

"The market mechanism provides the best solution."

Sanco has called for a boycott on payment of mortgage bonds. The ANC's William

Cobbet says the real issue is how to get finance into the townships.

"Boycotts are not an appropriate way of doing this."

Funds should ideally be offered voluntarily, but the percentage allocated should be investigated.

Sanco president Moses Mayekiso says "fruitful" discussions were held on Thursday and Friday with the Government, MLA and Council of SA Bankers.

He says Sanco is not a mischievous group, but is concerned about high interest rates, the fact that few blacks have access to mortgage finance and that violence has caused some people to flee their homes.

Sanco, which meets this weekend to discuss the bond boycott, is committed to helping to solve housing problems.

Housing forum to be launched soon

Blom 24/8/92

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WILSON ZWANE

A NATIONAL housing forum will be launched in Johannesburg at the end of this month following months of preparations.

Financial institutions, political organisations, trade unions and development agencies will be among 17 organisations who will attempt to find solutions to the present housing crisis and make recommendations to government.

Government withdrew from initial discussions on the housing forum in January, saying socio-economic matters should be discussed at Codesa.

The ANC, the PAC, Inkatha, civic groups, Cosatu, Nactu, the Life Offices Association, the Mortgage Lenders' Association, the IDT and the Development Bank are among the bodies who are represented on the forum.

A source close to a working committee entrusted with working out the forum's details said at the weekend that everything was in place and the forum would be launched at a news conference at the end of the month.

A civic leader, who asked for his name to be withheld, said government should reconsider its participation in the forum now that Codesa had collapsed.

Minister Leon Wessels has said government would maintain bilateral contact with the forum.

Meanwhile, SA National Civic Organisation president Moses Mayekiso has called on banks to stop lending money to government. It was not clear yesterday whether the Council of SA Banks (Cosab) would meet government to discuss Sanco's call.

Mayekiso told Cosab representatives in Johannesburg on Friday: "Cosab members hold more than R13bn in government loans of various sorts. . . This is more than 10% of total government debt."

Mayekiso said banks should stop lending government money until it was clear that democratisation was irreversible.

He said unless the bankers stopped lending government money and changed their lending policies towards blacks, Sanco would embark on a mass action campaign which would include the bond boycott.

Cosab could not be reached for comment yesterday, but Mayekiso said the council had promised to respond to his organisation's demands within two weeks.

Efforts to reach Local Government spokesman Johan Smit yesterday were unsuccessful.

Pilots claim Transnet breached agreement

Blom 24/8/92

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SUSAN RUSSELL

THE SAA Pilots' Association (SAAPA) has instituted legal action against Transnet which, it claims, breached a conditions of service agreement by promoting five pilots to the rank of Boeing 737 captain over the heads of more senior candidates.

In papers filed in the Rand Supreme Court, the pilots' organisation claims numerous other pilots employed by the airline with greater seniority should have been considered before the five senior first officers who were promoted.

The association is seeking an order declaring the promotions unlawful and in breach of the regulation agreement between Transnet and the SAAPA which governs pilots' conditions of employment.

The association also wants an order directing Transnet to reverse the five appointments and pay the compensatory allowance provided in the agreement to those pilots who qualified for it.

Transnet has given notice that it intends opposing the application.

According to court documents filed by the association, Transnet (SATS at the time) signed the Regulation Agreement in April 1989. In December 1991, Transnet notified the association of its intention to

cancel the agreement. However, the terms and conditions of the agreement were to stand until it was replaced by two separate agreements.

Association president Clair Herbert Victor Fichard said the agreement was still in force as this had not yet been done.

The airline's four ranks of pilots are first officer, senior first officer, captain and senior captain in order of seniority.

Transnet invited its captains and senior first officers to apply for the vacancies in the Boeing 737 fleet in December 1990.

Fichard said five senior first officers were appointed over the heads of other more senior candidates who had applied. In addition, senior candidates whose applications were unsuccessful had not been given the allowance provided for in the Regulation Agreement for having been bypassed for promotion.

Fichard said the association's attorneys wrote to Transnet asking it to cancel the appointments or to pay the allowance.

However, Transnet denied breaching the agreement and refused to cancel the appointments or pay the allowances.

Two men die while held at police stations

PRETORIA — A 25-year-old man died in police detention at Witbank Police Station yesterday, an SAP statement said.

Maj Schalk Pienaar said police were investigating the circumstances surrounding the death of the man, whose name and address were unknown and who had been accused of stock theft and housebreaking.

Earlier, police at Blinkpan, near Middelburg in the Transvaal, said a man had used his underpants, a sock and shoelaces to hang himself from his cell window.

SAP Eastern Transvaal liaison officer Maj Schalk Pienaar said Joseph Mpheteng, 30, had been arrested on Friday on charges of rape and theft. — Sapa.

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NATIONAL

Bond boycott STAR 25/8/92 'will go ahead' 123

By Stan Hlophe

The South African National Civic Organisation (Sanco) yesterday vowed to go ahead with a bond boycott coupled by mass action if the Government and financial institutions failed to address the housing crisis.

Sanco president Moses Mayekiso, speaking at a press conference in Johannesburg, said the civic organisation would embark on mass action in mid-September pending the outcome of talks between the financial institutions and Sanco.

Actions would include sit-ins, pickets and blockades of the major banks and Government offices, Mr Mayekiso said.

He said the action would culminate in mass marches and "the occupation" of all banks.

International and local organisations would be consulted on the action.

If the mass action failed to have the desired effect, Mr Mayekiso said, a campaign for international isolation of South African banks would be intensified.

He said the Government and banks had two weeks in which to pro-

vide a positive response to Sanco's demands, which include:

- Housing and electricity for all;
- Scrapping of arrears on services;
- Interim financing and subsidisation of services;
- Affordable tariffs for services rendered.

Meanwhile the National Union of Metal Workers of South Africa has dismissed recent reports that Mr Mayekiso, who is also Numsa secretary general, had his bond and rent paid in advance as propaganda.

Numsa spokesman Alfred Woodington said this was part of the State harassment which had started in 1986.

Numsa denied that Mr Mayekiso occupied a spacious Ponte City flat in Johannesburg which he rented for R2 800 a month.

Mr Woodington said:

- In 1988, financial assistance was received from overseas donors with regard to the security of Mr Mayekiso and four co-accused in the "Alex trial" in 1986.

- At no stage did Mr Mayekiso occupy a flat at Ponte City.

- Mr Mayekiso does not own two houses in Alexandra and is trying to secure a house of his own.

Rural whites get lion's share

THE average income of whites in rural areas last year was more than five times higher than that of blacks, according to an incomes and expenditure study by Unisa's Bureau for Market Research.

The study results, released yesterday, show the average income for white households was R63 844 and for blacks R10 785.

It was found young whites tended to leave the rural areas after the age of about 19 but many returned after the age of 30-34. *B10A4 25/8/92*

The pattern was different for blacks. Food accounted for 36,8% of black households' spending compared with only 11,9% for white households.

The biggest chunk of whites' budgets went to housing and electricity (20,8%) income tax (14,2%) and transport (13%). Blacks spent 9,6% on housing and electricity, 9% on clothing and footwear and

GERALD REILLY

8,6% on furniture and household equipment.

In metropolitan areas, black households spent 38,6% on food and whites 22,8%.

White households spent 19,6% and blacks 5,2% on housing and electricity but on fuel and lights blacks spent far more than whites — 5,7% of total expenditure compared with 0,4%.

There were also big differences in spending on clothing, footwear and accessories (9,6% for blacks and 5,3% for whites) and furniture and household equipment (11,2% and 4%).

In 1990 black metropolitan households spent 26,7% of their budgets on food compared with 38,4% by rural blacks in 1991. Cash expenditure on housing was 25,5% of whites' budgets in metropolitan areas and 15,4% in rural towns.

Move to chart AIDS strategy

B10A4 25/8/92
Own Correspondent

DURBAN — A steering committee aimed at establishing a National AIDS convention to formulate a strategy to combat the disease has been set up.

It is estimated that every day 400 people in SA are infected by the HIV virus.

The establishment of a national AIDS convention was critical in formulating actions to combat the spread of the disease, the committee said.

On the committee are the Department of Health, the ANC, Cosatu, Nactu, Nafecoc, the SA Council of Churches, Saccola and the SA National Civics Association.

Shady developers fleece home buyers

fleece home buyers

B10A4 25/8/92

LOW-INCOME home buyers were losing millions of rands every year to unscrupulous and fraudulent property developers, Housing Rights Unit (HRU) director Brian Leveson said yesterday.

"There is a major rip-off going on in the industry. For every person who manages to get a house through one of these low-deposit schemes, nine people are losing out," said Leveson.

Much of the money was being lent to employees by companies, with pension fund monies as security. When the so-called developers did not deliver on promised housing or disappeared overnight, the prospective buyers were left owing several thousand rands, he said.

An HRU spokesman said summonses had been issued to more than 50 development company officials in the past two years while the Harmful Business Practices Committee was investigating a further 40 cases.

Leveson said the HRU, started by a group of attorneys in 1990 and now part of the Lawyers for Human Rights organisation, was receiving about 25 complaints a day from people who had lost their deposits to fraudulent development companies.

"There is actually very little township development going on at the moment, which makes the number of complaints all

ADRIAN HADLANS

the more surprising," he said.

The HRU had more than 4 000 people on its books who had been taken for a ride by "fly-by-night developers" promising cheap housing. "These companies make use of door-to-door salesmen, who also go around factories to dupe low-income workers. More often than not, even the land availability for the proposed site has not been cleared with the authorities."

Leveson said there recently had been an alarming increase in swindle claims.

Leveson said the HRU encouraged prospective home buyers to discuss potential deals with the unit before paying deposits or signing documents. The organisation has also introduced seminars to alert personnel managers to dangers lurking in the property development field.

"Many employers grant housing loans, or housing subsidies, but experience has shown that most employees also require further practical education," he said.

He said several agencies including the Urban Foundation, trade unions, the Estate Agents Board and the Harmful Business Practices Committee, had called for more information to be communicated to the public about the problem.

"We are convinced that an active education campaign is essential to deal with what is becoming of crucial concern."

We've Made Our Mark In The Legal World Let Us Help You In Yours

To many, the legal intricacies of

intellectual property field and you could



asa broken ● Clarity on contentious issue expected

Minister to be witness

Sowetan 25/8/92

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By Ismail Lagardien
Political Correspondent

HOSTELS INQUIRY Report on progress

THE MINISTER of Local Government and National Housing, Mr Leon Wessels, will give evidence before the Goldstone Commission today.

Wessels is expected to report to Mr Justice Richard Goldstone on the progress the Government has made about the upgrading, phasing out or closing down of single-sex hostels.

Goldstone expects Wessels also to

regarding single-sex dwellings expected:

give some clarity on "specific issues which Government considers ought to be inquired into by the Commission to enable it to facilitate the resolution of the conflict surrounding the hostels".

Wessels said housing is intertwined with national political developments in the country and that a solution to the

almost critical housing shortage has to be discussed at the broadest level.

He explained that housing in South Africa is affected by constraints: uncertain political situation; rampant poverty, unemployment, violence and uncertainty; boycotts; and limited financial resources and unrealistic expectations.

First-time buyers beware

(123) ~~123~~
By Zingisa Mkhuma
Consumer Reporter

There is an alarming increase in cases involving unscrupulous operators who cheat on first-time home buyers in the low-cost housing sector, according to Lawyers for Human Rights (LHR).

LHR's Housing Rights Unit had assisted more than 4 000 people in the last two years, unit

spokesman Brian Leverson said on Friday.

LHR was convinced that an active education campaign was needed to protect "first entrants" to the housing market against costly errors.

LHR will convene a pro-active seminar to deal with the crisis starting on September 1 at 9 am. Interested people should contact Pauline Guzen at (011) 331-3465.

STAR 25/8/92
The seminar will cover the following:

- Essentials of home ownership in the low-income sector;
- Buying second-hand and building new homes;
- Examples of actual cases currently being dealt with;
- Guidelines for overcoming pitfalls; and
- Suggestions for circulation of information and follow-up action.

Bond boycott this month

JOHANNESBURG. —
The call to boycott bond
payments at the end of
August is on, Mr Moses
Mayekiso, president of
the SA National Civic
Organisation, said yes-
terday. *CT 25/8/92*

Sanco is demanding
that the government "re-
spond positively" to the
14 demands of the ANC/
SACP/Cosatu and that
finance companies ease
loan conditions.

Progress would be as-
sessed at the end of Sep-
tember. — Sapa

Paid no rent,

activist evicted

MR Moses Mayekiso, outspoken advocate of bond boycotts, has been evicted from his flat in downtown Johannesburg — for not paying the rent.

Mr Mayekiso said critics had accused him of continuing to pay rent while espousing the boycott. So, at a media conference in Johannesburg yesterday, he produced the eviction notice to prove his credentials. Dated August 21, 1992, it gave notice of 24 hours.

123 CT 26/8/92

Namibia looks at SA housing plan

(123) CI 25/8/92

By MAGGIE ROWLEY
Property Editor

NAMIBIA is considering adopting aspects of the House of Representatives self-help housing programme to help solve its own housing shortage.

This follows a visit to South Africa by Tom Alweendo, GM of Namibia's National Housing Enterprise (NHE), a parastatal housing authority.

In a telephone interview, Donovan Weimers of the NHE confirmed that Namibia saw self-help schemes as the most viable solution to solve the country's low-income housing backlog now estimated at about 45 000 units in urban settlement areas.

The low income backlog in Windhoek alone, he said, was estimated at between 7 000 and 10 000 units due in part to the large urban influx following independence.

The House of Representatives self-help scheme, which is based on active community participation with individuals encouraged to construct their own homes for less than R14 000, has helped house more than 15 000 families since 1985, according to John Hopkins of the Directorate of Housing.

Weimers said limited resources, affordability and the great distance between the central office and the pilot projects mitigated against importing SA solutions in their entirety.

"Building materials are much more expensive here and so we have to look at using alternative, indigenous mediums such as stone, but there are definitely lessons to be learned from the SA experience which are under consideration," he said.

To date the NHE had implemented four pilot self-help projects where many of the families involved have a monthly income of only R60. In all 7 000 families had been housed through the scheme with houses, including land, cost on average R13 000, he said.

"We are now planning further projects on a much larger scale," he said.

Weimers said rather than granting individual loans they had provided finance to legally constituted co-operatives which had cut down on administration costs considerably.

"These co-operatives operate on a very similar basis to stokvels with the members guaranteeing repayments of the loans which are used to buy building materials."

'Trim own affairs to pay for houses'

THE own affairs system should be "rationalised" to effect savings which could be used to address the problems of providing housing for all, National Housing Minister Leon Wessels said yesterday.

Opening the 13th SA Building and Construction Exhibition at Nasrec in Johannesburg, Wessels said the fiscal implications of the De Loor commission on housing were formidable, but the necessary resources should not come from increased taxation. Rather, these should come from a redirection of expenditures within the current overall share of expenditures in GDP.

"Duplicated institutional structures brought about by the own affairs concept could be rationalised, uniform policies could be adopted and savings in bridging and other financial outlays could be directed (to) the real problem, that of providing

THEO RAWANA

adequate shelter for everyone."

Wessels said he had undertaken not to implement unilaterally the proposals of the De Loor commission but to achieve consensus as far as possible among all players in the housing field.

He said many of the De Loor proposals could be branded as revolutionary, but it was essential that opportunities not be lost through timid or generalised proposals. Although the housing industry had already played an important part in providing formal housing, it had to come up with innovative ways of expanding its role.

He invited the private sector to join government in creating the correct climate for communities to work with them in the task of housing.

● Picture: Page 2

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B/004 25/18/92

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Demand for bank loans

Sowetan 27/8/92 (123)
■ **Mayekiso says he will be in forefront of boycott:**

By Joshua Raboroko

THE South African National Civics Organisation has threatened to take mass action to the banks and the Government if they do not give blacks housing loans.

Sanco president Mr Moses Mayekiso said they would look at possibilities of marches, protests, occupation of buildings and an intensification of the bond boycott.

He was addressing delegates at a conference on "Housing Finance in the New South Africa" held at Nasrec, near Johannesburg yesterday.

The conference, organised by the Marketing Builders Services, took place during South Africa's 13th International building and construction exhibition, Interbou '92.

Mayekiso said he was going to be the first person to boycott because "I want to take the lead in this mass move".

"I will not pay my bond until the financial institutions and the Government give aid to black housing," he later told *Sowetan* in an interview following his eviction from his Johannesburg flat this week.

Seminar to focus on do's, don'ts

■ EDUCATION CAMPAIGN Housing Unit plan

to educate home seekers to avoid rip-offs:

THE Housing Rights Unit, an arm of the Lawyers for Human Rights (LHR), is to hold a special seminar on September 3 to address cases of unscrupulous operators who rip-off potential firsttime home buyers in the low income groups.

The alarming increase in cases reported to lawyers has caused them to call for this urgent pro-active seminar, according to the head of the unit, Mr Brian Leveson.

The unit has assisted more than 4 090 people in low-cost housing in the last two and a half years, said Leveson, adding: "We are convinced that an active education campaign is essential to deal with what is becoming a matter of crucial concern."

"We have to maximise all resources at our disposal to educate all involved in the low income housing market. Besides the unscrupulous operators, inexperience and ignorance are also important factors to be addressed," he said.

The seminar will cover the following points:

- Essentials of home ownership in the low income sector;
- Buying second hand and building new homes;
- Examples of actual cases presently being dealt with;
- Major problem areas;
- Guidelines about overcoming pitfalls; and
- Suggestions for circulation of information and follow-up action.

"This initiative arises from a desire to protect first entrants to the housing market from making errors. Many have suffered.

"We believe that it is essential to enter this area. Several bodies have recently called for more information to be communicated to the public about buying houses.

These bodies include the Urban Foundation, trade unions, the Estate Agents Board, the Harmful Business Practices Committee and the De Loor report.

Call for a ~~200~~ housing ¹²³ tribunal ^{Sowetan 27/8/92}

■ Conflicts could be resolved informally by legal minds:

^{Sowetan 27/8/92}
POTENTIAL conflicts between the aspirations of the landless and the interests of property owners could be resolved by the creation of a Land and Housing Tribunal.

The call for the formation of a tribunal was made by an executive member of the Legal Resource Centre, Mr Geoff Budlender, when he addressed a seminar whose theme was "Housing on the Fringe" held at Broederstroom this week.

He said the alternatives were a formal legal process or the extra-legal route of land occupation by landless families.

He added: "From the point of view of the landless and homeless, the land occupation model is the only functioning land claims process in South Africa today. Surely we want something better for our country."

Delegates at the two-day conference recommended that the formation of a tribunal be discussed at the launch of the National Housing Forum in Johannesburg on August 31.

The ANC, PAC, Azapo, Inkatha and 17 other organisations will attend the launch which is believed will try to ease the housing shortage in the country.

Budlender said the advantage of the tribunal option was that people with legal and technical training and people with political accountability could be enlisted.

Informal procedures could be used "within statutorily determined policy guidelines" while safeguards could be built in to "protect against arbitrariness and corruption".

Also addressing the conference was the ANC's Mr Thozamile Botha, who said the liberation movement aimed at providing homes for everybody.

He said it was essential that land be made available to the landless so that they could provide homes. The private sector, the community and financial institutions have a role to play in this regard.

The mushrooming of squatters on the periphery of the cities must be eradicated.

PROPERTY Government has experienced mixed fortunes in bid to solve housing problem



Leon Wessels

Housing is critical - Minister

123

Sowetan 28/8/92

NEW POLICIES: Duplicated

By Joshua Raboroko

HOUSING was a burning issue in South Africa today, the Minister of National Housing and Manpower, Mr Leon Wessels, said this week.

Officially opening the 13th International Building and Construction Exhibition (Interbou '92) at Nasrec, Johannesburg, he said this was linked to national and international political trends.

He said South Africa had been both successful and unsuccessful in addressing the housing needs of its people.

This year's housing exhibition, attended by about 403 participants, fo-

structures have to be centralised:

cuses on quality in building and has drawn a positive response from the industry.

The exhibitors are from the South African building industry, Africa and Europe.

The National Stokvel Association of South Africa, the National African Federation for the Building Industry and the Marketing Builder Services are exhibiting for the first time.

The Minister said the present prob-

lem in housing was affected by several negative factors:

- Widespread poverty, unemployment, unrest and violence;
- Boycotts; and
- Limited financial resources to finance unrealistically high expectations.

Wessels said the fiscal implications of the De Looor Commission on housing were formidable and resources should not come from increased taxation but from a redirection of expenditure.

He said duplicated institutional structures brought about by the own affairs concept could be rationalised. Uniform policies could be adopted and savings in bridging and other financial outlays could be directed to the problem.

His department had undertaken not to implement unilaterally recommendations of the De Looor Commission, but to achieve consensus as far as possible among key players in the housing field.

Many of the commission's proposals could be branded as revolutionary and the housing industry had to come with new roles.

He invited the private sector to join the Government in creating a working relationship with communities.



Civics draw up lenders' code

B/DA 28/8/92

THEO RAWANA

THE SA National Civic Organisation (Sanco) submitted proposals this week to the Mortgage Lenders' Association for a code of conduct for investment in "disadvantaged communities", Sanco president Moses Mayekiso said yesterday.

He said the two parties had met for the third time on Wednesday in a bid to avoid a bond repayment boycott.

Mayekiso said the talks were progressing "positively" and another meeting was set for September 4.

Sanco said in its proposal the code would provide a framework for financial services "within a democratic SA".

Among the objectives of the code were the enhancement of relationships between the financial institutions and the disadvantaged communities, and the establishment of guidelines which would promote non-discriminatory banking practices "within the context of a future, democratic SA".

Under the proposed code, financial institutions would be required to commit themselves to adopting non-discriminatory lending policies under which "red lining" of certain areas would be undesirable. Areas which have been "red lined", such as Hillbrow and Joubert Park in Johannes-

burg, are those deemed by financial institutions to be unsuitable for loans.

"More specifically, financial institutions may be required to adopt a more positive approach to the provisions of finance in disadvantaged communities and this could require affirmative action on their part, such as active support for the introduction of community financing mechanisms, community financial empowerment and the reinvestment of monies drawn from disadvantaged communities," Sanco said.

It recommended that financial institutions should, through education, ensure that borrowers understood the nature and effect of all agreements concluded and their contractual obligations.

The code of conduct would provide guidelines on interest rate increases and insurance procedures.

It would also provide guidelines for the adoption of mechanisms to deal with defaults in an effort to avoid foreclosures. This would include direct communication with defaulters and "relevant community structures", the rolling over of loans and the conversion of ownership rights.

BONDS AND BLACK HOUSING

123 ~~200/8/92~~ FM 28/8/92

Moses views the promised land

Until this week, there were signs that progress was finally being made in breaking the impasse in the moribund black housing market. But the controversial president of the SA National Civic Organisation (Sanco), Moses Mayekiso, may have over-reached himself in his linkage of mortgage lending to political demands.

On Tuesday the Council of Southern African Bankers issued a statement rejecting his position that a boycott will be instituted at the end of this month unless the institutions pressure government to accede to Nelson Mandela's famous 14 demands for the resumption of constitutional talks.

A boycott would throw the black housing market into chaos and essential investment would be lost.

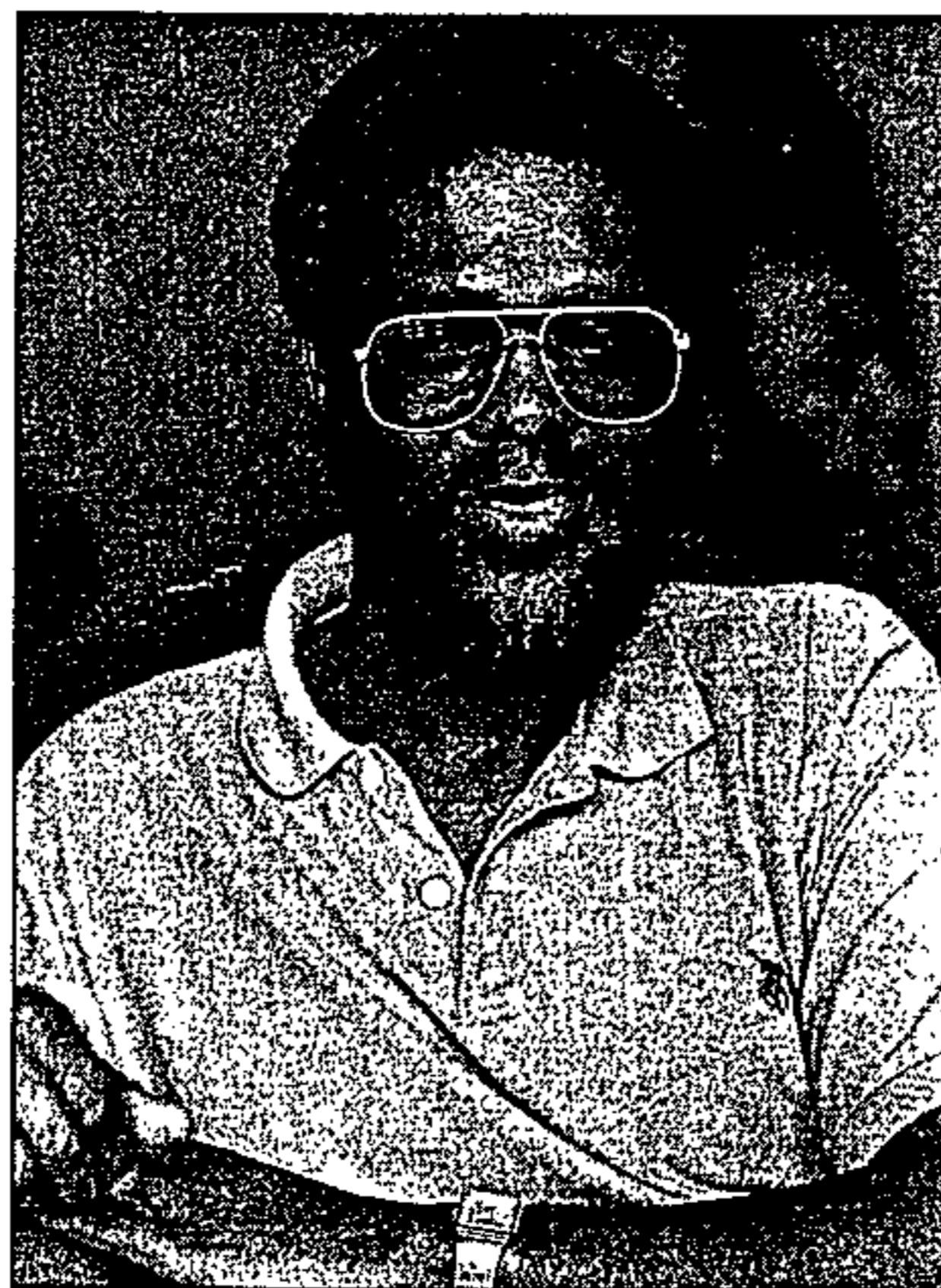
The council — the umbrella body designed to promote the "common interests" of SA's banks and building societies — puts this clearly but politely: "Our objectives agree with yours. Where we must differ is in tactics. You require us to stop all services and activities relative to the public sector on the basis that this would force President F W de Klerk to concede to Dr Mandela's 14 demands.

"This we regret we cannot agree to. Quite apart from the damage it would do to the internal economy, which is already on its knees, it would kill off the last vestige of foreign loan and investment interest as we would be seeing the banking system co-opted by a political agenda. This precedent would render us liable to pressure from all future political agendas."

This development is unfortunate. At a recent meeting initiated by Mayekiso, with Manpower, Local Government & National Housing Minister Leon Wessels, there was a productive exchange of ideas and perceptions. And on a broader level, a certain amount of relationship-building has occurred between the financial institutions and the civics which Mayekiso represents.

The spur which led to the bankers' response this week was Mayekiso's dual call for government to dissolve all apartheid local authorities forthwith — and for financial institutions to halt all credit to government pending acceptance of the 14 demands. The first plea is familiar; the second is absurd.

Mayekiso's position is not incomprehensible. At grassroots level, he charges that government's restructuring of local authorities is being handled in a unilateral manner. He told the *FM*: "Restructuring in the interim period should be characterised by a negotiated national approach, one which should provide ... national guidelines ensuring a national framework for the destruction of apartheid local government structures and



Civics' Mayekiso ... the market gives way to rhetoric

the introduction of new democratic ones."

Of course, this makes sense — but his call for the dissolution of local authorities to facilitate "constitutional restructuring within the framework of the national constitutional negotiations" does not. For this would trigger a breakdown of local authority — as we have already witnessed in certain PWV regions — pending a national settlement.

Talks on the housing crisis had been in progress. A further meeting was due to be held this Wednesday at which the Mortgage Lenders Association would furnish Sanco with details of its exposure in black and coloured townships, which Sanco estimates at R6,7bn. Sanco said that if the banks addressed the issues in good faith — which include Sanco's request for exposure levels and proposals for a set of technical suggestions to improve the provision of financial services to urban and rural communities — then "it is more likely than not Sanco will discourage mass action campaigns against the banks."

This has not happened. The bankers' statement suggests that "we revert to the *status quo ante* where at an operational level the Mortgage Lenders Association is working closely with you, and where the political agenda is put to one side for consideration in more appropriate forums outside the banking industry."

As the *FM* went to press, Mayekiso appeared ready to call a bond boycott on political grounds. It remains to be seen whether the ANC — and Mandela in particular — can dissuade him. In the recent past he has ignored Mandela's well-considered rebuke

that a boycott would blight investment in black housing. He is projecting himself as a man of the people. ■

DEEDS OFFICE

Back in 10 minutes

Johannesburg's Registrar of Deeds announced last week that as many as 20 000 deeds could be in arrears by mid-November — because of a month's study and exam leave for Deeds Office staff. As a result, the property industry has been thrown into a state of anxiety.

On August 10, Registrar At Hanekom issued a circular to conveyancers warning of the impending delays in registrations — a notice that has enraged estate agents, conveyancers and, of course, buyers and sellers. Property lawyers say the delays could cost the seller of a R10m building as much as R108 000 in interest at 13% a month.

Werksmans property partner Laurence Kaplan says this is not the first time the industry has had to pay for delays at the Deeds Office. He says it is time to privatise the service.

He argues: "A seller would be prepared to pay, say, R500 to have his transfer go through in 24 hours while another who can afford to wait a month could pay R10. In other words, the market is willing to pay for better service and, by privatising the Deeds Office, better salaries could attract better staff and deliver the service required."

Kaplan wants institutions and major market players to lobby government towards that end.

For his part, Hanekom believes the outcry is out of proportion to the delays. He says there is now only a seven-day delay, not three months as reported. "My circular was only a warning that in the worst-case scenario, there could be a delay of one month or 20 000 deeds in arrears."

Staff leave for studying and writing exams for the Diploma in Deeds Registration is an annual event. But numbers have been particularly high this year, with 14 of Hanekom's staff taking second-year exams. He concedes, however, that in coming years, ways of staggering leave will have to be found. As for privatisation, Hanekom questions how any private organisation would be able to guarantee title, though he says backlogs could be eliminated.

Failing privatisation, it has been mooted that were the industry to pay the Deeds Office R5 or R10 registration fees across the board, with no time limits, more staff and better service could be afforded. ■

New forum a mini 123

Codesa on housing

Weekly Mail Reporter

AN extraordinary array of political parties, business and labour organisations will join development agencies to launch the long-awaited National Housing Forum next week.

The African National Congress, Inkatha Freedom Party, Pan Africanist Congress and Azapo are among the signatories to the Forum's founding agreement. So is the South African National Civics Organisation — which has been threatening bond boycotts — and the Association of Mortgage Lenders; the Congress of South African Trade Unions and the employer organisation Saccola. The National Association of Trade Unions is expected to join within weeks.

The forum was started a year ago as a task force looking at hostels, but has turned into a wide-ranging grouping planning initiatives to tackle all the problems that constitute the country's housing crisis. Its brief will range across state intervention and private sector involvement in the delivery of housing for an estimated seven-million homeless. It will take in the provision of finance and participation of the community in decisions affecting them.

Major development agencies are involved — the Urban Foundation, Kagiso Trust and the Independent Development Trust and Development Bank of South Africa — as well as organisations representing the construction industry.

Although the government was initially involved in the process to set up the forum, it pulled out earlier this year on the grounds that decisions on housing were not the province of an extra-parliamentary grouping which was, additionally, outside Codesa.

The forum will negotiate long term policy but its emphasis will be on short term initiatives.

were misappropriating the investigation, by the Business Commissioned in June that no against the society, which robe will take "another few officer Captain Gordon Du- 11 Branch, said yesterday. anal non-profit educational

afternoon when she was attacked by the dog which dragged her around the property. She was injured on both arms and the head. Mrs. Murr is in a stable condition at Johannes- burg Hospital. Police are investigat- ing. — Sapa

international conference to settle the Yugoslav conflict ended in London, Bosnian Muslim and Serbian media reported yesterday. Bosnia's presidency build- ing in Sarajevo came under heavy mortar attack yester- day, forcing presidency mem- ber Mr Stjepan Kijunic to flee

day and early yesterday in Sarajevo's Vogosna suburb. A 96-hour deadline for the notifying of positions of heavy weapons in Bosnia was one of the key outcomes of the London conference. Brit- ish government officials said yesterday. The Bosnian Serbs under-

goratze and Jajce, and for the grouping under the "econ- omous supervision" of per- manent UN observers to be completed within seven days. But at a later briefing, offi- cials said that the 96 hours had not started nor was a start date decided. — Sapa- AFP-Reuters



muslim leaders and is meant to "conscience" people about Bosnia's plight, it was announced at a press conference. One of the speakers will be Imam Achmad Cassiem, a former Rob- ben Island prisoner and senior Qibla member.

Probe into attack by dogs

Staff Reporter

A SENIOR public pros- ecutor is to decide whether the owner of eight dogs, some of which mauled a Wood- stock man, will be pros- ecuted for failing to keep his dogs on leashes, a police spokesman said. Mr Samuel Henry, 42, of Gympie Street was walking home about 3.30am yesterday when he was attacked.

The owner of the dogs, Mr Abdurahman Adams, 48, also of Gympie Street, said the dogs were normally kept be- hind a locked gate, but four of them had man- aged to escape through a window in the house.



SAVAGED ... Mr Samuel Henry at Woodstock Hospital shortly after he was mauled by a pack of dogs in Gympie street, Woodstock, early yesterday morning. Picture: ALAN TAYLOR

VAT zero rate: Keys concerned

Staff Reporter

MINISTER of Finance, Trade and In- dustry Mr Derek Keys told a VAT Ac- tion Group delegation yesterday that he was concerned the zero rating of basic foods might not bring about a reduction in food prices in many areas.

According to the VAT Action Group of the Food Forum, the minister said this during a two-hour meeting in Pre- toria.

The VAT Action Group delegation was led by supermarket chain mogul Mr Raymond Ackerman. The implementation of VAT, the

delegation told Mr Keys, increased food prices of items previously exempted from GST, and resulted in a six percent inflation of food prices. Mr Ackerman said in a statement the delegation favoured a "multi-rat- ed consumption tax (which) is working well in virtually every European coun- try, and the United Kingdom, where basic foods are zero-rated."

The VAT Action statement said Mr Keys said he was "sympathetic" to the delegation and "was concerned about the escalation in food prices".

A spokesman for Mr Keys' office said there was no comment on the meeting at this stage.

Highest-yet poll for UCT SRC

Staff Reporter

FOURTEEN 1993 UCT SRC members, representing a wide range of views, were elected in the highest-yet poll during three days of voting this week. The SRC office yesterday put the poll at an overall 36% slightly up on last year's 34,75% — with a provisional under- graduate poll of 44%.

The new SRC members are Mr Craig Walker, a social sci- ence student who received the most votes, Mr Dyan Botha, Mr Chris Kenyon, Ms Juliet Miyabo, Mr Roy She, Mr Kwanda Sojola, Mr Steff Anas- tasiadis, Mr Geoff Steere, Mr Colin Douglas, Ms Ruth Hall, Mr Refilwe Tshabalala, Mr Ryan Coetzee, Ms Hermione

Cronje and Mr Jonathan Hul- ley. Mr Douglas, Mr Coetzee and Mr Hulley are aligned with the Democratic Party Youth and the Student Democratic Alli- ance. Mr Sojola and Ms Cronje, who stood on a joint ticket of "bring UCT under scrutiny", are high- ly-placed members of the UCT

branch of the SA Students' Con- gress (Sasco). Ms Hall, whose campaign slogan was "A woman's place is on the SRC", was the only success- ful feminist candidate, and Mr Anastasiadis based his cam- paign on environmental aware- ness. The 1993 SRC is due to take up office next week.

Third consecutive issue of Scope banned

THE September 4 issue of Scope magazine has been banned for distribution, the Directorate of Publica- tions announced in Cape Town yesterday. This is the third consecutive issue of the magazine found to be undesirable, following bannings of the publication's August 7 and August 21 editions. Apart from Scope, five cassettes, one catalogue and two other publications were also deemed to be undesirable. One film "Better Sexual Techniques Vol 1" was also rejected. — Sapa

PORT ELIZABETH — A peaceful demonstration yesterday to demand "houses for all" by about 1 000 ANC supporters turned open ground out- side the upmarket Greenacres complex into a smoke-filled squalid shack-settle- ment area. The building of shacks yesterday was part of the ANC alliance mass ac- tion campaign, symbolis- ing the housing crisis in black townships here.

New challenge to Banda

Staff Reporter

LUSAKA — In a new challenge to the ageing life president of Malawi, Dr Kamuzu Banda, Pro- testant church leaders have demanded a national referendum to gauge support for one- party rule. They also plan an un- precedented ecumeni- cal pro-democracy rally tomorrow.

"This is the beginning of a whole campaign for democracy," the Rev Aaron Longwe, modera- tor-elect of the Church of Central African Presby- terians, said. — Sapa-AP

Shacks built in PE protest

PORT ELIZABETH — A peaceful demonstration yesterday to demand "houses for all" by about 1 000 ANC supporters turned open ground out- side the upmarket Greenacres complex into a smoke-filled squalid shack-settle- ment area. The building of shacks yesterday was part of the ANC alliance mass ac- tion campaign, symbolis- ing the housing crisis in black townships here.

Bardot to sue

Talalattars

Phone: 488-4722

Phone: 488-4722

Hear cries of 'have-nots' — IDT chief

APG 29/8/92 (123)
Weekend Argus Correspondent

JOHANNESBURG.— Threats of home-bond and school boycotts have been condemned as "morally reprehensible" by Independent Development Trust chairman Jan Steyn.

Addressing the annual conference of Civil Engineering Advisory Council in Johannesburg, he appealed to all main political leaders to hear and respond to desperate cries for housing, jobs, education and health care.

Demands for boycotts of school classrooms and mortgage payments "represent political posturing that bodes ill for the future of our country".

"I hope the political actors who are doing such relentless battle in the arena of the power struggle realise how unstable our society is becoming because of the sense of hopelessness of so many poorly educated, ill-housed and jobless South Africans," he said.

The IDT had discovered that its R750 million housing subsidy scheme to provide house sites and basic services for 100 000 homeless families was meeting only about one-sixth of the demand of applications flowing in.

"Only through the support of community organisations has it been possible to avoid serious rifts developing between the 'haves' and 'have-nots'. It will have devastating results should the momentum not be maintained."

How to pay for your new home

STAR 29/8/92

PRECISELY what additional costs have to be taken into account when buying a house and how can you raise additional cash to help you over the financial hump?

Camdon's Group MD Scott McRae identifies a number of crucial elements, including deposit, closing costs and bond payments.

The deposit, by law, is usually 10 percent for a new home and 25 percent for a second-hand home, although, in practice, the institutions do sometimes issue 100 per-

FINANCE STAFF

cent bonds.

The closing costs include items such as valuation fees, bond registration, transfer fees and duties, electricity and water deposits, rates and taxes, and occupational rents.

When considering a bond, McRae points out that the monthly repayments should not be more than 30 percent of your gross monthly income according to norms laid down by the lending institutions.

123

As to how to raise additional cash, McRae suggests the following:

- Cash value on life insurance.
- Stocks and bonds.
- Advance on wages.
- Future bonuses, commissions — borrow against them.
- Second mortgage on other real estate.
- Refinancing of other real estate.
- Loan from bank (secured or unsecured).
- Borrow against a pension or trust fund.
- Outright sale of assets or personal property.

Revamp of power supply urged

By ZILLA EFRAIM

A THIRD of local authorities distributing electricity supply fewer than 1 000 users each. This finding of a government report which concludes that SA's electricity distribution industry is incapable of supporting a major electrification drive and is often ineffective and inefficient.

The report, which says rationalisation is necessary, was released by Mineral and Energy Affairs Minister George Bartlett, among others, for discussion at this week's national electrification conference.

Out of the 431 local authorities which distribute 43% of SA's electricity, only 290 are believed to be more or less financially stable. Only six, including Eskom, supply electricity to more than 100 000 domestic users each. The average is 4 350 users a local authority.

The report says it is internationally recognised that an organisation with fewer than 10 000 customers will not be financially viable.

The large number of small players has resulted in an unhealthy diversity of policies, standards and tariffs, as well as reduced customer service and the loss of benefits of scale.

The report says the distribution industry's present structure has contributed to a rate of electrification which is much slower than desired.

To wipe out the backlog of about 350 000 houses which have to be electrified annually in the next 20 years, the distribution network and appliances will cost more than R1.1-billion a year.

The report suggests that between five and 15 regional service electricity distributors should be developed.

They would take over most of the distribution and rationalisation work of Eskom and those of existing local authorities.

The report suggests the future structure of electricity distribution should be discussed as part of the political negotiation process.

One regulatory regime for electricity distribution, excluding Eskom's power generation, should be developed in one way or another in electricity generation, transmission, distribution and reticulation. Many of organisations report to different ministers.

The report says there is a need for conciliation and co-ordination.

5/7 Times (Buss)
30/8/72
Political

PERSUADING the bankers is no easy job. The SA National Civic Organisation (Sanco) has been meeting with bankers for a few weeks, and we are having a frustrating time trying to put across the big picture.

The Council of SA Banks (Cosab) has not treated seriously a simple request: help the democratic forces pressure the current government to discard its racist stance on the nature of reform and the future constitution. The bankers say they oppose violence and support negotiations, but are unwilling to prove it.

Just as Cosatu attempted to reach a mutually beneficial arrangement with Saccola to avert the general strike, Sanco is now saying to Cosab: "Put your money where your mouth is. Stop funding apartheid. Stop providing financial services to homelands, the black local authorities and the police, army and Armscor."

Cosab responds that "banking is internationally neutral in such matters" and that in any case "the banking sector provides very limited facilities to government outside of legal requirements for prudential purposes". Moreover, "government can service the accommodation

Bankers must take a stand

BY DM 31/8/92

MOSES MAYERKISO

needed for itself and its related organs from its traditional sources". All these statements are banal. If the state is self-financing, how is this year's R15bn budget deficit to be paid for? In reality, the bankers have more than R15bn in loans to the state on their books, and carry out crucial activities in transferring money between corrupt divisions.

Are international banks "neutral" when it comes to these sorts of activities? Bank of America has a policy in opposition to SA's "systematic racial discrimination and disenfranchisement of the majority of its population" and backs this up by refusing to deal not only with the SA government, but with Cosab members as well. Citibank vows not to return to SA "until apartheid is ended," while J.P. Morgan pulled out of a \$100m loan to the Independent Development Trust last year when it learned of opposition to breaking financial sanctions.

So it appears that Cosab is out of touch with a unique international reality: the present undemocratic regime remains a pariah in civilised financial circles.

This is not the case only because ANC leaders threaten to renegotiate foreign loans taken on prior to the establishment of an interim government, but rather because international banks actually have a relatively long-term view, and know that it is only with democracy that the SA economy can grow.

How do we make this case any clearer? Sanco has tried talking to Cosab, and we have also opened some potentially productive lines of communication with the Mortgage Lenders' Association (especially the Perm).

It is our hope that people in arrears on housing bonds — as well as future borrowers — will gain relief from a proposed banking code of conduct, based on the premise that bankers must radically change their operating procedures in order to do business in the new SA. This does not mean throwing money away.

The bond boycott is one of a number of tactics that is being used to sharpen the banks' sensitivity to our problems. True, it has the potential to be painful to the banks, and we also understand the implications for communities. However, we know that bankers were already pulling out of disadvantaged communities anyway. And we know that tens of thousands of bondholders are unable to repay the bankers as it stands.

The repayment problem was especially severe after interest rates on bonds soared from 14% to 21% within 18 months. Because of inflation

and unprecedented unemployment, the situation is still unbearable to many bondholders.

Some people who are repaying the bankers are doing so at a tremendous cost to their families. Some live in houses near hostels, which are often now uninhabitable. Some live in houses that have terrible structural defects. And some bondholders live far from central cities, in apartheid townships that should never have been built.

Though the banks granted loans to only the top-earning 10% of the black population, billions of rands are at stake, and the banks have a legitimate claim to repayment. It is primarily because of this that we want to avert a confrontation.

But a confrontation is inevitable if people who are unable to pay are forced to vacate their houses. As a tactic — not a strategy nor a principle — the bond boycott may be the only hope that people on the ground have to redress their problems. We hope this is not the case, and that Cosab, and the mortgage lenders in particular, see our point of view.

□ Mayekiso is Sanco president.

Colourful cricket

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Housing backlog can be met, says trust

DIRK HARTFORD

THE government-supported SA Housing Trust believes that if communities set up their own financial institutions — "like a massive stokvel or club" — the enormous backlog in low-cost housing would stand a chance of being overcome.

In the meantime political uncertainty, the shortage of finance for low-cost housing and the threatened bond boycott had put new housing initiatives on hold, trust communications head Mike Foulds said.

By June last year the trust had financed 29 000 low income units — about 1 000 units a month — but is currently financing only 200 units a month. It says 170 000 new housing units are needed every year just to keep up with the population growth.

"If people become stakeholders in their own financial institutions they will be more inclined to repay their loans through peer pressure," Foulds said.

He said financial institutions had stopped providing money for low-cost housing because of township violence and their inability to repossess property from long-term defaulters. It would not be easy to get the institutions back into the market and, without their involvement, the building industry would "come to a grinding halt".

Foulds said the major need in the black market was for small loans of about R6 000 to enable people to buy materials to build their own homes.

The trust, which will take part in the housing forum, is involved in a "rationalisation initiative" with the Development Bank of SA, the Urban Foundation and the Independent Development Trust.

All the "major players" in the housing market were under a lot of strain as regards their future role, because of the current uncertainties, Foulds said.

Alliance's campaign boosted membership

CHARLIE PRETZLIK

MEMBERSHIP of the ANC had increased over the past two months as a result of the ANC/Cosatu/SACP alliance's mass action campaign and general strike, the organisation said last week.

The PAC and Inkatha, who did not back the campaign, also reported a recent increase in membership.

One of the ANC's biggest gains was in northern Natal, where regional administrator Bongani Msoni said the 5 000-strong membership had doubled.

A high increase was also reported by the ANC eastern Transvaal branch, where numbers rose 50% from 90 000 at the beginning of July, while membership in the western Transvaal jumped from 19 000 at the beginning of July to 25 000 at the end of August.

In the northern Transvaal, ANC membership rose by 5 000 from 40 000 at the beginning of July, regional membership secretary Willie Madikoto said.

ANC western Cape spokesman Vincent Diba said his branch had registered between 200 and 600 new members a day last month and the Border region saw a similar increase, with 500 people being signed up at one rally.

Border region deputy secretary-general Donne Cooney said the mass action campaign had "remobilised dormant branches and membership".

ANC spokesman Gill Marcus described

the increase as "very positive". Membership had been growing for a while and would keep on growing, she said. However, no nationwide figures were available yet.

Inkatha also reported an increase in numbers. National executive member Themba Khoza said between 12 and 15 new members were being signed up every day in the PWV area, compared with about seven a day before the start of the alliance's mass action.

He said Inkatha had not yet compiled national statistics, but put the increase down to people being "disgruntled at the mass action campaign which forced politically passive people to make choices".

The PAC had no national figures available, but West Rand regional committee member Bonginko Mhlanga said membership had increased by 20% in the Vaal area and by 25% in Soweto.

NP spokesman Piet Coetzer dismissed the claims by the ANC, the PAC and Inkatha as "propagandist".

He acknowledged there was a "fed-up factor" and said the NP's membership drive was reaping the benefits of this. No figures were available, but the NP was making inroads into the coloured community and, slowly, into the black community, he said.



Housings urgence hits home at last

STAR 31/8/92 123

MORE than 7 million poverty-stricken South Africans now forced to live in squatter camps and backyard shacks have become used to promises of solutions to the chronic housing crisis — only to see them vanish into remote filing cabinets.

They have good reason for cynicism while the fuse goes on burning towards a socio-economic time-bomb.

Dozens of so-called masterplans have grabbed newspaper headlines in recent years as pledges of the ultimate answer. Most have fallen by the wayside when they have encountered the problems erected by bureaucratic or political discord.

Meanwhile, the dimensions of the crisis have increased at every new count.

Worse, the actual supply of affordable new houses has slowed to a crawl.

Renewed threats of bond boycotts by disgruntled black home-owners, whatever the

merits or flaws in their objectives, have caused house-builders and banks and building societies alike to slam the brakes even harder on the supply of new low-cost houses.

Violence and unrest add to the headaches. Builders say operations have become impossible in many townships because of the high rate of theft of construction materials on housing sites — from bricks to window frames and even delivery trucks — and the refusal of employees to risk the threat of physical attack.

The banks and building societies fold their hands in despair and ask how anyone can expect them to approve home loans when they may have to run the gauntlet of boycotts on bond repayments.

So why should thousands of homeless families pay much attention to yet another round-table conference of experts who promise solutions?

The significant difference about the National Housing

Forum that will be formally launched in Johannesburg today is the broad mixture of the members who will be setting out to crack the problem.

It is the first time on record that many of them have agreed to join forces and put their political differences on one side while they start work on an action plan to break the logjam.

Bringing such a broad spectrum of players to the conference table marks a triumph for the diplomatic skills of the Development Bank of Southern Africa and the Independent Development Trust (IDT), which set the ball rolling on the creation of the forum several months ago.

Many observers thought they were chasing a pipe-dream. But the final success comes today when all the main players meet to add their signatures to pledges of an active role in the exercise.

It is a mixture that sounded almost impossible until now — from the ANC to the big banks,

Dozens of so-called masterplans to solve the housing problem have been unveiled in recent years — and ended in limbo. The launch of the new National Housing Forum in Johannesburg today may herald the start of a radical and practical approach to breaking the crisis, reports MICHAEL CHESTER.

from the PAC to the giant insurance companies and pension funds.

"The significance of bringing in all the major players, calling a truce on old antagonisms, cannot be overemphasised," says IDT housing director Ben van der Ross. "Nearly all housing programmes until now have been flawed by credibility gaps."

"The missing element has been true national consensus. This time we are not budging until we reach it — and there will be no turning back until the crisis has been licked, even though it is going to take time,

perhaps several years."

The dramatic scale of the housing shortage has become common knowledge. The latest estimates show the backlog at 1,2 million — and growing.

The daunting truth hit Mr van der Ross like a lightning bolt when the IDT launched its R750 million scheme to subsidise the provision of house sites and basic services.

The yardstick for qualification was a combined household income of less than R1 000 a month.

"It sounded a lot of money when we worked out we could

finance as many as 100 000 sites," he recalls. "But we were shattered to discover it covered less than 10 percent of demand. We found there were more than a million homeless families who qualified for assistance, struggling to survive on monthly incomes of below R1 000."

Latest estimates by the Development Bank put the housing backlog at a stunning 1,2 million units — climbing every year because of the population explosion. Urban development manager De Villiers Botha reckons at least 275 000 houses must be built every single year for the next decade to meet demand.

Even with costs slashed to as low as R6 000 per unit for the most modest of dwellings, annual expenditure needs to grow to R1,5 billion a year.

Affordability — comparing needs with actual incomes — will bring the massive exercise to the crunch.

Senior policy analyst Glynn Davies has found that even the

"The crucial first priority is amendments. However, insiders say that while the commission report is unlikely to win the stamp of approval in its entirety from several members of the new National Housing Forum, there are many aspects that may be explored, even with possible amendments."

"If we dispense with political rhetoric and grandstand gestures, this time, for the first time, there's a chance of real progress." □

four-room house as a minimum for every family in SA. But the pressing priority was an interim programme with practical and viable schemes that could make an immediate impact. The De Loor Report has stayed in limbo, largely because the commission was shunned by extra-parliamentary groups such as the ANC, which suspected links with the Government. However, insiders say that while the commission report is unlikely to win the stamp of approval in its entirety from several members of the new National Housing Forum, there are many aspects that may be explored, even with possible amendments."

average wages of black workers in the manufacturing sector amount to no more than R958 a month. The average picked up by black farmworkers sinks to as low as R120.

In the vast informal sector, now packed with 3,5 million black workers, most of whom have been unable to find jobs in the formal business sector, average incomes work out at R534 a month. But 60 percent of the total earn less than R350 and only about one in five manages to beat the R600 level.

And still to be counted are more than 4 million black South Africans of working age with no jobs whatsoever. ... Dr Joop de Loor, who headed a special task force that produced a 400-page report on the crisis, recommended urgent action to double the annual State budget for housing, from R1,6 billion to R3,5 billion. The task force urged brand new approaches. The ultimate target, it agreed, should be a

Most urban black homes 'have TV'

Political Correspondent

FOUR out of every five black households in South Africa's major metropolitan areas claim to have a television set. *CF 31/8/92*

A survey conducted last month among 800 black women by Research Surveys found that the lack of electricity did not preclude respondents from access to television. *(23)*

The study found black housewives in urban areas enjoyed the benefits of most mod cons.

On average, respondents had just under six appliances in their homes, with irons topping the list (90%), followed by kettles (83%) and television sets (82%).

Other appliances included electric fridges (66%), electric stoves (64%), telephones (54%), paraffin stoves (35%) and wood stoves (34%).

4 000 homeless march

JOHANNESBURG. — About 4 000 homeless women, men and youths took to the streets here on Saturday, marching to the Civic Centre to demand the authorities address their plight.

The throng, bristling with ANC colours, belted out political songs amid ululations. Riot police in armoured vehicles followed closely.

"Land for the people. Homes for the homeless," a placard read.

The protest was called by the ANC-aligned Operation Masakhane for the Homeless (Omhle) which claims a membership of more than 600 000 in the squatter camps and other informal settlements.

Veteran anti-apartheid activist Mrs Albertina Sisulu and top officials of Omhle led the march and handed over a petition addressed to President F W de Klerk and relevant authorities. — Sapa

123 CT 31/8/92

BUSINESS Major players in the building industry join forces • Big banks step in

Groups unite over housing crisis

Sowetan 31/8/92 (123)

■ **Money lenders and political organisations to form housing forum at a Johannesburg hotel:**

By Joshua Raboroko

ABOUT 17 community and political organisations, trade unions and players in the building and construction sectors are to join forces to form a National Housing Forum at the Mariston Hotel in Johannesburg today.

They include the ANC, PAC, Azapo, IFP and businesses that have expressed concern about the housing crisis in South Africa.

Others are the Life Offices Association, the Mortgage Lenders Association, Saccola and representatives of the build-

ing materials and construction industry.

Trade unions Cosatu and Nactu will be represented as well as the civic associations, the Development Bank of Southern Africa, Independent Development and Kagiso Trusts, Urban Foundation and South African Housing Trust.

Mr Denis Creighton of the Mortgage Lenders Association said that

the forum was a necessity because it would help combat the housing crisis, especially among black communities.

"There is a lot of hope for the forum and this is the first occasion at which most of the major players will be directly involved in solving one of South Africa's problems," he said.

The president of the South African National Civic Organisation, Mr Moses Mayekiso, said the forum would

look at various problems relating to black housing.

Mayekiso, who is also an executive member of Cosatu, said the forum should be seen in the same light as efforts between the federation and the employers' body Saccola to involve businesses in the drive for a new South Africa.

The civic movement joined others in the democratic camp in seeking a very simple consensus, he said, adding: "The consensus we want is to provide houses for everybody."



Moses Mayekiso of the South African National Civic Association.

HOUSING & HOSTELS - GENERAL

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Forum pledge to beat housing crisis

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THE national housing forum, launched in Johannesburg yesterday, would map out a "convincing" plan to address the housing crisis, chairman Eric Molobi said.

Molobi said the multiparty forum would develop and agree on a national plan of action for housing in the short term, which could be implemented even before a political settlement; and participate in the development of broad policy, strategic objectives and short-, medium- and long-term plans for the housing sector.

He said there would be no need to put pressure on government to implement the forum's plan as its workability would, in itself, be "persuasive argument".

A recent Development Bank of SA study estimated that at least 275 000 houses would have to be built every year for the next decade to meet the country's needs.

The seeds of the forum were sown at a meeting with government in August last year to discuss the hostel issue.

"We concluded that the hostel issue could not be solved in isolation from the broader housing and development requirements of the community," Molobi said.

Government withdrew from the forum in January, saying the housing issue was a matter for Codesa. However, it indicated it

WILSON ZWANE

would maintain bilateral discussions.

The launch was delayed by differences among forum members. These had now been resolved, Molobi said.

The forum consists of 16 organisations, including the ANC, Inkatha, Azapo, the PAC, Saccola, development agencies, financial institutions and civic organisations. It has six working committees, which in the next few months will discuss land and services, end-user finance and integration of cities and hostels.

The committees would work with "trainees from disadvantaged communities" and submit their findings to the forum for assessment. The plenary session would finalise a national housing strategy.

The Independent Development Trust has agreed to underwrite the funding of the forum's operations for the first budget period of 12 months, by making up the shortfall after contributions by member organisations and other sources.

Forum spokesman Khehla Shubane said the SA National Civics Organisation's threat of a bond boycott would receive the forum's urgent attention.

● Picture: Page 3

JOHANNESBURG. — The National Housing Forum was launched in Johannesburg yesterday to address South Africa's housing crisis — a backlog of some 1,2-million units.

A wide range of organisations including financial institutions, construction and building interests, non-governmental agencies and political representatives signed the founding agreement with the brief to develop and agree upon a national housing plan.

Speaking to journalists, chairman Eric Molobi said the multi-party forum would map out a "convincing" plan and planned to:

- Develop and agree on national action for housing in the short term, which could be implemented even before a political settlement; and

- Participate in the development of broad policy, strategic objectives and short-, medium- and long-term plans for the housing sector.

Molobi said there would be no need to put pressure on government to implement the forum's plan as its workability would, in itself, be "persuasive argument".

Government is not a member of the forum. It withdrew from it in January saying the housing issue was a matter for the now defunct Codesa. However, it indicated it would maintain bilateral discussions with the forum.

'Convincing' housing plan for SA on the cards

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ET 11/9/92

The seeds of the forum were sown last year when the forum members and government met in August last year to discuss the hostel issues.

"We concluded that the hostel issue could not be solved in isolation from the broader housing and development requirements of the community," Molobi said.

It has six working committees, which will in the coming 16 weeks, discuss land and services; end-user finance; housing options and integration of cities and hostels.

The Independent Development Trust has agreed to underwrite the funding of the forum's operations for the first budget period of 12 months, by making up the shortfall after contributions by member organisations and other sources.

Khehla Shubane, a vice-chairman of the forum's secretariat, said the threat of a bond boycott by the SA National Civics Organisation (Sanco) would receive the forum's urgent attention.

STAR 11/9/92

Crash programme on housing

By Michael Chester

The new National Housing Forum was formally launched in Johannesburg yesterday at a conference that set aim on a crash programme to produce radical guidelines to solutions to the crisis of millions of homeless black families.

Kagiso Trust general secretary Eric Molobi, who was elected first chairman, fixed a 16-week deadline for the preparation of fresh guidelines on how to tackle short-term interim measures while longer term strategies were ironed out.

Threats of bond boycotts, he said, were obviously among the issues that had to be resolved by negotiation as priorities

were laid out.

First assessments showed that new initiatives were needed to boost the supply of low-cost homes to at least 250 000 a year in the next decade.

The creation of the NHF, he said, marked a significant landmark in moves to persuade all the main players to call a truce to start joint efforts to seek ways to accelerate the supply of affordable homes.

Months of talks had finally succeeded in forging co-operation from such diverse players as the ANC and the Inkatha Freedom Party to the Association of Mortgage Lenders and the Life Offices Association.

Specific aspects to be tackled in the first phase were

issues of land and services, end-user finance, housing options, institutional structures, hostels and integration of the cities.

Experts from all fields would be sharing their skills in new affirmative action programmes.

"We cannot expect instant solutions," said Mr Molobi. "But we are determined to erect at least new signposts to interim and longer term goals."

The NHF elected Ishmael Mkhabela, director of the Inter-faith Community Development Association, as vice chairman; with Urban Foundation executive director Matthew Nell and Wits University Centre for Policy Studies research officer Khehla Shubanest to head a coordinating committee.

Exciting plan to boost black home-ownership

STAR 1/19/92

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ANDREW Lukhele, president of the National Stokvel Association of South Africa (Nasasa), is disappointed about the Government's and formal businesses' role in alleviating the severe housing crisis in black communities.

As a result he has embarked on a mission for stokvels to play a leading role in easing this plight.

He has in the pipeline exciting projects for the development of solutions to the housing problems in South Africa.

He offers a sensitive argument from the black community: "Financial institutions such as banks and building societies, which are mostly run by whites, have been sitting with million of rands invested by black people in the form of pension funds, savings, including stokvel accounts.

"Yet they haven't made efforts to extend credit to black people to enable them to be property owners. And Nasasa is going to correct this situation."

Millions

He says because of the collateral requirement of financial institutions, this had the effect of excluding millions of blacks from the formal financial system. It also means that savings by blacks are largely used as loans to relatively affluent whites.

Very little, if any, of this money is ploughed back into the community which provides it and needs it most.

Thus these institutions offer little incentive for saving because there's little or no connection between individuals' saving effort and their ability to

and ensure good capital injection from overseas investors. And Nasasa will be lobbying hard to get this capital.

It pains Mr Lukhele that the Government has not taken any meaningful steps in easing the housing shortage. For instance, while billions are set aside by the Government for black housing, only 10 000 houses have been built in 1991.

He believes little or no pro-



"Mr Stokvel" . . . Andrew Lukhele, founder member and president of the National Stokvels Association of SA.

improve their housing conditions.

"We have come up with a partial answer to the housing problem. Taking a lead from the highly successful Resident Management Committees (RMCs) in the United States, whose task it is to transform public housing into decent and affordable homes for the poor, Nasasa has, in conjunction with Tremsen Brokers Services, launched a number of building material depots in Soweto and the East Rand to provide cheap material to residents.

"We have entered into an agreement with building material manufacturers and expect this venture to be a substantial money-spinner and so contribute to the funding of other ventures."

Mr Lukhele believes the housing crisis could be alleviated by innovative approaches to financing housing projects.

And he has a big spectacular project on the cards to support

gress will be made in the construction of the country and development of its communities until the housing crisis is addressed and resolved.

Everyone must be involved in the provision of shelter. This may range from private entrepreneurs in the formal and informal sectors, to non-governmental organisations, and co-operatives, community groups and individual households.

This issue of collateral for

his assertion. The stokvel association is planning to divest a sizeable proportion of stokvel money from commercial banks, and building societies to unit trust certificates that can be used as collateral for home loans from such institutions.

This is not only to meet the security requirement, but to beat inflation that has been steadily eroding stokvel monies over past years.

Unit trusts are preferred because their returns have consistently outstripped inflation.

"Because poor people have no conventional collateral an adequate substitute would be a personal credit history offered with a stokvel's guarantee.

"A key feature of this unit trust concept is that the financial risk will be moved away from the bank and assumed by the stokvel.

"The bank will be lending money to the stokvel rather than individuals. Stokvel members will, in turn, ensure loan

loans has long been a talking point between black and white businessmen, with the latter claiming it is a proven method of reducing the risk of non-payment and the former saying it excludes many people who have been denied the chance to accumulate resources to fully participate in the formal economy.

Praise

repayments by means of peer pressure," he says.

And this idea is already getting support from financial institutions.

First National Bank general manager Jimmy McKenzie is quoted as saying the plan was excellent and his bank supported it. The bank would certainly consider accepting unit trust certificates as collateral for home loans.

"Should the scheme get off the ground, it would make low-income earners 'bankable' by enabling them to acquire assets and build up a track record of payment."

Johan Kruger, GM at the Development Bank of South Africa, said any move to divert funding into black housing was to be welcomed from a development perspective and represented a praiseworthy use of the stokvels' financial clout.

He added: "The initiative will create an interface between sophisticated financial institutions and the less sophisticated community in a way that is financially acceptable."

This new scheme, says Mr Lukhele, will be co-ordinated by stokvels, which will determine the credit status of members and then ensure they meet their repayments. A borrower's ability to pay, rather than collateral, will be taken into account. Even the unemployed may be granted loans provided the total household income is sufficient to meet repayments.

A number of investment companies in the US and Europe have signalled they would invest in the unit trust if it yielded good returns and benefited the people on the ground, says Mr Lukhele.

This will enhance the investment capability of the unit trust

Mr Lukhele praises Professor Mohammed Yunus, of Bangladesh's Grameen Bank, who criticised the notion that credit should be the exclusive privilege of the rich because they can provide conventional collateral. The professor said: "If collateral can provide the basis for the banking business, then society should mark out the banks as harmful engines for creating economic, social and political inequality by making the rich richer and the poor poorer."

Recovery will see big price rise

There is consensus among estate agents that although market conditions are far from satisfactory and the time taken to sell property continues to lengthen, there must come a correction and market recovery will eventually see home prices surge.

Property values in SA are generally regarded to be out of step with world trends and once the economy gets back into gear, on the strength of a more stable political scenario, a "catching up" must be expected.

One leading agent, Scott McRae, managing director of the Camdon's Group, has no doubt that "today's buy in property is tomorrow's bargain", taking into account the inflation rate alone.

"It's just possible that one might never have such an ideal opportunity as now to secure a home and to delay on a decision is to risk missing out on what is most certainly a long-term investment gain."

Mr McRae has no doubt that the banks will move again on a downward adjustment on the mortgage rate and a decision by the Reserve Bank on the Bank Rate — confidently expected within weeks — could prompt additional relief for home owners.

The highly competitiveness of bond business today makes it imperative by the banking fraternity not to be caught napping and miss out on market share when rates drop.

The Camdon's MD also lists these other positive factors for today's home buyer:

- Sellers' asking prices have fallen as much as a third compared with the peak prices achieved during the last property boom.

- The availability of stock. There is, in fact, an oversupply of homes, which gives the buyer the option to pick and choose.

- The market is at the bottom of the trough — the time when the "smart money" moves in and secures property acquisitions.

- The builders are "sharpening their pencils" with a view to costs, so it is an ideal time to secure their services.

"Developers, too, have become market wise," he says, "and are bringing to the market more reasonably priced property and well within the reach of first-time buyers."

"There are also plenty of attractive home-financing methods from the lending institutions from endowment-linked bonds to flexi-bond type schemes."

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Rate cut boosts buyers' confidence

123

STAR 2/9/92

It's bond cheer time again as the rate drops another one percentage point from yesterday, to 17,25 per cent.

The likelihood, too, of additional reductions in the coming months to a possible 15 percent is bringing a much needed spark back to the residential market. Collectively, the three bond rate cuts so far this year must help to make people's commitment to property ownership that much easier.

As one real estate source says: "Every little helps to bring a home a little nearer to a lot of people."

Amid the joy, though, we might ponder the heady days when a succession of mortgage reductions would have immediately stimulated residential property, resulting in a sales spurt in all sectors, with sustained demand pushing up prices of homes.

Progress

Such a situation is a distant memory today as the persistent economic drag impinges on the financial capability of the majority of home buyers to such an extent that any relief in bond repayments has made little or no difference to market conditions.

The real estate industry, in line with all other economic sectors, requires signs of progress towards political settlement before buoyancy returns to the property scene and until that happens, the general sluggish sales performance along with "wait and see" attitudes among potential buyers are bound to remain.

Meanwhile, the market, which, for so long, has favoured the buyer, will continue to attract the more astute in-

vestor, who must latch on to the longer-term beneficial prospects of homeownership and, prodded further by the latest bond rate cut, secure a property, albeit still with some considerable strain on his budget.

The buyer is well aware that, given more stable political conditions, a residential market take-off is assured, followed by price spirals on a broad front as sellers seek to capitalise after a prolonged bout of eroding values.

Certainly, the development community is, for the moment, helping to ease the buyer's lot for the home builder knows only too well that if he is to survive the downturn, he must hone costs.

It is well known that the target area for builders at present is for homes under the R200 000 mark and there is consensus among agents and developers that, while the upmarket, with its units of R500 000 and above continues to take strain, there is no lack of interest in the moderately priced properties.

Many home-building companies, such as Schachat Cullum and Richland and Maccon, are experiencing rapid sell-outs of new residential ventures, where the price is right.

This trend, in itself, is indicative of the fact that, while the market generally is in the doldrums, there is always demand for homes and the realistically priced home, whether new or otherwise, must inevitably sell.

There is no doubt then that market conditions for the potential home buyer are decidedly favourable and that if he can stretch his budget, without any hardship and strain, it will be worthwhile considering the medium to longer-term benefits.

Banks give agents incentive

The banks are playing a key role in getting residential property on the move — all to the benefit of the buyer and seller by circulating many more millions throughout the system by paying estate agents upfront commissions.

Previously, agents had to await transfer of property before collecting their dues, but Absa took the lead with early payments on a signed deal, thus helping to giving the real estate industry a much healthier cash flow.

Now the Perm has followed

suit and one wonders how much longer the other major institutions can hold off from taking similar action so as not to lose out in the massive home loans market share.

Confirming the Perm's decision at the Institute of Estate Agents' convention at Sun City recently, Neels Oosthuizen, national manager of estate agencies, said all commissions would be fully paid.

"Unlike the Absa scheme, however, we are not confining the concession to selected agents but opening it up across the board," he said.

26/12/92
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Demand strong despite uncertainty

STAN 2/9/92
The ongoing demand for homes in spite of the rippling effect of political uncertainty and violence is seen in the figures from one of the country's major lending institutions — Standard Bank.

In the past six months, the bank's home loans book has increased by R1 billion.

Adding his own little touch of encouragement to a battling real estate industry, Mike Vosloo, managing director of Standard told delegates at the recent convention of the Institute of Estate Agents:

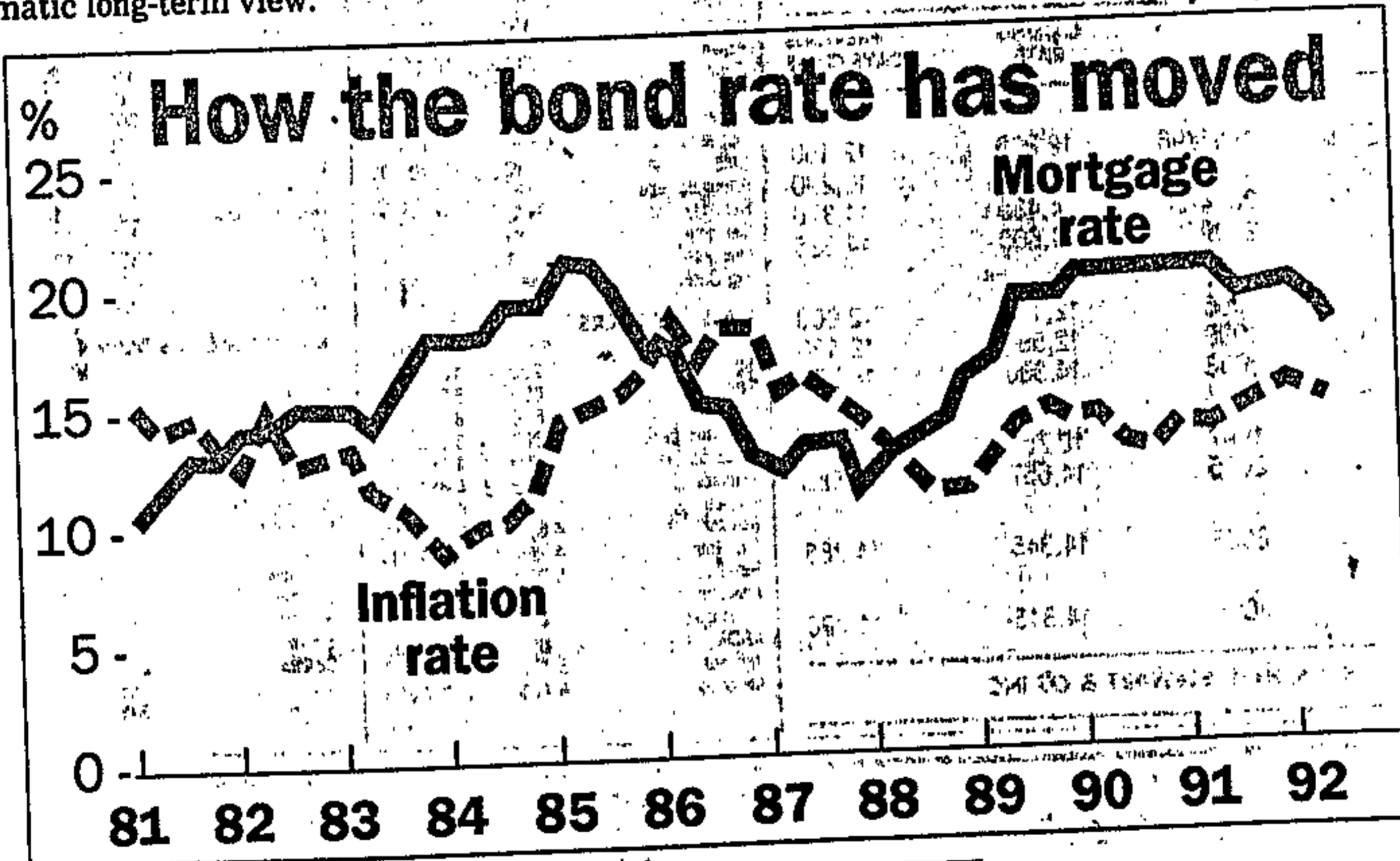
"Gloom is about the only growth industry in SA today. However, although potential home owners are lacking in confidence about the immediate future, they are taking a pragmatic long-term view.

"Their short-term anxieties are not paralysing them entirely. And those people who can generate confidence act, and action in economic terms means purchasing."

The Standard MD got the message across strongly when he pointed out that despite upheaval, the need for shelter remains.

Norman Nel, chairman of the Estate Agents Board told agents: "We must now become involved in the process of teaching first-time home owners about the privilege and benefits of owning a home.

"To socialists, individual property ownership was considered a sin. It is now up to us to convince people the real power of the entrepreneurial spirit is vested in property ownership."



Buyer benefits as banks compete

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The fierce competitiveness of the home loans business today has resulted in the lending institutions bringing to the market more and more financial packages to attract the borrower.

A big saver in the long run comes from the Amalgamated Banks of South Africa (Absa) with 0,25 percent cut in its bond rate if clients open a cheque account and two other accounts with any of its four banking divisions — United, Allied, Volkskas and Trust Bank.

If a bondholder maintains monthly instalments, he could save more than R67 000 on the total that will be paid on a R100 000 bond over 25 years.

Dr Danie Cronje, deputy chief executive of Absa, says: "Our substantial asset base combined with other ratio-

STAM 2/9/92
nalisation benefits arising out of the formation of Absa, have enabled us to curtail costs and to pass on the benefits of scale to our clients."

Between December 1989 and April 1991, the average bond rate was 20,75 percent. Compared with the current rate of 17,25 percent, the saving is R281 a month on a R100 000 bond over 25 years.

The lower interest rates also benefit potential homeowners in terms of minimum joint income required to qualify for a home loan.

Based on the 30 percent of joint income instalment limit required by Absa banks, the minimum joint income needed at 20,75 percent was R5 800 on a R100 000 mortgage, while at 17,25 percent it will be substantially less at R4 860.

Electricity forum to be launched

8/10 AM 2/9/92
A NATIONAL electrification forum will be launched today after a meeting yesterday between groups from across the political spectrum, and power suppliers.

Delegates to a conference convened by the Development Bank of SA near Johannesburg expressed the hope that the forum would begin work within weeks.

The forum will work out strategies to accelerate the national electrification process and rationalise SA's fragmented electricity supply system.

Delegates representing government, Eskom, business, labour, the SA National Civic Organisation (Sanco), political parties, and local authorities backed the forum.

Sanco president Moses Mayekiso said electricity was "a right", so a new approach to the financing of electrification that "fits in with affordability" should be found.

"What may be of use to debate is the so-called lifeline system whereby each household will be given a basic amount at little or no cost. (The household) must progressively pay more for use that reaches luxury consumption levels."

WILSON ZWANE
and PETER DELMAR

Those unable to pay for electricity would have to be subsidised, he said.

"We will want to have wide debate on whether these (subsidies) come in the form of a new tariff structure with cross-subsidisation between either communities and corporate consumers, or rich and poor residential areas."

Mayekiso said electrification would continue to be a "site of political struggle" because of the high cost of electricity and "because of its importance to many municipalities' budgets".

However, Sanco was committed to depoliticising electricity if a system could be developed to serve the interests of the poor and working class urban and rural people.

Mayekiso criticised Eskom's raising of foreign capital and accused it of doing "geopolitical deals with bandits of Renamo".

Eskom CE Ian McRae said Eskom did not have the resources to electrify all SA

□ To Page 2

Forum

8/10 AM 2/9/92
homes on its own.

"What is needed ... is a shared vision and common objectives among all role players in an efficiently structured electricity distribution industry, where resources are harnessed in a concerted effort to meet the divergent customer needs."

McRae said there was enough generating capacity to achieve the electrification of millions of homes as well as assist industry to expand production.

From Page 1

"What we do in SA on electrification is likely to spill over to our neighbouring countries, where it can affect the lives of 100-million people."

Association of Municipal Electricity Undertakings representative Jan Malan said the end user of electricity would benefit by removing the middle man. He said a single area distributor could purchase energy directly from the national grid at substantially reduced prices.

NP reps to liaise with housing forum

2/19/92

Political Staff

(123)

THE government yesterday welcomed the establishment of the National Housing Forum and appointed two National Party representatives to liaise with it.

The Minister of Local Government and National Housing, Leon Wessels, said yesterday the forum was "a positive step in finding a practical solution to the vexed housing problem."

He had requested Hein Kruger and Dr Dries Oosthuizen, MP, to act as an "interface" between him and the forum.

The 16 organisations which signed the forum's founding agreement were: the ANC, Association of Mortgage Lenders, Azapo, the building materials suppliers consortium, Cosatu, the construction industry consortium, the Development Bank, the Independent Development Trust, IFP, Kagiso Trust, the Life Officers Association, PAC, Saccola, the SA Housing Trust, the SA National Civic Organisation and the Urban Foundation.

Electricity forum short-circuits

ATTEMPTS to establish a national electrification forum ran into difficulties yesterday when consensus could not be reached on membership.

But delegates at the two-day national electrification conference, convened by the Development Bank of SA which ended at Midrand yesterday, agreed on the goals of the forum.

These goals include developing strategies to accelerate the national electrification process and facilitating the establishment of a national electrification fund.

There was initial agreement that the forum should be lean and focused, but a number of delegates later raised objections, saying that a small forum would not be inclusive.

Heated debate arose when some delegates suggested that rural communities and the TBVC states should be represented at the forum. The conference was also divided on govern-

ment's role.

The failure by the delegates from groups across the political spectrum and power suppliers to reach consensus dashed earlier confidence that the forum would be functioning before the year-end.

It had been envisaged that the forum would have met formally sometime this month to appoint working committees, which would have been entrusted with the task of looking into the specifics of the electrification process. Conference chairman Prof Wiseman Nkuhlu said the establishment of the forum would be deferred until the conference's steering committee had secured sufficient agreement from interested parties on the forum's membership.

Steering committee chairman Pe-

ter Freeman said his committee would now embark on behind-the-scene lobbying in an attempt to get parties to agree on the forum's structure. It is understood that the steering committee will convene another conference on electrification within three months, but Freeman was emphatic that another conference should be convened only after it had been ascertained that a consensus on the forum's membership would be reached.

Expressing his disappointment at the failure to agree on the forum's composition, Freeman said the steering committee might look at processes leading to the recent formation of the national housing forum. It took 13 months for the national housing to be formed, and chairman Eric Molobi had said the delay was caused by differences among participants.

BIOGRAPHY 3/9/92

WILSON ZWANE
and PETER DELMAR

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Private sector 'hasn't met housing needs'

STAR 3/9/92

By Shirley Woodgate

The private sector had failed miserably to meet South Africa's housing needs, Transvaal MEC John Mavuso said on Tuesday after an "urbanisation" tour of the central PWV area.

Accusing the private lending institutions of making only a minimal contribution to low-cost housing, he said the problem could be solved only by large-scale injection of funds into the poverty-stricken group earning less than R600 a month.

"The institutions refuse to lend money to black people in the



John Mavuso ... Injection of funds needed.

lowest income sector, yet latest statistics show some 70 percent of blacks earn less than

R1 000.

"Clearly if the present situation continues, these people have no hope of ever owning their own homes," he said.

Calling on the lending institutions to lower their qualifications to include the provision of many smaller loans, he claimed their standards were based on European norms which had nothing to do with the needs of the poor.

Mr Mavuso said the Transvaal Provincial Administration had been wrongly accused of dragging its heels in addressing the housing issue, while everyone else sat back and talked big or criticised without delivering the goods.

In the past three years nearly 70 000 serviced stands had been made available at Ivory Park in Midrand, Doornkop north-west of Soweto, Orange Farm near Vereeniging, Zonk'zizwe on the East Rand and Poortjie near Ennerdale where the development potential was likely to lead to another 40 000 stands being provided in the near future.

Earlier, addressing the problem of settling the poor in built-up areas nearer to their places of work, Transvaal Administrator Danie Hough said the time had come when higher-density accommodation for the poorest sector would have to be investigated.

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new structures that have been...
natively, the ANC can simply continue to exercise power without responsibility. ■

BOND BOYCOTT

~~(123)~~ (123)
Loose cannon FM 4/9/92.

Even in ANC circles, there are those who have misgivings about the tactics sometimes employed by Moses Mayekiso. The latest example is his threat of a black "bond boycott" if the financial institutions persist in failing to grasp what he calls "the big picture."

Addressing the Council of SA Banks (Cosab) recently, as president of the SA National Civic Organisation (Sanco), Mayekiso said the bankers have to "help the democratic forces press the government to discard its racist stance on the nature of reform and the future constitution." *could do*

CURRENT AFFAIRS FM 4/9/92.

The banks had to "put your money where your mouth is. Stop funding apartheid. Stop providing financial services to homelands, black local authorities, the police, army and Armscor." The banks had more than R13bn in government loans on their books, said Mayekiso. But Cosab had pointed out that government was self-financing, that banking internationally is neutral in such matters, and that banks provide limited facilities to government outside of legal requirements.

He went on to imply that American banks had pulled out of SA in political solidarity with the ANC. It appears to have escaped Mayekiso that they pulled out essentially for business reasons — that is, they judged the risk of operating in SA as too high.

Mayekiso says the bond boycott is one of a number of tactics being used to "sharpen the banks' sensitivity to our problems."

However, another civic activist says that "other, more innovative ways are being found to address this issue." It's also realised by some activists that encouraging a boycott mentality could lead to problems in future under a democratic government.

Mayekiso bemoans the fact that interest rates on bonds soared from 14% to 21% within 18 months. Inflation and unemployment made the situation unbearable for many bondholders, he noted in a display of apparent ignorance as to how the market works.

ANC leader Nelson Mandela recently in effect repudiated Mayekiso's bond boycott stance. Mandela said that the ANC had not been consulted and had not made such a call.

Aside from the image of Mayekiso as something of a loose cannon (he is also general secretary of the metal workers' union, Numsa, whose ill-conceived strike had to be called off this week), it seems part of the problem is related to a lack of clarity on what the role of civic organisations should be.

Mayekiso, whom some regard as an over-rated leader, could be using this vacuum to carve out a political slot for himself.

Civic organisations emerged during the Eighties when they were at the forefront of resistance against rent increases and discredited councillors. They were curtailed by states of emergency. Since 1989, however, observes UCT research fellow Jeremy Seekings, civic organisations have occupied a position of unprecedented importance.

Yet, adds Seekings, the civics' prominence masks their limits. These include weak organisation of membership, uneven levels of consciousness, variable leadership and dubious accountability.

Civics came to exist because local government institutions were seen as illegitimate and credible political parties had been banned or, later, preoccupied with national issues. This could explain differences of approach between the ANC and Mayekiso over the bond boycott.

As Seekings notes, civics have tended to be only intermittently active by reacting to single-issue campaigns. Their present prominence results mainly from government's

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search for credible township representatives with whom to deal. "This suggests that civics may play a key role in the unfolding transitional period, but their role in a post-apartheid SA is uncertain."

The broad support for civics during the Eighties, says Seekings, reflected a curious combination of their conservatism and radicalism.

They linked national and local issues, arguing that key civic issues could not be resolved without national changes in the local government system, the distribution of economic resources and access to political power.

It is further argued that civics attracted support through their tactical pragmatism and "reformism" rather than their ideological or programmatic radicalism. Such pragmatic tactics produced results, with rent increases postponed and evictions suspended.

But when they made national political concerns their priority or adopted uncompromising tactics, support for the civics declined, says Seekings.

Civics have moved beyond their essential watchdog role and are now "institutions that themselves need to be watched over." ■

Campaign to launch home loan centres in townships

WILSON ZWANE

THE Perm and the SA National Civics Organisation (Sanco) would embark on a campaign soon to establish township home loan centres, which would make home ownership easier for low-income families, Sanco president Moses Mayekiso said at the weekend.

The Perm and Sanco have already reached a provisional agreement on community-oriented banking.

The agreement provides for, among other things, the establishment of home loan centres in the townships "to make bond application and consumer education much more accessible".

Mayekiso said the centres would greatly benefit township residents, who could not pay their bonds because of unemployment. Should a resident be unable to pay his bond, his house would be taken over by the centre, which would service the bond.

The affected resident would pay rental to the centre until he was once again able to carry the burden of repayments, at which time the house would be restored to him. The arrangement would ensure that there were no arrears on housing bonds.

In another development, the Association of Mortgage Lenders (AML) and Sanco appointed two working committees at a meeting at the weekend to look into issues of dispute and give their negotiations new direction.

Meanwhile, work has begun in earnest on developing strategies to alleviate the

housing crisis, with the recently launched national housing forum's working committees identifying issues for discussions.

The six committees of the national housing forum, launched in Johannesburg last week, have been entrusted with discussing land and services, financing, institutional structures, the integration of cities, and the hostel question over the next few months.

According to the forum's co-ordinating committee vice-chairman Khehla Shubane, the committees finalised their terms of reference last week.

"The co-ordinators of these committees will meet this week to exchange information," Shubane said.

He also disclosed that the committee on hostels, which began its work long before the forum was launched, would meet government soon to ascertain whether its proposals were being implemented.

The committee has proposed, among other things, that government should give hostel dwellers the same housing assistance it gave to other "economically disadvantaged communities".

The national housing forum consists of 16 organisations, including the ANC, the PAC, Inkatha, Azapo, Saccola, development agencies, financial institutions and civic organisations.

Government is not a member of the forum but Housing Minister Leon Wessels has welcomed its launch.

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BIDRY 7/9/92

Further particulars...



Family plan for local hostels

THE signing of plans to turn migrant labour hostels in city townships into family units was met with jubilation by a crowd of about 600 Guguletu residents over the weekend.

About 300 hostels in Langa,

Guguletu and Nyanga will be transformed within 22 months.

The Cape Provincial Administration, Umzamo Development Project, the Ikapa town council and Urcon, a company assigned to act as project manager for the

upgrading process, were all signatories to the agreement.

The government will foot the R23,2 million bill.

The Umzamo Development Project is a public utility company. (123) CT 7/9/92

Low-cost housing scheme in pipeline

BIPAY 8/19/92 TIM COHEN 123 389
PRETORIA — A National Housing Finance Corporation, which would free billions for low-cost housing, could be implemented soon, even before an interim government, Development Bank of SA GM Johan Kruger said yesterday.

Kruger said in an interview that the housing super-bank was one of the interim measures which, if accepted by all parties, could be implemented soon to lay the foundation for a new national housing policy.

The proposal for rationalised financing of low-cost housing has been endorsed by financial institutions canvassed, but still has to be negotiated with other groups, including the National Housing Forum.

Financial institutions are keen to play a role in the provision of low-cost housing although they are reluctant to become involved in the administration of the system.

Kruger, who spoke earlier during the presentation of the De Loor report on a national housing policy, would not give details of proposed equity, but it is understood that it will be in the region of billions of rands. The bank would enjoy state guarantees and have a gearing ratio significantly higher than commercial banks.

The De Loor report, which proposes one-off capital grants as its key strategy, suggested the creation of a National Housing Finance Corporation, similar to the Development Bank. The report will be accepted as government policy only after comments from all parties.

focus on Housing

IT IS A DUSTY MONDAY afternoon in Zamdela near Sasolburg and Mr Daniel Maloka looks like he's about to break down and cry at any minute.

Only yesterday he and his family had a roof over their heads, but now he has to run from pillar to post, begging friends and relatives to give them some place to sleep, if only for a night.

Standing next to his empty house, Maloka realises he is paying the price for participating in a strike at the Sasol 1 oil company in Sasolburg, in the Vaal Triangle in 1987.

As he battled to ward off tears, while loading his belongings onto the back of a bakkie, it dawned on him what a bitter price it was.

This week, almost five years after the strike, which saw the sacking of more than 1 500 workers from the company, Maloka was kicked out of his house because he could not pay his bond.

Locked up

The Malokas are one of three families whose houses were locked up - without prior notice - by the United Building Society because of the non-payment of their bonds.

They were left on the street, without a place to sleep.

"I don't know where we are going to sleep. I've asked friends to keep these household goods for us. I just don't know where we are going to sleep," he said, pulling hard at a cigarette.

A former labourer with the oil company, Maloka told *Sowetan* that he has lived in his R24 000 house since 1989.

He goes on to explain that the action by the building society, where his bond is held, comes exactly five years after he and other members of the South African Chemical Workers' Union took part in the strike.

Retelling the event which took place late in 1987, Sacwu national organiser Mr Manene Samela said about 1 800 people were involved in the legal strike over wages.

Industrial Court

"After three days on strike, the company dismissed all the workers on strike and the matter was taken up with the Industrial Court," said Samela.

Although the court ruled in favour of the union, Sasol lodged an appeal with the Labour Appeal Court which overruled the Industrial Court's decision.

The company re-employed some of the workers, but not all. And Maloka was among the unfortunate ones.

While the strike continued, the union received financial help from, among others, the International Confederation of Free Trade Unions and the South African Council of Churches.

"The money was not necessarily for the pay-

For some people retrenched by Sasol 1 there has been a second heartache - the pain of not having a roof over their heads anymore. **Lulama Luti** spoke to the people who are paying dearly for going on strike:

Sowetan 10/9/92



Tladinyana Kgodumo - planning boycott

“I don't know where we are going to sleep. I've asked friends to keep these household goods for us”

ment of rents and bonds. It was an emergency relief fund which was utilised to help meet all the workers' needs during the strike," said Samela.

Through the Trust Fund, ICFTU helped provide money for the payment of workers' bonds and rents and other needs.

But the union coffers soon dried up and in 1990, the ICFTU stopped all payments.

Samela told *Sowetan* that through further negotiations with Sasol 1, a R1 million Trust Fund has since been established in order to help train the retrenched workers.

"We certainly hope that at the end of the training project they will have acquired certain skills like plumbing, wiring and electricity.

"And in that case they would be able to work for sub-contractors in the area," he said.

Chairman of the Mortgage Lenders' Association Mr Tony Norton said this week that banks



Strike action

Strike started between September and October 1987 because of a dispute between Sasol 1 and the South African Chemical Workers Union.

Workers involved: About 1 800. Over 75 percent retrenched.

Donors: International Confederation of Free Trade Unions and the South African Council of Churches.

Resolution: Dispute was never resolved.

A R1 million Trust Fund has since been established to help train the workers who were retrenched.

normally did not want to repossess houses and that they tried all that was humanely possible to help people stay on the property. "It doesn't help much to evict people," he said.

Sounding a word of advice, Norton said if people got into any problems with their bond payments, they ought to talk to their financing institutions very early.

"If they (financial institutions) don't get notified early, it becomes difficult to help the people," he said.

Bond boycott

Meanwhile, the local Bondholders' Committee under the chairmanship of Mr Tladinyana Kgodumo, himself a victim of the strike, has threatened to go on with plans of a bond boycott should the building society continue with the evictions.

"We have made it clear to them that we would not be able to contain the people's anger if they continue in this fashion. So far the question of a bond boycott cannot be ruled out," said Kgodumo.

Meanwhile unless Maloka gets a job soon, it remains doubtful that he and his family will ever go back to occupy House 4216 in Zamdela.

WORTH PURSUING Long-term investment
vehicle offering above-average yields

Partbonds have big attraction

5192 12/9/72

TEN years ago, the financial institution market was well defined. Banks did commercial transactions, building societies gave home loans, and mortgage participation bond (partbond) companies financed industrial and commercial properties. This worked well.

The banks were regulated by the prime rate, and home ownership was encouraged by building societies which could offer tax-free investments and hence borrow at a lower rate. The partbond companies slotted in between the two.

The partbond company gave a fully secured long-term investment without the social obligations of providing housing.

Then banks began to give home loans and building societies became banks, and both entered the industrial/commercial financing field. Only partbond companies remained pure to their sector.

Regulation

The homeowner suffered and became discouraged as high interest rates were applied to his home mortgage. Growth in the partbond industry slowed as banks and building societies moved into the industrial/commercial property sector. However, the partbond industry was too well-established to disappear.

Regulation of the partbond industry was provided by the Participation Bond Act of 1981 and enforced by the Registrar of Financial Institutions (now the Financial Services Board).

The Act provides for an investor in a bond over a specific property. Registration of the bond is made in the name of a nominee company for the benefit of the investor. The nominee company is prohibited from incurring any liabilities whatsoever to ensure investor protection. Management of the investment is vested in the management company, run in terms of the rule book.

All investors in participation

THE activities of participation bond companies are regulated according to very stringent provisions.

While the rate of return on a partbond investment does fluctuate, it is comparatively high, writes JOHN FIELD, MD of Fedlife Assurance Ltd subsidiary Fedbond.

bonds should, by law, be issued with a copy of the rule book. There are requirements for the maintenance of a bond register, storage of securities, valuation parameters and control of almost every facet of the management company.

Financial Services Board inspectors have access to all partbond companies' records. They make periodical visits to ensure the Act is being adhered to and that investors are not at risk of losing their investments.

Property is the basis of the security in this type of investment. By nature it must be commercial/industrial and rent-producing. In the case of a borrower defaulting, the resaleability of the property is of utmost importance.

A complete valuation is done when the bond is first granted and then reviewed every three years. The maximum bond granted must not exceed 66.66 percent of the valuation for an interest-only bond and 75 percent for a capital-and-interest bond. Once again these conservative parameters dictated by the Act to protect the investor should be noted.

An investment in a participation bond is a five-year commitment. Only in cases of extreme financial hardship can the investment be released earlier.

This is more than offset by the high rate of interest, which has averaged 17 percent during the past 10 years.

Compare this with the interest on saving/transmission accounts and the fluctuating call rate.

The partbond rate fluctuates,

and although not fixed to prime, there is a correlation. An investor can expect a rate of between 0.5 and 1 percent less than prime.

Several years ago a number of companies took advantage of a loophole in the Companies Act. They discovered that they could issue debentures to investors inquiring about partbond investments without having to issue a prospectus. Investors lost their partbond security and in ignorance invested in debentures.

In a recent failure of a partbond company it was found that only 15 percent of the total money invested was actually secured by partbonds. The balance was in short-term debentures.

This was a case of a partbond company by name but not by nature.

Those investing in partbonds were the first to regain their interest payments. Most should have their interest and capital paid in full.

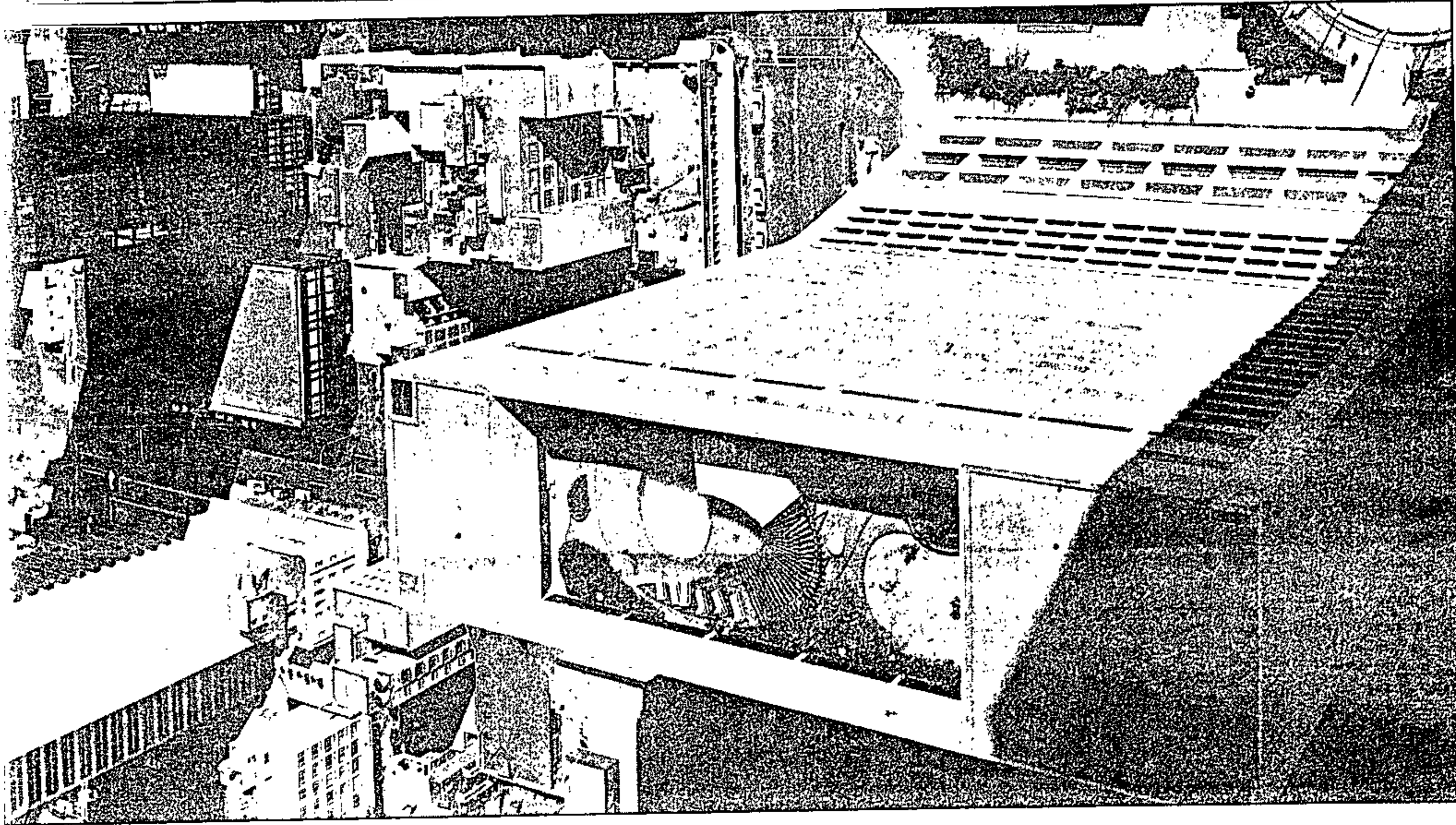
High returns

None of the investors in partbonds will lose their entire investment. The partbond portion of the company worked despite questionable management ability. The introduction of the Deposit Taking Institution Act stopped this practice, but the damage to the name of the partbond industry had already been done.

The industry has served the investing public of South Africa for 30 years, giving high returns.

Recent events were the result of misuse of a partbond management company. This must be seen in the comparative light of the failure of several banks in recent years.

The Participation Bond Act is comprehensive, but I believe it could be improved. It should allow for the "pooling" of properties and require a non-distributable reserve as a provision against the possible loss on sale of a property securing an investment. Even so, people can invest with confidence in participation bonds, but must ensure that they look at the strength and reputation of the ultimate shareholding of that company.



INVESTMENT IS SPECIFIC: It is in a bond over commercial property.

Banks, civics join forces

South 12/9-16/9/92

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BANKERS are traditionally hard-headed and conservative but are learning to unbend in South Africa.

They are not necessarily undergoing a radical transformation, but realising they will be hit hard where it hurts most — their pockets — if there is not a lot more give-and-take in their relationship with, particularly, civic organisations.

Some banks have had small business units for some time to broaden their outreach and lessen criticism that they are for "big business only".

But this has not helped them reach grassroots communities. There, complaints are common that people have not been able to get loans because of a lack of collateral and general discrimination

by banks against black people, especially women.

This has affected the ability of many township residents to buy or build houses or start businesses. The lack of banking facilities in townships has also been a bugbear, although violence has undoubtedly played a part in keeping banks away.

It is no wonder, then, that the South African National Civic Organisation (SANCO) this year started making noises about banks as legitimate targets of mass action, including a possible bond boycott.

This, and militant statements issued by SANCO president Moses Mayekiso, has resulted in a steady war of words between SANCO and the Mortgage Lender's Association (MLA).

But last week SANCO reached what it called an "historic and pioneering agreement" with the Perm which could pave the way for peace with MLA and avoid the bond boycott, which has in any case received only little support.

SANCO and the Perm have joined forces to initiate socio-economic development programmes, housing development programmes and home-loan schemes to make it easier for people to get loans.

The details are still being worked out, but SANCO hopes it will open the way for the development of a code of conduct to make banks more receptive to linking up to grassroots community needs.

Lynda Loxton

Home buyers confidence shot to pieces

THERE is a new level of despair in the residential property market because of the Bisho shootings. Sellers are now obtaining lower prices than they paid for properties two years ago, say estate agents.

Prospective buyers are also withdrawing from the market, and the only interest is in "realistically priced homes".

"The feeling in the market is that there is further downside potential for house prices, and this is depressing sentiment further. For the first time the market is being driven only by confidence levels, and they are running low," says Pam Golding Properties director Ronald Ennik.

The market is no longer being influenced by economic developments such as the drop in interest rates, but almost entirely by perceptions of the future, says Ennik.

Property economist Neville Berkowitz agrees. He says sales are slow and that until business confidence is restored there will be no revival for the market.

Lew Geffen of Lew Geffen Estates says the market has reached the threshold of "negativity and misery", but that sentiment is unlikely to worsen. "However, as there are not enough buyers, prices must fall further."

Camdons MD Scott McRae agrees, saying the market is "unbelievably depressed", with the events at Bisho being "just another nail in the coffin".

"In the middle to upper price range particularly, prospective buyers are making offers below those considered a reasonable market value. Genuine sellers are discounting as much as a third off their price," he says.

However, any positive political developments, such as the resumption of constitutional talks, would have a positive effect on sentiment, which would soon be reflected in higher prices.

Geffen says the average show day is attracting fewer people, and prospective buyers feel they deserve bargains.

Ennik says turnover has dropped, as only about 30% of properties placed on the market actually sell. McRae agrees, saying only 32% of houses put on the market change hands, with the agency having to carry the cost for this.

Hostels: IDT 'did nothing'

123
ET 16/9/92
Staff Reporter

THE Independent Development Trust had done nothing to help residents in chronically overcrowded hostels in the two years since its launch, the vice-chairman of the Umzamo Development Project charged last night.

Mr Johnson Mpu-kumpa called on the IDT to state its position clearly.

The aim of the UDP is to transform hostels into homes.

IDT communication director Mr Jolyon Nuttall said last night his organisation had taken the question seriously, but it was not an area for unilateral decision-making and steps could be taken only on the basis of consultation with the people involved.

Perm sole supporter of Sanco's code

THE Perm remains the only bank to accept in principle the SA National Civic Organisation's (Sanco's) call for a banking code of conduct after other banks refused to discuss the issue further.

Council of SA Banks head Tony Norton said yesterday the issue would not be raised again. "It is a point of principle that people cannot co-opt our industry," he said.

He added a task force had been set up to work on other aspects of concern to Sanco, such as bond-holders' financial problems and building quality in townships.

There was already an "informal" bond boycott of about a quarter of all township bonds, says Sanco. The Perm's agreement safeguarded it against formal action.

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Greta Steyn

Norton said there were two issues — political and operational — and that the political issued was regarded as settled.

Asked whether a bond boycott would be averted, he said: "I don't know. It depends on whether the price is subversion of the banking system through co-option."

Banking sources said the main bone of contention preventing other banks from joining the Perm was Sanco's call to stop providing government with banking services until "an irreversible process of complete democratisation" was under way.

Asked whether the Perm would support

□ To Page 2

Perm

310AY 17/9/92
this call, Perm. development GM Denis Creighton declined to comment, but noted that its market was the private individual.

The other bone of contention was the concept of "community empowerment" which featured strongly in the code proposals. Sanco's motivation for the code stated: "Apart from certain isolated instances, the banking sector has... failed to establish a permanent presence within disadvantaged communities." It called for "affirmative action" in the provision of finance to disadvantaged communities.

On the management of defaults, Sanco said financial institutions should help in establishing community mechanisms to provide assistance.

Of major importance in the proposed

123 □ From Page 1

code was the focus on defective workmanship in the building industry. Sanco said "a building industry code of conduct will prescribe certain minimum ethical standards to be maintained by developers. Financial institutions would be required to restrict support to developers who have agreed to comply".

The Sanco-Perm interim agreement said: "In practical terms, Sanco and the Perm have established the broad outline of a formal compact aimed at initiating socio-economic development programmes, housing development programmes, and home loan-related technical solutions to existing problems." It envisaged urban renewal and building rehabilitation projects to be managed by the communities.

'Talks failed to halt AWB'

RAY HARTLEY

POTCHEFSTROOM — A series of 11th-hour meetings between police, NP and AWB members failed to defuse potential confrontation on the eve of the "Battle of Ventersdorp" last August, the Regional Court heard yesterday.

Gen Lourens Malan, who was in charge of police operations during the clash which claimed three lives, said this in testimony in the trial of 15 right-wingers charged with public violence related to the incident.

He said police had met NP and AWB members the day before the massacre and warned lives could be lost, but he had not asked the NP to call off the meeting because this was a decision the meeting organisers had to make.

"I made a plea to (AWB leader) Eugene Terre'Blanche to use his influence to defuse the looming conflict between the AWB and the police. His reaction was that the President collected taxes from the residents of Ventersdorp and he had a right to attend the meeting to ask the State President certain questions."

A thousand policemen and a nearby

army unit were mobilised to maintain law and order and to protect President F W de Klerk, who spoke at the meeting which was disrupted by hundreds of armed right-wingers, Malan said.

He said tens of thousands of rands had been spent on security for De Klerk.

Malan admitted he had not arranged to control traffic because it was "a small detail which I didn't think about".

Two of the dead were run over by vehicles during the conflict.

Malan later admitted no loudspeakers had been set up to inform passersby and protesters that demonstrations had been banned in the area around the hall.

He also said the tyres of a water cannon had been slashed, rendering it useless, and police had not been issued with gas masks.

The conflict came to a head when the town's electricity was cut off, firecrackers were thrown at police helicopters and police shouted to him that teargas and hand-guns had been fired at them, he said.

The trial continues.

New-look housing dept proposed

PRETORIA — The Housing Task Group has recommended the establishment of a restructured, nonracial housing department.

The restructured department would have jurisdiction over the entire country, including the self-governing states, trust areas and eventually the TBVC states should they be reincorporated into SA.

Addressing a seminar on Housing in SA yesterday, National Housing executive

director Neville Krige said many of the deadlocks in the housing sector stemmed from current political differences and constitutional changes.

Other recommendations included the encouragement of private sector initiatives with regard to small housing loans, the dissolution of central government's housing-related development funds and the liquidation of fixed assets

to the best advantage of the state.

The group also felt activities and assets of the local authorities loans funds should be transferred to the proposed Housing Finance Corporation, and the structure of the Development Bank of Southern Africa should be used to accommodate the corporation as a second development fund under a separate board of trustees. — Sapa.

JOB CREATION

Funds for budding entrepreneurs

W/Mail 18/9 - 24/9/92.

A NEW IDT portfolio has been established, and R100-million set aside, to promote job creation and support entrepreneurs in poor communities.

Professor Len Konar, an IDT trustee on secondment from his post as head of accounting at the University of Durban-Westville, has been appointed executive director in charge of the portfolio.

Konar will be emphasising entrepreneurship in determining how the IDT allocates funds.

"Entrepreneurs," he says, "are people who rise to the occasion. In the community they are the engine for development."

He defines an entrepreneur as anyone who can identify potential in a market and has the possibility or capability of addressing that potential. Hawkers, brickmakers, shoemakers, dressmakers and small builders all qualify.

By the end of July, more than R52-million had been allocated to 17 projects, including support for 15 000 small sugar cane producers. To qualify for funds, projects must benefit disadvantaged people, be sustainable when the funding stops, and be community-driven.

A guiding principle will be the empowerment of entrepreneurs as individuals, by giving them access to services that increase their chances of success. While other agencies provide micro-loans, most of the IDT's funds are earmarked for organisations that support potential entrepreneurs by developing their business skills in, for example, budgeting, costing, licensing, marketing and financing.

"Therefore," says Konar, "the prototype applicant for funds would be an organisation providing support to potential or existing entrepreneurs emerging from disadvantaged communities. Capital requirements will only be financed if no other appropriate sources are available. All funding beyond one year will depend on the results achieved."

W/Mail 18/9 - 24/9/92.

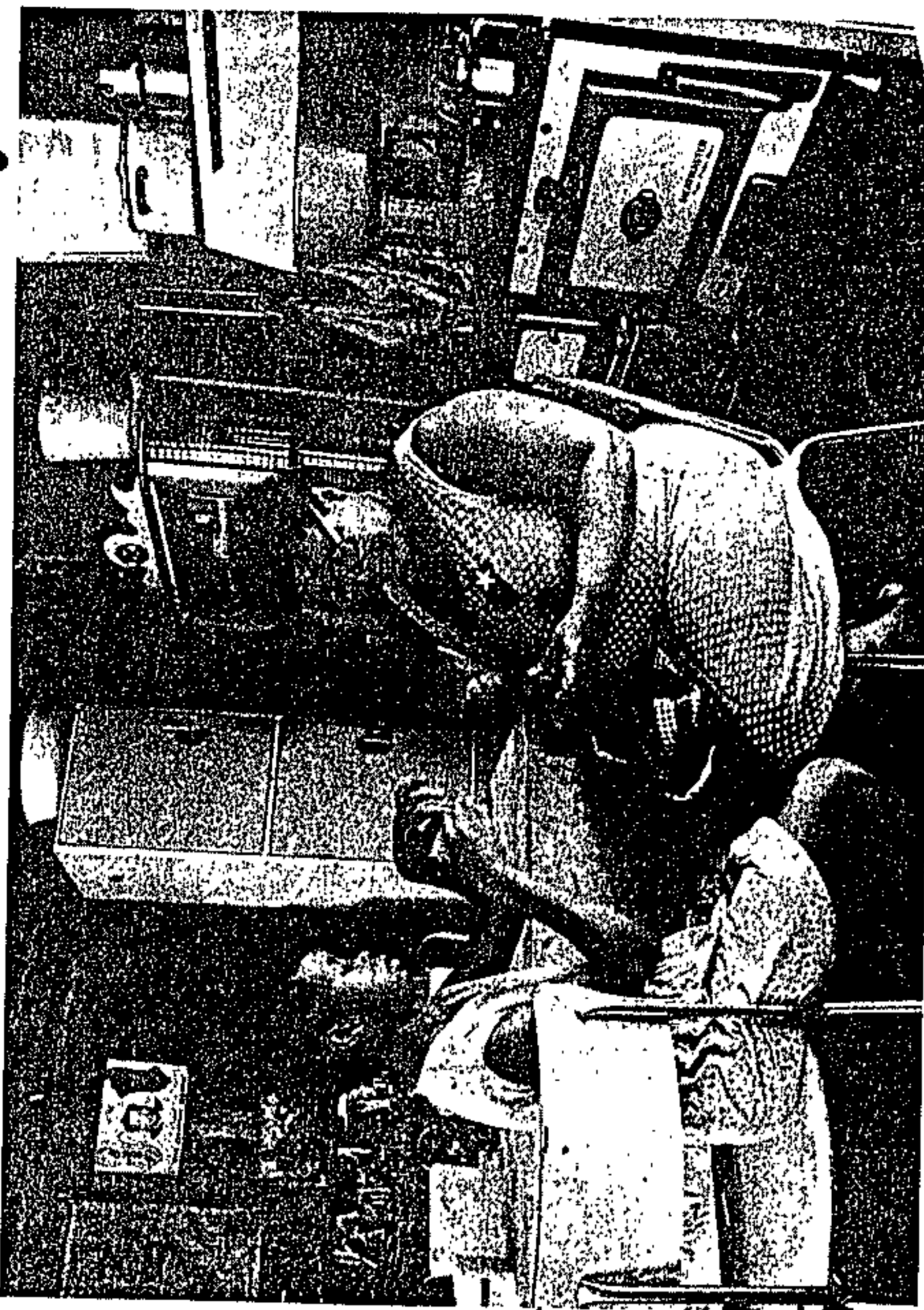
South Africa needs a new approach to financing electrification to make it affordable to as many people as possible. According to the president of the South African National Civic Organisation (Sanco), Mr Moses Mayekiso, it is intolerable that black communities, denied electricity for decades, now have to pay more for electricity than those in former "white" areas. Sanco believes electricity is a right in a country where there is a 40 percent excess generating capacity, and that it should be made available at affordable rates throughout the country, including rural areas. Instead, three out of four black people are without electricity. And, where it is provided, has been done in a "high-handed" way that costs up to 60 percent more. Mayekiso proposes the establishment of a national electricity forum to hammer out how electricity can be provided more cheaply. At a recent National Electrification Conference at Midrand he put forward several proposals which could be considered by the forum.

South 199-231/92

Although Mayekiso says support for this is "shared by many actors across the political spectrum", it is the one most likely to chase away the local and foreign investment that many people agree is needed to create jobs and promote economic growth. Possibly more acceptable will be the option proposed in the Nedcor/Old Mutual scenario plan which talks of a percentage of prescribed assets of financial institutions going into housing and related development.

But Mayekiso believes the community can also contribute through the small-scale savings and credit facilities springing up everywhere in the form of stokvels, burial societies and credit unions.

LYNDA LOXTON



IN THE DARK: Electricity will change the lives of township residents

Banks funding small business

WHILE civics campaign for better and easier access to bank finance for grassroots communities, five major banks have joined forces with the Small Business Development Corporation to raise over R500 million over the next three years for small business.

Obviously aimed at combating rising unemployment by encouraging small businesses to expand operations, the scheme is being

underwritten by the government to the tune of R20 million. The scheme underwrites a portion of the risk to which banks are exposed when considering small business loans. This enables bankers to retain their normal credit standards while reducing the collateral which small businesses usually have to supply.

To date, the scheme has provided loans worth R28 million to more than 130 small to medium-sized businesses, giving an average loan size of about R200 000. The maximum loans allowed are for R400 000. A fee of 0,75 percent a year is levied on the amount granted and the interest rate cannot be higher than the prime overdraft rate plus four percent.

The banks involved are the African Bank, Boland Bank, First National Bank, Nedbank and Standard Bank.

Call for basic services boost

By David Canning

WASHINGTON — Ambitious plans to overcome backlogs in the supply of basic services in South Africa — such as electricity, water supply, water-borne sewerage and tarred access roads — are highlighted in World Bank position papers made available in Washington.

A bank report on electrification, which supports efforts to redress these power backlogs, says up to 3 million low-income homes could be provided with electricity in three to five years, creating hundreds of thousands of jobs and providing an economic kick-start.

The report backs Eskom's "Electricity for all" programme and the Household Electrification Forum flowing from an ANC-sponsored conference held earlier this year — and offers to support the initiative.

In a separate report, World Bank researchers summarise the findings of two urban missions to SA and outline a work agenda aimed at designing an overall urban strategy.

Their paper on the urban sector finds that virtually all white urban dwellers live in formal housing and have in-house water supply, water-borne sewerage, electricity, tarred roads and adequate drainage.

They found the annual per capita expenditure on residential infrastructure for whites was R1 567 — higher than that of Stockholm (R633), Munich

(R758) and Hong Kong (R758).

The contrast with South African black areas was striking. More than half the black population residing in SA's largest urban areas is informally housed. Access to services by these households is of low quality or non-existent.

The report cites important economic distortions caused by the physical separation of black and white cities — and the fact that high-density, low-income areas are located at the urban fringe.

Much higher than normal transport costs are incurred by black households on commuting, and average trip lengths for urban commuters has grown from 24 km 10 years ago to 37 km today.

Housing investment in SA is much lower than in comparable countries, owing to a number of factors such as the extreme spatial separation, insecure tenure, lack of mobility and shortage of mortgage finance.

In their electrification paper, World Bank researchers say a major household electrification programme is both financially and technically feasible.

Eskom is capable of bringing electricity to 700 000 homes in a three to five-year period and several municipalities have positive schemes, they say. The most ambitious is in Durban where the city council has announced plans to electrify 160 000 homes over the next five years.

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STAR
21/9/92

Banks expect civics to avoid bond boycott

BANKERS expect the SA National Civic Organisation (Sanco) to stop short of calling for bond boycotts at a mass meeting on Sunday.

Bankers, speaking off the record after the Association of Mortgage Lenders (AML) met Sanco yesterday, said their impression was that Sanco wanted to "avoid these extremes". They did, however, expect some form of protest action.

Sanco president Moses Mayekiso said yesterday FNB remained a target for mass action. This would be discussed at Sunday's report-back meeting. He would

not confirm that there would be no specific call for bond boycotts.

He said much ground had been covered at yesterday's meeting with the AML and that there would be another meeting next week. He said all parties were serious about addressing the housing crisis.

Sanco and the AML are hoping to find a solution for the present non-payment of instalments on about a quarter of township bonds. Banks' total exposure to the townships is estimated at about R6bn.

BTDAW 24/9/92
GRETA STEYN

Sanco last week named FNB a "primary target" for mass action for, among other things, not providing figures Sanco said it needed to arrive at the true picture of the township housing crisis, such as details of amounts owed and property values.

FNB senior GM Norman Axten said compliance would be time-consuming because the bank had no reference to race or ethnic origin in its records.

Sanco is also protesting at "the lack of financial services in disadvantaged communities at a time when bank profits are high and banks are expanding overseas".

House prices buck the trend

HOUSE prices, particularly in the lower and middle-priced suburbs, are happily outperforming the rest of the generally depressed property market, according to Erwin Rhode's Real Estate Surveys. Upmarket houses are still losing ground against the rampant price increases of lower-priced houses, adds Rhode. During the last year lower-priced houses outperformed general inflation. (123)

Strong regional differences exist, with Port Elizabeth continuing its strong growth in all price categories. Cape Town prices are slowing, with upmarket house prices now dropping faster than in the previous two quarters. House prices in Pretoria have begun to recover but lag the national pattern.

21/10/11-6/12/11
WIM

Hostels report issued

JOHANNESBURG. — Not all hostels are associated with violence and it would therefore be inappropriate to fence them all off, according to the interim report on hostels of the Goldstone Commission of Inquiry.

Mr Justice Richard Goldstone said a preliminary report by the committee investigating the issue had led to the withdrawal of the commission's earlier recommendation that all hostels be fenced off.

According to the report "not all hostels are associated with violence, and the problem should properly be

seen as one of criminality in a limited number of hostels."

Mr Justice Goldstone's interim report, dated September 21 and released by the State President's Office yesterday, was issued urgently in the light of talks between the government and representatives of, among others, the African National Congress, concerning hostels.

At the commission's request, the Human Sciences Research Council has begun a project aimed at assisting sensitive future development of hostels. — Sapa

CT 26/9/92

(123) (2)

Inmates to be consulted on hostel upgrading

JOHANNESBURG. — Decisions on conversion or upgrading hostels will be made only when consensus with inmates is reached, Transvaal Provincial Administration MEC for physical planning and development Mr John Mavuso said here yesterday.

Consensus had been reached at 21 hostels; negotiations were continuing at 49 others, and at 19, talks were identifying and bringing together parties concerned.

(123) CT 28/9/92

28 Transvaal, Natal hostels to be fenced

ESTHER WAUGH

Political Reporter

JOHANNESBURG. — The government undertook at the summit on violence to start fencing 28 hostels in the Pretoria-Witwatersrand-Vereenging area and Natal before October 22 and to complete the work by

November 15.

The details are outlined in the implementation programme agreed to at Saturday's talks between President De Klerk and ANC president Mr Nelson Mandela.

Hostels are to be fenced "to prevent criminality by hostel-

dwellers and to protect the residents from external aggression".

Two-metre fences with limited access points "shall be maintained until the situation has stabilised to the satisfaction of the Goldstone Commission", according to the programme.

NOV 29 1992

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Property market 'in a shambles' in the UK

CAPE TOWN — SA homeowners were in a far better position than those in Britain, where the residential property market was "in a shambles" said Seeff Group's Adele Beare during a visit to Cape Town.

8/10 PM 30/9/92
She said there were "thousands" of British citizens anxious to emigrate to SA who could not sell their homes, and until the UK economy improved, demand for SA prop-

Business Day Reporter

erty would remain soft.

(123)
UK property values had dropped to such an extent that the market value of many homes was less than the mortgages on them. Repossessions had reached alarming levels, leading to financial claims on insurers who covered banks and building societies against bond losses.

House prices rally in cheaper suburbs

LINDA ENSOR

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CAPE TOWN — House prices in lower-priced suburbs were rallying strongly on a national basis, though weaker growth had been experienced in the upper end of the housing market, says the Rode report on the SA property market in the second quarter.

"Latest indications are that lower-priced suburbs are growing at about 28% on a year earlier, middle-class suburbs at about 16% and upper-class houses at 4%. House prices, in particular the lower and middle priced suburbs, are happily outperforming the inflation rate."

However, strong regional differences exist, with the largest improvement shown by Port Elizabeth.

An average increase in house prices of all classes of 11% this year and 12% next year was forecast, with rental rises for flats predicted at 17,9% and 17,4%. In some areas there had been a small increase in apartment vacancies.

Residential prices and rentals were showing greater resilience in the face of the recession than nominal rents of non-residential properties, which had stagnated.

Negative or zero growth in office rentals was forecast for 1992 and a 10% growth in prime CBD office rentals in Johannesburg, 17% in Sandton, 7% for Pretoria, 4% for Durban and 7% for Cape Town in 1993.

Most nodes had more than 8% of their A-grade office space empty and some much more. Take-up of combined A, B and C office space for the Johannesburg CBD was expected to be negative in 1992 and 1993.

Pretoria still had high office vacancies, while A and B vacancies in the Cape Town CBD had increased steadily. Pretoria rentals were expected to lose more ground, while Cape Town and Durban would continue to suffer the aftermath of "building binges".

Retail rentals had continued to plummet, while most centres were struggling to equal mid-1991 levels of industrial rents. No change was forecast for the next 18 months. Industrial vacancies were rising.

In the industrial market, the central Witwatersrand was holding on in nominal terms but there had been a decline in the rest of the Witwatersrand.

Rode forecast an average 5% increase in industrial rents on the central Reef this year, rising to 14% next year.

Building costs were expected to rise 6% this year and 13% next year.

Quality homes at an affordable price

■ New technology brings housing within reach:

By Joshua Raboroko

HIGH quality homes can now be quickly constructed for only R39 000.

This is as a result of the development of modern materials and building methods which bring quality homes within the reach of many South Africans.

Chief executive of CA Brand Construction group Mr Alan Young said: "The rationale behind the development and ongoing application of modern technology was based on the premise that the true test in differentiating between a home and a shelter was the asset value of each, if any, after 10 years."

With this as their frame of reference the company, together with architects, engineers and home builders from around the world, have developed this cost-effective and maintenance free approach to housing.

He added: "We can build an 84 square metre home of three bedrooms, two

bathrooms, lounge, diningroom and kitchen for only R69 000. A similar home of two bedrooms with high quality finishes, ready to move into, costs only R39 000.

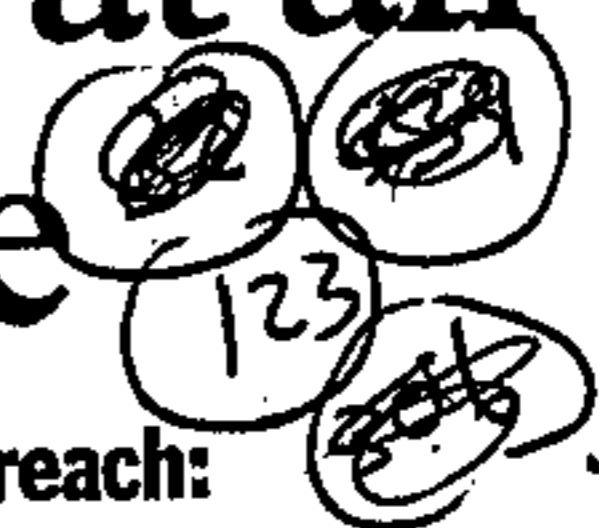
"This translates into real savings and makes owning a home a reality for many families who only dreamt of this basic right."

Speed of erection and reduced labour costs combined with this modern technology had served to bring about these substantial savings.

The houses have the outward appearance of face brick and are constructed on walls made of polymer concrete, one of the strongest known materials.

Young said the new building system, which offered unlimited possibilities for large scale housing schemes and individual homes for upper, middle and low income groups, enjoyed the approval of major municipalities, while banks and building societies were ready to provide bonds.

Southern 11/10/92



ager alone, two new guesth- coast have stabilised and for, he says.

However, certain prime

Potential buyers wait for signs of political stability

EVEN though coastal property markets are more protected than others, conditions are extremely tough and competition is fierce, says Rabie Property Developers chairman John Rabie.

"While our level of trading is satisfactory, to move property today requires a lot of effort as the market is extremely tough due to both political and economic uncertainty," he says.

Prospective buyers are looking for confirmation of future political stability before committing themselves to the purchase of a house, and the establishment of an interim government would help in this regard, he says.

gard, he says.

The company covers the full property spectrum, from residential to retail and commercial. It has been notably successful in the western Cape sectional title market, particularly in Hout Bay.

Present economic conditions are forcing developers to be cautious. "As a listed company we cannot take chances so all of our developments are pre-sold, either off-plan or from a show village.

There is light at the end of the tunnel and although it will take time for the market to improve, those companies which have identified niche markets

will survive, Rabie says.

J H Isaacs Umhlanga branch manager Alan Rowes says owning property at the coast is a good investment — properties at Umhlanga and Ballito are holding their 1991 levels.

Constant

"While fewer properties are being bought now than at the beginning of the year, the prices being fetched are constant.

"A lot of new coastal developments are coming on stream, with quality properties available around the R300 000 mark, well below the norm for established

parts of Umhlanga, he said.

Tight market conditions have resulted in cut-throat competition for available building contracts, with some companies even tendering below cost.

Despite this, Group Five Building-R H Morris has started work on several new Cape projects since completing a R30m contract for the University of Cape Town's Graduate School of Business, overlooking Cape Town's waterfront development.

The completion by the company, on schedule, of the university project was "a genuine feat" as the

company was given only 13 months to complete the R30m contract.

"The market is presently extremely tight and our problem was to replace the university contract and keep our staff busy, but fortunately a number of contracts were signed," says MD Frank Wright.

"R H Morris is now busy on the second phase of the Fancourt country club development, outside George. Phase 1 was completed in April this year," he says.

The group has also become increasingly involved in refurbishment contracts and has developed a high level of expertise in the field, he says.

Green development gains pace

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B/DAY 2/10/92

All areas vulnerable in face of recession

A WIDESPREAD belief that coastal properties yield higher returns than elsewhere in times of economic and political turbulence is a generalisation and not always true, market players say.

Murray & Roberts Properties (Natal) development analyst Mike Luiz says all sectors in the property industry have been equally affected by the current economic recession.

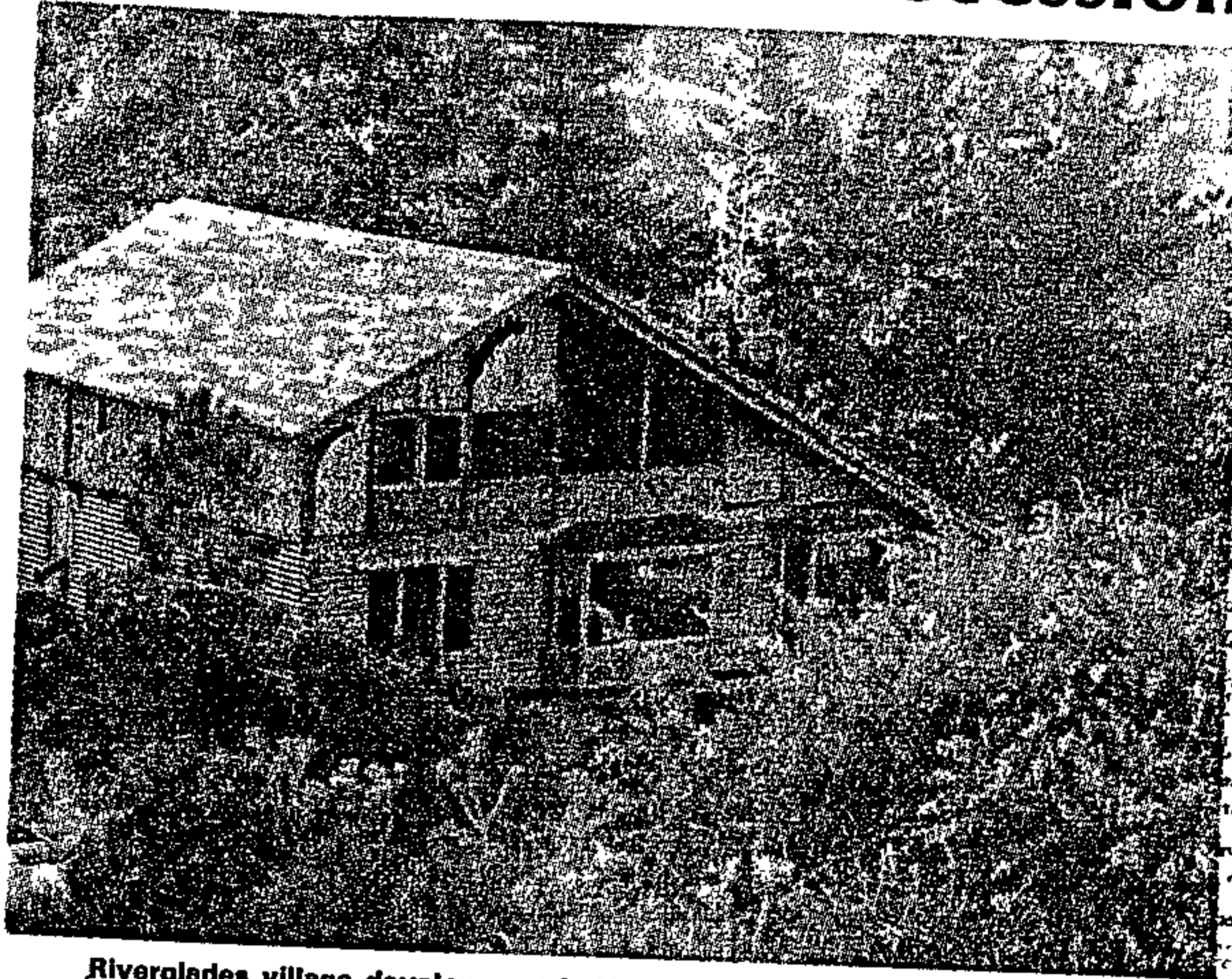
"The severity of the recession and lack of political stability is prolonging the current downward trend due to certain lag factors, a situation we believe will not improve in the next 12 months," he says.

Liquidated

Seeff Cape Residential Properties MD Samuel Seeff says: "One of the first assets liquidated by many second home owners in a recession is precisely that home, as they feel the expense of maintaining the property outweighs the gain of the limited time spent there."

Prime coastal areas continue to reflect demand, translating into capital growth exceeding that of other areas as demand drives prices up, he says.

"However, certain prime



Riverglades village development in Knysna offers homes from R275 000.

coastal areas, such as Hermanus, are not performing as well as they should and some properties in these areas are not holding their value as well as expected.

"There is still upcountry demand for second homes on the coast, with Cape Town perceived as a safe haven in troubled times. Not only are people looking at investing in property here, but also seriously considering relocating," he

says.

However, the residential market is unable to provide an investor with the same returns as certain other forms of investment yield. But properties are also being purchased for their capital growth and enjoyment benefits.

"The top end of the market is very quiet as people hesitate to commit themselves, given political uncertainty and the recession, but the lower end of the market remains buoyant," Seeff says.

Board of Executors Properties director Jonathan Fair agrees, saying a distinction must be drawn between holiday homes and property for full-time residential use.

"The second home market is susceptible to economic adversity, as is now evident. The middle to upper end of the market is

suffering, however, as people find their disposable incomes under increased pressure," Fair says.

However, people buying residential properties as first homes tend to buy in line with prices they can afford.

Interest

(123)

Seeff says the present political climate and escalating violence has resulted in greatly increased interest in coastal areas. "However, investors find their money does not go as far on property in the Cape as inland and many are unable to afford the house or location they desire."

Rabie Property Developments chairman John Rabie says coastal properties, particularly in the Cape, are holding their value and appreciating more rapidly than in other areas.

of political stability

parts of Umhlanga," he said.

Tight market conditions have resulted in cut-throat competition for available building contracts, with some companies even tendering below cost.

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company was given only 13 months to complete the R30m contract.

"The market is presently extremely tight and our problem was to replace the university contract and keep our staff busy, but fortunately a number of contracts were signed," says MD Frank Wright.

"R H Morris is now busy

Markets affected by recession, instability

B/DMy 2/10/92
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COASTAL property markets appear not to have escaped the debilitating effects of the protracted recession, escalating crime and violence and political instability.

While industry players differ as to the effect these factors have had on the market, they almost all agree that damage has been done and activity is more subdued.

Malaise

Condev (Cape) MD John Wilkinson says while coastal properties are suffering from the same malaise as the rest of the country, these markets are surviving well.

"In general terms, a stagnation of the market is apparent. While capital growth in these areas tends to be better and the value has increased of late, the viability of these projects is riskier," he says.

However, a factor that has helped stimulate the market is that these markets tend to be regarded as safe-havens by the investing public, who are still buying property.

While foreign investment continues, it is at a greatly reduced level. But both the second home and retirement markets are seeing sustained interest from up-country buyers as many people choose to retire at the coast away from the economic and political concerns prevalent in the inland areas.

The fact that the average person's disposable income is declining limits how much one can spend or invest in a property or can obtain from renting out the property.

However, a property economist who declined to be named said another of the problems associated with the second-home market was the uncertainty regarding capital gains or wealth taxes that could be

imposed on these investments by a future government.

"This fear is seeing many investors exercising caution regarding traditional second homes and many are looking at investments in commercial and industrial properties as an alternative," he said.

Traditional

Investors are also overlooking the fact that their money would probably yield a greater return in other traditional investments and are positioning themselves for the future.

While most players disagree as to which coastal area offers the best return on investment, Rode Report editor Erwin Rode says properties in Durban and Port Elizabeth are presently seeing the largest growth.

However, this is short-term and they are merely "catching up" with other markets and can expect to

see a sharp decline towards the end of the year in line with other areas, he says.

On the commercial and industrial front, coastal markets have also not escaped the scenario of oversupply, a lack of new tenants and negative real rental growth.

All of the CBD areas reflect large vacancies and few new tenants, while existing tenants are using present market conditions to renegotiate the best possible deal for themselves, by playing one landlord off against the other.

Once again, the solution to these woes depends not only on the resumption of negotiations, but the outcome and practical implications of these negotiations.

In addition, violence has to be contained and reduced before foreign investment returns and potential local investors feel confident enough to take the plunge again.

Electrification bill likely to be R9bn

THEO RAWANA

123

THE total electrification of SA could cost as much as R9bn over the next seven years, Eskom national marketing and promotions manager Sam Mosikili told a housing convention this week.

Addressing the Alex Times Housing Convention in Alexandra, Mosikili said there would be 4,6-million — out of a total 7,5-million — households without electricity if more effort was not put into the electrification programme.

About 32 organisations and companies were represented at the conference, which sought to formulate a policy best suited for providing housing in the township. *610M 2/10/92*

"If one takes into account issues such as the distance from the high voltage grid, the availability of alternative fuels, affordability, and the large urbanisation now happening, the potential for electrification is seen as about 2,6-million households or approximately 18-million people.

"Experience has shown that unless the penetration of electricity is very high, something in the order of 80% or 90%, the kind of development we have seen in the Pacific Rim countries is just not possible," Mosikili said.

He added: "The total electrification of the country might cost as much as R9bn over the next seven years.

"That money has to come from somewhere, and right now all indications are that we won't get cheap funding from institutions such as the World Bank. SA is not seen as a developing nation, as its income per capita is too high to allow soft funds to be made available."

He encouraged players in the electricity distribution industry to work together and take up the challenge of electrification in SA.

Boycott pledge on hostel rents

JOHANNESBURG. — The Transvaal Hostel Residents Association has rejected agreements reached between the ANC and the government about hostels and has pledged to encourage its members to boycott hostel rents in protest. (123) CT 2/10/92

The association said residents "reject in the strongest possible terms the 'agreement' reached on September 26 ... including the (agreed) fencing and policing of hostels". — Sapa

**IFP knew (123)
CF 2/10/92
says Wessels**

PRETORIA. — The government's stance on hostels had been explained to Inkatha Freedom Party leader Chief Mangosuthu Buthelezi before the government's summit with the ANC on September 26, National Housing Minister Mr Leon Wessels said yesterday.

Chief Buthelezi has cited an alleged lack of government consultation with the IFP on hostels as a reason for his breaking off talks. — Sapa

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**Plea to
ease crisis
in housing**

By Stan Hlophe

Financial institutions, the private sector, the Government and developers should address the housing backlog to help achieve peace, stability and growth in South Africa, Alexandra Interim Crisis Committee spokesman Mike Beea said yesterday.

Mr Beea was speaking at the Alex Times housing convention at the local resource centre attended by political, social, economic and women's groupings.

The theme of the convention was "The economics and politics of housing in Alexandra".

As part of the solution, Mr Beea said, unused land and all available space should be utilised for housing. Rentals and purchase prices should also be low enough to make houses affordable to all.

He called for the demolition of hostels, shacks and slums.

Every citizen should have access to security of tenure and property ownership, he said.

Eskom's Sam Mosikili, speaking on electrification of low-income housing, said electrification would not make economic miracles happen, but without it there would be no growth.

Townhouses lift the gloom

By TERRY BETTY

THE demand for townhouses is the only light in the building industry's tunnel.

The Rode Report on the SA Property Market says about 310 townhouses are started every month — slightly off the 1991 peak of 320.

Since mid-1990, there has been a 35% increase in the number of townhouses built each month. This is far better than the stagnant house and non-residential market, which is at an all-time low after dropping more than 50% since February this year.

House construction has fallen 25% since January.

The townhouse concept took off in the early 1980s. Its popularity waned in mid-1990 when interest rates were high, but has since strengthened.

Property broker Lew Geffen says townhouses in the R185 000 to R200 000 price bracket sell off-plan within four weeks of being launched. Houses take an average of four months to sell.

Real Estate Surveys property economist Erwin Rode says townhouses are popular in low-income areas. People can buy a lower-priced house that does not look too grotty.

He says Pretoria is the "townhouse capital" of SA.

On the other end of the income scale, townhouses are popular because they offer better security.

Mr Rode says townhouses are also popular with "empty nesters" who do not want to maintain a large house, pool and garden.

But these advantages do not come cheaply. Mr Geffen says a townhouse costs about 40% more than its house equivalent.

For example, buyers pay about R2 000/m² for a 70m² townhouse house with a few

fancy finishings, a security guard and a Sandton feel. A house of similar standard costs about R1 200/m².

Mr Rode says the residential sector is faring relatively well because it is interest-rate sensitive.

But developers in the commercial sector are not. They continued to build when interest rates were high and they now have a glut of office space.

This dampened demand has put a downward pressure on profit margins. Together with the benefits of VAT they have lowered construction costs.

Mr Rode says contract prices have fallen 5% in the past year. Input costs have dropped 2%, the balance of the fall coming off profit margins.

Building Industries Federation of SA (Bifsa) executive director Ian Robinson says net profit margins, which for large concerns are usually about 2,5%, are virtually zero. Some companies are operating at a loss merely to use equipment.

More joy

TELJOY has opened a new division in its rental operations for the top end of the market.

Tomorrow TV gives access to the latest in TV technology, such as cinema-quality, high-definition, wide-screen format, stereo sound, satellite transmission and laser disc technology.

Tomorrow TV has received about 200 enquiries a day, of which more than half have resulted in rental contracts.

SADF loses jamo battle

THE SA Defence Force has been ordered by a Supreme Court judge to stop interfering with members of a coloured community who are refusing to move from their homes in the centre of the Army Battle School at Lohatla.

The interim order was granted on Thursday by Mr Justice JJ Kriek, judge president of the Northern Cape division of the Supreme Court, after an application for an urgent interdict by a Khosis resident, Mr Joseph Free.

The application, brought against the Minister of Defence, came after the removal of some residents to the settlement of Jenn-Haven, 140km from Khosis, starting on September 12.

They were among some 125 families who found themselves living in the centre of the battle school after the Gathoise Maramane Reserve was appropriated in 1977.

About 20 000 of their black neighbours were forced to move to Bophuthatswana, but the Khosis people remained behind.

Last month, about 80 families relocated to houses in the new settlement, provided by the House of Representatives. But 41 families refused to go—and they are fighting to stay on the land they claim has been theirs for five generations.

On Thursday, Mr Free told the court the SADF had breached an earlier undertaking that army personnel would not harass people wishing to remain on the land. The first undertaking on September 14 was in response to an ap-

STIMES 4/10/72
Judge orders

army to stop

interfering

with people

living in

middle of

battle school

BY DAWN BARKHUIZEN

Application to stop the SADF from interfering with the residents continued occupation of the area.

He told the court that since the removals began, the 41 families had been subject to:

- A permit system which restricted access to Khosis. In one case, a man with chest, back and hip problems, needing to travel to Kuruman to consult his doctor, had been denied free exit and entry. Mr Free also claimed a soldier

military manoeuvres were in progress, he said. Colonel Du Toit said the SADF had nothing to do with the closure of the school, and that the decision had been taken by the principal.

The entire school was being moved to Jenn-Haven, and children remaining at Khosis were free to attend any school of their choice.

He denied threats had been made to shoot people trying to enter the area, that Khosis residents had been prevented from retrieving their livestock or that the SADF had used excessive force during the move. But if there had been such instances, they were contrary to his direct orders.

"At no time were any of the inhabitants intimidated into leaving. Those who wanted to move left, and those who didn't stayed," said Colonel Du Toit.

The SADF had information that the ANC had "tried every possible tactic to disrupt the relocation of those who wanted to move".

Apart from the removal of the school, all state services to the community remained intact and no water points or fences had been removed, he said.

The acting commanding officer of the battle school, Colonel AC Human, said in his affidavit that access permits had been introduced after fires were started in the restricted zone and a number of strangers found within the perimeter.

Threats

"The decision to step up security measures

Hanekom said the people of Khosis "have been living there for generations and we believe they are entitled to the land".

"The only reason why it is dangerous for them to live there is because they have been surrounded by an army which insists on carrying on with its silly exercises," he said.

The ANC views the removal as an attempt by the government to expedite redistribution of land without proper negotia-

tions and to pre-empt the work of the Advisory Commission on Land Allocation.

Surveys on forced removals documented by the Surplus People's Project show that the SADF has benefited from at least four forced removals.

Some 20 000 people were evicted from the Gathoise Maramane Reserve in 1977/8 when the Lohatla Battle School was established. In 1973, 1 500 people

were moved from Riemvasmaak farm near Upington when the area was declared a military zone and 3 500 people were moved from the shores of Lake St Lucia between 1968 and 1979 when a missile test range was established.

About 3 500 people were moved on the Makatini Flats in Zululand in 1972 and 1973, when a buffer zone was established between Mozambique and Natal.

had barred his path while he was on his way home and threatened to shoot him if he tried to enter the area.

- The withdrawal of transport to and from Khosis for people employed at the battle school.

- Intimidation by armed soldiers and military police, who entered Khosis on September 23 and parked in front of the home of a woman opposed to leaving.

- A drastic water shortage after people wishing to leave the area sabotaged the only pump and allowed all the water to flow away.

- Loss of livestock after people were barred from retrieving cattle straying into the battle school.

- Loss of education after the school was closed one month before the start of exams.

● Loss of livestock after people were barred from retrieving cattle straying into the battle school.

● Loss of education after the school was closed one month before the start of exams.

"The effect of such intimidation are severe. We are spending sleepless nights contemplating a future in a community devoid of services, wondering what intimidatory tactics the SADF will use next," Mr Free told the court.

He said the community was particularly worried by the SADF's applied assumption in an earlier affidavit that they would move. An SADF statement said "the gate will in any case be handled as before once the Khosis community has been relocated".

Restricted

In an answering affidavit, the Lohatla Battle School's Colonel Johannes du Toit said security had been stepped up because the ANC had intensified activity in the military area.

He said two access gates had been welded shut because there were not enough personnel to guard all the gates.

Colonel Du Toit denied there was any talk of issuing Khosis residents with access permits, but said visitors needed passes to travel through the battle school and residents were required to show their ID documents at the gates.

In certain cases, movement was restricted while

started in the restricted zone and a number of strangers found within the perimeter.

Threats

"The decision to step up security measures followed various threats to members of the Khosis community on the eve of their relocation," said Colonel Human.

"These included threats to burn their houses, that they would be necklaced, that they would be prevented from moving and that photographs of them would be taken while they were in the process of moving and kept by the ANC, which would deal with them in due course."

In addition to ruling that the SADF should not interfere with the remaining Khosis families, Mr Justice Kriek ruled that Miss Bridget Murphy, a legal field worker employed by Denys Reitz be given reasonable access to her clients, subject to "the normal formalities".

He also ruled that the SADF — which, the court was told, had stopped Miss Murphy from visiting her clients in recent weeks — should escort her to Khosis, but remain at least 100m from where she consulted people.

Residents who freely elected to move from Khosis should not be affected by the order, according to Mr Justice Kriek.

The SADF has until November 2 to make further submissions.

Bullets

Meanwhile, attorneys acting for the Khosis community have sent a letter to the House of Representatives, demanding that the school be reopened. They have until close of business tomorrow to respond to the demand.

Legal Resources Centre deputy national director Geoff Budlender said yesterday the court order was "symbolically significant" because it sent a strong signal to rural communities that they could rely on the protection of the courts.

He said the Khosis case was the first attempted forced removal since the Magopa tribe was forcibly evicted from land in the Western Transvaal in 1984.

"While direct force is not being used, the state is resorting to its classic old style of squeezing people out," he added.

"In this case, they have engineered consent to leave by making life intolerable for the community, whizzing bullets over their heads, shutting the school, paying pensions elsewhere, cutting off all services and buying off leaders."

ANC spokesman Derek

Nedbank takes over Telkom home loans

TELKOM's employee housing scheme has been taken over by Nedbank, in a deal which is expected to expand the bank's home loan book by about 3 000 bonds worth R200m. *6/11/92*

A Nedbank spokesman said the existing Telkom housing scheme had been transferred in a bid to obtain an improved bond rate for Telkom staff.

A standard rate of 18,25% applied to Telkom employees, but due to the size of the portfolio, some staff members — de-

 HILARY GUSH 

pending on their income — would enjoy a bond rate of up to 1% lower than the standard rate. *(123)*

If those Telkom staff members with existing bonds chose to transfer their home loans to Nedbank, the bank's book — estimated to be worth R2,1bn — could be expected to increase by a further R400m.

A statement from Telkom is expected later this week.

100 lose their homes daily ⁽¹²³⁾ CT 7/10/92

By PETER DENNEHY

NEARLY 100 homes a day are being repossessed in South Africa and personal debt figures are reaching an all-time high.

A Cape Times study of legal notices published in Government Gazettes of the past four weeks shows that 2 824 houses, flats or plots have been listed as "sales in execution of debt".

This is about 75% higher than the figure in a similar study for the four weeks up to January 18, when 1 600 houses and flats were sold in execution of debt.

January figures could have been unusually low, however, as fewer repossessions are recorded during the festive season, and vacant plots were not included in the earlier survey.

A financier said the rate of repossession was now far higher, but he doubted it was as much as 75% higher.

The number of property repossessions recorded in the Government Gazette for September 18

Personal debt nears a new high

and three subsequent weeks were 680, 963, 570 and 611.

This is a total of 2 824 repossessions in a month. The figures for the four weeks of the January survey were 412, 450, 443 and 294 — a total of 1 599.

A spokesman for the Information Trust Corporation, which keeps statistics on all liquidations, sequestrations and debt judgments in South Africa, said personal debt statistics, too, were reaching an all-time high.

From January to July (inclusive), 240 000 debt judgments had been granted against individuals country-wide, 24% more than for the same period last year. The value of dishonoured debts for the year could reach R3,3 billion.

She said there was a time lag of months between the time a sale in execution took place and the time a notice appeared in the Government Gazette.

The figures extracted from the Gazettes referred therefore to a period preceeding the publication of the Gazette.

This meant, she said, that the huge number of homes being repossessed could well be a reflection of conditions a few months ago, before bond rates started to drop.

But Mr Duncan Reekie, general manager of the home loans division of Standard Bank, said yesterday that lower bond rates had not led to any perceptible decline in repossessions.

"In a prolonged recession like this one, people's natural reserves get diminished," he said. "The longer it goes on, the fewer resources they have to deal with any unforeseen problems that arise."

The number of repossessions as a percentage of assets was still "within our projections", he said.

Rich Arabs keen to buy SA holiday homes

PETER DELMAR

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DUBAI — Wealthy Arabs are keen to buy luxury holiday homes along SA's coastline.

An exhibitor at the current SA and the Gulf show, Hivest International director Ara Mannuelian, said yesterday Middle East businessmen had shown great interest in investing in commercial, retail, residential and tourist property in SA, as well as in new developments.

Other businessmen confirmed the growing interest in exclusive residential properties. Mannuelian said his company would organise a number of tour packages for po-

tential investors. Three groups had already visited SA, he said, and he was surprised by the interest shown this week. Mannuelian said he was representing a leading SA company — which he declined to name — looking for Middle East investment in SA joint ventures.

Meanwhile, Deputy Trade and Industry Minister David Graaf yesterday urged Arab businessmen to join SA in forming an Indian Ocean trade bloc. Graaf told a seminar here that geo-

political shifts had left Africa and the Middle East outside the three major world trade groupings.

The development of a trade bloc encompassing SA, the African east coast, India and the Middle East should be considered a natural development which would benefit all the regions concerned. "We see Dubai as a natural window into the Middle East and I hope that you will see SA as a window into Africa," he said.

Like Dubai, SA was also at the axis of major east/west trade routes.

● See Page 3

Blom 8/10/92

18 million in SA lack proper sanitation, new study shows

S1 Times (C/Metro)

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11/10/92

By JESSICA BEZUIDENHOUT

THE Water Research Commission (WRC), concerned that more than 18 million people in South Africa and the homelands do not have access to adequate sanitation, has commissioned major research on ways of providing this essential service to urban communities.

The study, by the University of Cape Town (UCT) with the Palmer Development Group, evaluated the various types of sanitation systems currently in use in urban areas.

The results were released this week.

The study found that strategies orientated towards providing services for the poorest people in urban areas needed to be urgently developed.

It also called for these strategies to focus on providing "a basic level" of service "quickly and efficiently" while incorporating the option of upgrading to a higher level of service later.

The six different sanitation systems being used in SA include the "expensive" septic tank system, which is "more or less" the same as the conventional waterborne system, although its operating costs are lower.

Inadequate

About two million people in urban areas are reliant on bucket collection systems — "an inadequate form of sanitation" — the report said.

A 1990 study revealed that the Western Cape had the highest percentage (85 percent) of its population with nominal access to waterborne sanitation of all the regions studied — which included the TBVC (Transkei, Boputhatswana, Venda and Ciskei) states.

Although waterborne sewerage was regarded as the only acceptable permanent

form of sanitation for the Cape Flats, many people used the bucket system.

Bucket collection systems, as they are used in SA, are not considered adequate or healthy. Of the two million people using them, 280 000 were from the Western Cape — mainly the Khayelitsha area.

The results of a social survey in the Silvertown area of Khayelitsha indicated that the bucket collection service there was particularly bad — partly because it is a "transit area" and buckets are often shared by two households.

The WRC's report re-

vealed that there was very little support for the ongoing use of this system as it offered low protection against disease, had a low user satisfaction and was expensive.

Recent migration from rural to urban areas had also "disturbingly" resulted in 119 000 people in the Western Cape not having any sanitation at all.

In the PWV area, 72 percent of people have nominal access to waterborne sanitation, while 156 000 people have no sanitation at all.

The Northern Cape and the Free State and the rest

of Transvaal have the lowest percentage of people with adequate sanitation. In the Northern Cape only 30 percent of the total urban population has adequate access to conventional waterborne sanitation system.

Sanitation in the Northern Transvaal is the "worst" in the country, with only 27 percent of the urban population having nominal access to waterborne sanitation. In this region 72 percent of the population used "unimproved pits".

The project team will meet with the Water Research Commission later this year to discuss the final report, which will then be submitted to the Department of Water Affairs.



PAM GOLDING: More deals waiting in the pipeline

Debt swops offer cheap property

S/Times [BUS] 11/16/97 (123)

By TERRY BETTY

FOREIGNERS wishing to buy property in South Africa can get a cheap deal through a debt swap.

Debt-swap money comes from funds caught in the debt standstill net. It is sold at a discount to the commercial rand, but is more expensive than the financial rand.

Pam Golding, chairman of Pam Golding, says her company has concluded several deals with debt-swap money this year and has more in the pipeline.

Reserve Bank exchange control general manager John Postmus says few deals have been done with debt-swap funds. He says the option has been available for some time.

But banking sources say they discovered the change in the Reserve Bank's policy only this week.

They believe it was introduced because of pressure from the property business to give an incentive to foreigners to buy residential property because they can no longer invest with financial rands.

It also brings SA into line

with foreign norms where debt-swap funds can generally be used to buy fixed assets.

A debt swap is a complex financial mechanism. The buyer of the debt uses it as share capital in a company in SA. That company can then buy the property.

Discount

There are always people willing to sell the debt because if they had to cash it in, they would be paid in finrands. With a debt swap they get a better rate.

A banking source says that with the present finrand discount close to 40%, the rate for a debt swap would be about 30%, depending on what can be negotiated.

For example, the buyer could buy \$1-million debt for \$700 000. The seller receives \$100 000 more.

The greater the discount, the greater the margin charged. When the finrand was at a 15% discount to the

commercial rand, the seller could demand only a 2% margin.

Mrs Golding says: "This incentive makes it more attractive for non-residents to buy SA property. It helps to improve returns should they decide to rent the property."

But the catch is that the income generated is taxed before it can be sent abroad in the form of commercial rand dividends.

Forbidding foreigners to buy residential property with finrands has made buying a house in SA less attractive.

But few people realise the returns would be far greater if they used debt-swap cash.

When the property is sold the proceeds have to be repatriated in finrands. A banking source says this happens even if the property is bought with commercial rands.

The disadvantages are that a company has to be formed to own the property, it has to pay a higher transfer duty, and has to charge VAT on the sale. It also has to have a yearly audit of its books.

Property Editor

TAX allowances granted for employers to build homes for their staff are too low to encourage residential construction and need urgent revision, according to Marieke van der Walt of Arthur Andersen.

The provision, which was introduced in 1982, grants a 50% allowance for expenditure incurred in the construction of a home for employees but is restricted to a maximum of R6 000.

"This ceiling has not been changed in 10 years and we feel strongly that it should be increased to a more realistic figure, say of about R30 000, particularly in the light of building cost increases and inflation," said Van der Walt.

She said a second provision had been made in the tax act for an initial tax allowance of 10% of the building cost and 2% of the cost to be calculated as an annual residential allowance.

This allowance is available to all taxpayers who build residential units as part of a housing project of at least five units to let to either employees or outside tenants.

However, this is subject to a number of conditions, including that each unit has to be self-contained and consist of more than one room. Hostels and hotels and similar accommodation are excluded.

In addition, the allowance only be-

CT 13/10/92
123
Call to rejig housing plan allowances

comes available in the year in which at least five of the units in the housing project are let or occupied. If this is not done, the taxpayer will not be entitled to any further allowances and will find that previous allowances will be added to his income.

Certain concessions will however be made in respect of each complete year the unit was let or occupied, said Van der Walt.

She pointed out that an employer who is entitled to the first allowance would have to take that into account when calculating the cost of the residential unit in terms of the second allowance.

For example, if the unit cost R30 000 to build, the R6 000 claimed in the first allowance would have to be deducted before calculating the second allowance.

Van der Walt suggested that besides raising the maximum ceiling of the first allowance, the second provision could be raised to 20% to allow taxpayers to write off the cost of construction over five years.

PROPERTY

Turnover in residential market shows 35% drop

B(DM) 14/10/92

(123)

Reports by
PETER GALLI

TURNOVER in the residential property market has slipped by as much as 35% in the past year, prices have been under pressure and houses are taking longer to sell, latest Multiple Listing Services (MLS) figures show.

"We have found that homes are generally taking longer to sell, which is reflected in the increase in the average turnover time to 43 days this August from 39 days last August," said MD Bruce Wilson.

MLS members found average selling prices of homes in Johannesburg dropped by 8,9% to R142 600 in August from R155 400 the same time last year, while Pretoria property prices also eased.

House prices in both areas fell further last month, but details were unavailable.

MLS Pretoria regional manager Helen Taylor said that while average selling prices had softened and turnover time increased, demand for lower priced properties remained firm.

"However, Cape Town, Durban,

Port Elizabeth, East London, Maritzburg and the Free State have all recorded a slight to moderate sales improvement over the past month to six weeks," Wilson said.

This improvement was largely due to the resumption of political negotiations and a hardening of market attitudes to political influences, while lower interest rates were also finally having an impact on the market, he said.

Cape Town's residential market had also been on a downward trend, with the average selling price based on a survey of 500 sales slipping from R210 000 a year ago to R202 000 last month.

Prices in certain areas in Durban have held firm as conditions have been enhanced by an influx of bargain-hunters. While the average selling price of R165 060 in September was 8,7% higher than last year, the year-on-year number of sales dropped by 35%.

In addition, the 48-day average

selling period this September was five days longer than last September. Maritzburg's apartment market, which had seen a 30% to 40% rise over the past year, was showing signs of levelling off, agent Phillip Smith said.

While the Port Elizabeth market posted record sales of 70 among its members in September, this followed a four-month price decline during which the average selling price fell 8% to R147 000 at the end of September from R161 000 in May. The average selling time in the area is 27 days.

The East London market had been boosted by the decision to go ahead with the new commercial/entertainment development on the old Kings Hotel site, but a shortage of stock below R140 000 was inhibiting turnover in the area, regional manager Cliff Bradshaw said.

MLS sales showed September's average selling price in the Free State of R123 738 was well up on last September's R93 456, but this figure was distorted because of reduced activity in Kimberley and Welkom.

Eskom in deal with Fabcos to boost affordable housing

IN A first marriage between Eskom and the informal sector, the utility yesterday entered into a joint venture with business organisation Fabcos which should see about 16 000 affordable houses electrified in the next two years.

Eskom commercial manager Dennis Cook told the launch of the venture at Eskom head office that the utility would supply the necessary resources while Fabcos would provide contractors from the informal sector.

A cheque for R600 000 was handed to Fabcos as sponsorship for the pilot run of the venture.

Fabcos affiliate Fabfin, which was involved in the development of affordable housing, was already putting the scheme into operation in Bela-Bela township in Warmbaths and Tshepiso township in the Vaal, the parties said in a joint statement.

"The scope of this venture will also in-

clude the marketing of affordable electrical appliances and the erection of electric poles to be developed by the African Builders' Association (Aba), another Fabcos affiliate," the statement said.

Fabcos CEO and Future Bank chairman Jabu Mabuza said the relationship between Fabcos and Eskom was long overdue.

"This historic occasion just shows how developed and developing business can jointly work together at developing the quality of life of our people, and at the same time empowering people at the bottom rung of the economic ladder," he said.

Future plans of the joint venture would cover areas such as sub-contracting for black plumbers and electricians in the fitting of geysers in affordable houses, and other services, the parties said.

'2 700 die at work a year'

SUN CITY — About 2 700 people died in industrial and mining accidents in SA each year while each day workers were permanently disabled, ANC health spokesman Dr M B Kistnasamy said yesterday.

About 100 000 hands and 50 000 feet were lost each year in industrial accidents, he told National Occupational Safety Association annual conference delegates.

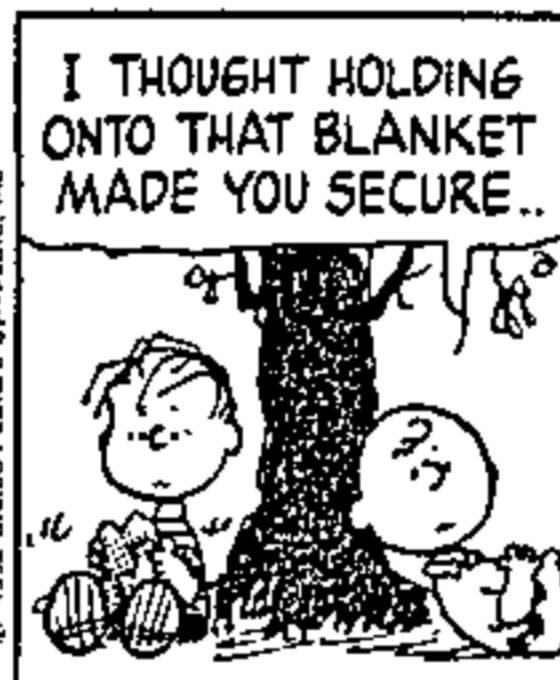
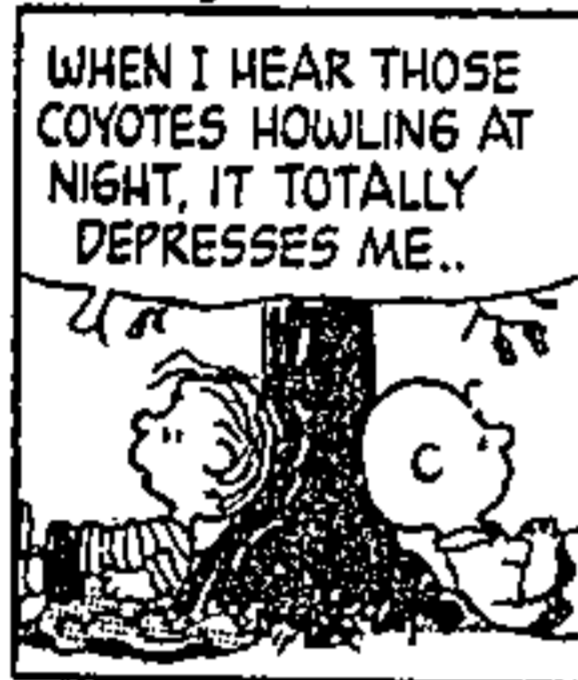
Although the mortality rate in mining had remained fairly consistent, the accident rate had declined. While this could be because of better health and safety procedures, employers' failure to notify the authorities of accidents and the exclusion of certain employment sectors was also a contributory factor.

Kistnasamy said SA's accident record was eight times worse than Britain's, four times worse than EC countries' and twice as bad as the US's.

The ANC's occupational health and safety concerns would also focus on farm and domestic workers.

PEANUTS

By Charles Schulz



ARC 15/10/92
**MK rejects
allegations
by Coetsee**

Staff Reporter (123)

THE ANC has dismissed government claims that Western Cape police stations and hostels are being targeted by disgruntled Umkhonto we Sizwe (MK) members.

Justice Minister Mr Kobie Coetsee claimed in parliament that MK members who wished to return to the armed struggle had identified members of the SAP, SADF, police stations and hostels as legitimate targets.

MK regional commander Mr Lizo Ngqungwana said the armed wing of the ANC had suspended the armed struggle two years ago.

It was ridiculous to suggest that hostels were an MK target as they were one of the ANC's strongest and best organised support bases.

Nedbank gets Telkom's R200m staff home loans

Property Editor

NEDBANK has received a R200m boost to its home loan book with the transfer of the huge Telkom employee housing scheme to the bank yesterday.

The housing scheme, which was previously administered internally through Telkom's books, is expected to grow by a further R400m over the next three years as Telkom staff are being offered a discount bond rate, according to divisional director Jack De Blanche.

He said the transfer, believed to be the biggest scheme ever awarded to a financial institution, had seen 3 000 Telkom employee bonds lodged with Nedbank — substantially boosting its R2,1bn home loan portfolio.

De Blanche however declined to release the exact percentage discount being offered to Telkom employees but said it was linked to Nedbank's home loan rate and would move in tandem with it.

It is understood that the discount will be implemented on a sliding scale in accordance with general banking policy.

NEWS IN BRIEF

(123)

Land judgment today

A FAR-reaching judgment on the right to land acquired by the state in terms of the Group Areas Act will be handed down in the Cape Town Supreme Court today.

A court application was brought by the Hendricks family of Rondevlei challenging the state's right to sell land acquired through the Group Areas Act. The family hopes to get the land back.

"Despite the fact that they still live on the land and that the Group Areas Act has been repealed, they discovered that the land had been resold without their knowledge. The court will decide whether or not this sale should go ahead," the Surplus Peoples Project said.



B/007 15/10/92

Land tax 'could net R500m'

A GOVERNMENT committee has proposed a land tax that could yield R500m in revenue and a mineral levy that could raise R400m for local government, according to a confidential report.

The report was drawn up by the Committee of Investigation into Intergovernmental Fiscal Relations, which was chaired by Finance director-general Gerhard Croeser. The proposals were circulated among the Codesa parties to promote the idea of devolving revenue and spending power to lower levels of government.

Croeser said yesterday the report was a discussion document and not formal government policy. He said the report highlighted the problem of concentrating spending and taxation power in the hands of central government.

"We believe a large number of functions can be performed more efficiently at the lower levels of government. That is why

(123) GRETA STEYN (380)

ways must be found to raise revenue at the lower tiers," he said.

New sources of taxation at the local and regional level would need to be investigated, the report said. A "limited tax on agricultural land" could be used to finance road infrastructure in rural areas.

Property taxes would have to be overhauled urgently and a levy on property taxes could accompany a land tax. Property taxes were the most important source of tax revenue for local government.

On the mineral levy, the report argued that mining activities represented the gradual depletion of natural resources. Revenue raised could be used to finance the environmental and infrastructural costs resulting from mining activities. This revenue would probably have to replace

□ To Page 2

Land tax ^{Blom 16/10/92}

government's existing mining leases.

The report said the new taxes should not increase the total tax burden in the economy. "Any new taxes introduced at the regional and local level should therefore be accompanied by a reduction in the central government's tax burden. This will help to ensure that any expenditure saving by the central government from the devolution of functions is not simply gobbled up by new central government expenditures."

According to the report, it was possible to reduce central government spending as a percentage of total government spending to about 40% from the present 60%. This

~~(123)~~ □ From Page 1

would be the same percentage as local government expenditure, with the middle tier of government spending radically less.

Strong local government would, however, have to be accompanied by mechanisms to ensure fiscal responsibility and accountability. There would also have to be a joint tax collection body that would raise revenue that would be shared.

The committee was appointed by Cabinet about two years ago with representatives from the state departments involved in regional and local government and constitutional planning.

NEWS Can the media meet the demands of a new SA? ● Eskom increases from January

Power price to go up early next year

■ Aim is to 'provide power to 90 percent of SA's people':

Sowetan Reporter

THE price of electricity is to go up by eight percent from January next year, Eskom chairman of the Electricity Council Dr John Maree announced on Friday.

He said while inflation was expected to be around 12 percent in 1993, an increase of just eight percent ensured that the electricity price had been reduced by four percent in real terms.

He said Eskom was confident that it would meet its undertaking to reduce the price by 20 percent within a five-year period.

"For Eskom, an increase of only eight

percent is a significant achievement. The current state of the economy is such that to keep adjustments below inflation is extremely difficult," he said.

Maree said Eskom was committed to lifting the percentage of people with electricity from about 30 percent to 90 percent.

"We believe that electrification should be a national priority (because this would be imperative for future economic growth and job creation."

Probed on the success of Eskom's supplying electricity directly to the consumers, particularly in the townships, Maree cited Alexandra, just outside Johannesburg, as an example.



Mr Tony Ngwenya addresses a meeting of the newly formed Soweto Albanism Association at the Funda Centre, Soweto, at the weekend.

Consensus needed to get forum going

PETER DELMAR

HOPES that the multiparty national electricity forum would be constituted formally this year have been dashed by the main parties' lack of progress. (123)

However, convenors working towards establishing the forum remain optimistic that it will be up and running by early next year. B1049

A two-day conference last month failed to reach consensus on the forum's membership. A steering committee was appointed to iron out the differences. 19/10/92

Steering committee chairman Peter Freeman said it was apparent that the forum would not be established by the end of this year.

It was envisaged that contact would be made with representatives of other national forums to learn from their experiences. He noted that it had taken 13 months to get the housing forum off the ground.

Eskom CE Ian McRae said at the weekend the utility provider remained optimistic that the forum would soon be functioning and that it would have an important role to play.

Freeman said it was possible that a facilitator would be appointed to bring the parties to agreement. Once established, the electricity forum, which would represent parties across the political spectrum as well as suppliers, would consider restructuring the electricity industry and the future of a national electrification strategy.

PROPERTY

Legislation 'hamper's retirement market'

B12M7 21/10/92

THE retirement village market is underdeveloped because onerous legislation has tended to frighten away institutional and responsible developers, says Grovewalk Holdings MD Gerard de Rauville.

"The Housing for Retired Persons Act of 1988 creates as many problems as it solves. The requirement to forecast levies three years forward is burdensome in our uncertain and inflationary climate," he says.

With laws like the Sectional Title Act and the Share Block Control Act, there was enough legislation to deal with retirement developments.

"Every time suspect developers move into a particular sector, legislation is rushed through to protect unsuspecting buyers. But legislation will never prevent shady operations. It simply outlines what needs to be done and what penalty one incurs for failing to do certain things," says De Rauville.

However, the mid-'80s saw the demise of a number of retirement developments, with many people losing their savings and investments. Legislation was regarded by some people as inadequate, and government introduced the 1988 Bill to protect the consumer further from unscrupulous developers.

PETER GALLI

Grovewalk Projects director Pieter Venter says the situation in Durban reflects the national retirement housing crisis. Durban's wealthier pensioners have little choice of accommodation, and the two main retirement villages in the area cannot cope with the demand.

"In answer to the growing shortage of retirement accommodation on the Berea, we are assembling a R25m Garden Grove project, located on Musgrave and St Thomas' Roads, close to the Musgrave Centre," he says.

Finance for the venture is being provided by the Board of Executors, and Stocks & Stocks is the building contractor. Situated on a 2,5ha site, the first phase will be ready in February. The project will have 126 suites. It will also offer on-site health care. Prices range from R173 000 to R510 000. Levies will be between R425 and R2 055 a month, and increases of about 15% have been forecast for the next three years.

Ownership will be by share block and be subject to the Retired Persons Act. It will also be possible for the owners to convert the property to sectional title at a later stage.

Ridge development comes on stream

PETER GALLI

(123)

IN SPITE of poor economic conditions, residential developments catering for the upper end of the market continue to come on stream.

The latest — an eight unit sectional title development known as Westcliff Ridge — was launched by Tiber Developments at the weekend, with units priced from R2,6m to R3,2m.

Situated on a 1,5ha site at the end of Pallinghurst Road on Westcliff Ridge, the terracotta units command views of the northern suburbs, including the Johannesburg Zoo.

Tiber has held the property for about 10 years and the initial development was postponed in the mid-'80s due to a recession. However, the directors decided that at this level of property buyers were not really affected by recessionary conditions, and went ahead.

Unit areas, including terraces and atriums, range from 622m² to 957m² on between two and four floors. Some units have plunge pools and lifts. B12M7 21/10/92

The development was designed by Louis Karol Architects in conjunction with Michael Sutton.

No estate agent will be appointed. Marketing will be done by Marketing Concepts, and all sales negotiations will be directly with Tiber.

Marketing Concepts director Kathryn Payton said between 250 and 300 people had attended the first by-invitation-only viewing on Sunday, and the development had been "well received".

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... from unscrupulous developers.

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Economist: time to buy

PETER GALL (123)

IN SPITE of pessimism in the residential market, it offers the best opportunity for home ownership over the past decade, says Econometrix chief economist Azar Jammine. *B/D/M 21/10/92*

"House prices could recover rapidly, even from a modest upswing, especially in the upper end of the market. Prices could rise by 30% to 50% either next year or in 1994," he said.

However, while Econometrix expected the economy to start improving from next year, depending on political events, boom conditions were unlikely because of structural weaknesses in the economy.

Factors fuelling a possible rise in house prices were the growing expectation of an improvement in the economy, the low costs of building, high rentals and the shortage of homes.

Jammine said he expected a new government would take "more and more action" against SA's high concentration of power within the private and public sector.

While many whites shuddered at the thought of a new government and its policies, SA had not lived in a "paradise of an economy for the last 30 years", he said.

Council warning on refuse bins

Municipal Reporter

123

THE city council says it will prosecute people abusing 240l refuse removal bins, following reports that people in Mitchell's Plain and Strandfontein are using them as shopping trolleys.

The containerised refuse removal system was started in parts of Mitchell's Plain last year and is due to be extended to the rest of the suburb within two months.

The containers should be used only for their intended purpose, the spokesman said.

ANC 21/10/92



Pictures: ROY WIGLEY, The Argus.

SHARING THOUGHTS: Langa hostel dwellers cram the living-room of their hostel to tell members of the HSRC team how they felt about living in such rundown, overcrowded conditions.

ARG 21/10/92

HSRC surprised at peace in hostels

JOSEPH ARANES, Staff Reporter

THE Goldstone Commission sub-committee on hostel violence has asked the Human Sciences Research Council to investigate why hostels in the Western Cape are largely free of the violence that is the hallmark of hostels in the Transvaal.

Members of the group visited state and privately owned hostels in the Peninsula, accompanied by the public relations officer of the Umzamo Development Project, a utility company formed by hostel dwellers to facilitate the upgrading of hostels.

Group spokesman Cathy Payze said their findings would be made public in December.

"We have seen better, and worse, conditions at hostels on the Reef, but are surprised that people here are not fighting with each other as their living conditions lend themselves to violence."

The group spent hours at the hostels.

Mr Mdeni Tanduluka, who moved into the hostels in 1951 and has since become a pensioner, said the complex was designed to accommodate 16 men sharing a single bathroom and kitchen, but most were overcrowded and at least 20 people shared the facilities.

Other dwellers told of how their family lives had disintegrated when they moved to the single-sex hostels. However, since the scrapping of the pass laws and influx control, their families had joined them in the city.

"We still do not lead a family life as it is impossible when you must share a single bed with your wife and there are at least three other people sharing the room with you," said Mr Simon Ncanca.



HOME: Simon Ncanca a hostel dweller explains to Cathy Payze of the HSRC how he shares this small room with four other people.

Economist: time to buy

PETER GALL (123)

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120 PETER GALLI 123

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Foreigners ease out of property deals

BY PETER GALL
22/10/92 (123) 

FOREIGN buyers were less active in the residential market and most deals taking place were generally for cheaper properties, industry players said yesterday.

Pam Golding Properties director Ronald Ennik said the group had concluded sales of about R30m this financial year, which was lower than last year.

"While we have seen a substantial increase in the number of offshore inquiries, actual sales are not improving. Our figures also show that those deals taking place are for cheaper properties," he said.

Camdon MD Scott McRae said foreign interest in the market had "all but dried up". The Taiwanese were the major buyers, but in small numbers.

"Sales to the foreign market has never been a booming business and the extent of such activity has been exaggerated by estate agents," he said.

Ennik said his group was negotiating with a number of European buyers for big properties. An emerging trend was that more interest was being expressed in the Transvaal market.

"About a third of our sales to foreigners have been in Johannesburg, which is an increase on last year and is still growing. Many businessmen see Johannesburg as the gateway to the rest of Africa and want to position themselves here," he said.

McRae agreed, saying the value offered by local properties and the increasing acceptance of SA abroad was contributing to this. "We are seeing an increase of foreigners in the Johannesburg market, but in far fewer numbers than expected."

Seeff Residential Properties MD Bernard O'Riain said activity had tapered off over the last six months.

"Those foreign buyers in the market are still buying expensive properties but are looking, and achieving, bargains. The majority are from Africa, Taiwan and Hong Kong."

Eskom plans to expand negotiated tariffs

NEGOTIATED electricity tariffs would play a much more significant role in future power supply, an Eskom spokesman said yesterday.

Customer incentive schemes manager John Thorby said Eskom was no longer concerned that customers qualifying under the incentive scheme should use the power for export purposes.

He said in an interview Eskom was moving away from its narrowly defined customer incentive schemes to negotiated packages that were more broadly defined.

In trying to mop up its excess capacity, Eskom had concentrated to

PETER DELMAR

date on offering incentive packages to the big consumers.

This was largely because of logistical and personnel restrictions, Thorby said.

However, in future Eskom envisaged other distributors, particularly municipalities, offering consumers negotiated packages.

These suppliers could reach many of the smaller consumers, he said.

This could be effected through a possible restructuring of the electricity supply industry.

This was to be considered by a national electricity forum which was

expected to be launched early next year, he said.

At present, only about 6 200 gigawatt hours of Eskom's annual output of 138 000 gigawatt hours was sold under the incentive schemes, but this was likely to increase.

Thorby said Eskom had for some time been looking at including gold mining in the incentive scheme, but this had met with little success because of the fact that the industry was a mature, well-established one.

Industries which could benefit particularly from negotiated electricity packages would include power-intensive ones such as aluminium, steel and ferro-alloys.

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315 (123)

RESIDENTIAL PRICES

123

FM 23/10/92

Waiting for Absa

Build-up to the release of Absa's quarterly house price charts has begun. Perhaps that's why various property economists have begun to issue their own figures and the differences are intriguing.

Last week Multiple Listing Services MD Bruce Wilson publicised an 8,9% nominal drop in the average selling price of homes in Johannesburg — to R142 600 for the year to September; and in Cape Town a 3,8% easing from R210 000 to R202 000. He also reported a slackening in Pretoria but gave no figures. In Durban he found average selling prices rose 8,7% to R169 000 and in the Free State they grew by 32,4% to R123 738.

Real Estate Surveys, which produces the Rode House Price Index (used by the Bureau for Economic Research), has recorded national price growth up to the first quarter of 1992.

Though these figures lag by two quarters those of players like Absa and Multilisting

— which use their own markets as bases — they track a representative sample of all transactions registered by deeds offices in the major cities and in different price ranges.

Rode says Multilisting's nominal house price declines in certain cities are "not impossible though they are unexpected. These could be ascribed to political tensions since the beginning of the year."

His findings are that up to the first quarter of this year house prices were keeping up with inflation. "I think this is amazing given

HOUSE PRICES SLOW

House price growth by city & class (%)
Year ended first quarter 1992 — Provisional data

City	Total 1992* %	Total 1991† %	Upper▲ %	Middle‡ %	Lower# %
National	15,4	19,1	14,2	16,2	20,1
Johannesburg	10,5	16,7	0,0	20,1	17,1
Pretoria	12,6	19,2	11,3	16,3	10,2
Durban	27,6	27,9	30,5	22,6	29,4
Cape Town	17,0	13,9	32,8	8,5	8,7
Port Elizabeth	20,5	29,2	20,8	25,0	15,3

* For year ended 1st quarter 1992. † For year ended 4th quarter 1991.

▲ Upper = > R350 000. ‡ Middle = R200 000 to R350 000.

Lower = < R200 000.

Source: The Rode Report.

the state of the economy," he comments. "However, the differences between cities and classes were marked. Durban and Port Elizabeth continued to outperform the rest of the country.

"What was new was a deceleration in PE's growth, while Durban was still going great guns.

"Generally speaking, the trend of lower-priced homes to outperform more elite suburbs also continued. What is also notable is that Johannesburg's upper-priced suburbs showed zero growth."

Comparing growth rates in cities for the year ended March, Rode says Durban appears to have peaked at around 27% and will probably show a decline from then. Cape Town's growth rate has shown the most precipitous fall: from a high of just over 40% in mid-1990, to 3% in mid-1991, though by March it was back to about 15%. Johannesburg has been volatile but seems to have stabilised at about 10%.

From one running year to the next — comparing house price rises over the year ended in the fourth quarter of 1991 with the year ended first quarter 1992 — a significant slowdown is discernible. Whereas the national growth rate was 19,1% in the previous period, it fell to 15,4% in the following one.

By city, the difference in rates expressed in percentage points was -6,2 for Johannesburg, -6,6 for Pretoria and -8,7 for PE. Durban, confirming the levelling-off in the growth of a median house price there, came off by a mere 0,3 from one period to the next. Only Cape Town showed any rise — up 3,1 percentage points.

This decline may be confirmed in the imminent release of Absa's quarterly house price figures. Rode says the recession is also taking its toll in some sectors of the flats market: "Vacancy rates of 2% or more are

IN SEARCH OF QUALITY

FM 23/10/92

Two major trends have emerged from office leases brokered in northern Johannesburg and Sandton over the past year. Property broker RMS Syfrets says rents are increasing and, with tenants now demanding discounts on older buildings, the rental difference between them, roughly 15%-20% a year ago, has increased to 25%-30%. This can be attributed to an oversupply of new space.

The second trend, according to RMS Syfrets commercial broker Adam Blow, is that better rentals can be negotiated with tenants up to about the 700 m² mark.

One reason is that tenants want good locations, quality and proximity to their homes — for which they will pay the premium. Location and quality are still factors in the decision-making of larger firms, which take space of 2 000 m² or more, but accessibility for all staff is placed before personal preferences. Thus lower rents have to be offered. Yet, because such moves are traditionally planned well in advance, leases are also longer, typically 10 years or more. This often compensates for the lower rental.

Johannesburg's Hyde Park and Illovo are emerging as sought-after commercial areas. Schemes such as 257 Oxford Road and Hyde Park Lane are popular, Blow says, because designs allow for individual lobby and ablution areas for the medium-sized tenant.

The broker recently placed Sagenta Trade Corp in a 700 m² office suite in Hyde Park Lane near William Nicol Highway. This new R55m Southern Life office park will be completed early next month. So far 30% of the space is let. Tenants include Standard Bank (1 800 m²) and Hyde Park Lane contractor Grinaker Construction (1 300 m²).

The development consists of six separate two- and three-storey buildings, ranging from 1 800 m² to 2 800 m² in Georgian-style architecture. Southern Life says companies in the airline, property, development, publishing and consultancy businesses are interested.

Hyde Park has two other new office complexes under construction off Jan Smuts Avenue:

- Centre City Property Fund-owned Hutton Court (1 600 m² retail and 3 300 m² offices, all still to be let); and
- Time Life's new HQ (4 000 m² of offices).

Oxford Manor in Illovo has only 1 200 m² still to let. RMS Syfrets has placed Alitalia (500 m²), Peltours (300 m²), Egypt Air (620 m²), UTA (585 m²) and Air Afrique (400 m²) in the complex. Malaysian Airways (about 700 m²) has also taken space but not through RMS Syfrets. Nearby, at 257 Oxford Road (2 600 m²), RMS placed Singapore Airlines (1 700 m²) this year.

Mayekiso to business: 'upgrade black areas'

24/10 - 28/10/92

123

CONTROVERSIAL South African National Civic Organisation president Mr Moses Mayekiso has challenged big business to do more to promote upgrading and development of neglected black townships.

Addressing the Johannesburg Chamber of Commerce and Industry last week, he said there were four main problem areas facing townships that big business had the power to deal with.

These were:

- The cartel of building material suppliers, which had resulted in soaring prices for basic building materials, pushing affordable houses beyond the reach of many people.

He said it was "a crime that huge stocks of expensive building materials and huge numbers of construction workers were both sitting idle



MOSES MAYEKISO

why the prices are so high that it is impossible for many working people to live there?

"Is anyone addressing the problem of land held by mining companies?"

"And what about enormous about enormous under-utilised suburban tracts of land and the need for infill?"

"Even the World Bank identified 40 percent of unoccupied land within a 10km radius of the centre of Johannesburg — but that land is either not on the market or it is far too expensive for low-income

housing." High interest rates on bonds at a time of rapidly-rising inflation has led to increased foreclosures by banks. Some areas, usually mixed inner-city ones, have been "re-lined", meaning no loans are granted there.

- Many developers are building sub-standard, defective houses.

"Has the industry begun to police itself?"

"Aside from working feverishly to lower wages of construction workers and to lower standards of housing construction and town planning, what measures are being taken to raise the integrity of the industry and prepare for a new dispensation where workers and communities will have a qualitatively greater say in our futures?"

● The limited access to, and affordability of, urban land for housing.

"The Land Task Team of the Metropolitan Chamber has identified tens of thousands of hectares in the Witwatersrand.

"Are you ready to look at who owns precious inner-city land, and

Land owners urged to unite for future

PRETORIA — Deputy Land Affairs Minister Johan Scheepers urged land owners this week to oppose any effort by a future government to subdivide or nationalise their land.

Scheepers said in Port Elizabeth a clear policy on land, not to be confused with the White Paper on land reform, was being developed.

Owners should form a pressure group to ensure the maintenance of their title rights and the protection of

GERALD REILLY

property rights, he said. The group would also have to watch developments in land speculation and exorbitant land prices.

"What is important, too, is that those who were disadvantaged in the past by race-based legislation will have to become land owners."

There was an imbalance between white land ownership and the rest of

the population, he stressed.

This would have to be addressed by making land available and accessible to disadvantaged people, and those who had valid claims to state land had to be given the opportunity to put forward their cases.

He said direct state intervention in the land market should be kept to a minimum. Legal and administrative impediments to the change, use and ownership of land should be removed.

Contributable to: of the group
- Outside

BUSINESS

Future Bank to channel R30m into loans for low-cost housing

B/DAM 29/10/92

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FUTURE Bank would channel R30m into loans for the low-cost housing market over the next five years, marketing GM Philip van den Heever said yesterday.

The IDT would initially provide about 70% of the finance at an interest rate that took notice of the risk factor. However, this level of funding could decrease to about 15% over the period, with the interest rate dropping as the bank assumed more risk, he said.

The package was tailored to enable employers to assist with the provision of housing for lower earning staff without having to give massive financial guarantees for loans.

"Loans will be granted of between R3 500 and R12 500 for a three-year period. However, the employee,

PETER GALLI

employer and contractor each have to place 10% of the loan amount with us, which will be put in a 32-day notice account and accrue interest at the going rate over that period."

In addition, the buyer would give a deposit of 5% of the purchase price. To reduce costs, no mortgage bond would be granted over the loan, which could be rolled over after the initial three-year payment period.

However, the fixed rate of interest for the loan would be individually determined by the level of risk, the stability of the person and the nature of his occupation, he said.

"The minimum rate will be 24,25% as small loans are enormously expensive to administer. Given the short

duration of the loan and other short-term interest rates, we believe this is fair," Van den Heever said.

It would also be mandatory for the repayment amount, which worked out at about R41,50 a month per R1 000 borrowed, to be debited from the company's bank account. If the employee left his employ, the employer would still be liable for his 10% surety.

To get the scheme off the ground, companies would need a minimum of five staff members to participate.

Only certain suppliers would be allowed to build the homes and these were being approved at the moment.

Alwyn le Roux of consulting engineers V3 said the proposed systems would be judged on lifespan, weather resistance and suitability.

Tanzania ripe for SA exports

PETER DELMAR

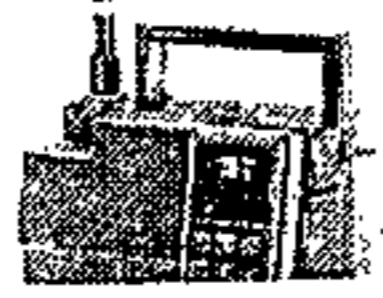
THE first SA trade mission to Tanzania, which returned last week, has described its visit as a breakthrough for exporters.

SA Foreign Trade Organisation spokesman Andrew Maggs said the 12-member delegation had met members of the formerly hostile country's business community, many of whom were interested in doing business with SA.

Industrial Commodities shareholder Peter Wales described Tanzania as a "gold mine" waiting to be exploited.

"This is so, despite the maintenance of official sanctions," he said.

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PROPERTY Co-ordinated effort to solve problem

Forum to tackle housing problem

Sowetan 29/10/92
By Joshua Raboroko

STRATEGIC OBJECTIVES Tough

schedule of work planned for Forum:

THE BUILDING INDUSTRY has been plagued by a lack of strategy and no broadly accepted policy, much duplication, indecision and politics, according to an article in *In-House-In-Trust*, the official journal of the South African Housing Trust.

The article says limited co-ordination has perhaps been the order of the day and as a result there have been losses in the provision of housing.

The establishment of the National Housing Forum was of significant importance to the housing problem.

The forum initiative arose as a direct consequence of various interested groups who assembled during August 1991 to consider possible solutions to the hostel crisis in South Africa, the article says.

The hostel issue could not be solved in isolation, especially when facing the enormous and immediate need to redress historical imbalances, backlogs and future demands in the hous-

ing arena.

"The forum is the most representative and democratic negotiation structure to date to develop and agree upon strategies and national housing policy," the article says.

The 15 organisations forming the forum aimed to:

Develop and agree on a national plan of action for housing in the short term which can be implemented within the present period of transition;

Participate in the development of broad policy, strategic objectives and short, medium and long-term plans for the housing sector.

It would approach its task through the establishment of a range of working committees dealing with specific subjects relating to housing delivery.

A tough schedule of work for the nine months has been planned.

In the first phase, working commit-

tees will discuss land services, end-user finance, housing options, institutional structures, integration of the cities and hostels.

These committees will consist of experts who will work together with trainees from disadvantaged communities as part of the forum's efforts to engage in affirmative action through the sharing of skills.

It is envisaged that the first phase will take 16 weeks, thereafter detailed planning committees will work for a further 16 weeks.

In a parallel process, the members of the forum, supported by the working committees, will begin negotiating an agreed way forward.

"It is intended that agreement between the parties will be struck in the short term thus facilitating the development of housing initiatives on the ground," he article says.

R74m for housing (123) CI 30/10/92

PRETORIA — About R74 million would be spent in the next three years on building 1 850 low-cost family units to ease the housing shortage, said Minister of Housing and Works in the House of Assembly Mr Adriaan Vlok yesterday.

'Don't back bond boycott'

Political Staff

ANC members and supporters should not back the damaging boycott against the repayment of bonds, the ANC MP for Sandton, Mr David Dalling, said yesterday.

"It should be remembered that the building societies are not local authorities, not even township owners," he said at a meeting in Cape Town attended by

company and building-society directors and managers.

"The building societies are not primarily responsible for shoddy workmanship on houses, nor is it their fault that electrical or plumbing defects emerge.

"The building societies cannot solve the political problems of South Africa, nor can they deal with a myriad of complaints and grievances which should more appropriately be placed at the

door of the Nationalist government, or the township local authorities."

Mr Dalling said building societies had only one major function in housing and that was to assist ordinary citizens to finance the purchase of their homes.

"They can only do this for more and more people if the money which they advance on home loans is repaid in an orderly fashion."

(123) CE/10/92

Experts to discuss urban housing

Sowetan 30/10/92

By Joshua Raboroko

AN INTERNATIONAL housing congress is to be held under the auspices of the Institute of Southern Africa and the National Association of Home Builders next May. The congress, which is being held in conjunction with the International Association of Housing Science based in

■ Housing will be addressed at an international congress in May '93:

Miami will address the topic of "The future of Human settlements; Its challenges and opportunities."

Chairman of the IHSA Mr Jan Viljoen said the congress hoped to attract and host a wide range of well known local and international personalities and decision-makers who were extensively involved in all facets of housing and urban settlement.

Difficulties and dilemmas

It plans to address issues such as:

- How the future of human settlements will be determined by today's policies and actions;
- What difficulties and dilemmas can be expected;
- What lessons have been learned and how they can be solved positively;
- How adequate and beneficial policies and actions are.

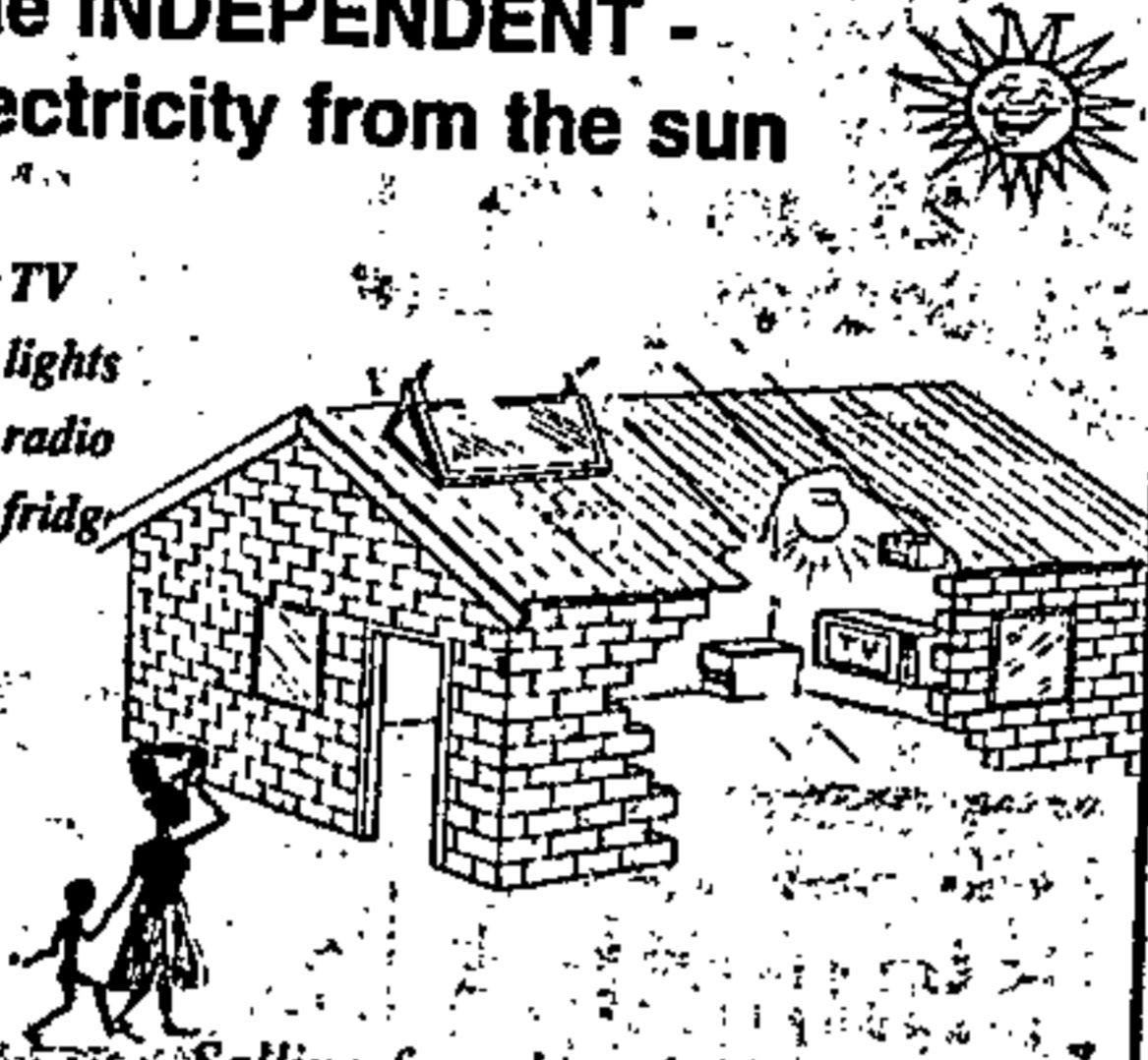
In order to achieve the IHSA's objective of promoting the art and science of human settlement and housing through interdisciplinary co-operation and research, the congress' organising committee has drawn together a panel of top experts involved in all facets of the housing and development industry to plan this exciting event.

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Leaders 'should put SA's interests first'

CAPE TOWN — If the political leadership in SA would convert some of the energy devoted to the power struggle to the development of the people and the stimulation of the economy, there would be hope for the country, Independent Development Trust (IDT) chairman Jan Steyn said yesterday.

Speaking at an investment seminar in Cape Town, Steyn said political leaders should abandon strategies that imposed additional burdens on the poor, the powerless and the underprivileged.

Steyn said there was agreement on key development initiatives such as:

- The accelerated development of low-cost housing;
- Increased stimulation of small business and the informal sector;
- The extension of educational opportunities, skills training and vocational training;
- The spread of services such as clean water, primary health care and clinics;
- Making financial resources available to the poor, and;
- Tax incentives for labour-intensive investment.

Steyn said protest was important, but he criticised the form mass action had taken.

"It not only undermines confidence, but creates the image of SA as a society without the potential of being a mature and rational country."

Steyn said the need to stimulate and entrench an entrepreneurial culture was a keystone to efforts to prevent two threats facing the country — state ownership and one-party rule.

He announced that the IDT, in co-operation with the Development Bank of SA, had set up a programme to ease access to resources by small entrepreneurs.

The IDT is to make available R37m in loan funds and R25m in grants, and the Development Bank has allocated R85m to loan funds over the next three years to assist entrepreneurs. — Sapa.

Homes crisis 'reform threat'

123

South African 30/10/92

■ Fewer homes built despite billions of rands set aside:

By Joshua Raboroko

THE housing problem has reached crisis proportions which could topple the entire reform process.

According to the Human Sciences Research Council substantially fewer houses are being built for low-income buyers.

According to an editorial in *Affordability*, written by the president of the National Stokvel Association of South Africa, Mr Andrew Lukhele, Central Statistical Service figures show that the number of completed dwellings for the period January to May 1991 fell by 2 878 units compared to the first five months of 1990.

During this period 41 percent fewer houses were built for blacks, 57 percent fewer for Indians and 17 percent fewer in the case of coloureds. During the same period the number of homes for whites decreased by 9 percent.

It adds that despite billions of rands being set aside by the Government for black housing, only 10 000 houses were built in 1991.

Figures released by Time Housing in December 1991 showed that the yearly addition to black housing had been falling steadily.

About 15 000 houses were built in 1990 and 18 000 the year before.

The most conservative estimate is that the country has a shortfall of 2 million houses right now and that 175 000 houses should be built in the foreseeable future to satisfy the demand.

The World Bank's urban mission says South African housing, including its ef-

fect on the broader economy, has many characteristics of the economies of Eastern Europe which are "among the more conspicuously under-performed and disruptive housing sectors in the world".

In South Africa blacks' housing expenditure compares roughly with that of Poland where households spend 11 percent to 15 percent on alcohol and tobacco but only 2 percent to 3 percent on housing.

Here whites spend 18 percent to 22 percent of their income on housing while blacks families spend 8 percent to 10 percent.

Blacks spend about 9 percent on tobacco and alcohol. The mission says this discrepancy is remarkable since research elsewhere has shown low income households allocate more to housing than do higher income families.

According to the article this is at least partially the result of the apartheid system which told most blacks that they were only temporary sojourners, and therefore accommodation would be provided for them - in places where they did not want to live.

The black community's normal instincts to establish and develop institutions which empower and serve them have been undermined.

It is no compensation saying to blacks that such institutions will be established for them, because that destroys the whole development process by which individuals come together in a community.

FutureBank boosts mass housing in SA

Sawetan 30/10/92

27/10

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By Joshua Raboroko

■ TAILORED SCHEME Lower income

groups are given even chance:

WITH THE ENTRY of FutureBank into the affordable housing finance market, the critical issue of mass housing in South Africa is set to receive a tremendous boost.

A new, and very necessary, attitude to home loan finance is evident in the bank's specially tailored scheme which enables employers to provide their lower-income staff housing loan facilities.

The scheme was announced by FutureBank's general manager Mr Philip van der Heever at a Press conference in Johannesburg this week.

He said: "It is becoming increasingly obvious that the availability of finance, rather than the actual supply of land, is the major obstacle facing the current housing crisis.

"Our scheme is designed to provide these funds to the employee, without calling for exorbitant guarantees from employers."

As with many of the other services offered by the bank, the methods of lending was unconventional and had been moulded to the needs of the mar-

ket, involving the commitment of the employer, the contractor and the customer.

The scheme is intended to cover housing costs up to approximately R12 500, with loans repayable over a maximum period of three years.

Funds will be made available on a loan basis without the expense of mortgage bond registration. However, some form of long-term tenure over the site will be mandatory.

Currently living in shacks

According to experts, the housing shortage is about 2,2 million homes and it appears that many of those people currently living in shacks are perfectly capable of meeting a reasonable monthly instalment.

Extensive research, both locally and internationally, has shown that long repayment periods are inappropriate to the low income sector and it is more important to provide a revolving facility for the upgrading of ac-

commodation in the future.

Van den Heever said: "Our plan caters for this admirably, as the facility can be 'rolled' after three years to enable the employee to expand his basic home."

Another serious predicament cited by Van den Heever which faced the affordable housing market was the poor construction of homes.

"Low cost should not necessarily mean low quality, however, and we are most impressed with some of the innovative building systems currently on offer.

"We are therefore insisting that contractors have their systems vetted by a dedicated firm of consulting engineers prior to being admitted into our panel, thereby protecting buyers' interests in the long term," he said.

He said the bank aimed to provide loans which were suitable and appropriate to the needs of the borrower.

"We hope to be able to provide more South Africans with the security and comfort of a home through our new housing loan scheme," he said.

Sowetan 30/10/92

R74-m for housing

MINISTER of Housing and Works Mr Adriaan Vlok yesterday said about R74 million would be spent within three years on building 1 850 low-cost family units.

Vlok said the money had been allocated for low-cost housing projects in Pretoria, Alberton, Springs, Randfontein, Oudtshoorn, Vereeniging, Bloemfontein, Knysna and Worcester. (123) ~~(123)~~

R500

Own Correspondent

JOHANNESBURG. — A plan by FNB, Standard and the Perm to renew bank lending in townships had been put on hold, sources said at the weekend.

The three banks had decided to set up shop jointly in townships to share the risk and start-up costs, sources said.

Spokesmen for the banks confirmed they were working on the issues of township lending, but declined to comment further.

It is understood that although the original proposal for joint home loan centres has fallen through, the banks were still pursuing the idea of risk-sharing and bringing home loan finance closer to communities.

The SA National Civics Organisation's (Sanco) threat of a bond boycott and other mass action against financial institutions had been a major problem, sources said.

Sanco chairman Kgabisi Mosunkutu confirmed mass action against financial institutions remained on the agenda.

The other problem delaying the proposal was the growing expecta-

Township lending plan put on hold

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CT 2/11/92

tion that the home loan centres would take over the loans of people in financial difficulties to avoid evictions, sources said.

The Perm has signed an agreement with Sanco to work on creating home loan centres, but the other two banks have not signed the accord. It is believed they would prefer not to sign an agreement binding them on a national level.

Banks do not acknowledge on the record that lending in townships has come to a virtual standstill.

Their overall exposure is estimated at R6bn to R7bn, with the Perm and UBS, in the Absa-fold, the largest lenders. Standard and FNB have virtually no exposure.

Banks put township lending on hold

B/DAM 2/11/92
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GRETA STEYN

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To Page 2

Banks

Soweto B/DAM 2/11/92
evictions, sources said. It is understood the banks felt they could not commit themselves on that score and were concerned about raising expectations.

The Perm has signed an agreement with Sanco to work on creating home loan centres, but the other two banks have not signed the accord. It is believed they would prefer not to sign an agreement binding them on a national level but would rather negotiate with the representatives of communities where home loan centres would

(123)
be opened.

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Their overall exposure is estimated at R6bn to R7bn, with the Perm and UBS, in the Absa-fold, the largest lenders. Standard and FNB have virtually no exposure.

The World Bank has said there was scope for much greater involvement in black housing by the private sector.

From Page 1

7 Reef hostels not yet fenced

Own Correspondent

JOHANNESBURG. — Seven Reef hostels, which have been identified as sources of violence, have not yet been fenced in terms of the record of understanding reached by government and the ANC.

In terms of the agreement, seven hostels — Mzimhlophe, Dube, Nancefield, Merafe and Dobsonville in Soweto, Madala Hostel in the West Rand township of Kagiso and the Sebokeng Hostel in the Vaal Triangle — should be fenced by November 15.

After visiting Mzimhlophe, deputy Law and Order Minister Mr Gert Myburgh said while the fencing of hostels could be "beneficial" from the police point of view, it was difficult to erect and maintain fences around some of the hostels.

He admitted the hostels should be fenced in terms of the agreement between government and the ANC, but warned that to do so at hostels to which calm had returned would spark tensions.

They would then meet Mr Justice R Goldstone to discuss the matter further.

An ANC spokesman said should there be difficulties in fencing the hostels, they would be willing to iron those out with government.

Alex killings 'not political'

JOHANNESBURG. — The weekend's violence in Alexandra, which claimed at least 10 lives, appeared to be criminally rather than politically motivated, Law and Order Deputy Minister Mr Gert Myburgh said in Soweto yesterday.

● Three people, including a policeman, were injured on the East Rand on Sunday. Also on Sunday, a large arms cache was seized in Nelspruit. — Sapa

Labour supply outruns economy, says forecast

6/00y 4/11/92
 A MEDIUM-term macro-economic forecast by Stellenbosch University's Bureau for Economic Research (BER) expects an average 2%-3% annual economic growth rate for the country over the next five years to 1997.

BER economist Nils de Jagger said the gloomy scenario implied the growth in employment in the formal sector would not match that of the labour force over the same period. Consequently, the growth in domestic demand would be insufficient to stimulate economic growth.

Gross domestic fixed in-

DUMA GOUBULE

vestment (GDFI) expected to fall to 16.5% of GDP this year (from 22% in 1989) was not expected to reach 1989 levels by 1997 due to uncertainty that would prevail even after a successful political transition.

The country would have to rely on exports to boost growth prospects over the next five years, he said.

De Jagger said an economic restart in the form of a Marshall Aid plan or a surge in foreign investment would prevent the gloomy forecast from becoming reality.

The root of the country's low-growth problem was the low levels of GDFI - itself a function of low levels of confidence.

Meanwhile SPARON WOOD reports that the SA bond market does not appear to offer tremendous value at current price levels and value will re-

emerge only if inflation drops to 10%. Investec Asset Management's Guy Toms says in the bank's latest Economic Focus.

But he adds the fundamentals supporting a decline in inflation to 10% are largely in place. The foreign balance is in a healthy position, the exchange rate is stable, and the depressed economy and rising unemployment are limiting wage awards to single digit figures.

"One cannot, however, be confident of inflation falling to 10% in the course of 1993. Inflation inertia is still a critical and often underestimated factor in the inflation equation."

He concludes while the balance of supply and demand should continue to ensure an excess demand for bonds at the short end of the yield curve, the large fiscal borrowing requirements next year suggests a more cautious view on long-term bonds.

Innovation in housing urged

BIDAY 4/11/92
THE provision of housing in SA should represent formal and informal initiatives and the role of organisations like Standard Bank would be intricate and delicate, Standard Bank home loans divisional GM Duncan Reekie said.

He told the Pam Golding Property Group managers' convention in the Cape yesterday the bank would have to balance this against its need to remain a stable financial services provider which had to support the medium- and long-term prosperity of its customers — both borrowers and depositors.

"This will require innovative financing mechanisms and entering into working relationships with agents, other financiers, development agencies and community associations to find solutions, implement policies and thus manage change," he said.

Initiatives to deal with the national housing problem were essential for social and economic stability and it would be a mistake to believe the upper-income white housing market would be immune to the effects of national housing initiatives.

"These initiatives will mean a diversion

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PETER GALLI

of resources from the traditional market and will probably be encouraged by state intervention. If this happens, demand in the traditional market will outstrip supply, causing prices to rise," he said.

A third of South Africans were not adequately housed, which meant they had little or no financial investment in permanence and thus constituted a social threat.

"They have the potential to upset economic and political consensus, structures and plans. A view is emerging that squatter settlements can meet immediate needs reasonably adequately," he said.

Unless the law took a pragmatic view of unconventional housing schemes and local authorities took a supportive one, these schemes could cause social tension.

It was probably necessary to build on systems and forms of housing that had arisen from need and treat them as intelligent adaptations to circumstance, rather than dismiss them because they did not fit "some grand scheme", he said.

Decline in house prices

123
CT5/11/92

THE average price of large houses in SA declined by an annualised 17,6% to R177 000 between the second and third quarters, according to the Absa quarterly housing review.

The average price of medium-sized houses fell 6% to R133 000. And the average price of a small house remained stable at R105 000.

Prices of medium-sized houses remained fairly stable in the W Cape, Pretoria and on the East Rand.

They rose by 7,6% in the Vaal triangle, 6,6% in the OFS and N Cape, 5% in the West Rand, 3,5% in Durban-Pinetown and 1,9% in the rest of the Transvaal.

In Natal, apart from Durban-Pinetown, they fell by 7%. They fell by 2,8% in Johannesburg and the Eastern Cape.

House price gap shrinking — Absa

TOM HOOD, Business Editor

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THE price gap between new and existing housing houses is narrowing but it's still cheaper to buy than to build.

This is shown in the latest housing survey by the country's largest supplier of home loans — Amalgamated Banks of South Africa (Absa).

Prices of medium-sized houses have dropped 6 percent on average this year while the impact of the recession on builders has curtailed rises in building costs to only 5,6 percent.

As a result, the price differential between new and existing houses narrowed from 24 percent in 1991 to about 20 percent at present, says Absa.

In the Western Cape, medium-size houses (173m²) cost R172 000 to build on average compared with a R144 000 price tag on older houses.

Smaller houses (106m²) cost R130 000 to build against R103 000 for older houses.

Large houses (over 264m²) in the Cape cost R227 000 to build against R190 000 for existing houses.

The average price of a medium-size house in the country fell 6 percent to R133 000 in the third quarter.

Compared with a year ago, prices are only 3 percent higher, which represents a price drop after allowing for inflation.

Prices of large houses plunged by 3 percent while smaller houses rise by less than 10 percent in a year.

'Bleak' outlook for house market

B10A4 5/11/92

123 (9/8)

PETER GALLI

THE outlook for any short-term improvement in the residential property market appears bleak, with activity levels and price movements expected to remain depressed until early next year, says the latest Absa quarterly housing review.

The review, released yesterday, said the business cycle could reach a turning point early next year, but activity levels and price movements in the market would remain depressed until then.

Overall economic activity diminished even further between the second and third quarters of this year, which was reflected by an annualised 17,6% drop in the price of large houses over this period.

The price of medium-sized houses fell 6% to R133 023 in the third quarter, while the price of a small house remained static at R104 703.

The first quarter review had noted that real house prices could rise by 2% this year provided the political situation did not deteriorate.

Compared with the third quarter of 1991, the average price of all houses declined in real terms. Medium-sized houses rose by only 3%, while larger homes decreased by 3% to R177 062 and smaller houses cost 9,7% more at R104 703 than a year ago.

The recession cut even deeper into the construction industry, with building costs rising by an average 5,6% over the past two quarters.

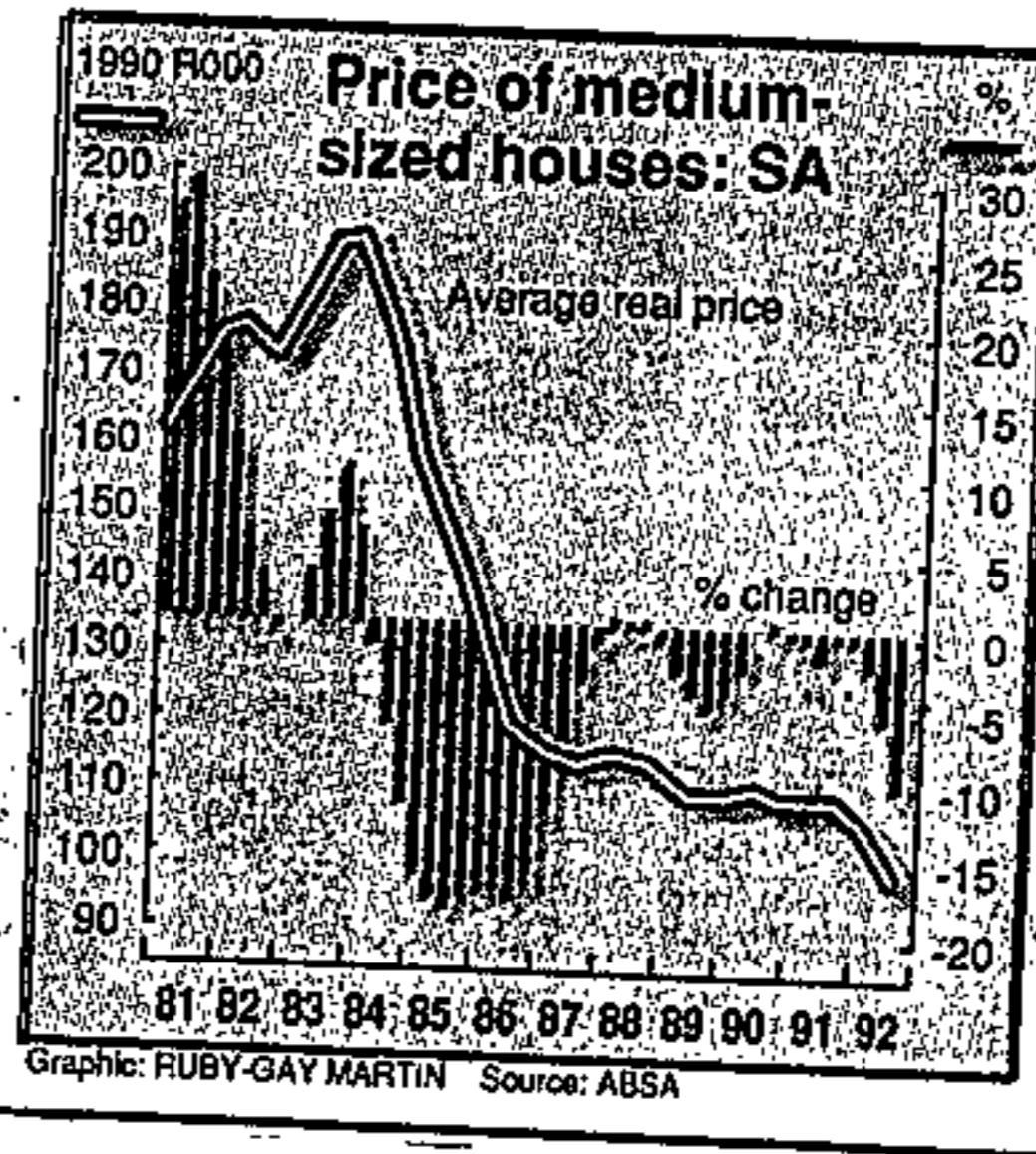
These moderate increases resulted in the price differential between new and existing medium-sized houses narrowing from 24% in 1991 to 20%, the review said.

Regions most affected by political unrest recorded drops in medium-

sized house prices between the second and third quarter. Natal, excluding the Durban-Pinetown area, showed a 7,7% fall to R113 776, while prices in Johannesburg and the eastern Cape fell 2,8% to R159 081 and R117 210 respectively.

However, small house prices in the Vaal Triangle gained 7,6% to R90 729 and 6,6% in the Free State and northern Cape to R107 608, while prices in Pretoria, the western Cape and the East Rand remained fairly stable.

Interest rates have fallen three percentage points since the peak of the interest rate cycle reached in the first quarter of 1991 and are expected to continue this downward trend over the next nine to 12 months. "However, sharp upward pressure on rates is a distinct possibility by 1994 given the heavy funding requirements of the exchequer, an economy that could soon suffer capacity constraints, higher wage demands and the likelihood of a much reduced surplus on the current account of the balance of payments by then."



NEW NEIGHBOURS

Overcoming Group Areas

The greying of once-white suburbs, with the repeal of the Group Areas Act, has not been the disaster many would have us believe. Real Estate Surveys MD Erwin Rode, who has kept a close track on developments, brought this message to delegates at the *FM* Investment Conference.

Rode talks of invasion — which he says is a sociological term used in the US — rather than the less emotive term urbanisation favoured in SA. Whichever way you look at it, though, blacks tend to move to neighbouring suburbs, irrespective of ethnicity. As Rode points out: "People prefer to stay close to their social infrastructure — friends and religious centres."

What is noticeable is that blacks prefer to move into areas first occupied by coloureds and Indians where the perceived social distance is shorter, as in the case of Joubert Park, Hillbrow, in Johannesburg, and Lenasia, among others.

In the Cape Peninsula, Rode notes, a movement of coloureds is evident into Rondebosch East, Kenwyn, Ottery, Wetton, Landsdowne, Southfield and Plumstead.

On the Witwatersrand, upwardly-mobile blacks are moving into Lenasia (Indian), Ennerdale (a coloured area close to Soweto) or Kelvin (a white area close to the black township of Tembisa). Because there is talk of a mosque being built in Johannesburg at Observatory, he says, there is evidence that more Indians are buying in that suburb and in nearby Cyrildene. Parts of Benoni and Boksburg are also becoming popular among Indians because of the mosque in Actonville.

While these movements may initially result in a decline in property values, Rode points out that "some select areas might recover their initial capital loss, once the penetration is complete. Examples might be in Johannesburg's Fordsburg and Mayfair West, already about 85% Indian and where a *gentrification* process is taking place." These areas were originally Indian before government declared otherwise.

Regarding informal settlements and their effect on land and house prices, movements monitored by Rode in Randburg's Bloubostrand area — the centre of the Zevenfontein storm — have interesting pointers. At the end of January it was announced that the Zevenfontein community would be settled close to Bloubostrand, a white middle-class suburb. After much local reaction, it was decided in June that the community would be resettled north of the R28 at Diepsloot and Nietgedacht and that land in Bloubostrand would be earmarked for formal, low-cost housing.

Uncertainty over the fate of the squatters resulted in no sales of residential stands taking place in Bloubostrand in February but, amazingly, land prices kept on growing in March and April and peaked at R43 000. After the June announcement they dropped

to R34 000, the level of the year before.

House prices, meanwhile, fell from a peak of R149 000 in January to R100 000 in February — the one and only sale — and by June had shown a decline of 11% to an average of R132 000. The big surprise was that by July, average house prices were back at R140 000. "It means the market either does not think low-cost housing will be allowed or that it is not fazed by this prospect. If not fazed, this would be good news for SA," Rode concludes.

No doubt property researchers like Rode will still be watching developments and property price movements in Bloubostrand. ■

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Federal attributes in govt's proposals

BLOOM 6/11/92 LLOYD COUTTS

GOVERNMENT's proposed regional government system would not be a continuation of the homeland system and would have federal attributes, Constitutional Development Minister Roelf Meyer said yesterday.

Meyer said strong regional government did not mean weak central government. "Both can be strong. But the closer strong government is brought to the people, the more sensitive it will be to needs."

Meyer welcomed a recent ANC document on regionalism, saying it showed the organisation had realised the importance of regional government.

However, there were basic differences between ANC and government policy.

"The ANC would not want the regions to have autonomous powers — this means an all-powerful central government that could override regional decisions even on issues falling within the legislative authority.

"Our approach is that regions should have autonomous jurisdiction over functions entrusted to them in the constitution, and that it should not be possible for those functions to be taken away from them without their consent," Meyer said.

The ANC would want to give only limited residual taxing powers to regions, on the basis of "one country, one tax base".

Government believed that without a proper tax base and without autonomy regional government would become an extension of an overriding and all-powerful central government.

This did not mean that regions should have full autonomy over all functions of government, but over those allocated to them.

"Regional boundaries can only be finally drawn once there is also clarity on function. These boundaries will not be those of self-governing and TBVC territories."

Meyer denied government had converted to federalism to protect minorities to the detriment of possible redistribution and empowerment programmes.

Education on mortgages

BANKS and township civic organisations are to launch a major initiative to teach home buyers about the intricacies surrounding mortgage finance.

The costs of developing and executing this education programme will be borne by government, business and banks.

The Association of Mortgage Lenders and the SA National Civic Organisation (Sanco) have reached a tentative agreement on the need for such an education.

At a meeting this week, the two organisations endorsed a proposal by a working group on mortgage lending issues that home buyers should be educated in the workings of mortgage finance, including fluctuating interest rates, lawyers' fees and bond registration costs.

An information circular released by the association and Sanco says all relevant parties will have to be approached with a view of establishing joint working committees to develop the educational package.

WILSON ZWANE

The circular says builders should be approached with a view to getting them to agree to the establishment of a building industry code of conduct.

"It is anticipated that in order to facilitate the implementation of the code of conduct, association members will provide finance only to builders who agree to be bound by it," it says.

In a brief joint statement this week, the association and Sanco said they had endorsed the proposal and would refer it to their decision-making structures.

It is believed that Sanco's executive, which meets at the weekend, will ratify the proposal. The association's council will discuss the matter next Tuesday.

Sanco president Moses Mayekiso said earlier the agreement between his organisation and the association was a "positive move", which could pave the way for other agreements on housing issues.

... but housing market bleak 123

THE outlook for any rise in house prices soon seems bleak, says Amalgamated Banks of South Africa in its latest quarterly housing review. The review said prices and activity levels would remain depressed until an expected upturn in the business cycle early next year. Medium-sized house prices rose by three percent in the third quarter, compared to the third quarter of 1991, and prices of small houses rose 9.7 percent, while the prices of large houses dropped by three percent.

6/11/92 11/9 2

Angolan ban on Pik 'laughable'

Political Staff

MINISTER of Foreign Affairs Pik Botha has dismissed his ban from Angola as "laughable" and the claim that South Africa is giving Unita military assistance as "preposterous".

Mr Botha was reacting to reports on the BBC originating from Radio Angola, which said that Luanda had declared Mr Botha persona non grata.

Government spokesmen yesterday confirmed that no formal notice had been received by South Africa.

According to the Angolans, Pretoria is supporting Unita leader Dr Jonas Savimbi.

Mr Botha and his counterpart Mr Pedro do Castro van Dunem Loy are expected to speak by telephone today in an effort to clarify the situation.

Foreign Affairs sources obtained an undertaking from Angolan diplomats at the weekend that such a link-up could be established.

Foreign Affairs sources were unwilling to comment on the snub to Mr Botha until they had official confirmation from the Angolans.

Press spokesman Mr Awie Marais said South Africa was still willing to play a role in support of peace and the democratic process in Angola.

"We are still very clear that we are not willing to support any party that uses force," he said, denying allegations of military support to Unita.

Foreign Affairs sources seemed deeply upset by Mr Van Dunem Loy's attack on Mr Botha, saying that he had "gone out of his way to be objective".

They acknowledged, however, that there was a frail and sensitive relationship between the two countries in the light of the hostile history and the residual suspicions that persist.

Meanwhile, UN efforts to get Dr Savimbi and Mr Dos Santos together seem to have stalled. The BBC reported today that UN peacekeeping envoy Mar-rack Goulding was not travelling, as planned, to Huambo where Dr Savimbi was holed up.

A ceasefire is largely holding across Angola but tension is acute and at the weekend shooting broke out in Viana, southeast of Luanda, and in central Malanje province, international aid officials said.

De Klerk in 'deal' to gag the CCB?

JOHANNESBURG. — Suspicions are growing in some quarters that the government is going to extraordinary lengths to prevent the Civil Co-operation Bureau from making embarrassing disclosures.

It was reported in a Sunday newspaper that the government struck a secret deal with the CCB six weeks ago involving pension pay-outs to former CCB members in exchange for the return of state's assets.

'Charge Webb with perjury'

JOHANNESBURG. — Former Civil Co-operation Bureau chairman, Major-General Eddie Webb, should be charged with perjury following his confession last week at the inquest into the murder of Dr David Webster that he had lied to the Harms Commission.

Democratic Party spokesman on Justice, Mr Douglas Gibson, yesterday challenged the Attorney-General "to do his job properly and prosecute self-confessed liar General Eddie Webb for perjury".

Mr Gibson said: "General Webb has confessed to perjury and he must now be brought before a court and given a fair trial. (This would) show the public that the rule of law would be upheld." — Sapa.

Hostel security agreement in jeopardy

The Argus Correspondent

JOHANNESBURG. — The government/ANC Record of Understanding is in danger of collapsing over the issue of hostel security.

Resistance by Transvaal Inkatha hostel-dwellers to the erection of fences around hostels has become a major stumbling block in the success of the agreement.

The ANC has accused the government of reneging on its agreement in the Record to fence hostels and ban the public display of weapons. The agreement was that violent hostels would be fenced by next Sunday.

The government has asked the Goldstone Commission to

The report also suggested that State President F W de Klerk's controversial Indemnity Bill was linked to attempts to prevent exposure of the CCB's covert activities.

Defence Minister Gene Louw has admitted to the deal with the CCB, but has flatly denied that the Indemnity Bill was a factor in the discussions.

In terms of the deal, some 20 CCB agents will receive improved retrenchment packages in exchange for the return of assets, including the CCB's R3 million pension fund and a R2,5 million ship, the Margit Rye, bought with SADF funds.

Jan van Eck, the ANC-aligned MP who staunchly opposed the Indemnity Bill, said he believed the Bill had been particularly aimed at protecting the CCB, in light of the spotlight again falling on the organisation.

"They have also been threatening the Government and I think this put De Klerk in a difficult situation," he said.

Democratic Party defence spokesman James Selve was, however, doubtful about the CCB deal being linked to the Indemnity Bill.

"Joe Verster (CCB managing director) has already said he is not interested in applying for indemnity. I don't think the Bill is necessarily tied up with the concessions the government has made."

investigate the effectiveness of the hostels clauses in the Record of Understanding.

Spokesman for the Department of Local Government and Housing Mr Francois Jacobs said yesterday that Mr Justice Goldstone had instructed one of his committees to look into the matter, and a response was being awaited.

He said the government was committed to striving to attain the goals set out in the Record of Understanding, but that it had met with huge resistance when it came to carrying out the fencing-off of hostels.

Even ANC-leaning hostel-dwellers in a Transvaal hostel had threatened violent retribution if a fence was erected, Mr Jacobs said.

Govt can't (123)
keep pledge
on hostels

Own Correspondent

JOHANNESBURG. —
The government yesterday admitted it would not be able to fence off Transvaal hostels by November — a deadline set in the record of understanding with the ANC.

Local Government Department spokesman Mr Francois Jacobs said it had not been possible to go ahead with constructing the fences in view of the objections from Inkatha, KwaZulu Chief Minister Mangosuthu Buthelezi and the Transvaal Hostel Residents' Association.

The ANC has said it expects the government to honour the Record of Understanding.

Housing drive 'can boost transition'

B10AM 10/11/92
SOMERSET WEST — A large-scale housing and electrification programme could play a critical role in ensuring a successful outcome for SA's transition to democracy, Board of Executors senior portfolio manager Rob Lee told the conference. He said critics of the "kick-start" concept of housing and electrification programmes were ill informed. It was necessary to adopt a wider socio-political perspective and not see the

issue purely from an economic-point of view.

(123) Lee said the multiplier effects of initial investments in both housing and electrification were very high on both growth and employment. Such a housing programme could add 3,5% to the level of real GDP over two years and create 200 000 jobs.

An electrification programme could add another 3,5% to real GDP over a period of three years.

Flexible⁽¹²³⁾ housing subsidy scheme proposed^{ET 11/11/92}

By MAGGIE ROWLEY
Property Editor

VAT raised on the sale of new homes should be used to help fund a new, flexible housing subsidy linked to earnings and prevailing interest rates, says Jos Demmers, executive chairman of Ilco Homes.

Demmers has submitted his subsidy scheme proposals to the SA Housing Advisory Board, all relevant cabinet ministers and provincial administrators.

In an interview, he said that while he agreed with many of the suggestions in the De Loor Report on the provision of housing, one of its proposals for a one-off capital subsidy would merely serve to replace the existing bureaucratic system with another one.

A one-off lump sum payment is also extremely unfair to a family as when interest rates go up they can still lose their home.

He proposes, instead that all subsidy schemes be abolished and replaced with a single scheme based on a formula linked to earnings and fluctuating interest rates.

Homebuyers, he says, should be limited to purchasing a home whereby the bond repayments do not exceed 30% of monthly income as is presently the case.

Income link

"They should be charged a rate of interest on bond repayments linked to income with low income earners paying the lowest rate of 1%.

"The rate of interest charged should increase in line with earnings so that someone earning R833 a month should pay interest of 3%, someone earning R2 000 should pay interest of 10% and so on."

The subsidy, he argues, should comprise the differential between the interest payable according to income and the prevailing prime rate. If the prime rate is 15% and interest payable according to income is 1%, then the lowest income homebuyer should qualify for a 14% subsidy on the bond repayment.

"It will be up to the state to ensure that the financial institutions can repossess houses quickly if the lenders fail and that those houses are kept in safety until they can be resold. The state should also through SASRIA provide insurance to the financial institutions covering the period from repossession until resale."

He said he had discussed his proposals with one of the major financial institutions who "were extremely excited about them".

Woodstock housing plan mooted

Staff Reporter

123

HEADSTART, a non-profit development organisation, is considering developing 13 pockets of open land in Woodstock and Salt River for housing.

Headstart outlined its ideas for the housing developments at a meeting with Woodstock and Salt River community

CT 12/11/92

leaders on Tuesday.

Headstart spokesman Mr Keith Bryer said the ANC, religious leaders and two members of the Walmer Estate Management Committee attended the meeting.

He noted that Headstart studies inner city problems and possible solutions.

Mr Hassan Khan, a local ANC spokes-

man who attended the meeting, said Headstart could play a positive role in the area but there should be "thorough" consultation with the community on an overall plan for Salt River/Woodstock.

Mr Khan said community organisations will consult their constituencies before deciding whether to enter formal discussions with Headstart.

HOUSE PRICES

FM 13/11/92

Third-quarter shocker

~~123~~ 123

Absa's quarterly national house price survey released last week shows that the average price of a medium-sized house has fallen in nominal terms for the first time since the mid-Eighties.

Because of the deepening recession, prices of large houses throughout SA have been declining for some time. But this is the first time since the severe recession of 1984/1985 that declining prices have been reflected for medium-sized houses.

For the optimists perpetually talking of an imminent rally in house prices, the news might come as a bit of a shock. But could they really have expected different news from a market caught, like all others, in the grip of the bear?

At R133 000, the average medium-sized house (176 m²) has fallen 1,5% from the second to the third quarter. Larger homes (265 m²), at R177 000, are 4,4% down. The average price of a small house — about 110 m² and priced at R105 000 — has not moved.

Absa senior economist Christo Luus says that by annualising the figures — taking the percentage change from the second to the third quarter and multiplying by four — “you can pick up the turning points and get a better picture of the latest trends.

“By looking at this rate, we see that, for the first time, small homes have not moved at all in nominal terms; prices have dropped by 6% for medium-sized homes and have fallen by 17,6% in the case of the average large-sized home. These are important figures, though the year-on-year picture may seem more optimistic, showing small homes keeping up in nominal terms with a 9,7% increase and medium-sized homes increasing by 3%. As can be expected, prices of large homes, even in year-on-year terms, have suffered the most, declining 3%.”

The annualised rate gives an indication of where house prices are headed. Luus thinks there could be a further decline in the real price of medium-sized houses during the fourth quarter of 1992, bringing the average real decline to 8,5% this year. That is a nominal rise of 6% subtracted from an inflation rate of 14,5%. In nominal terms, he believes, the average price of a medium-sized house will fall again from R133 000 to around R130 000 in the fourth quarter.

“If you look at the mid-1984/mid-1986 recession, where house prices fell in real terms by 18% in two successive years, prices in this recession — since it began at the start of 1989 — have held up pretty well with

increases of 11% to 12% a year. It is only now, in the third quarter of 1992, that we have seen a substantial decline in real terms. In the most luxurious segment of the housing market, the fall this quarter alone, in real terms, is as much as 16%; for medium-sized homes 13,8%; and small homes 11%.”

Is Luus surprised? “Not really, but I thought prices would have fallen some time ago, confirming what many people are feeling — that sellers are unable to sell and where sales are taking place, they're being concluded at lower prices.”

Property economists Neville Berkowitz and Erwin Rode believe SA will experience negative real growth in house prices for another 18 months at least. Rode limits his prognosis to “a levelling off” in prices be-

past two years and still shows no sign of slackening; unlike the rest of Natal (0%; -7,7%; -7,6%), which, because of the violence, has experienced the sharpest drop in SA. It is worth noting that the eastern Cape (0%; -2,8%; -4,9%) has started to decline after a spate of strong growth.”

Rode believes buyers should not rush to acquire new homes: “We've had a reasonable nominal growth in house prices up to the second quarter of 1992. That has now been reversed in some sectors because of the sharp decline in the economy and the market is not going to recover quickly.”

Political turbulence

With turnover at the deeds office 30% down and the profitability of major estate agents such as Aida showing a substantial decline, what concerns Berkowitz is the optimistic forecasts still being given by various players in the residential market. “The net effect is that they have made sellers sit on the fence and bide their time in the hope of higher prices.”

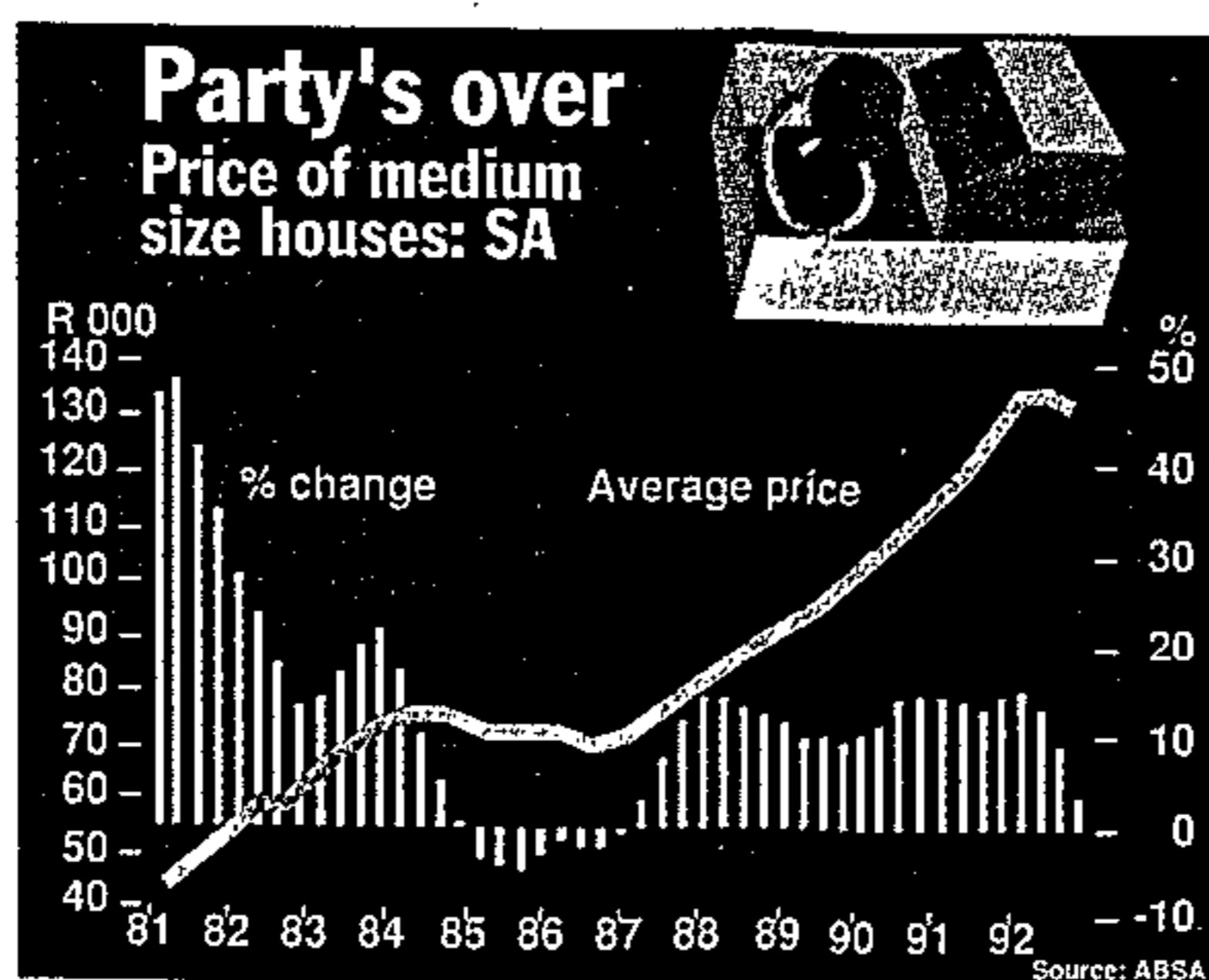
Berkowitz admits, however, that were it not for the political turbulence, substantial house price increases would be possible. This may still surface once stability is achieved.

Typical of the residential bulls is Martin Charney, of Martin Charney Estates. He says that because the participation bond rate is at its lowest (15,94%) in four years, this is an indication of the depth to which the mortgage bond rate can fall. One institution, he notes, is already offering mortgage bonds at 16%. “Therefore, house prices must start going up.”

Charney also believes Clinton will push the US economy into a much more active and fully employed phase, dragging itself and the world out of the post-Cold War depression.

He adds that the replacement value of houses is high and SA can expect improved immigration because the European economies are in a worse predicament. “I've seen a pick-up in activity in the past two months. We have genuine sellers who are moving for normal reasons — not all are emigrating — and bonds are being granted. We're up in turnover and unit terms.”

Does anyone want to lay a small bet on who is right? ■



cause of the varying house price figures countrywide.

Berkowitz feels it's going to take another 12 months to get an interim government in place in SA and another six months to a year to see whether it's working. Therefore, he believes, at least 18 months will lapse before political and economic confidence starts to improve. It seems that confidence, or the lack of it, is largely responsible for the variation in house price figures countrywide.

Says Rode: “According to Absa's figures, Johannesburg house prices suffered the most (small 0%; medium -2,8%; large -2,5%); whereas the West Rand (0%; 5%; 5,5%), which is more conservative, actually experienced a sharp jump. The East Rand (0%; -0,5%; -0,8%) is merely moving sideways.

“The more conservative Vaal Triangle (0%; 7,6%; -8,9%) also pulled up, despite its economic problems resulting from the collapse of the steel industry. Pretoria's (0%; -0,4%; -4,2%) embattled economy got the better of its house prices.

“The Durban/Pinetown area (0%; 3,5%; -6,1%) has been growing strongly for the

GROVEWALK HOLDINGS FM 13/11/92
Walking a tightrope

Low-cost housing and timeshare have again proved how fickle they can be in investment terms, with Durban-based listed property

Govt breaks accord to fence off hostels

(123) 13/11/92
Own Correspondent

JOHANNESBURG. — The government will not fence off hostels as stipulated in the Record of Understanding it reached with the ANC in September.

In terms of the understanding, seven Reef hostels, identified as sources of violence, were to have been fenced off by Sunday.

Local government and National Housing Department official Mr Johan Oosthuizen said yesterday objections from Inkatha and the Transvaal Hostel Residents' Association had made it impossible to construct fences.

However, they would be put up in due course as part of a hostel-upgrading process.

ANC spokesman Mr S Macozoma said yesterday the ANC had not met to discuss the matter. But the government's renegeing on the agreement had serious implications for future negotiations, he said.

'Christmas cars' for govt officials

SOYTH 14/11 - 18/11/92

By Karen Williams

THE HOUSE of Representatives, which plans cuts in coloured education to save money, has gone on a spending spree — buying luxury cars for officials.

Their "Christmas car" splurge cost the cash-strapped department hundreds of thousands of rands, according to a source in the House of Representatives.

Most of the cars were destined for the Department of Education and Culture (DEC), which has come under fire for plans to retrench school teachers as part of a rationalisation programme.

The House of Representatives (HoR) was tightlipped on the issue this week.

"It is a once in a lifetime happening that we buy cars," said Mr George Holloway, spokesperson for the HoR.

"There are no new appointees and so we have not bought any cars recently. We

will also not be buying them in the future - there is no money," Holloway said.

However, a source within the HoR provided extensive information.

"Since April this year the department has bought about 10 cars," he said.

Most of the cars were top of the range BMWs, although some Mercedes Benz's were purchased, the source said.

The government's Treasury gives money to the House of Representatives (HoR) which buys the cars with cash.

HoR officials with different designations are 'graded' differently, with car allowances varying accordingly.

"Directors qualify for an R87 000 car, while chief directors have more, usually over R100 000," said the source.

Ministers, as well as ministers' representatives qualify for the luxury car perks.

Called "Christmas cars" by government office workers, the luxury cars form part of officials' service benefits.

Every four years, top officials get new cars.

Four of the 10 cars bought this year were for former Labour Party ministers who joined the National Party.

Despite exhaustive attempts to contact the DEC for comment, they did not respond by the time of going to press.

The South African Democratic Teachers' Union (Sadtu) slammed the department for "bad housekeeping" and "mismanagement of funds".

"We are questioning their priorities in spending. Teachers have become the first casualties of the budget cuts, not the bureaucrats," said Sadtu regional chairperson Ms Vivian Carelse.

In August last year the HoR bought 13 new cars for officials.

The DEC came under fire earlier this week when it was revealed that they spent R20 760 at Club Mykonos where they held a two-day meeting to discuss teacher retrenchments.

NEWS IN BRIEF

Men held for cell death

TWO MEN, aged 18 and 24, have been charged with killing a man in a Mitchell's Plain police cell two weeks ago.

Mr Mogamat Jessop Majiet, 45, had been arrested for being drunk and disorderly. He was found dead in his cell the next morning.

The two men will appear in the Mitchell's Plain Magistrate's Court on November 20.

Union targets Sanlam

THE PAPER, Print, Wood and Allied Workers Union (Ppawu) is stepping up its campaign for the reinstatement of 2 000 Sappi workers retrenched in April.

The union will stage a march in the city on Saturday and will hold picket demonstrations in the coming weeks.

Ppawu believes Sanlam is responsible for the retrenchments. Sappi is part of the Gencor group, which in turn is owned by the insurance giant.

Boost for hostels

WESTERN Cape hostel dwellers received a boost this week when the Cape Provincial Administration gave more than R23 million to the Hostel to Home Co-ordinating Committee (HHCC).

According to an HHCC spokesperson, Mr Welcome Zenzie, the money

will be used for first phase of upgrading migrant labour hostels in Langa, Nyanga and Guguletu.

Child rape arrest

A TWO-YEAR-OLD Swellendam girl, who was allegedly raped on Saturday night, is still receiving treatment Grootte Schuur hospital.

A 34-year-old man, believed to be the common-law husband of the baby's mother, will appear in court this week on charges of attempted rape and attempted murder.

Reverend Bruce Duncan, director of Safeline, said: "We have to realise that communities must be educated to prevent similar cases. How many more babies have to suffer?"

'We want free houses'

LANGA RESIDENTS marched to Cape Provincial Administration (CPA) offices in Goodwood last Saturday to demand the disbanding of the Ikapa Town Council.

Residents allege that the Ikapa Town Council has failed "to attend to people's needs".

The residents are demanding that houses which had been rented in the area for years be given to them free of charge. They also want a hospital and more high schools.

Case of one acre, one vote?

By LENNOX DIVER
 It seems that with this government all's fair in love, war - and land.

Land, an issue at the heart of the struggle for SA, is being given away willy-nilly by the Nats to individuals, private companies and homeland bureaucrats. And you can bet on it that they're all buddies or potential allies of the Nats.

So say the government's opposition, an equally interesting assortment of community bodies, land activists, priests, and parties - especially the ANC.

They say the latest manoeuvres on the issue can be put down to rank electioneering. They trace the government's decision to hand

out 12,000 square kilometres of State land - or one percent of the country - to blacks, to a statement from Foreign Minister Pik Botha earlier this year.

Botha said that, according to his calculations, the Nats could win over 50 percent of the vote in a non-racial election.

He mentioned that this figure included key support from the homelands. Facing a call to stall the land transfers - the activists want a moratorium on the policy - the government has come out fighting in a manner reminiscent of days gone by.

Deputy Minister of Land Affairs Johan Scheepers ripped into "the ANC" for trying to "jeopardise develop-

ment". He said the ANC had a "political agenda" to get into a position where it called the shots on the redistribution of State land.

However, opposition groups and observers found his assertion regarding land more than a little humorous. Earlier the government said in a statement that "further consultation with affected communities was not deemed necessary", invoking the angry accusation from critics that the government was "returning to its old, autocratic style".

The government's attitude also seemed to nullify previous policy set down in 1991 in a White Paper which stated that transfers of land to the

homelands were to stop. This was followed by a law which abolished "racially based land measures".

The National Land Committee, a coalition of organisations representing people deprived of land under apartheid, said the government was trying to "pre-empt any real solution to the land question in SA".

It said that at a time when dissolving the homelands was supposed to be on the agenda, the government was trying to build up the system.

The committee said that the land being given away had for years been owned by the State through the SA Development Trust (SADT). It said: "It is this land which should be made available for redistribution to needy communities. Clearly, the present government is seeking to put this land beyond the grasp of any future government."

"The transfer of land is also aimed at redrawing the boundaries of SA to make a federal system of government a reality be-

lieving? Why these free gifts to these people? The homelands' authorities have proven to be notoriously corrupt. Who the

hell are these estates to get land when millions of rural people are running around desperate for extra grazing land?" said an incensed organiser for the Transvaal Rural Action Committee (Trac).

It helps the government little to know that one of the beneficiaries, Lebewa, was this week slammed for rampant corruption by Johannesburg chief magistrate Oelof de Meyer.

De Meyer's one-man commission was set up by the government in 1989 to investigate graft precisely

in Lebewa's Development Corporation and its Agricultural Corporation.

Among 750 pages of findings was the revelation that whole departments were created without authorisation and were run by highly paid non-existent officials. The cost to taxpayers ran into billions.

In the midst of chaos and uncertainty on the land question, the National Land Committee had recommended that, despite its shortcomings, the government ought - as an emergency measure - to return to its own Advisory Commission on Land Allocation (Acla).

It said: "We believe that the future of all this land should be deter-

mined under a properly constituted Land Claims Court whose decisions would be binding, and which would serve under an interim government."

However, Trac said that the government had already gone ahead with the transferral of 380 square kilometres of land to Lebowa and 52 square kilometres to QwaQwa.

Still to come is the handing away of 168 square kilometres of land to KaNgwane and KwaNdebele and other smaller homelands.

"The biggie," said the Trac source, "is 600 square kilometres to KwaZulu."

enormous. Meanwhile, Minister Scheepers does not agree that land reforms are being overridden.

On the contrary, he said the government was in fact addressing the disparity in the black and white ration in land ownership.

The government's aims were philanthropic. He said it wanted "to improve the quality of life for the people".

He said: "The government will still endeavour to address this sensitive issue responsibly and with understanding."

However, a land activist said: "That's pure Natspeak, which means bull...."

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The additional tension this would create in war-torn Natal was, he said,

SOUTH AFRICA IS a land rich in crises. If one can be so bold as to put aside today's crisis of government legitimacy, there remain two other crises of a more enduring nature. Politicians may be confident that the problem of government legitimacy will be solved in the course of time, but the crises of housing and national service may hamstring the country for years to come.

The R2bn committed to eradicating the housing backlog via the Independent Development Trust has not made a dent in the demand for low-cost housing. Today, the numerous government, parastatal and private organisations involved in this sector find their efforts frustrated and ineffective. If anything, the housing backlog is increasing rather than reducing. A lack of funds is just one of the problems — more serious are the problems they experience in respect of bureaucracy, disorganisation, lack of infrastructure and ultimately, the destruction of their product.

The SADF faces a crisis of a different nature. It is a war machine without a war to fight. History has shown that an army without a war will soon find one to prove its mettle. More specifically, the SADF no longer has borders to protect, as its enemy has been let within.

Maintaining a large defence force in peace time is both a luxury and a danger that few economies can afford. In SA, it is made more uncomfortable by the changing social order which questions the very legitimacy of the SADF, with its history of oppression.

A continuing national service system that conscripts white males does little for its so-called nonracial image. To compound it all, the war machine, without a war to fight, costs South Africans R9bn a year, and the country has nothing to show for it.

Housing experts say what is needed to solve their problem is a huge injection of capital, a massive or-

Give the SADF the vital job of housing the nation

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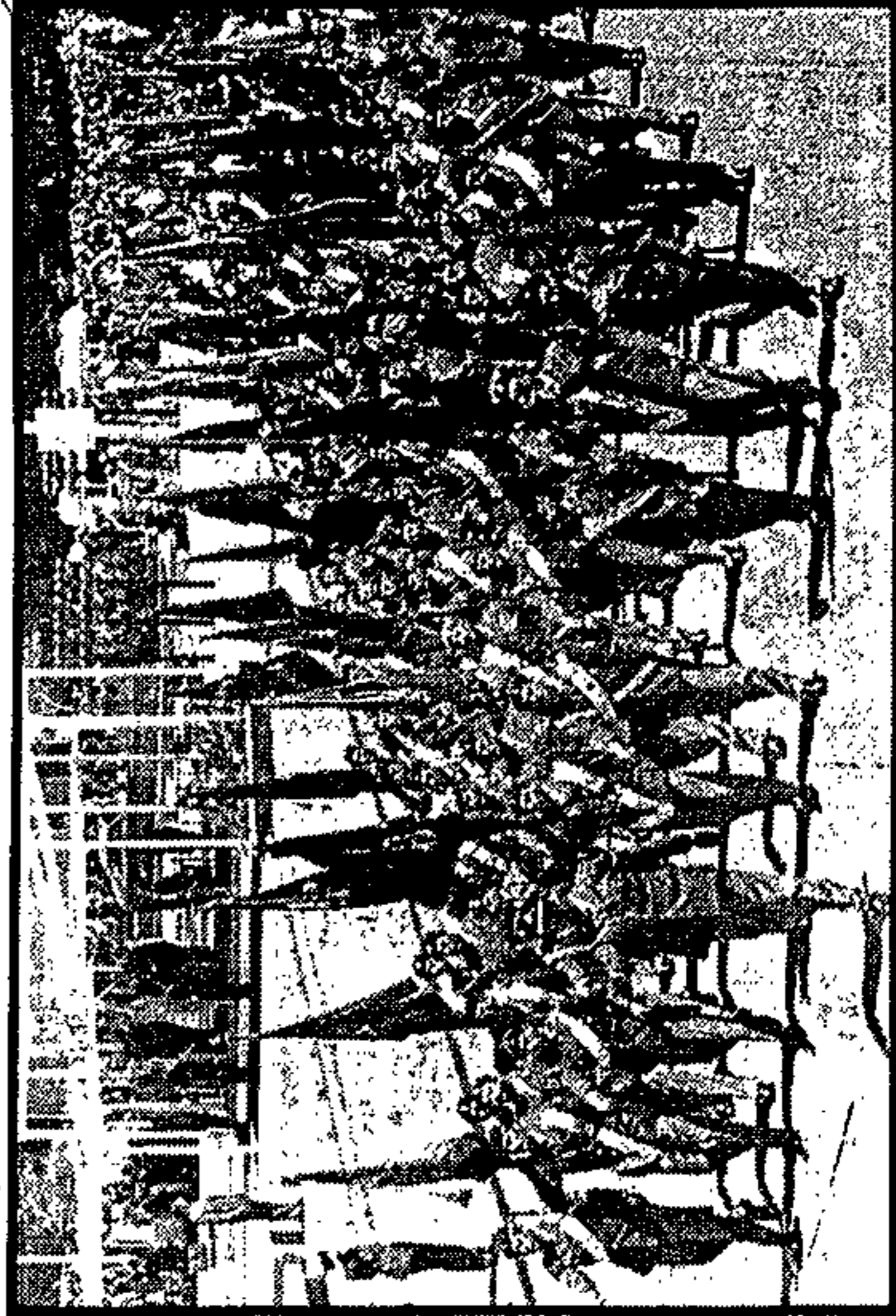
LINDSAY MADDEN

6/01/16/11/92

ganisation that cuts across bureaucracy, a vast and trained labour force capable of building at least 200 000 houses a year and most importantly, acceptance of ownership of the houses by the communities for whom they are erected. One glance at this wish list shows that the requirements cannot be found in the private sector, nor can the state be expected to find additional sources of revenue to fund them. To whom can one turn?

Enter the SADF, currently demotivated and purposeless, beating up and down the sidelines like a ship without a port. What it needs is a purpose, one whereby it can re-establish its credibility in the new social order. It needs to direct the same efficiency and zeal with which it sought to destroy SA's "enemies" towards building houses for them.

In the SADF, with minor modifications, exists the ideal instrument to solve the housing crisis. With an employment force already costing billions every year and having no jobs to do, the state need not raise another cent of tax but rather redirect the resources currently being wasted. The SADF has much of the equipment, all the logistical experience, a tested command structure with a disrespect of bureaucracy and the



Keeping the defence force busy could give national service new meaning.

added thread of discipline. More particularly, it needs a job.

It is time for national service to acquire its true meaning. Granted, defence was the country's highest national priority in the past, but this has now changed. It is now more important that national service be

directed towards settling the national debt. In truth, this national debt exists between whites and blacks and has two components: inequality of opportunity and the wealth differential. Inequality of opportunity can be addressed through affirmative ac-

tion and equal education, both of which take time to implement. The wealth differential is in reality a reflection of the years of exploitation of blacks by whites. This differential is evidenced most clearly in the difference in fixed assets and, more particularly, in whether people have a home or not. National service can be directed at squaring this element of the national debt.

With this in mind, there is little reason why all young men and women should not be conscripted to render national service in a peace force and build houses for the black community, until the backlog is met. Mass employment and training in a multiracial work environment can have only a beneficial effect on our currently divided society.

To ensure that communities appreciate the houses built for them, families can be required to work alongside the national servicemen in building their own houses. Perhaps through this exercise the SA Defence Force will become a peace force and will be able to show to its new constituency that its strength lies more in building up than breaking down. In turn, communities may learn that the peace force is there to protect them rather than to punish them.

At first glance this proposal may appear novel, but it has been successfully implemented before. Once the US had conquered Japan in the Second World War and destroyed its infrastructure, Gen Douglas MacArthur then spent several years reconstructing it. Was this not a success?

The major difference between that war and our own is that in the US and Japan there was a clear winner and a clear loser. In SA, both sides have been losers and so we have to help ourselves.

Before dismissing this proposal, think of your country and how much it has lost already. This commonsense suggestion costs nothing extra and could be implemented tomorrow. Isn't it worth a try?

□ Madden is executive manager and an attorney at Edward Nathan & Friedland.

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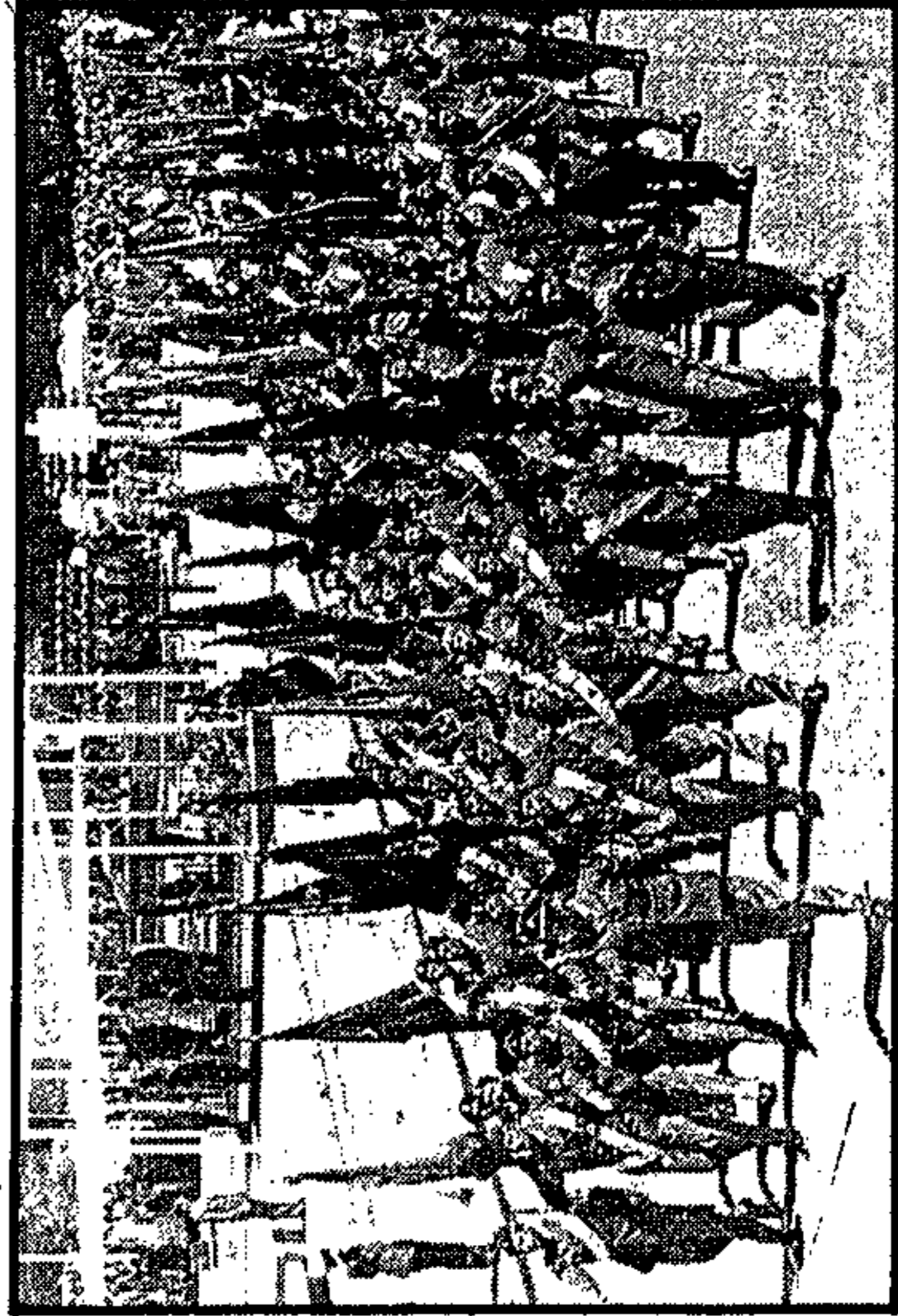
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LINDSAY MADDEN

16/11/92



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COMPANIES

Focus on Perm's home loans

THE Perm's home loan book and Nedcor Bank's planned purchase of computers are expected to come under the spotlight when the group's 1992 results are released today.

Concern about these two issues has driven the group's share price down from a peak of R19 in March this year to R14,40 in recent weeks. Despite this, banking analysts expect the group's earnings to rise by at least 13% and some say the share will be rerated by the market after the release of the results. *BIDM 16/11/92*

Nedcor is expected to detail its plans for changing computer systems and to announce how it will deal with the Perm's black home loan book. There has been speculation that the Perm's home loans will either be handed over to Bob Tucker's Community Bank, or a separate division created for them within the group.

Davis Borkhum bank analyst Graham Baillie expects earnings growth of 13%. He does not expect any surprises in the results and says the Perm's bad debt experience will be similar to the year before.

He says the share will probably be re-

SHARON WOOD

rated and move higher to between R17 and R17,50. The share last touched R17,50 in June. *(123)*

Perceptions that Nedcor's computer system change will become a debacle are unwarranted and will instead make the group more competitive, he adds.

Baillie expects the group to make an announcement about restructuring the Perm book and believes the market will respond positively to it.

Another bank analyst is less optimistic about the Perm's performance during 1992, and says the results will show it has had a "shocking" year.

This will not be confined to its bad-debt experience, because the analyst says there will be a big increase in the Perm's tax rate. The bank had a once-off tax benefit last year for selling gilts and this probably will not be repeated this year.

He expects earnings to increase by between 13% and 15% because of good performances by UAL, Nedfin and Nedbank.

Housing Trust loans plummet

CT 18/11/92

123

From PETER GALLI

JOHANNESBURG. — Bond boycotts, coupled with increasing unemployment and continued violence have resulted in a radical decline in the number of bonds granted and homes built in the affordable housing market in the past year.

In the latest SA Housing Trust annual report released yesterday, MD Wallie Conradie said the housing backlog stood at 1.4 million units, and only about 15 000 houses had been developed in the starter, or incremental, sector (35m² to 50m²) in the year.

"About 9 500 were delivered through our involvement — 21% down from 12 000 in 1991 —

which represents 63% of the national output to this market segment. I believe this environment will remain restrictive in the short to medium term."

There had also been an increase in the number of people defaulting on their home loans, mainly because of rising unemployment and an increase in formal boycotts against all financial institutions in certain areas.

Private sector lending in this market had dwindled to a trickle, while repossessions had increased.

The trust was involved in home loan finance through its wholly owned subsidiary Khayalethu Home Loans. It had granted 6 500 new bonds by the year-end, 2 000 down on last year.

Of the 23 000 stands available

for sale, only 6 400 were sold in the financial year.

"This restrictive environment is expected to continue throughout 1993 ... and will probably prevent us from granting more bonds in our traditional market — the R25 000 to R35 000 range — from current low levels," he said.

The trust had also begun acquiring land for development in traditional "white" areas. The first of these investments was in Midrand.

"The trust is talking to the stokvel associations about exploring areas of mutual growth and opportunity, but this will probably take some time.

"Any interaction would, however, have to provide a sound investment return," said Conradie.

Buying under a shareblock scheme 'a tremendous risk'

B/D/M 18/11/92
 (123)
 PETER GALLI

PEOPLE buying property under shareblock schemes put themselves at tremendous risk, as it is possible they could either lose their investment or find themselves unable to sell it at a later date, says Moss-Morris partner Selwyn Cohen.

In addition, the Shareblocks Control Act did not adequately protect them against dishonest developers, he said.

"No one seems to have considered the difficulty that will arise in later years in selling some shareblocks.

"Many of these schemes are initially structured with the company having large amounts owing on bonds or loan accounts to the developers, payable over a period of many years," he says.

A buyer thus has initially to find in cash the difference between the total amount payable by him and the portion of the debts that he will pay over the period of the debt, since a single bond or loan account is held over the property.

"The trouble is that over the years those debts will be reduced or discharged entirely, the value of the property will hopefully have increased and prospective buyers will have to find large amounts of cash,"

Cohen says.

The problem arises as to where this will come from, as financial institutions generally do not lend money on the security of shareblocks, he says.

Furthermore, the liabilities of the shareblock company and even the failure of a buyer's co-shareholders to pay their contributions to the shareblock company, can prejudice his investment.

Sectional title ownership did not hold the same dangers. Once the property was transferred to the buyer, he had indisputable title.

"The Shareblocks Control Act professes to provide protection but to be effective it requires the parties in control to be honest.

"There is no point in passing legislation to give protection against honest people and, if legislation is to protect against dishonest people it has to be effective. The Act does not achieve this," Cohen says.

But the SA Property Owners Association (Sapoa) says there are certain benefits in shareblock schemes, and it recommends they continue, for several reasons.

A shareblock may be sold giving

the buyer the rights to use vacant land, and to erect improvements on the land, which is advantageous for the seller.

In the sectional title system, the developer must own the land, whereas a share block company may both own or lease the land.

A sectional title scheme must also fall within the area of jurisdiction of a local authority, whereas a shareblock need not.

"Town planning restrictions regarding shareblock schemes are less strict than those for sectional title. They are implemented more quickly and the plans do not have to be approved by the surveyor general," says Sapoa executive director Brian Kirchmann.

Shareblock schemes are also more flexible and form nearly 90% of all timeshare developments. In addition, tax advantages sometimes make them more feasible than sectional title schemes, he says.

"Lastly, there is a provision for conversion from shareblock to sectional title, and the purchaser is free to do this," he says.

However, Cohen says in terms of the Act at least 30% of the members have to be in favour before the register can be opened.



LEGAL NOTICES

Your contact for

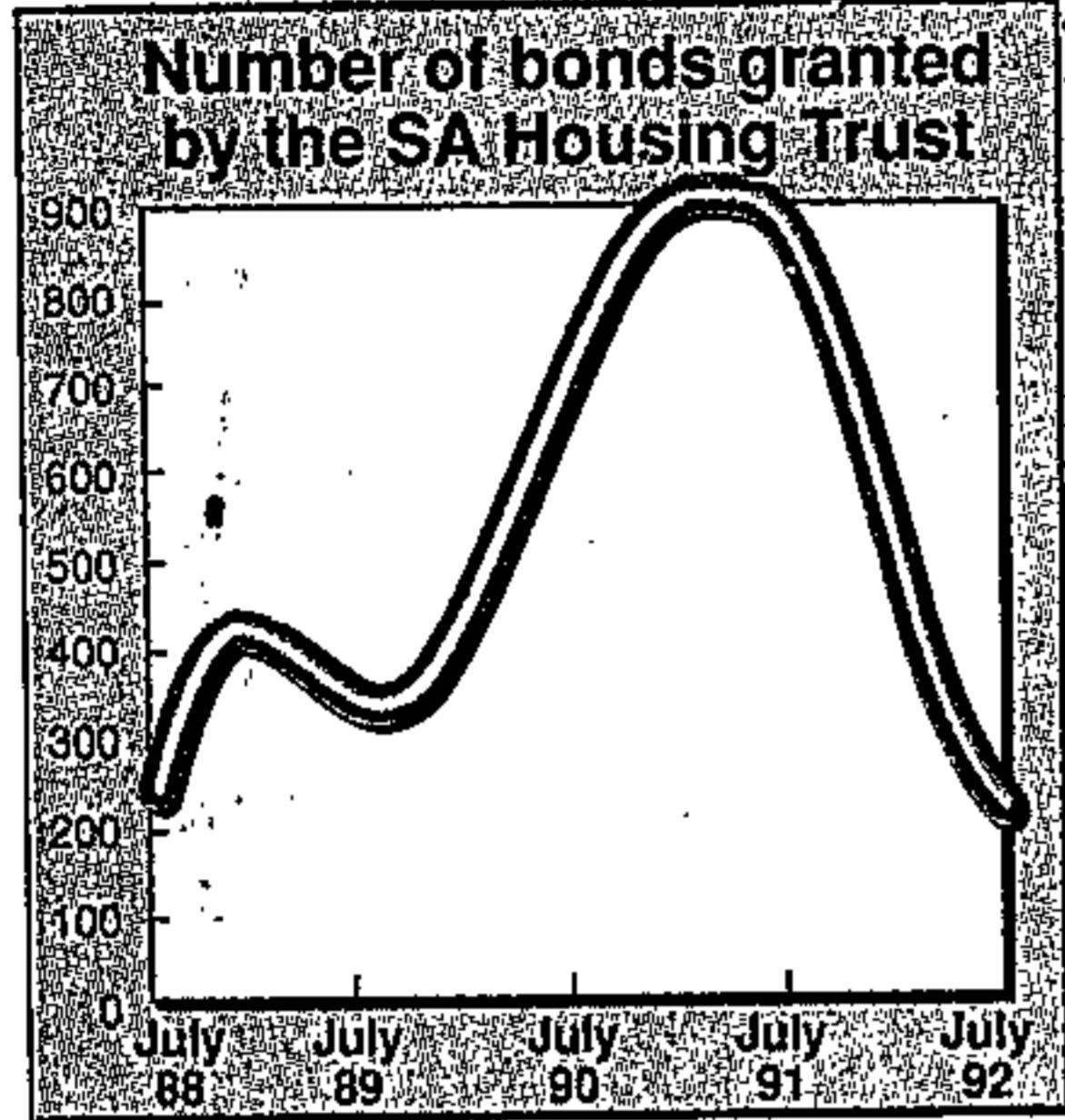
Business Day

and

Boycotts slow housing projects

BOND boycotts, coupled with increasing unemployment and continued violence, have resulted in a radical decline in the number of bonds granted and homes built in the affordable housing market in the past year.

In the latest SA Housing Trust annual



Graphic: RUBY-GAY MARTIN Source: SA HOUSING TRUST

PETER GALLI

report released yesterday, MD Wallie Conradie said the housing backlog stood at 1,4-million units, and only about 15 000 houses had been developed in the starter, or incremental, sector (35m² to 50m²) in the year.

"About 9 500 were delivered through our involvement — 21% down from 12 000 in 1991 — which represents 63% of the national output to this market segment. I believe this environment will remain restrictive in the short to medium term."

There had also been an increase in the number of people defaulting on their home loans, mainly because of rising unemployment and an increase in formal boycotts against all financial institutions in certain areas.

Private sector lending in this market had dwindled to a trickle, while repossessions had increased.

The trust was involved in home loan finance through its wholly owned subsidiary Khayaletu Home Loans. It had granted 6 500 new bonds by the year-end,

□ To Page 2

Housing

2 000 down on last year.

Of the 23 000 stands available for sale, only 6 400 were sold in the financial year.

"This restrictive environment is expected to continue throughout 1993... and will probably prevent us from granting more bonds in our traditional market — the R25 000 to R35 000 range — from current low levels," he said.

The trust had also begun acquiring land

for development in traditional "white" areas. The first of these investments was in Midrand.

"The trust is talking to the stokvel associations about exploring areas of mutual growth and opportunity, but this will probably take some time.

"Any interaction would, however, have to provide a sound investment return," said Conradie.

From Page 1

Relief as banks cut bond rates

By MAGGIE ROWLEY
Property Editor

ABSA, Perm and NBS have cut their mortgage rates across the board for new bonds by 0,5% to 16,75% with immediate effect.

Other institutions said they would will drop their home loan rates by the same amount as of next month.

The cuts come in the wake of Tuesday's 1% drop in the bank rate to 14% which forced

financial institutions to drop their prime lending rate by the same amount to 16,25%.

On a 20-year bond of R100 000 this will represent a monthly saving of R40 for homeowners, bringing much needed relief.

The rate charged on existing bonds with Absa and NBS will be amended in line with that of new bonds from December 1 and 2 respectively and the Perm on December 15.

Standard, FNB and Boland all said they would cut their home loan rate to 16,75% from 17,25% from December 1.

Nedbank's home loan rate will drop to 16,75% from December 1.

The Board of Executors Merchant Bank, which only granted bonds on properties worth R500 000 and more, announced that its home loan rate would be cut by 0,5% to 15,5% effective from today.

While the drop in interest rates is good news for borrowers and bondholders, it is bad news for savers as deposit rates are likely to follow the downward trend with announcements to this effect expected to be made today.

● Financial institutions, struggling to write new business to boost their mortgage books in the recession, have been engaged in a fierce bond war this year, twice pre-empting a drop in the bank rate.

(123)
CT 19/11/92

R9m housing scam exposed

By Joe Mdhlela
Consumer Reporter

123
20/11/92
Sowetan
5000 LOSE Banks see

them as financially risky:

ABOUT 5 000 would-be homeowners have been swindled out of more than R9 million by "unscrupulous property developers", a top human rights lawyer disclosed this week. The lawyer said building construction "sharks" often targeted customers with minimal education whose incomes were around R950 a month. These customers were desperate for accommodation and were "easy meat" for the operators. Clients have been swindled over a period of two years, between April 1990 and September 1992, lawyer and director of the Housing Rights Unit, Mr Brian Leveson, said.

He said the problems of clients stemmed from banking institutions turning them away as "financial risks".

"As a result they are embraced by these developers who exploit and extract every cent from them," said Leveson.

He said newspaper advertisements exacerbated matters by exposing the ordinary people to these companies "whose sole existence is not to provide a service but to make millions in the shortest possible time".

He said included among the companies that exploited blacks were some reputable ones normally held in high esteem by the

public.

Statistics revealed that 40 percent of the rip-offs related to people who lost their deposits as a result of deals that never materialised.

This represented 1 960 cases, Leveson said.

He said 1 029 cases involved clients who lost their deposits during attempts to buy municipal houses - representing 21 percent of cases of people defrauded.

Leveson said clients could protect themselves against the "sharks" by personally dealing directly with financial houses or refusing to pay their deposits directly to the developers.

Vital use for factory waste

(23)

ARG 2/11/92

INSTEAD of threatening the environment, industrial waste could become building material to solve South Africa's housing problem.

This is the view of Dr Graham Grieve, executive director of the Portland Cement Institute (PCI).

Dr Grieve says South Africa's developed industrial sector produces large volumes of waste material which are dumped on waste sites, posing a threat to the environment. But, he says, some of these wastes can be blended with cement, while others can be used as sources of aggregate for use in concrete or concrete products.

He cites, waste materials such as blast furnace slag produced by Iscor which, when used in the manufacture of blended cements, meet South African Bureau of Standards requirements. Fly ash, derived from Eskom power stations, can also be used for the manufacture of SABS quality-approved blended cements.

A recent introduction is condensed silica fume, a dust collected during the production of silicon metal or ferro-silicon alloy, which has found use



NOT WASTED: Peter Taylor, PCI engineer (left) and Kevin Lester, PCI trainee laboratory technician, study some waste material submitted for analysis.

mainly in special applications with cement.

If used correctly, he says, these materials improve the quality and the strength of the concrete product. And the prices of slag and fly ash are much lower than those of ordinary cement.

"There can, therefore, be compelling technical and economic reasons for using such materials - even before envi-

ronmental aspects are taken into consideration," Dr Grieve says.

Waste materials can also be used in the production of synthetic aggregates for industry.

Mr Brian Dowling, a Genmin civil engineer, says Impala Platinum furnace slag has been successfully used as part of the mix for the production of bricks and blocks for low-cost housing programme within the

Group. Local entrepreneurs from villages near the slag dump at Mineral Processes in Rustenburg collected the slag free of charge and used this with cheaper cements containing fly ash, for brickmaking.

"Slag aggregates have also been introduced to Impala Platinum's employee housing scheme. Substantial quantities of slag can be substituted for sand and stone - resulting in big savings in the cost of building a house. Currently, there are 3,6-million tons of platinum slag available which, if utilised properly, would help build more than 100 000 rural houses," Mr Dowling says.

He says the Columbus stainless steel project team has been alerted to the possible savings and environmental benefits in using Middelburg Ferrochrome's charge chrome slag. Trans-Natal's social upliftment programme could also benefit from the availability of Samancor's slag production.

"Other investigations in progress now include the use of charge chrome tailings available in at least seven other locations and waste silica ore which is also available within the Genmin Group," Mr Dowling says.

Bifsa has plan to provide housing

123
S/Times (Buss) 22/11/92

By TERRY BETTY

THE building industry, which is on the verge of collapse, has asked the Government for "construction relief".

Building Industries Federation of SA (Bifsa) executive director Ian Robinson says Bifsa has presented an 18-page proposal to keep the industry on its feet as well as handle socio-economic imbalances.

The report has been given to the Economic Advisory Council and to Finance Minister Derek Keys.

Clinics

Recommendations include:

- A 15% increase in expenditure on low-income housing to R4,3-billion.
- A 15% increase in public spending on non-residential buildings, such as clinics and schools.
- Additional funds to supplement the R22,5-million Bifsa spends on skills training and tertiary education.
- Increased funding for the first-time house-buyers subsidy scheme from R155-million to R332-million.
- A higher ceiling for those qualifying for the subsidy to take account of inflation.
- Implementation of the De Looz recommendations as soon as possible, specifically to establish one National Housing Department instead of the present 14 unco-ordinated departments.

Mr Robinson says funds would be available if the Government reduced the bloated public service. Streamlining it would also yield great returns.

Shortage

He says every rand spent on low-income housing provides jobs and has greater social benefits than if spent on public servants' salaries.

This is because the construction sector is highly labour intensive.

The National Manpower Commission said in August 1990 that the construction sector provided 186 jobs for every R1-million spent, com-

pared with 124 in agriculture and 67 in commerce.

Such an initiative would go a long way to alleviating the shortage of 1,4-million houses and would provide low-skill jobs in areas of greatest unemployment.

Mr Robinson says this scheme has socio-political advantages.

"Providing adequate housing and employment will go a long way to easing domestic unrest."

From a macro-economic point of view it will not adversely affect the balance of payments because housing has virtually no direct import component.

Construction is the "engine of growth". Public construction goes hand in hand with economic growth. But SA Government spending on infrastructure and buildings has diminished to 3,5% of gross domestic product. Current expenditure yields no returns, but has been increasing.

Boycott

Low-income housing could be provided by site-and-service schemes, greater subsidies for first-time house buyers, reduced initial payments and supporting financing schemes.

Mr Robinson says the best option would be to use government money as leverage to free private-sector cash.

If the fiscus allocated R177-million to interest-rate subsidies it would result in R2,7-billion being injected into housing in the form of loans from private financial institutions.

"The private sector is awash with cash. It needs government backing and assurances from labour that there will be an end to the bond boycott."

Bifsa is involved in the National Economic Forum as well as the National Housing Forum.

Mr Robinson is convinced that labour could be persuaded to drop bond boycotts if the Bifsa proposals were accepted.

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Consumers

By AUDREY D'ANGELO

Business Editor

CASH-STRAPPED South Africans have been taking out second mortgages to replace their cars because it means a lower monthly installment than if they bought with normal bank credit, says Christopher Beatty, CE of Nedfin Bank.

He believes this is one of the reasons for "miniscule" demand for bank credit in the September quarter.

Pointing out that banks' installment credit business grew by only 1.2% to R33,2bn from '32, 7bn between July and September, he commented: "We are seeing an effec-

tive shrinkage in the banks' credit book.

"Yet since last December there has been some upward movement in the amount of mortgage business being written. On the face of it this does not add up as the property market remains in the doldrums.

"One explanation is that some South Africans are putting their new car purchases on to their housing bonds.

"Only by extending the repayment period over the existing life of their bond can they afford a replacement vehicle.

"It appears that families are

using every device they can to stretch their financial resources. Stretching bonds to cover a car purchase indicates that many families are fully extended. Something could soon snap."

Mike de Blanche, MD of the United Building Society (UBS), said yesterday: "It could be happening in today's economic climate.

"But people should be warned against it because it is a false economy. It could cost 10 times as much in the longterm to buy a car in that way.

"I don't think people should commit themselves to paying for a

loans for 'cheaper' mortgages

123
25/24/1992
finance im.

other half were to finance improvements to the home. Walkerley said this was not as unwise as it seemed. "The average bond nowadays is between R100 000 and R110 000 — and that will seem peanuts in 15 years' time."

Standard Bank GM (home loans) Duncan Reekie said he did not believe many people buying their homes through his bank were raising money to buy cars in this way.

"A new car nowadays costs almost as much as a house and if people were taking out second mortgages for this purpose it would distort the figures so much that it would soon be picked up."

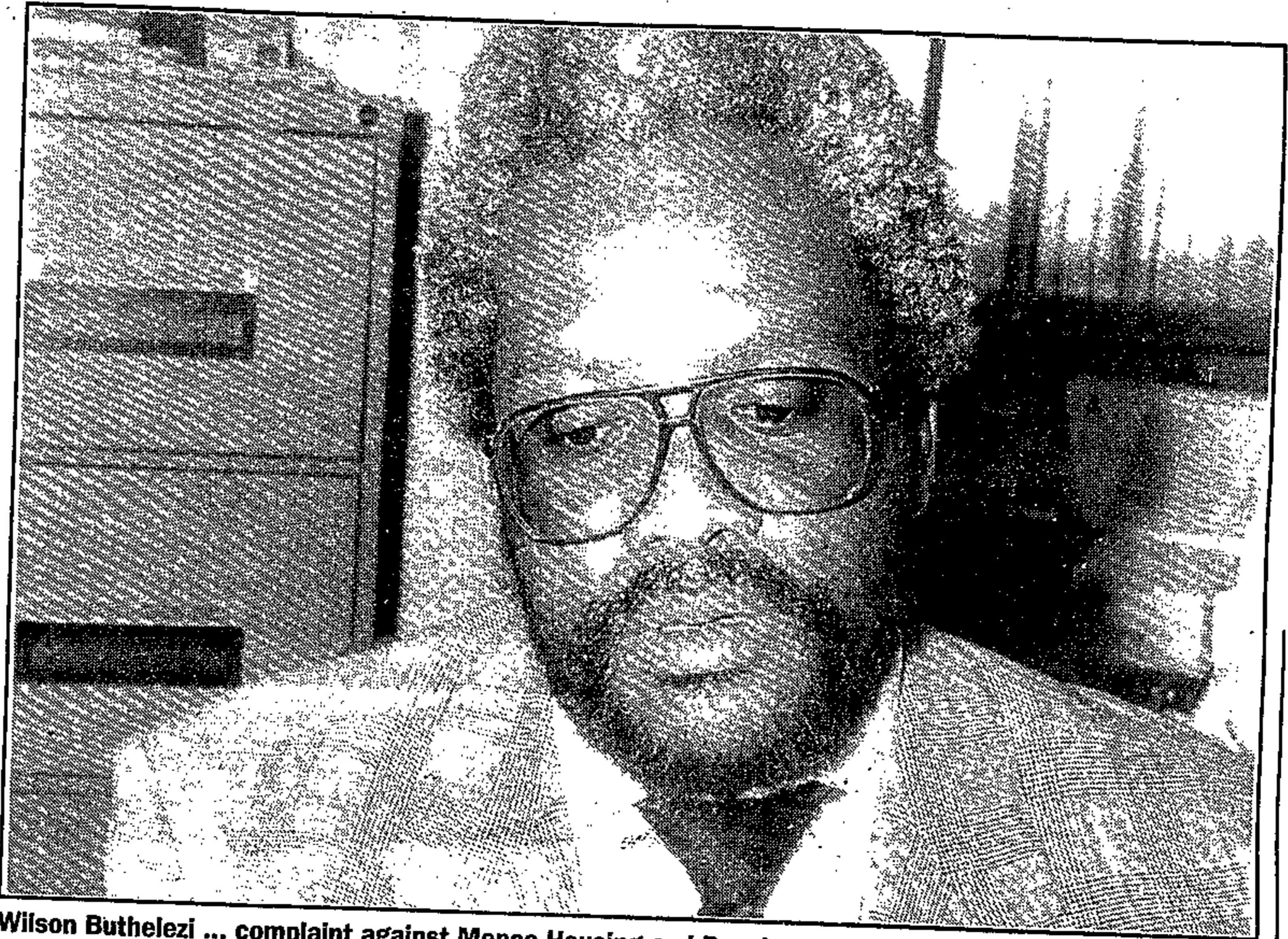
luxury item, such as a car, over 10 or 15 years. At the end of five years it will be worthless but they will still be in debt for it."

First National Bank GM Bob Wood said: "I believe there is a fair amount of that going on. People are using the equity in their houses to bolster their expenditure. But it's not at all sensible."

Rob Walkerley, GM (operations) at Natal Building Society (NBS), said there was always an upsurge of demand for re-advances or to be allowed to skip a bond instalment in December.

About half these requests were for "personal" expenditure. The

NEWS FEATURE *Lawyer warns blacks to be more vigil*



Wilson Buthelezi ... complaint against Mepco Housing and Developers.

PIC: MBUZENI ZULU

Couple's dream now nightmare

Sowetan 25/11/92

(123) ~~123~~

By Joe Mdhlela
Consumer Reporter

■ PROMISES, EXCUSES No house

after payment of R3 500 deposit:

If you pay a deposit of R6 500 you will have your house ready in 90 days time," a building contractor told home-seeker Mr Wilson Buthelezi.

Buthelezi, beside himself with excitement, rushed to break the good news to his wife, Noreen.

"We have been promised a home of our own within 90 days if we can raise a deposit of R6 500.

"We dare not let this opportunity pass us by. Let's get cracking and pool our financial resources," Buthelezi told his wife.

His wife replied: "Bring half and I will bring half so that we have the full amount required for a deposit."

In no time the couple had the required R6 500 and made a bee-line to property developer Mr Cyril Mtshali of Mepco Housing and Developers.

But the couple's dream of owning their house at Alexandra's East Bank has since turned into a nightmare.

Three months have gone without any house being built for them.

What the Buthelezis now have is not a house of their own but many promises and excuses why this had not happened.

"My wife and I have decided that we are no longer going to swallow this," Buthelezi said. "We want our deposit back and are not compromising on this one," Buthelezi said.

But it has proved problematic for the Buthelezis to retrieve their deposit.

"Countless phone calls and personal visits to Mtshali's office have all proved to be in vain. I am mad at this man and I think we deserve protection," said a distraught Buthelezi.

The Buthelezis who were hoping to occupy their R65 000 five-roomed house this Christmas are not the only clients who have complained about the same contractor.

Mtshali admitted that he had received R6 500 from Buthelezi as deposit for a house.

He said he was not entirely to blame

for the delay in building a house.

He blamed the delay on the registration of Buthelezi's bond which, he said, took a long time.

He said that was the reason why there was a delay in the building of Buthelezi's house.

Miss Thandi Maseko (37) a mother of two, paid a R3 500 for a "house" in Palm Springs near Evaton.

She was apparently assured by Mtshali that she would move into the house by June but this did not happen and she has demanded her deposit.

“We cannot blame these newspapers for carrying the advertisements of these unscrupulous dealers but the point is that these newspapers help them reach a large section of black clientele”

Maseko has been chasing after Mtshali since August without success.

"He first gave me a cheque post-dated to October 31 saying that he would have funds by this date. But to date I am still battling to get my money from him," said Maseko.

Approached for comment, Mtshali said he hoped it would not be necessary to issue post-dated cheques in future.

Maseko has until now not received her cheque for R3 500.

She is seeking legal advice.

A number of companies, including some reputable ones, have delayed meeting their obligation in terms of putting up structures for their clients.

The director of the Lawyers for Human Rights housing unit, Mr Brian Leveson, said the excuses for failure to deliver were that the developers could not work on the sites because of the violence in black townships.

A spokesman for one building contractor said his company sometimes had problems in meeting the deadline for the provision of homes to its clients.

He said: "I am not saying this is incorrect, but it should be understood that often we cannot deliver on a specified date because we have our properties vandalised by criminals. It is not uncommon to have criminals stealing building materials on site.

"Taking that into account, it is often not possible to deliver on a specified date. But we are not saying this practice is right. We are merely trying to put issues in their true context."

Other difficulties facing would-be property owners are that unscrupulous property developers reached their targeted markets by placing their advertisement in newspapers with a large readership.

"We cannot blame these newspapers for carrying the advertisements of these unscrupulous dealers but the point is that these newspapers help them reach a large section of black clientele," Leveson said.

Sowetan established that certain companies, including Invesco International, exclusively did business with blacks "on the lower rung of the economic scale".

In May Invesco disappeared with millions of rands belonging to black clients.

Leveson warned blacks to be more vigilant when dealing with property developers by refusing to pay deposits directly to them.

He also suggested that blacks should deal with reputable companies.

Leveson said they had already spoken to more than 5 000 clients who have invariably claimed they had been swindled by these companies.

ant when dealing with developers

Swindle tales

Sowetan 25/11/92

Income: Home-seeking families affected come from the income range of around R950.

Period in which clients paid their deposits: June 1990 and September 1992.

Number of lost deposits on new houses: 1960.

Number of lost deposits on council match-box houses: 1029

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Number of bond applications forged by sales representatives: 196.

Number of houses not completed or builder going insolvent: 245.

Number of clients whose house were repossessed: 294.

Most clients interviewed responded to newspaper adverts.

Europe. The company has set a goal as a long-term strategy. Joint-MD Louis Breck-entidge says because of...

PROP

National housing policy is 'completely lacking'

8/DAY 25/11/92

123

PETER GALLI

A COHERENT national housing policy is completely lacking even though SA is experiencing its most intense period of urbanisation, says Cape Town deputy mayor Clive Keegan.

Because of this, private and public sector bodies have been asked to start educating the public on the radical changes facing SA's cities.

Keegan recently told the Cape branch of the Institute of Valuers that land was the most politically volatile issue in SA society.

It would probably be the resource brought most strongly to the fore in any post-apartheid government's policy of redistribution and restitution, he said.

"In the current socio-economic and political environment, any readjustment aimed at normalising the highly inequitable shape of the apartheid city requires a combination of efforts by the public and private sectors and by community organisations," he said.

But a stalemate had arisen, and neither the private nor the public sectors were able to deal adequately with the crisis.

Not only was there no coherent national housing policy or strategy,

but there was also little academic interest in inner city housing.

"There is a need to start reurbanising the city, to implode urban areas and so avoid developing the city fringes that place heavy costs on people and resources in terms of travel distance and lack of jobs in the area."

There was a tendency to resist subdivisions in city suburbs and this would have to change. The economic inefficiencies of the cities could be met only by a "profound change" in thinking, said Keegan.

Affordability

Options included looking at infill housing in existing areas, subdividing into smaller plots, and the utilisation of vacant inner city land for housing - particularly for the poor.

"However, this is also problematic. Inner city land is costly and, if we rely solely on market values, will push the cost beyond the affordability level of the people we want to move there," he said.

It could be argued that strategically located inner city land was far too

valuable in terms of its potential for providing affordable housing to dispose of at market related prices, particularly at the current stage of political development.

"The ANC, civic associations and other progressive bodies are insisting that the state and local authorities should not be considering the disposal of public land until new local authorities are in place."

Keegan said there was a growing need for innovative thinking about new subsidy systems, title and housing management, which had not yet been contemplated in this country.

Unlike previous attempts at community involvement, it was expected that future housing would be designed and built through a process in which the end users would be involved from the outset of the project to its implementation.

A range of new administrative mechanisms would emerge in future years to facilitate urban initiatives for low income developments.

"Many will be based on prototypes not yet experienced by this country, like co-operatives, Section 21 companies as housing vehicles, community land trusts and sectional title for low income housing," he said.

Pretoria agencies due for merger next week

ANDREW KRUMM

A MERGER between Pretoria-based Chapman Real Estate and Joan Behr Estates on December 1 will create the city's largest estate agency, says Chapman Real Estate MD Rob Ketjen.

The merged group, to be known as Chapman-Joan Behr Estates, would represent about 30% of Pretoria's property market with a combined turnover of between R150m and R200m in 1993.

Ketjen forecast that the new group's share of the Pretoria market would grow to between 35% and 40% by 1995.

Joan Behr Estates MD Roy Esakov, who will head the group, said the merger came about when both agencies realised they were seeking the same thing: market leadership in a single geographical area.

Ketjen said integration of the two operations had already started, and was proceeding smoothly.

The new agency would be represented in seven offices by 120 property consultants.

8/DAY 25/11/92

SA investment in homes tumbles

(123)

Political Staff

CAPE TOWN — SA's gross domestic fixed investment in housing had fallen from about 17% of the gross domestic product in the 1960s to 11%, the President's Council economic affairs committee said today. *BDA*

It also warned that by the turn of the century more people in the urban areas could be living in informal housing, including shacks, than in "standard" housing. *25711192*

Whatever the expenditure on housing, it was commonly accepted as inadequate, it said.

"Apart from the immediate quantitative implications, the growing backlog creates an excessive demand, thus driving up the cost of housing and making the actual expenditure less and less effective."

The committee said unless the recommendations of the De Loor task group were accepted and speedily implemented, chances of a substantial improvement in the housing situation in the short and medium term were small.

PROPERTY

Property market optimistic after cut in mortgage rate

BIDM 25/11/92. (123)

Reports by
PETER GALLI

THE half percentage point cut in the mortgage rate by major banks last week has given rise to a more optimistic mood in the residential property market, estate agencies say.

However, the move in itself is not expected to have significant practical benefits, as positive political developments are also needed.

Eskel Jawitz JHI Real Estate MD says that for any meaningful improvement in the property market to happen, rates have to fall even further — to between 12% and 13%.

"We have grown too accustomed to the distortions of a sick economy and need to keep a cautionary sense of perspective. Our interest rates are still far too high in comparison with those in the US and UK," he says.

Durban-based Wakefields chairman Keith Wakefield agrees, saying that while the property market would prefer to see mortgage interest rates

at 14% or less, "the direction is right, and continued downward pressure on interest rates must lead to further cuts in bond rates".

The easing of overdraft and hire purchase rates would take pressure off many beleaguered homeowners.

Lower interest rates mean more people can afford to buy homes and he hopes there will be an increase in the tempo of house sales as people start to make commitments.

"Recently we have seen many reports of dramatic increases in the number of homes repossessed by the banks, and one hopes there will be fewer people who are forced to sell homes they can no longer afford."

Pam Golding Properties Transvaal MD Ronald Ennik says that while the move will have no significant impact at present, it will give

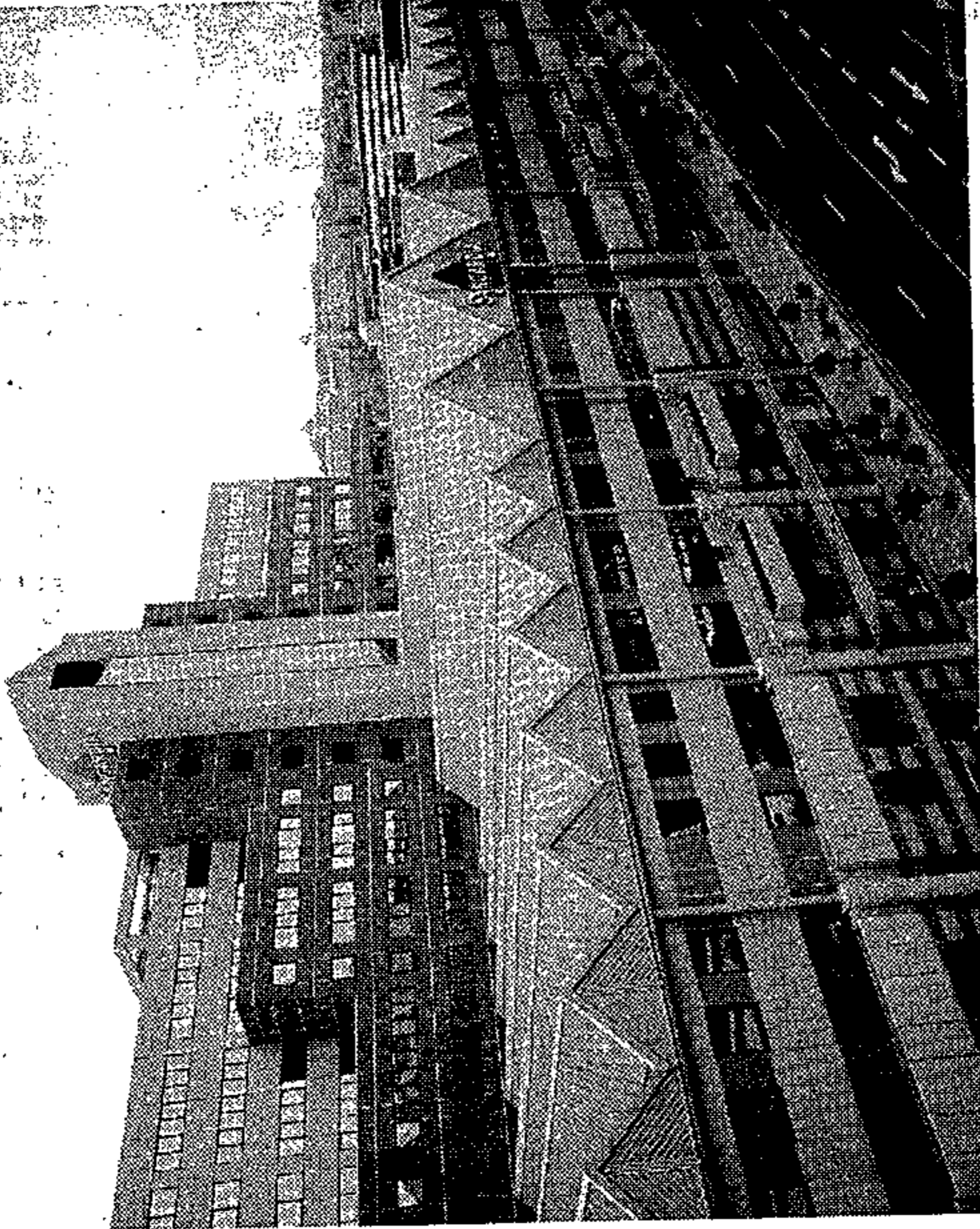
the market a psychological boost. "The cumulative effect of the 3.25 percentage point drop since the beginning of the year will not have an impact on the upper end of the market as much as the middle and lower ends," he says.

Although the market is still influenced strongly by the lack of confidence in the political situation, without the boost of lowered mortgage rates the 1992 property scenario would have been far worse.

Wakefield says homeowners and estate agents face a much brighter market in the wake of the cut.

"If we can see some political progress to match the latest economic advances, then recent gloomy business forecasts will go out of the window as SA heads for greater prosperity in 1993," he says.

Interest rates are moving back to acceptable levels, which will have many positive spinoffs for property and the economy, he says.



Sancardia, Sanlam Properties' R114m office and shopping complex in Arcadia, Pretoria, is fully let — about six months after completion. Lease agreements for the 17 800m² office tower have been concluded and except for two small shops, the 10 600m² of retail space has been let for some time. The Transvaal regional office of Telkom is the largest tenant. It occupies 8 700m² on six floors.

Plan now for huge urban influx, PC report urges

CAPE TOWN — A 155% increase in the number of urbanised black people has been projected for the period 1985 to 2010 and a proactive approach has been recommended by the President's Council to cope with the influx.

The council's report on a revised urbanisation strategy for SA recommends the formation of a single development corporation to undertake large-scale township development for the estimated 20-million new urban dwellers.

The fastest growing metropolitan population was forecast to be the Durban-Pinetown-Maritzburg area where population was expected to expand from 3,4-million in 1990 to 5,4-million in 2005.

The Cape Peninsula's metropolitan population would grow from 2,5-million to 3,4-million in this period, the PWV from 7,4-million to 10,2-million and Port Elizabeth-Uitenhage from 885 534 to 1,1-million.

The urban black population in 2010 was estimated at 33,2-million and the rural black population at 15,2-million.

The report, compiled by the council's economic affairs committee under the chairmanship of Andries Scholtz, said land for urban settlement should be identified in advance. Infrastructures should be developed and structure plans prepared for every town or city where expansion was expected. This would serve to limit further growth of squatter areas and prevent ad hoc development.

"It is apparent that much of SA's urbanisation in the

foreseeable future will take the form of informal settlements with site and service schemes," the committee said.

The infrastructure to cope with the urbanisation process could be developed by a special, nationwide organisation manned voluntarily by jobless, untrained blacks who had left school prematurely from 1967 onwards for political reasons. This would give them on-the-job training while addressing urbanisation needs.

The committee's report updated the government's 1986 White Paper on urbanisation found by the committee to have had not much success in achieving balanced towns in black areas.

The report said there had been a lack of community participation in the development process, as the approach advocated by the White Paper had been top-down, bureaucratic and had left little scope for local community initiatives.

Town planners and city managements would have to aim to establish viable communities in informal settlements; replan and upgrade existing black townships; and incorporate both types of townships into nodal white urban areas on the basis of integrated local authorities.

The report urged protection of the urban hierarchy from the larger metropolitan areas to the smallest rural towns, as well as encouragement of middle-order towns which would link big cities and towns.

"The SA urban system exhibits signs of an abnormal imbalance. There are too many small towns accommodating too few people, set against a few large metropolitan areas with too many people in them. This trend underscores the decaying process of the majority of small towns on the platteland."

Attempts should be made to ensure the survival of small rural towns and consideration should be given to the establishment of small towns for farm workers who presently lacked fixed property rights. Township development on tribal land in the self-governing areas should also be looked into.

The committee felt that improving rural circumstances could decrease the flow to the cities.

LINDA ENSOR

Warning (123)
CT 25/11/92
on urban
housing

Political Staff
BY the turn of the century, the number of urban people living in informal housing, including shacks, could outnumber those in "standard" housing, the President's Council Committee for Economic Affairs has warned.

Gross domestic fixed investment in housing had fallen from about 17% of the gross domestic product in the 1960s to 11%, the committee said in its report on urbanisation.

Whatever the expenditure was on housing, it was commonly accepted as inadequate.

"Apart from the immediate quantitative implications, the growing backlog creates an excessive demand, driving up the cost of housing."

Concerted efforts by the public and private sectors were required to make cheaper housing available for the growing marginalised urban population.

Govt takes fresh look at forum

TIM COHEN

PRETORIA — Government has initiated discussions with the National Housing Forum with a view to rejoin the body should it be reconstituted. *3/10/91*

Deputy Regional Development Minister André Fourie said government might rejoin the forum, following publication of the President's Council urbanisation report this week.

The report recommended that an "inclusive consultative mechanism" be established to negotiate an urbanisation strategy.

But Fourie said rejoining the forum was but one possibility and that it ought to include a wider range of government departments.

Fourie welcomed the council's report, which also recommended the identification of land to accommodate SA's urbanising population and the streamlining of mechanisms for establishing townships. *27/11/92*

Fourie told a news conference that government's current approach to urbanisation management was largely in line with the report's recommendations.

Government is still considering a recommendation that an urban development corporation undertakes large-scale decentralised developments.

Fourie said existing bodies might be able to perform these functions.

But he emphasised that the core issue for the urbanising community was the urgent need for economic growth and job creation.

Govt seeks ideas on urban plan

STAR 27/11/92
By Jo-Anne Collinge

The Government does not intend to act unilaterally in formulating an urbanisation policy, Deputy Minister for Regional Affairs Andre Fourie said yesterday as he invited interested parties to submit proposals for "an inclusive consultative mechanism".

Addressing a press conference in Pretoria, Fourie said: "The Government is committed to a process of negotiation and therefore accepts the President's Council's proposal for an inclusive consultation with all interested parties in the formulation of a new urbanisation vision..."

The Deputy Minister said a February 28 deadline applied to submissions on the consultative structure, which should be addressed to the Director-General of Regional and Land Affairs.

Fourie suggested that it was possible that an expanded National Housing Forum might fit the bill for such consultations.

Some months ago the Government turned its back on the forum, which was left with representation mainly from extra-parliamentary parties, civic bodies and development agencies.

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ARC 27/11/92

Thousands to get free homes

MICHAEL MORRIS, Political Correspondent

THOUSANDS of State tenants are to be given their homes in a government housing bonanza.

About 70 000 houses in greater Cape Town will be given away or sold cheaply under the countrywide scheme.

The government announced today that all State-financed houses built before 1983 can be bought at a discount of R7 500, in a far-reaching R1-billion scheme to ease the burden of housing costs on low-income families.

All houses that cost less than R7 500 will be transferred free of charge to tenants and people buying them under hire purchase.

In cases where houses are worth more than R7 500 buyers will pay only the difference between R7 500 and the purchase price.

More than 745 000 houses are affected countrywide. Of these, about 160 000 are in coloured areas. The remainder are in black, Indian and white areas.

The 70 000 in greater Cape Town are in areas such as Mitchell's Plain, Bishop Lavis, Manenberg, Hanover Park, Facticeon, Bonteheuwel, Kensington, Kewtown and Athlone.

The concession was announced today by the Minister of Local Government, Housing and Agriculture in the House of Representatives, Mr Pieter Saaiman.

He also disclosed that negotiations were under way to extend the concession to houses built after 1983. This could become effective next year.

The concessions were "part of the House of Representatives' long-term upliftment programme for needy communities", said Mr Saaiman.

He said people becoming home-owners would still be responsible for water and electricity bills and would have to pay rates in future.

The concession is effective from today. Full details will be given to tenants by municipalities, management committees and other local authorities. Thereafter, tenants will be free to approach attorneys and conveyancers to secure full title.

The concessions form part of the national sales campaign of State-financed houses, launched in 1983.

Mr Saaiman said he believed the concession was the most positive initiative to come from the House of Representatives.

"This could change the face of South Africa. It generates pride, and I predict new home-owners will begin showing greater concern about their homes, their gardens and their surroundings. People will start renovating their houses and uplifting their areas," he said.

"This is why we believe the concession is so significant."

An additional benefit was that local authorities would be relieved of the costs of administering rents and sales. One of the drawbacks of the selling scheme launched in 1983 was that smaller local authorities did not have the resources to administer the scheme.

Ultimately, the concession will boost the property market. The R7 500 price tag of houses covered by the concession is the historic cost, or actual construction cost, but market values might range from R20 000 to R40 000.

A pre-emptive clause designed to prevent speculation will mean that a percentage of the profit must be repaid to the State if the house is sold within five years.

Way cleared to tap pensions for housing

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CT 27/11/92

By MAGGIE ROWLEY
Property Editor

THE last major legal obstacle to an initiative by the Old Mutual and The Urban Foundation to tap pension and provident fund money for housing has been lifted.

Jill Stelitz, executive director of The Urban Foundation said they were now awaiting necessary regulations governing the implementation of the initiative, which are expected to be gazetted soon.

Four years in the making, the scheme called Old Mutual Homefunder is aimed at members of retirement funds earning between R800 and R1 500 a month.

The initiative will allow retirement fund members immediate access to the money they have accumulated in the fund rather than forcing them to wait until retirement, according to Henk Beets of Old Mutual Em-

ployee Benefits.

This accumulated withdrawal benefit can be used by a fund member as a deposit for a mortgage bond and/or to top up the monthly mortgage bond repayments.

As such, if the monthly repayments exceed 25% to 30% of a homebuyer's monthly income, the extra amount can be borrowed from withdrawal benefits.

"Since bond repayments generally decline over time in relation to income, a point is reached where the home-owner's income is high enough to allow him or her to service the bond repayment without a top-up from his or her withdrawal benefit.

"At this point, the home-owner begins to repay the loan from the retirement fund so that the bond repayments plus this retirement fund together do not exceed 25% to 30% of his or her income."

The scheme, he said, is structured to en-

sure that the member's retirement benefit is intact.

"Using this new initiative, a retirement fund may now seek exemption from the Pension Fund Act, allowing borrowers up to 10 years before they have to begin repayments.

"Since the borrower is not in default at the time, the Usury Act prohibits the charging of interest on interest on the outstanding amount. An exemption from this Act may now also be applied for to allow full recovery on the loan after the moratorium period expires."

Beets said while this new initiative has tremendous potential for increasing access to home ownership, it did rely on the participation of the mortgage lenders for its success: "We hope the initiative will encourage financial institutions to take up the challenge of entering the lower income housing market."

MORTGAGE RATE CUTS

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FM 27/11/92:

Not enough for lift-off

Lower interest rates — triggered by last week's cut in Bank rate — should bring relief to homeowners, but a turnaround in the property market still seems some way off. Absa economist Christo Luus says the cut at this stage has only a psychological effect. "The cut in mortgage rates this time round was relatively small and, with the depressed economy, alleviates the burden rather than pushes up demand."

Still, some stimulus can be expected, though it will take some time to filter through as the building industry breaks for the festive season. Further cuts, on the back of October's lower-than-expected annualised inflation increase of 11,7%, should occur only in the new year.

Luus believes there could be another two-percentage-point cut in Bank rate before mid-1993 — which should mean an equivalent drop in the mortgage rate. "If the economy expands the way we hope it will, these rates will prevail until early 1994," he says.

"Thereafter, we could move into an upwards interest rate cycle if the Reserve Bank is forced to put the brakes on credit expansion and curb any inflationary pressures that may start to build up again. The Bank would be very reluctant to have an accommodating monetary policy meaning low or negative real interest rates in view of the bad shape of government finances," Luus adds.

Property analyst Erwin Rode says cuts in interest rates usually help to push up the level of transactions. "There should be some beneficial effect on the number of new houses started, though this is limited to the traditional white homebuyers, with the continuing crisis in black housing," he warns. But Rode also feels that lower rates have little effect on house prices.

Luus says a property market upturn is still pretty much dependent on a general upturn in the economy — not expected until the third quarter of next year.

But lower interest rates will place downward pressure on bank margins, with the competitive environment of the home loan market not allowing institutions to buck the trend. Luus says, in view of this, and the ever-present fear of bad debts, interest rate cuts could push down deposit rates even further. Perhaps with this in mind, many banks are urging homeowners to keep payments at current levels, shortening the life of the loan, rather than lengthen the period or incur more debt.

Mortgage rates are often lower than the 16,75% now available from most institutions. Martin Charney, of Martin Charney & Associates, says homebuyers can now acquire a bond at 15,5%, for a home of R500 000 or

more, at most institutions. "This is considerably better than the 16,25% one can get on Standard Bank's Prestige home loan, and goes to show how competitive the market is."

The effect of lower short-term interest rates should be even less on the commercial and industrial property market. Rode says there is a long lag involved in the relationship between the two. "Ultimately, the market reacts to changes in demand for space, which in turn will increase only once the economic upturn is under way. The problem is compounded by the oversupply of office space," he says.

Luus says the drop in interest rates might benefit the industrial property market as costs of finance decrease and returns on other investments decline.

Sanlam Properties GM Dolf Müller says the industrial and commercial property market is little affected by short-term rates: "Investment decisions of this nature are guided by the long-term view, which is still clouded by sociopolitical uncertainties. Rates at the long end of the market don't seem to be coming down." ■

FM 27/11/92
LOW-COST HOUSING

Use that slag

The **FM** has in the past suggested that one way to bring down the costs of housing for low- or no-income people is the re-use of building materials from demolition sites. Now Portland Cement Institute has come up with some ideas of its own.

It has been suggested that at least R700 could be sliced off the cost of a R20 000 house if industrial waste were used in the manufacture of cement bricks or blocks. Institute executive director Graham Grieve says analysis and testing of waste material for sectors such as mining show that byproducts of many metal smelting processes — such as silica fume, blast furnace slag and fly ash — could be blended with Portland cement to form products similar to cement.

Investigations are also being carried out into the use of charge chrome tailings and waste silica ore for possible use as aggregates. Large volumes of these waste materials are often dumped and could damage the environment.

Grieve adds: "Some waste materials have been used as sources of aggregate for use in concrete or concrete products. Blast furnace slag produced by Iscor, which, when used in the manufacture of blended cements, has already attained a quality covered by a Sabs specification. Fly ash, derived from Eskom power stations, can also be used for the

PROPERTY FM 27/11/92

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that of ordinary Portland cement." Genmin civil engineer Brian Dowling says Impala Platinum furnace slag has been successfully applied as part of the mixture for the production of bricks and blocks for low-cost housing programmes within the Genmin group. Local entrepreneurs from villages adjacent to the slag dump at Mineral Processes in Rustenburg collected the slag free of charge and used this, together with cheaper cements containing fly ash, for brickmaking.

"Slag aggregates have also been introduced to Impala Platinum's employee housing scheme. Substantial quantities of slag can be substituted for sand and stone — resulting in big savings in the cost of building a house. There are 3,6 Mt of platinum slag available which, if utilised properly, would help to build more than 100 000 rural houses."

Dowling adds that the Columbus Stainless Steel project team has been alerted to the possible savings and environmental benefits in using Middelburg Ferrochrome's charge chrome slag. Trans-Natal's social upliftment programme could also benefit from the availability of Samancor's slag production, he suggests. And "other investigations in progress now include the use of charge chrome tailings, available in at least seven other locations, and waste silica ore, which is also available within the Genmin Group." ■

FM 27/11/92
for lift-off

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manufacture of Sabs quality-approved blended cements.

"A recent introduction is condensed silica fume, a dust collected during the production of silicon metal or ferro-silicon alloy, which has found use mainly in special applications with cement. The quality of all these materials can be specified to meet Sabs standards.

"All of these supplementary cementitious materials have the ability, when used correctly, to enhance the quality and durability of the concrete end-product. As waste products, the energy consumption of production as a cementitious material is generally low. The prices of slag and fly ash are well below

of concrete

GREENER PASTURES

In a surprise announcement, Werksmans' property partner Laurence Kaplan (35) is to switch from the legal profession, where he has earned an enviable reputation in the field of commercial property law, to commodity trading. He will make the move early next year.

Why the change? The FM understands that one of the attractions for Kaplan in his new job is the opportunity of relocating to Europe.

Says Kaplan: "Opportunities in life are few and far between and when something as exciting as this job came up, I grabbed it. I have had an incredibly challenging and stimulating time in the property department at Werksmans and I leave a highly motivated and competent team headed by Fatima Rodrigues."



FM 27/11/92
LOW-COST HOUSING

Use that slag

(123)

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Trying to ensure a future

The SA Housing Trust is changing direction — if comments in its annual report by acting chairman Meyer Kahn and MD Wallie Conradie are to be taken seriously.

The trust is a government-funded organisation that services the low-cost end — R25 00-R35 000, including house and land — of the housing market. Since its inception five-and-a-half years ago, the trust has brought about the construction of 38 500 houses — all through private-sector builders — and provided 48 000 serviced stands.

Earlier this year, the De Looer Report advocated rationalising development bodies concerned with black housing, such as the trust, to avoid duplication of effort. But Kahn and Conradie appear to see a more promising future for the trust.

Says Kahn: "The trust board was able to ascertain with sufficient clarity that, if the strategic direction and business focus of our company were to be redefined marginally, its relevance would be ensured in the SA of tomorrow." Kahn adds that "appropriate adjustments have accordingly been implemented, while the corporate structure has been amended to reflect the need for cost-effectiveness and dedicated focus in certain key strategic areas." FM 27/11/92

The trust's focus will thus shift from "doing for" to "doing with" the communities it serves. It has also meant keeping to budgets and so staff have been cut 14,6% this year. This brought retrenchments and natural attrition to 28% over the past two years. The trust now employs 367 people, including residential agents, and it will consider affirmative action to make its board and management team "more representative of the market it serves."

Due to the recession, bond boycotts and the lower number of bonds granted by financial institutions, the trust's level of performance was lower than the year before. For example, only 9 500 families (12 000 in 1991) acquired homes through it this year. ■

Railways chief condemns attack

AN URGENT investigation into Wednesday's machine-gunning of 36 commuters at Soweto's Mlamlankunzi station has been ordered by SA Rail Commuter Corporation (SARCC) MD Wynand Burger.

Police said 12 attackers fired on commuters as they disembarked at the station. Most of those wounded were Inkatha supporters, according to eyewitness accounts.

Burger said yesterday that there appeared to be a link between the timing of advances in train security and attacks on passengers.

The latest attack came as the ANC and Inkatha agreed to meet in an effort to defuse violence and days after the SARCC unveiled new high security train coaches, he said.

"I am deeply concerned at Wednesday's attack and horrified at the brutality of the cowardly thugs who continue to prey on innocent commuters," he said.

Meanwhile, Springbok Patrols MD Mick Bartmann yesterday denied guards from

RAY HARTLEY

his company fired on commuters during the attack.

He said three guards positioned at the station in terms of a contract with the SARCC had fired warning shots into the air, dispersing the attackers.

One of the guards — who were armed with shotguns loaded with birdshot — then fired in the direction of one of the fleeing attackers, he said.

The train had been inspected and no traces of birdshot had been found, confirming that the guards had not fired at commuters, he said.

Burger said more than R100m had been spent on new security measures in the Transvaal in the past eight months.

"We are going to continue full speed with both our anti-violence measures, as agreed with the Train Accord Group, and with implementation of recommendations that may come from the Goldstone commission," he said.

Sanco, SA Perm edge closer to agreement

THE SA National Civics Organisation (Sanco) and the SA Perm are edging closer to signing an agreement which will significantly change the building society's operations in townships.

Sources say a key feature of the agreement will be a banking code of conduct which will regulate the financial institution's lending policies to township residents.

The agreement is expected to be signed soon, probably within weeks.

Neither Sanco president Moses Mayekiso nor Perm GM for development Denis Creighton would comment.

But the Perm has, up to now, been the only financial institution which has agreed in principle to Sanco's proposal for a banking code of conduct.

According to Sanco's documents, it is envisaged

that the code of conduct will improve the relationship between financial institutions and township residents.

The documents say the relationship has been soured by the banks' role "in pursuing investment policies which maintain the current government".

There is also a perception that banks are reluctant to lend money to township residents.

WILSON ZWANE

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Watch risks in property syndicates

STAR 28/11/92
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AWARE of the risks inherent in property syndications, and rather than invite checks and control from the central Government, the property industry has decided to form a body to help regulate the industry itself. MAGNUS HEYSTEK reviews the new developments.

THE Financial Services Board (FSB) this week issued a statement warning people about risks inherent in property syndications. This follows on recent warnings by SA Property Owners' Association (Sapoa) chief executive Brian Kirchmann that some of the promised returns, mainly in aggressive advertising campaigns, are becoming more and more unrealistic.

Partly as a result of the concerns of the major players in the industry, the Public Property Syndication Association of SA (PPSA) was recently formed.

They all realise that the entire industry, estimated to be worth more than R1 billion, would be tainted by the failure of just one badly constructed property syndication or an event where an unscrupulous promoter disappears with public money. Rather than invite regulation from the Government, the property industry has decided to regulate itself.

At the heart of the PPSA is the code of conduct, which has already been approved by the FSB and the Registrar of Companies. All members who voluntarily join the PPSA will have to adhere to this code by means of:

- An affidavit to the effect that the promoter adheres to the code.
- Producing a statement signed by the promoter's attorney or accountant to the effect that the proposed syndication complies with all legal requirements. In exchange for signing the code of conduct, promoters of property syndications will be entitled to insert a Sapoa logo in their advertising, which will offer some credibility to the proposal.

Does this mean property syndications without logos should be avoided? Not really, but it should increase awareness about the assumptions and projections contained in a prospectus. Does it also mean a syndication with a logo will be guaranteed to succeed?

Once again the answer is no. Nothing in life is certain or guaranteed. But what it will do is weed out the less moral developers who are bound to be attracted to this booming field of investment.

In addition, plans have already been put into effect to give the PPSA statutory powers which will be included in the Financial Services Board Bill, to be presented to Parliament next year.

Happy medium

But at the end of the day, any prospective investor also has to take some responsibility for his or her investments. I don't believe in the laissez faire approach advocated by many spokesmen. I don't believe in protecting the stupid or ignorant against themselves. Somewhere in between there is a happy medium, I feel.

So what should the prospective investor be looking for in all the small print in a prospectus?

Read the document carefully and, if you don't understand certain terms and phrases, ask someone you can trust to explain them to you, even if this will cost some money. Rather lose a little money than all of it.

Look at the track record of the developer/vendor. Stay away from developers who are entering this field for the first time. Rather opt for developers with long-standing track records — and even then, ask for performance figures of their more recent syndications.

If developers have nothing to hide, they should willingly oblige.

Organise rental agreements very carefully, as this determines your income.

Ask about the duration of leases, renewal options and rental escalations, and be alerted when a large number of tenants short-dated lease agreements.

Be sceptical about claims concerning dramatic capital gains. In the property market, like any other market, nothing goes up in a straight line.

Look out for geared properties of where management has the right to gear properties.

If possible, have a good look at the building being syndicated. Look at the condition of the building and its location and ask yourself: Would anyone else want to become a tenant unless the rentals were very low?

Ask the developer about the secondary market. Understand the concept a little better before leaping.

Property syndications have a definite place in a soundly structured portfolio. Many people have made a lot of money over the years.

● For a list of developers who signed the code of conduct, telephone (011) 880-4703.

Report on Zim 'too optimistic'

CF 30/11/92

HARARE. — The World Bank has painted an upbeat picture of Zimbabwe's economic prospects — if promising early rains mean that the worst drought this century really is over.

But economic analysts say the bank's assessment is too optimistic, and agricultural industry sources say that despite the early rains in parts of the country, farmers urgently need heavy rain in the coming week to consolidate recently planted crops.

Details of the bank's report, in a paper to be presented at next week's meeting in Paris of aid donors backing Zimbabwe's economic reforms, were made available by business sources.

Debt

The bank forecast Zimbabwe's gross domestic product (GDP) growth for next year at 6%, if the country gets enough rain this season, compared with a drought-induced plunge of at least 10% in 1992.

It also predicted strong recovery in investment and exports but said the external debt had risen to \$3,6bn from \$2,9bn at the end of last year — about 73% of GDP. The debt would climb to \$3,9bn in a year's time.

Private sector economists said the bank's assessment was too optimistic and pointed to a steep fall in investment intentions reported in two recent surveys and to warnings by industrialists that output would fall in the first half of next year.

Bank economists said they doubted economic growth would reach 3% in 1993, the third year of tough World Bank-led reforms seeking to breathe new life into the economy.

Bill Clarke, head of the Retail Association of Zimbabwe, warned that as many as 30% of employees in the retail sector could lose jobs in 1993 because of a 50% slump in sales compared with the same period last year.

Edgars Stores said it saw no improvement until 1994.

A spokesman for the construction sector said few contracts were coming forward and smaller contractors had no work.

While good early rain has fallen in the south and west in the past few weeks, rainfall has been patchy in the main cropping areas in the north and northeast.

Agricultural industry sources said unless heavy rain fell within the next week, many farmers would have to replant crops, which might be difficult because of a shortage of seed.

Agricultural output is estimated to have fallen by up to 40% this year because of the drought, which has left half Zimbabwe's population of 10 million in need of food aid.

Farmers

Both the staple maize sector and export important tobacco sector report a significant increase in plantings, though irrigated tobacco production will be sharply lower because water reservoirs are low or empty.

Commercial farmers will plant 20% less cotton than last year because prices are less attractive than those for maize and tobacco. Beef deliveries could fall by as much as two thirds, according to some farmers who say that next year ranchers will seek to rebuild their depleted herds.

Low-income housing milestones

(123) CF 30/11/92

TWO significant milestones to make home ownership more affordable to low income families were reached in the past week.

Firstly, the last major legal obstacle to tap pension and provident fund money for housing was lifted and regulations governing how this can be done are expected to be gazetted shortly.

The first major initiative aimed at taking advantage of this has been developed by the Old Mutual and the Urban Foundation and is aimed at members of retirement funds earning between R800 and R1 500 a month.

Under this scheme, members will have immediate access to the money they have accumulated in the fund as a deposit for a mortgage bond and/or to top up the monthly mortgage bond repayments.

As such, if the monthly repayments exceed 25% to 30% of a homebuyer's monthly income, the extra amount can be borrowed from withdrawal benefits for a period of up to 10 years.



Property Perspectives
by MAGGIE ROWLEY

Since bond repayments generally decline over time in relation to income, a point is reached where the homeowner's income is high enough to allow him or her to service the bond repayment without a top-up from his or her withdrawal benefit and eventually to begin repaying the loan from the retirement fund.

A second boost to home ownership was announced on Friday by the Minister of Local Government, Housing and Agriculture in the House of Representatives.

Under the state initiative thousands of tenants in state financed homes built before 1983 with an historical value of less than R7500 can take transfer of their houses for free. Cases where the houses have an historical value of more than R7500 buyers will have to pay only the difference between R7500 and the purchase price.

In all cases however, the current market value of these properties far exceeds the historical value.

Of the more than 745000 homes affected countrywide, about 70 000 are in the greater Cape Town area, concentrated in areas previously zoned for coloured and black housing.

The initiative will not only give many a first chance at acquiring a home but will also cut down on the vast administrative costs of these units by local authorities.

The concessions have been warmly welcomed from all quarters, not least of all by the housing department of the House of Representatives itself which appeared to have granted itself the rest of the day off following the announcement on Friday morning. All attempts to contact HoR housing representatives were unsuccessful and the telephone operator said "they have all gone off for the afternoon".

Abe Taylor of the recently formed National Property Forum, said while the move was to be welcomed it had to be followed up by a commitment from financial institutions to lend into this market.

"Many of these homes need upgrading but are in areas where the financial institutions are reluctant to grant home loans.

"It will also enable many new homeowners to consider upgrading to larger homes if not now but at a later stage. This in turn will allow others to enter the housing market. But unless financial institutions are prepared to lend in to this sector any upward mobility will be curtailed and the possible wider spin-offs of this concession will not be realised."

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SHARE IN OUR SUCCESS

Way smoothed for hostel fences

JOHANNESBURG. — ANC leaders in the PWV region and the Transvaal Hostel Residents Association (THRA) yesterday signed an agreement allowing for the fencing of certain hostels.

The agreement followed a series of meetings between the two organisations that focused on violence, upgrading hostels, and integration of hostel residents with the community.

However, the IFP has vehemently protested against the decision, saying it should have been consulted as many hostel residents were supporters or members of the party.

The THRA claims to be an independent organisation representing hostel residents, and insists that not all its members are members of the IFP.

The ANC and the THRA said agreement was reached on the need for a more accountable and inclusive process in the spending of R326m allocated to hostels by the government, and that an important role was envisaged for the National Housing Forum. — Sapa

CT11/12/92
(123)



New mortgage deal on low-cost housing

By Frank Jeans

Old Mutual and the Urban Foundation are to launch a new initiative to tap pension and provident fund money for housing.

The last major legal obstacle to innovation in this area was lifted recently and the necessary regulations governing its implementation are expected to be gazetted soon.

Jill Stréltz, an executive director of the Urban Foundation, says: "This initiative targets those who are employed but who cannot afford the repayments on mortgage bonds."

"We see it as an important component in assisting lower-income people to enter the housing market."

Retirement fund members will now have immediate access to the money they have accumulated in the fund rather than having to wait until retirement.

Henk Beets, of Old Mutual's Employee Benefits General Management, says: "The initiative is simple in concept. A fund member may use his or her accumulated withdrawal benefit as a deposit for a bond and or to top up

the monthly mortgage bond repayments.

"This means that should monthly repayments exceed 25 percent to 30 percent of a home buyer's income, the extra amount can be borrowed from withdrawal benefits."

Since bond repayments generally decline over time in relation to income, a point is reached where the home owner's income is high enough to allow him to service the bond repayment without a top-up from the withdrawal benefit.

At this point, the owner begins to repay the loan from the retirement fund.

The scheme is structured to ensure that the member's retirement benefit is intact by the time he or she retires.

While the scheme has tremendous potential for increasing home ownership, it does rely on the participation of the mortgage lenders for its success.

"We hope the initiative will encourage financial institutions to take up the challenge of entering the lower-income housing market," says Stréltz.

Developers 'need to focus on environment'

B/D AM 2/12/92

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ENVIRONMENTAL issues are fast becoming the focal point of popular interest, and property developers who are not seen to conform or show interest will lose market share, says Anglo American Property Services estates development director Peter Gardiner.

"Rapid urbanisation poses a major threat to our natural environment and developers need to put something back as they continue to supply the market with residential and business developments.

"Development needs to be managed in a way in which there are tangible benefits to the man in the street," he said.

However, in heeding environmental concerns, the developer had to avoid over-capitalising its products, particularly in the current recession, he cautioned.

Gardiner said there was no excuse for not taking into account the advantages of environmental planning in development design to achieve:

- A more attractive end-product;
- The preservation of the natural resources of each property developed;
- An enhanced quality of lifestyle for the tenants or buyers;
- Fulfilment of a public education obligation; and
- A higher return on their investments.

"Although it is initially costly to capital-

PETER GALLI

ise, we are firm believers that in our sphere of development conservation can and must be made to pay its own way.

"Our environmental management policy establishes controls from the initiation of an estate development that is linked to provisions for its ongoing management and maintenance, through legal structures such as Business Park Owners and Homeowners' Associations," he said.

Ampros' estate concept provided conservation areas, a landscaped environment, security and community facilities managed by an association with an executive committee elected by residents.

"The size of our estates and business parks are designed so we can rationalise the capital cost of the enhancements necessary to create these facilities," Gardiner said.

The cost to communities of maintaining the environment was rationalised among unit owners, who paid a monthly levy to the Homeowners' Association of between R100 and R150 a month.

Ampros had three non-residential projects on its books — Waterfall Park and Kyalami Park in Midrand and Springfield Park in Durban. Its six residential projects were in Sandton, Chaka's Rock, Muizenberg, Midrand, Pretoria and Bellville.

Little interest shown by buyers at marina auction

^{BIDAM 2/12/92}
THE reluctance of buyers — particularly in the Transvaal — to purchase property at an auction was reflected in last week's auction of unsold portions of the first and second phases of the Marina Martinique development at Jeffreys Bay by its liquidators.

Of the 169 erven available at the marina under the first phase and the 63 erven in the second phase, only five were bid for. Group Five bid R2,87m for a medium-zoned residential erf of 14 305m² with 20 townhouses on it.

Offers to purchase were received for another four individual erfes at R60 000, R70 000, R90 000 and R100 000. No interest was shown in the other individual stands, the second phase as a whole, the site zoned for the hotel or the area zoned for the marina centre.

Auctioneers have said this method of sale is still regarded as negative and has the connotation of either a "desperate seller" or liquidation sales.

J H Isaacs (Tvl) leasing and sales director Wayne Wright said: "On the Reef, properties under the hammer are often viewed as sales of last resort and are usually linked to liquidations."

The PWV market would have to be

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PETER GALLI

"educated" as sellers in the Transvaal were prone to over-expectation on price, while buyers saw auctions as the place to "pick up property for next to nothing", he said.

The result was an imbalance that was not conducive to successful auctions, he said.

Marina Martinique auctioneer David Newham said the offers to purchase received for the five erfes were obtained at a discount, adding that many buyers were reluctant to buy at an auction.

Services

"The fact that we sold over R3m worth of property is positive. A major corporation like Group Five has already taken a position and there are many more waiting in the wings who will probably make offers in the next few days," he said.

Because of the low interest, Newham decided to hold back on the collective auctioning of the site, saying: "We do not want to deal with the rats and mice but rather with the developers and major players."

Some prospective buyers appeared to have been deterred by the uncertainty surrounding the transfer of in-

dividual stands by the Jeffreys Bay municipality.

Town Clerk Frans Viljoen said recently that no transfer would take place until the outstanding services under the conditions of establishment for the marina had been guaranteed or completed.

At the auction one of the liquidators, Ralph Moolman of Cape Trustees, said negotiations had taken place between them and the municipality and an agreement had been reached.

"In terms of this agreement the liquidators will pay the council an amount of money that will cover this and allow them to register servitudes and issue the required clearance certificate," he said.

Viljoen said he was "satisfied" with the agreement, but declined to release any details as it still had to be approved by council and the Master-bond curators.

This confirmation was expected to be in place by December 9, but, should there be a problem, all money received would be returned.

Acceptance for the offers to purchase by the seller was also due only by December 9, he said.

The unsold properties were expected to net about R15m to R20m by the time they were sold out, Newham said.

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Seeff is looking for R1bn turnover soon

LINDA ENSOR

CAPE TOWN — Seeff Organisation Holdings had increased its total turnover by between 50%-60% to about R500m in the six months to end-August and, provided the political situation stabilised in the period until its year-end, would generate turnover of more than R1bn, chairman Lawrence Seeff said yesterday. *BLOM 2/12/92*

Residential sales were just under R400m.

Seeff said the group had performed well, despite the difficult market, benefiting from its diversification and aggressive marketing programmes. The diversification programme was aimed at establishing a presence in all spheres of property and related financial services.

The financial services division, Seeff Trust, contributed 37,5% to group profits, Seeff Slot Projects 37,5% and Seeff Residential 20,1%, despite an increase of more than 50% in the value of sales.

Seeff Slot Projects, established two years ago, is the development arm of the group involved with the design, building and marketing of its own developments. Seeff said its performance had been surprising. Seeff Residential, which acts as the division's marketing arm, expected sales of more than R50m during the coming months.

Residential sales in the Transvaal had overtaken those in the Cape, but Seeff said this was to be expected because of the larger market and agent complement in the Transvaal. The Cape employed 150 agents and the Transvaal 180.

Seeff Commercial Properties had had to operate in the most difficult sector of the property market and its contribution to profits was still relatively minor. However, Seeff said, recent sales and major letter contracts would improve its performance.

The group's move into Natal would take place early in the new year.

Seeff Mergers & Acquisitions would benefit next year from its recently acquired stake in Hotel Broking Services.

Redesigning yields direct returns in productivity

BLOM 2/12/92
CORPORATE clients are becoming increasingly aware of the financial advantages of improving their immediate work environments, says SA Design Society president Des Laubscher.

"It has been proved that an enhanced work environment increases the productivity of staff. Thus the money spent on revamping space has a direct return in improved staff performance. While the recession has affected the amount of money businessmen are prepared to spend on this, many are now re-evaluating their buildings and how they can make these more cost effective, rather than building new premises," he says.

Laubscher says South Africans are inclined to accept whatever they are told at face value.

"It is essential that we become more discerning, as many things can be changed to suit the client's requirements without much expense," he says.

A much wider product base is now available, and local designers have access to global suppliers. This in turn has made them more aware of international trends and has encouraged them to become less staid, Laubscher says.

"An example of this is Nedbank's banking malls.

"The company has taken its corporate image

and colours and used these as the focal point of its malls, where everything is designed with this in mind — even down to the pen holders," he says.

Formal open-plan offices have become less popular and have been replaced by cellular open-plan designs, as the trend is for buildings to be as energy efficient as possible.

In the past, few designers were involved in projects from the outset, which meant they designed from the outside in.

"What is happening now is that the end users are being considered and the interior designer is called in at the start of the project.

"This allows him to use the environment as best as possible — for instance, by harnessing natural light to save energy and minimising heating and cooling costs," Laubscher says.

The society has nearly 300 members, encompassing graphic, interior and product designers. However, this represents only a small percentage of the industry.

"We have adopted the international code of conduct and will start looking at the establishment of fee structures next year, as well as benefits such as medical aid," he says.

Capital boost fails to stem Zevenwacht losses

CAPE TOWN — Despite significant injections of capital and attention to long term debt, the Zevenwacht Wine Estate — one of the largest in the country — incurred losses in excess of R2,08m in the 12 months to 30 June 1992.

The company and its two wholly owned subsidiaries produces red and white wines in the Stellenbosch district. To restore its position, directors have resolved to offer new shares to existing shareholders to enlarge the capital base and reduce interest-bearing debt.

Zevenwacht chairman Harold Johnson said sales of the estate's wines had been adversely affected by the poor economic climate.

No dividends on the ordinary shares were declared and no dividend was proposed.

Johnson said he did not anticipate a "quick turnaround in Zevenwacht's fortunes", but added that everything feasible was being done to ensure the long-term future of the farm.

Three new dams had been built, new vineyards were being established and wine-tasting facilities were being improved. The estate was also receiving favourable reaction from the export market.



Micon Holdings Limited

RMP looks at housing project (123)

Own Correspondent

JOHANNESBURG — Rand Mines Properties planned to use some of its land to develop affordable housing projects and other community facilities, chairman John Hall said in the latest annual report.

The rapid urbanisation taking place on the Witwatersrand was creating a need for this type of project, which would involve local communities, developers and authorities. CT 3/1/24m

"It is important that a suitably representative and legitimate metropolitan authority be established as soon as possible to co-ordinate the extensive development required to cater for the influx of people as well as the general growth of the Witwatersrand," Hall said.

In an interview yesterday, RMP MD Colin Steyn said the proposed affordable housing projects were still in embryo stage and extensive discussions were taking place between all involved parties.

"Initially we are looking at setting aside about 100ha of land southwest of Johannesburg for affordable housing. Our objective is to keep the houses priced at between R40 000 and R50 000," he said.

He declined to elaborate further.

House prices held back by politics

THE national average price of houses rose by only 5,9% to R134 819 in the year to end-October compared with the same period in 1991, figures released yesterday show.

The survey, conducted by the Absa-held Multiple Listing Services (MLS), said this was despite four cuts in the bond rate during the course of the year and the prospect of more to come. However, political uncertainty had shrouded all movement in the middle and upper income suburbs.

"Market activity in all the regions was concentrated in the lower to middle income price ranges and certain areas experienced stock shortages at the lower end of the market," Absa assistant GM Bruce Wilson said.

Johannesburg house prices saw a year-on-year improvement of 24,8% to R176 800, while Durban prices gained 14,1% to R167 200 and Pretoria 7,9% to R140 500.

BIDAM 3/12/92
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PETER GALLI

However, house prices in Cape Town, which have been under pressure for some time, dipped by 0,9% to an average price of R151 100, while residential prices on the Garden Route — based on a small sample — fell sharply by 30% to an average price of R118 600, Wilson said.

"Only highly positive sustained action from all political groupings will precipitate any meaningful market movement and an upward movement in prices. A definite trend in recent weeks has been increased investment activity in the residential market," he said.

This was probably being triggered by negative investment returns from other traditional options and the general shortage of accommodation. The continued promise of high rental returns was making property an attractive medium-term investment, he said.

The national average selling period for October was 41 days, three days longer than for last October. The eastern Cape reflected the quickest selling period with an average of 27 days, followed by Border and the Free State with 28 days. Houses in Pretoria took an average of 32 days to sell; those in Cape Town took 37 days, 48 days in Johannesburg and 49 days in Durban.

The highest average regional increase in value was recorded in the eastern Cape, where prices rose 31% to R149 400, followed by a 30,3% rise in the Free State to R124 000, a 26,7% surge in Maritzburg to R129 100 and a 26,2% gain in Border to R123 700.

'Free houses': Council to talk to govt

By BARRY STREEK
Political Staff

THE Cape Town City Council disclosed yesterday that it will meet the government to discuss the transfer of pre-1983 government-financed houses to their occupants.

It also advised tenants and home-owners to continue making payments as usual. City council public relations

officer Mr Ted Doman was reacting to last week's announcement by the Minister of Local Government in the House of Representatives, Mr Pieter Saiman, that houses that cost R7 500 or less could be transferred free to their occupants.

Houses which cost more than R7 500 to build before 1983 would have this amount deducted from their selling price,

Mr Saiman said.

The council said it had taken note of Mr Saiman's statement regarding assistance to people wishing to buy or who had already bought and were paying off their homes built with government funds in the city's housing estates.

"There are, however, a number of issues which must be clarified with the government and a meeting has already been

set up to do so."

It also said deputy city administrator Mr Attie van der Merwe had advised tenants and home-owners to continue making payments as usual.

"All affected persons will be advised as soon as the scheme can be implemented."

Any queries should be directed to the director of housing at 24-3020, the statement said.

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Bester will honour contracts

(123) CT 4/12/92
Staff Reporter

BESTER HOMES, a well-known low-income housing developer, which was provisionally liquidated by the Pretoria Supreme Court on Wednesday, will no longer be constructing residential property.

Chairman and managing director Mr Theunis Bester said: "The traditional market of mass housing, which we have been doing for 25 years, is totally dead.

"There are millions of rands on the ground but our cash flow is down the drain. We were looking into other construction options like schools and other government departments, but we've come to a decision, in conjunction with the banks, to pay out all our small creditors and employees and then come to a scheme of arrangement with the banks.

"Over the past years we have been unable to service the interest and the banks have decided that they can only operate within a provisional liquidation."

Completing contracts

The company is fulfilling their final two residential contracts in the Cape, which should reach completion by January next year, and then construction will be stopped altogether.

However, the company will continue work on block plants and old age villages, Mr Bester said.

Absa Bank Limited brought an urgent application to the court for the provisional liquidation of Bester Homes, saying they were commercially bankrupt and could not pay their debts.

In papers Absa said Bester Homes owed it R69m in overdraft facilities granted by Volkskas and Trust Bank and R4,7m in respect of guarantees granted by Trust Bank.

A further amount of R108m was also due and payable for surities Bester Homes gave to Trust Bank and Volkskas for companies in the Bester group.

Rent boycotts to continue

THE time was not yet ripe for the SA National Civic Organisation (Sanco) to advise its members to suspend rent and services boycotts, Sanco president Moses Mayekiso said yesterday.

He said in an interview that Sanco did not want to "encourage the culture of non-payment of services".

However, a number of things had to happen before Sanco advised its constituencies to suspend the boycotts. These included "sufficient movement towards the democratisation of government — at both local and national levels", the scrapping of the Interim Measures for Local Government Act and the Provincial and Local Authority Affairs Amendment Act and the forging of a single tax base for towns and their neighbouring townships.

Mayekiso said while negotiations were continuing in the Local Government Negotiating Committee — which comprised government and civics — authorities should not "penalise our people by cutting services".

Former Local Government Minister Leon Wessels said recently government was prepared to suspend the

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WILSON ZWANE

Interim Measures for Local Government Act and the Provincial and Local Authority Affairs Amendment Act if boycotts of rent and services were lifted.

In another development, a working group of the Local Government Negotiating Committee met this week to finalise a draft document on the establishment of a local government forum.

The document would be submitted to the committee in the new year for discussion.

The document, which Sanco has circulated to its regions, contains three options for local government:

□ The inclusion of extra-parliamentary groups in the Council for the Coordination of Local Government Affairs;

□ The scaling down of this council to make it more cost-effective and less unwieldy; and

□ The establishment of a completely new forum for local government.

It is understood Sanco will push for acceptance of the third option.

PAC to seek black businessmen's help

THE PAC is asking black business and the black professional community to work with it in finding solutions to the country's political and economic problems.

PAC president Clarence Makwetu said yesterday his organisation believed business and professional people's contribution to current political debates was vital to SA's future stability and prosperity.

A two-day conference attracting

WILSON ZWANE

around 250 people would be held at Midrand at the weekend "to explore and develop possible synergies" between the PAC and black businessmen, Makwetu said.

Key speakers will include PAC deputy president Dikgang Moseneke, Nafcoc president Archie Nkonyeni and National Sorghum Brewery executive chairman Mohale Mahanye.

Witness fails to recall events

SUSAN RUSSELL

POLICEMAN Eugene Riley, identified by two witnesses at the Webster inquest from an identikit of a suspect in the murder of Wits academic David Webster, testified yesterday he could not remember what he had done on May 1 1989, the day of the murder.

Riley said the date had no special significance for him.

The police counter-insurgency unit member told the court he and former CCB agent Ferdi Barnard had been friends since 1981.

Riley said after his suspension from the police force — he had been charged with attempted murder and robbery in Bophuthatswana — Barnard had hired him as an informant for MI last year. Barnard worked for MI from May to December last year.

Riley said Barnard had paid him for his services until August last year.

Earlier yesterday Judge M Stegmann refused an application by counsel for the Webster family, E Bertelsmann SC, for an order compelling the investigating officer to identify a source who approached him during the first week after the murder and suggested he direct his investigation towards CCB MD Joe Verster.

The judge said there was nothing to suggest that the source could offer information that was not already before the court.

The court adjourned until January 19 when counsel will present their closing arguments.

R200-m housing deal

STAR 7/12/92.

(123) ~~123~~

The Islamic Bank is to establish a R200 million multi-racial housing estate in Ormonde Valley, southwest of Johannesburg, it was announced yesterday.

The major new property development would take place on 86 hectares of land bought for R25 million from Rand Mines Properties — the largest single property transaction undertaken by RMP in its 25-year history, said managing director Colin Steyn.

The deal was signed by Steyn and Islamic Bank chief executive Ebrahim Kharsany.

The land covers 554 residential erven spread over seven parkland townships.

The project starts in early 1993 when the first serviced township is proclaimed.

Construction work will then begin on the first of about 550 single-unit houses and about 350 cluster homes and townhouses.

The development is aimed at the middle-to upper-class residential market and is only six kilometres from Johannesburg's central business district.

"The new housing development will be open to anybody and the Islamic Bank will assist those who want to live there," said Kharsany.

He said the project represented a prime example of an inter-racial, post-

apartheid partnership and was a clear show of faith by Islamic Bank in SA's future growth and stability.

Steyn said the development underlined RMP's committed participation in urbanisation.

"This project illustrates the key role that RMP is also playing, and will continue to play, in the provision of housing close to the Johannesburg CBD," he said.

RMP has previously sold land for residential development to Islamic Bank and, taking into account other planned land purchases soon, the bank's total investment in RMP land could soon total about R30 million, Steyn said. — Sapa.

National Housing Forum in full swing

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CT 14/12/92



Property Perspectives

by MAGGIE ROWLEY

THE National Housing Forum (NHF) launched earlier this year is now in full swing with first proposals expected to be put on the table within the next three months.

With representatives from national organisations such as the ANC, PAC, IFP, Azapo, Sanco and Cosatu as well as a diverse range of national groups from the business and development sectors, the NHF is the most representative and democratic structure convened to discuss the housing crisis in South Africa. All six of the NHF's working groups are now up and running and have set themselves a deadline of until early next year to complete their initial investigations.

J.P. Landman, head of the End-User Finance and Subsidies Working Group, said breaking the bond boycott was high on their working group agenda to get the normal housing delivery process back on the road. Negotiations between the SA National Civics Association (Sanca) and the Association of Mortgage Lenders had been taking place and a further meeting would be held in January.

"Both these organisations need to be complimented for their efforts in resolving the issue which is imperative to solving the housing crisis," he said.

While the NHF presently comprises 16 founder members, the forum has made clear that additional organisations with a national constitution and an interest in housing will be welcomed.

Matthew Nell, who chairs the NHF coordinating committee which is primarily responsible for the co-ordination and development of policy and strategy proposals, said they were aware from the start that the forum had to act quickly if it were to have any significant impact on alleviating South Africa's housing problems.

A two-day strategic workshop held in October identified critical problem areas in housing which required immediate attention.

The 14 issues on which proposals are expected to be put forward by March to government and other concerned bodies, including international financial aid organisations, include:

- Inappropriate disposal of strategic state land;
- Lack of identification of and access to land for the poor;
- Emergency provision of services;
- Inequitable services and service charges;
- Inappropriate bulk service investment;
- Mortgage finance;
- Lack of consolidation initiatives;
- Disposal of existing state rental stock;
- Consumer exploitation and education;
- International involvement in housing;
- Government spending: budget related matters, the issue of unused serviced sites and inappropriate subsidies;
- Unilateral restructuring and rationalisation particularly with respect to short-term negotiations and monitoring;
- Current government expenditure on hostels; and
- Inadequate community capacity building (includes rural and urban community control over decision making education, training and empowerment).

The forum provides a unique window of opportunity to challenge old policies and to build new structures and its proposals are awaited with growing interest.

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VAT 'has killed property'

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By MAGGIE ROWLEY
Property Editor

THE introduction of VAT had all but killed the residential property market, says Peter Gardiner of Anglo American Property Services (Ampros).

He said demand for new houses had fallen overnight as affordability had been affected as a result of the extra 10% cost of new homes.

The crippling effect of VAT on the new home market had not been foreseen and the differential between new and existing homes was only now narrowing.

Coupled with the current "double dip depression", the effect on the property industry had been devastating and the loss of skilled artisans would be felt in years to come.

"Hundreds of vital people have left or are leaving the industry because of its perilous nature and they will not return. The cost of retraining people will ensure that a small house will cost close to R1m by the turn of the century," he said.

Ampros is currently marketing 14 projects countrywide of which 11 are residential developments including its 400-stand Welgedacht Country Estate in the northern suburbs.

Sales here had also been affected by the introduction of VAT shortly after

its launch and to date sales had totalled about R3m, equal to about 27 stands.

"But interest is now picking up considerably as the development offers great value for money and has all the necessary ingredients to make it successful."

Gardiner said living styles of the future would have to take account of three factors which impact on daily lives, namely the threat to the natural environment, security of home and family and increasing pressure on open space and recreational opportunities.

All these factors, he said, were being addressed by Ampros in their developments.

"However in our enthusiasm to heed our market's environmental concerns, we have to be careful not to overcapitalise our product during this current recession."

He said the size of Ampros estate and business parks were designed to enable them to rationalise the considerable capital cost of the features necessary to create the attractive lifestyle and secure work or home environment.

The cost of maintaining this "utopia" was rationalised among the householders who paid a monthly levy of between R100 and R150 to the Homeowner Association in each estate.

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Key land concessions hailed

W/Mail 18/12 - 22/12/92

~~Star~~ (123)

By Ferial Haffajee

IN an apparent move to clear the decks for constitutional talks, the government has made key land concessions and promised far-reaching reforms of its land commission next year.

This follows the recent appointment of Democratic Party luminary Professor Nic Olivier to the helm of the Advisory Commission on Land Affairs (Acla), also hailed as a vital move in beefing up a largely ineffectual body.

Olivier, former DP MP and the party's research director, recently took over as acting Acla chairman, after the retirement in October of Judge Tobias van Heerden.

"Olivier is on our side and we welcome his appointment," said a representative of the Transvaal Rural Action Committee this week. He was sure the new man would be confirmed as chairman next year, which "throws the balance on the commission in our favour".

Acla, hamstrung by the restrictive terms of reference given it by President FW de Klerk, has been branded a government ploy to avoid the land issue and stave off land restitution. The National Land Committee (NLC) recently threat-

ened to occupy 38 contested areas in January after a year of fruitless talks with the commission.

Last week, Acla made far-reaching recommendations for the broadening of its powers, including a proposal that it be allowed to investigate all land claims, not only those relating to rural land.

And in other moves:

●President FW de Klerk decided that the Roosboom and Charlestown communities in the Kliprivier and Newcastle districts, removed under grand apartheid, would get their land back.

●The government decided that an Indian trader could claim property in the Pretoria city centre from which he was evicted in 1966, and that the commission could allocate 100 000ha of unoccupied state land for redistribution to those with historical claims.

The NLC welcomed the return of land to the Roosboom and Charlestown communities, recognising its precedent-setting potential: "We are hopeful this will mean that other communities claiming land are in line for a speedy process of restoration."

The decision also means that hundreds of Indian traders forced

from city centres across the Transvaal may now lodge claims for property they lost.

But the concessions fall short of NLC demands and reveal a number of hurdles yet to be crossed for effective land negotiations.

The commission was unable to make a recommendation on the claim of the GaMampuru community, near Groblersdal, because they are not claiming state land — the only land which falls within the commission's jurisdiction.

Acla's secrecy clauses are also a problem: De Klerk did not make public his decision on contested farms near Queenstown, and he is not compelled to give reasons for his decision.

The NLC insists the state should identify all the public land available for reclamation, not merely the 100 000ha being claimed. This will "allay fears that land which could potentially be claimed is being secretly and speedily disposed of," says the organisation.

And Acla's proposals for increased powers still fall short of the main demand for the upgrading of the commission's powers, from merely advisory to executive.

Banks 'must invest in townships'

SA NATIONAL Civics Organisation (Sanco) president Moses Mayekiso said yesterday his organisation was drafting legislation which, if accepted by a new government, would force banks to invest more in townships.

The organisation was also expanding its housing and finance campaign aimed at getting financial institutions to agree to its demands.

These demands, he said, included a banking code of conduct and an end to loans to homelands and other "apartheid structures".

Mayekiso said the drafting of the legislation by his organisation stemmed from concern that banks had not been investing sufficiently in the townships.

"We are extremely disturbed by the fact that several banks have been making expensive purchases of over-

BIDM 18/12/92.
WILSON ZWANE

seas banks without establishing branches in the townships first," he said.

Mayekiso said Sanco would canvass public support for the legislation — a copycat of the Community Reinvestment Act in the US — once it had been drafted.

When the public had endorsed the draft legislation, Sanco would lobby for it to be passed into law by a future government, said Mayekiso.

"We aim to force banks to maintain a permanent presence (in the townships)," he said.

On the expansion of Sanco's housing and finance campaign, Mayekiso said the move was aimed at putting pressure on banks to invest more in the townships; to stop lending money to homelands and other "apartheid

structures" and to end the flight of capital overseas.

The London-based British Anti-Apartheid Movement and End Loans to SA, and the New York-based Interfaith Centre on Corporate Responsibility, had already given the campaign their blessing, he said.

On the state of the economy, Mayekiso said his organisation intended becoming more involved in national economic debates to ensure that backlogs in basic needs, such as housing and health care, were tackled effectively.

"If this cannot be done through the market (forces) alone, we will do everything in our power to have the first democratic state redirect capital from its current unproductive, speculative, wasteful and unpatriotic uses," he said.

Premier denies Botswana scam

ARC 19/12/92 (123)

JOHANNESBURG — The Premier Group has denied it was involved in a multi-million dollar scam disclosed by a Botswana presidential commission of inquiry into the country's housing scheme.

Yesterday, a partner of Goldav Construction, another South African company, implicated by the inquiry's report also denied the findings.

According to the commission's report released on Thursday in Gaborone, the Botswana government lost an estimated 50-million pula (R66-million) over the past three years because of the scam involving Goldav Construction and the Premier Group as well as German-based Prack Consult.

The report, known as the Christie Report after the British judge who headed the inquiry, charged Botswana's public housing corporation and former assistant minister of local government Michael Tshipinare were party to embezzlement and corruption which saw

millions of dollars being palmed off by the three firms.

Mr Tshipinare received about R605 000 and an unspecified amount of shares as bribes from Spectra Botswana (SB), which is co-owned by Premier and Goldav Construction, the report said.

Goldav Construction partner Mr Lev Davidov said, however, Mr Tshipinare was not the sort of person who could be bribed, but confirmed the two SA firms had given him a loan.

The Christie report said Mr Tshipinare had failed in his duty as a minister by not declaring his interest in SB.

The report also charged senior management of BHC of being involved in corruption, mismanagement and bribes. A number of the parastatal employees involved had fled.

The Botswana Government has issued a white paper recommending appropriate action by the attorney-general and police in connection with the report's findings. — Sapa.

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NBS acts in home loans war

ARG 19/12/92

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TOM HOOD
Business Editor

A HOME loans war is forcing NBS to reduce its exposure to the housing market and go for more profitable lines of business such as its new market trading operation.

Competing banks and building societies are giving home loans at below the prime overdraft rate (15 percent), says NBS managing director Mr John Gafney.

"This is obviously a loss leader and we have no intention of taking part in a rates war," he said.

"Home-buyers who take bonds at the lower rates soon find themselves pressured to take out insurance policies or hire-purchase or to open a current account. This is where the profits are made to compensate for the lower bond rates.

"We made a special study with international experts into profitability and cost-effectiveness and we will concentrate on financial services that are likely to grow on these lines."

Mr Gafney, discussing plans

with Weekend Argus in Durban, said NBS Holdings was now a bank, not a building society.

It was fiercely proud of its independence and had rejected takeover overtures from First National, Standard and Nedbank.

Though past marketing caused some people to regard NBS as a "bunch of innovative banana boys", the company was undergoing transformation into a national organisation based in Natal.

Seventy percent of lending was now outside Natal and 56 percent of its investments came from outside Natal.

As part of its restructuring to increase fee income, NBS raised service charges from September and as a result customers closed about 10 000 transaction-type accounts.

The account closures represent about five percent of transaction accounts. Most of the affected customers changed their business to other types of NBS accounts. About two percent were lost to the NBS completely.

Mr Keir Dellar, assistant general manager (planning), said the NBS could not be all things to all people. Long-term

success depended on profitability, so fee structures had to be aligned to operating costs.

NBS did not see itself as a transaction-type commercial bank offering a range of cheque facilities. Transaction-type accounts could no longer be subsidised and the basic costs of running them had to be recovered.

From September, NBS applied an account maintenance charge of R5 a month for non-active accounts and a minimum charge of R8 a month for active accounts. Exemptions were applied to qualifying pensioners, students, servicemen, welfare organisations and churches.

Earlier this year the NBS launched Project Horizon, a 10-month "operations-effectiveness" drive designed to simplify work processes and improve management structure. The project, launched with overseas consultants, is due for completion next May.

Executive director (finance) Mr Mark Farrer said that with competitive conditions likely to continue to put pressure on margins, NBS had dramatically reduced reliance on "margin" business.

By Joe Mdhlela Consumer Reporter

The collapse of local authorities and alleged lawlessness in the townships has resulted in banks being cautious to grant mortgage loans in black areas.

This is the view of general manager of the SA Permanent Building Society Mr Denis Creighton.

However, Creighton said in an interview with Sowetan that the Perm was doing everything in its power to consult civic organisations to try and solve the many problems facing institutions helping black people to own property.

"We need to try and develop mechanisms that will encourage blacks to own property in the townships," Creighton said.

But issues negating this process included the endemic violence in black townships and the fact that the system of local authority had collapsed.

"We have to work hard to normalise the situation in the townships," he said.

Caution necessary

Creighton refused claims there were bond boycotts in black townships, but admitted that the situation had deteriorated to a point where it was necessary to be cautious. In general banks were granting few bonds to individuals in the townships.

Chief executive of Amalgamated Banks of South Africa Mr Archie Hurst said they would like to be of service to all people wanting to own homes, but there were serious problems which made granting loans difficult.

He cited the bond boycott suggested by certain civic organisations as an example and the threat of mass action.

"We are willing to do business with township dwellers but the problem is that the situation in these areas is far from normal." There were always risks when loans were made to people "but the risks in the townships are unacceptably high".

"We cannot follow legal provisions when genuine repossessions have to be made," he said.

Senior general manager of Saambou Mr Dawie Botha said his company did not consider skin colour when determining whether or not to grant a bond.

He said the criteria the company used was the market, credit worthiness and the location of the property bought. "We have market segments to identify and this does not take into account colour or creed," said Botha.

He said black clientele accounted for 25 to 30 percent market share among blacks throughout the country.

As an illustration, Botha said of 69 properties sold in Soweto in August, 13 percent belonged to his company. They were out to help but were selective and careful in granting loans.

The Urban Foundation's Rosie Gordon said the banking institutions were engaged in "a difficult lending market" which made it hard for the banks to access finance to people wishing to own homes.

She said this was in part due to the political instability in the country.

"What is necessary is for the institutions and civic bodies to work together and look at mechanisms that would address these problems," said Gordon. She said it had become difficult to repossess and resell houses in certain black townships.

"Because of these reasons and the fact there is political instability in these areas, the financial institutions are reluctant to grant loans," she said.

A senior executive of a construction company who wanted to remain anonymous said most banks discriminated against blacks under the guise that townships were "no-go areas".

He said this attitude was not acceptable to his company and had actually contributed to the depressed state of the economy.

"When you stop building in the townships you are not only denying people the right to own their own homes. You are in fact contributing to the creation of a recessionary gap

Banks now wary about granting blacks bonds

OWNING PROPERTY

Everything is being done to

ensure that people will be able

to buy their own homes:

Sowetan 21/1/92

When you stop building in the townships you are not only denying people the right to own their own homes. You are in fact contributing to the creation of a recessionary gap responsible for the massive unemployment the country is currently experiencing.

This state of affairs is not acceptable and the Government and the Reserve Bank must take up issues with the banks to correct this trend," he said.

He said relevant civic bodies would certainly have a case against the banks in a court of law.

The president of the South African National Civic Organisation, Mr Moses Mayekiso, said the banks perceived the situation in black townships as being volatile. Unemployment and the recession were contributing to this perception.

However, Mayekiso said they had made it clear to the banks that their refusal to grant bonds to blacks was unacceptable.

Mayekiso said he was greatly encouraged by the co-operation his organisation had received from the Perm.

Bonds gone

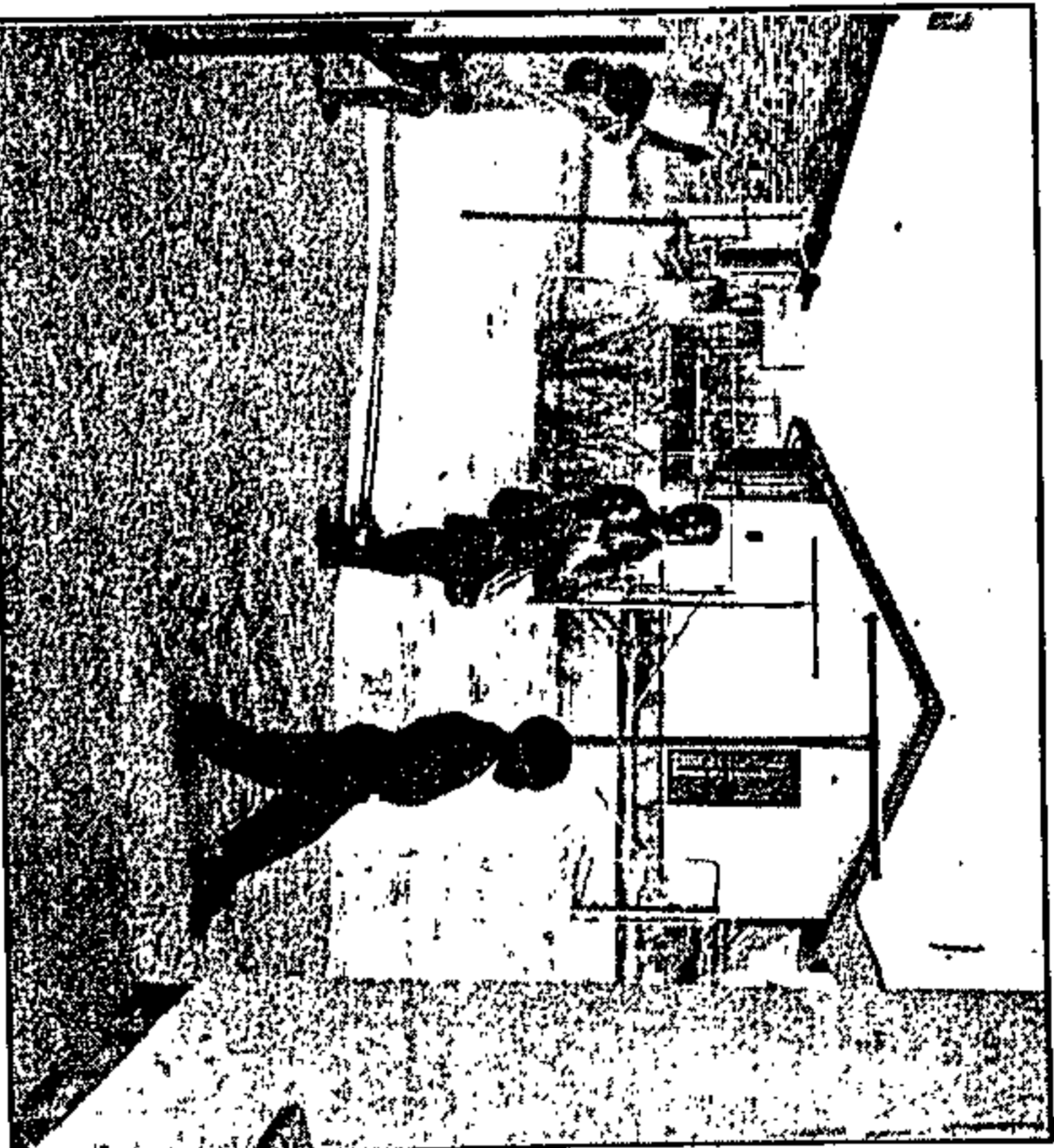
Reason for refusing to grant bonds: collapse of local authority, endemic violence and political uncertainty.

Environment in black townships has deteriorated.

Perm praised for their enlightened policy.

Perm not aware of any bond boycott.

President of Sanco, Moses Mayekiso, encourages banks to grant bonds to blacks.



Housing is becoming out of the reach of many people.

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HOLIDAY HOMES OF THE RICH AND FAMOUS

They do like to be beside the sea

The rich are like you and me — though they can holiday on a grander scale



When you live in paradise — as many do with apartments or bungalows overlooking one of the Clifton beaches — your best holiday option when Transvaalers descend on the Cape is to go overseas. Some make

a habit of it, like Pick 'n Pay chairman **Raymond Ackerman** and family — who are off again to ski in Switzerland.

Others occasionally find hanging off a bare rock face on local mountain climbing expeditions enjoyable, like professor of psychiatry **Lynn Gillis**, author of a number of medical textbooks, including *The Person in the Patient*.



Patsy and Everard Read ... nice neighbours

For Lynn and wife **Shirley**, who have spent the past 30 years living above Moses Beach, Clifton is not the same. While their breathtaking views of the sea remain uninterrupted, because they are on the beachside of Victoria Road, nearby rock blasting has disturbed the peace.

Having also discovered paradise, developers have constructed one apartment block after another. New neighbours, at the likes of The Beaches, include coal magnate **Graham Beck** who has bought a flat.

The only consolation for residents is that flats, which cost next to nothing 15 years ago, are now worth anywhere from R1,5m to R5m on this stretch of SA's Riviera.

Most business and political leaders would agree that what makes for a top holiday is a cocoon of familial love — some relatives being better holiday companions than others, of course — excellent cuisine, sea views, intel-

ligent company and quiet surroundings. Tastes vary widely but who can fail to love Clifton?

Another fortunate Clifton homebuyer — many years ago — is leader of the DP and former director of Anglo American **Zach de Beer**. He originally had a flat in an older building behind and across the road from what was formerly the Clifton Hotel. It has since made way for the stylish The Clifton apartment complex above Second Beach and De Beer has since sold his other flat and bought one in this building. Here he lives with his wife, Mona, when parliament is in session and over the Christmas period. This year De Beer is planning on getting stuck into the biography of SA physicist Sir Solly Zuckerman.

ANC constitutional legal adviser and member of the ANC national executive committee, and professor of law at the universities of the Western Cape and Cape Town, **Albie Sachs** now lives in Clifton, where he grew up and managed to return after his exile.

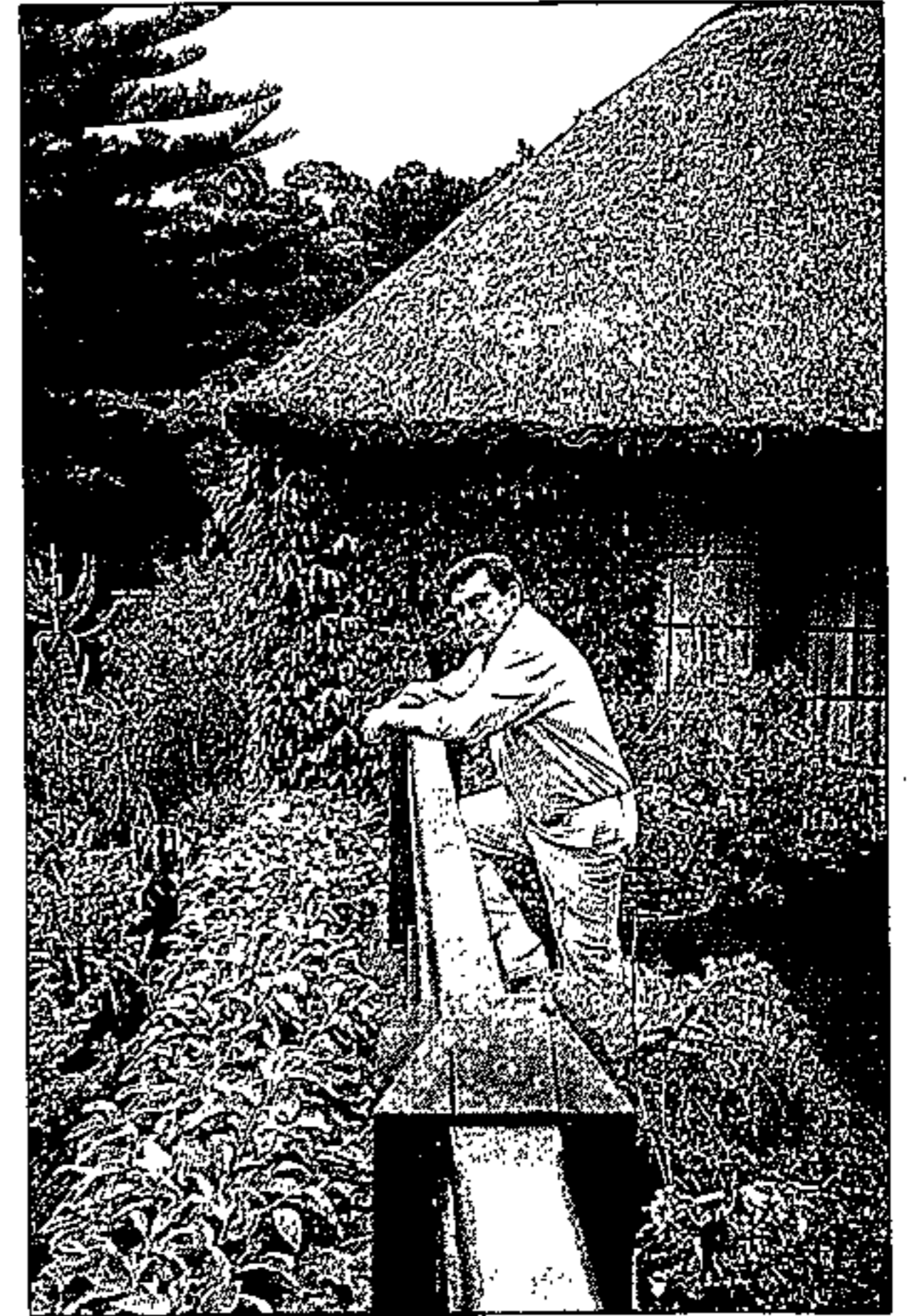
When asked where he's going this year he said: "I'll be visiting my own home, which will be a treat. The constitutional process is exacting and exhausting and we're travelling all the time. My pleasure will be not to write any books, or even read them. Part of the treat will be to eat real, tasty SA fruit. In England, it looks beautiful but has no flavour."

Just staying at home is also what **Judge Richard Goldstone** wants to do with whatever time is left over from his commission or preparing for next year's Appellate Division. Last year he moved house from Johannesburg to a flat in Cape Town. Favourite pastimes there are walking, reading, listening to CDs and playing tennis.

"I have a stack of books to read, mainly biographical. This end of year I'm looking



The Gevisser home ... cliff view



Kerzner at Leukoppie ... in search of peace

forward to reading the play *Death and the Maiden* and a biography of Stephen Hawking, the crippled Cambridge physicist and originator of the Black Hole theory. I'm also hoping to watch some of the international cricket."

For Pepkor chairman **Christo Wiese**, time off will be two to three weeks with family — "who tend to be neglected during the year" — at his holiday house in Yzerfontein on the Cape west coast, not far from Langebaan. Though Wiese now lives in a Clifton bungalow, his future and more permanent home will be in the Lanzerac homestead next to the famous hotel in Stellenbosch, both of which he bought recently and is now refurbishing.

Seardel chairman **Aaron Searll** and family will spend 10 days of the holiday at home in Claremont, and thereafter about eight days at their Plettenberg Bay holiday apartment. A keen flyer, Searll's looking forward to reading magazines pertaining to this hobby, as well as a couple of novels. Exercise will be tennis, swimming and walking on the beach.

Arthur Andersen tax partner **Pierre du Toit** — a former Capetonian who considers himself a migrant labourer up in the Transvaal — will do his usual thing this holiday and take a house in Bakoven "at an exorbitant rental." Du Toit's idea of a holiday is "to get as far away from any capitalist pig, law book or set of figures as is humanly possible."

Sunsets on the beach, the tang of salt in

FM 25/12/92

LEADING ARTICLES

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will be developed next year. Other holiday homes visited by the *FM* are those of former Budget Rent-a-Car co-owner and Motorvia owner, the now retired **Paul Marais**; former Kenitex Africa chairman and owner **Ronnie First**; and Liberty Holdings MD **Farrell Sher**. First has had a house in Plettenberg Bay for 14 years and believes it's the best resort outside of the city atmosphere of Cape Town. It's also a great sporting resort. Plett's beaches are usually terrific. Freak storms in October, however, have almost washed them totally away. Until they're restored, people like Marais will take to their boats on the river; First will play more tennis; while most will probably end up lounging by their swim-



First's place ... sporting paradise

ming pools.

Bobby Hutchinson, wife of lawyer, estate agent and property developer Pick of Plett's **Tim Hutchinson**, has lived in Plettenberg Bay for 16 years. When the *FM* visited them, both Bobby and Tim were on a stringent diet, the result of a rather hectic seven-night-a-week entertainment schedule. Guests include not only clients but, on occasion, **President FW de Klerk**.

Bobby notes a definite improvement in holiday home architecture over the years "because more aesthetic people are now building here."

Johannesburg-based architect **Menno Meinesz**, for example, has been responsible for a number of these houses — among them that of Boumat executive director **David Gevisser** and wife **Hedda**, whose house is perched on a cliff opposite Beacon Island — as well as The Plettenberg.

The local handcraft industry, for which the Cape is famous, has received a tremendous boost from building and interior design activity in the area and, more important, provided an opportunity for export. Under the guidance of an artist such as Hutchinson, products are being refined and properly marketed. Sales through her shop of *verti d'igris* or plain metalwork, customised hand-painted dinner services and bathroom accessories, embroidery, hand-carved fireplaces and mirror frames as well as cabinet-making, all manufactured in Plettenberg Bay, have

rocketed countrywide.

Hutchinson & Smith, an affiliate of Bobby Hutchinson Interiors, mills, prints and weaves its own fabrics in the Cape — awards for which have been received in Germany. The fabric is also sold in Mauritius, Switzerland and the UK. Even special holiday ranges are produced.

Average upper market homes in Plett vary between R1,5m to R2,8m, with interiors ranging from R150 000 to R200 000, including furniture, though the advent of new housing estates and innovative packages offer opportunities for many to spend far less. Stands will sell as low as R55 000 in Goose Valley and a six-week syndicated share in a Cape Cod-style holiday home in Knysna's new Island Cove resort on Leisure Island costs R165 000. Your neighbours on Leisure Island would be **Everard** and **Patsy Read**. Everard, founder of Johannesburg's Everard Read Gallery, is now semi-retired and spends some of his time "botanising" — not "bottleising," he laughs. "That only happens after sundown."

Another well-liked new housing estate in Knysna is that of Board of Executors' Belvidere Estate on the Knysna Lagoon, in which *Sunday Times* editor **Ken Owen** and wife, **Kate**, completed their own house two years ago. One of the main attractions of the holiday is just "to play in the water with the family, swim, water-ski, read and see a whole lot of people. My wife loves the house and we invariably have a lot of visitors."

To Knysna Heads, former chairman of Blue Circle **Trevor Coulson** and wife **Dorothy** have now retired — if you can call it that. Coulson still sits on the board of Gypsum Industries, is chairman of Armitage Shanks and has various other private business interests. While the view from Coulson's house is splendid, he's not the kind to sit around admiring it all day. Itching to

Trevor and Dorothy Coulson ... phew!



Belvidere Estate ... where Ken and Katie play

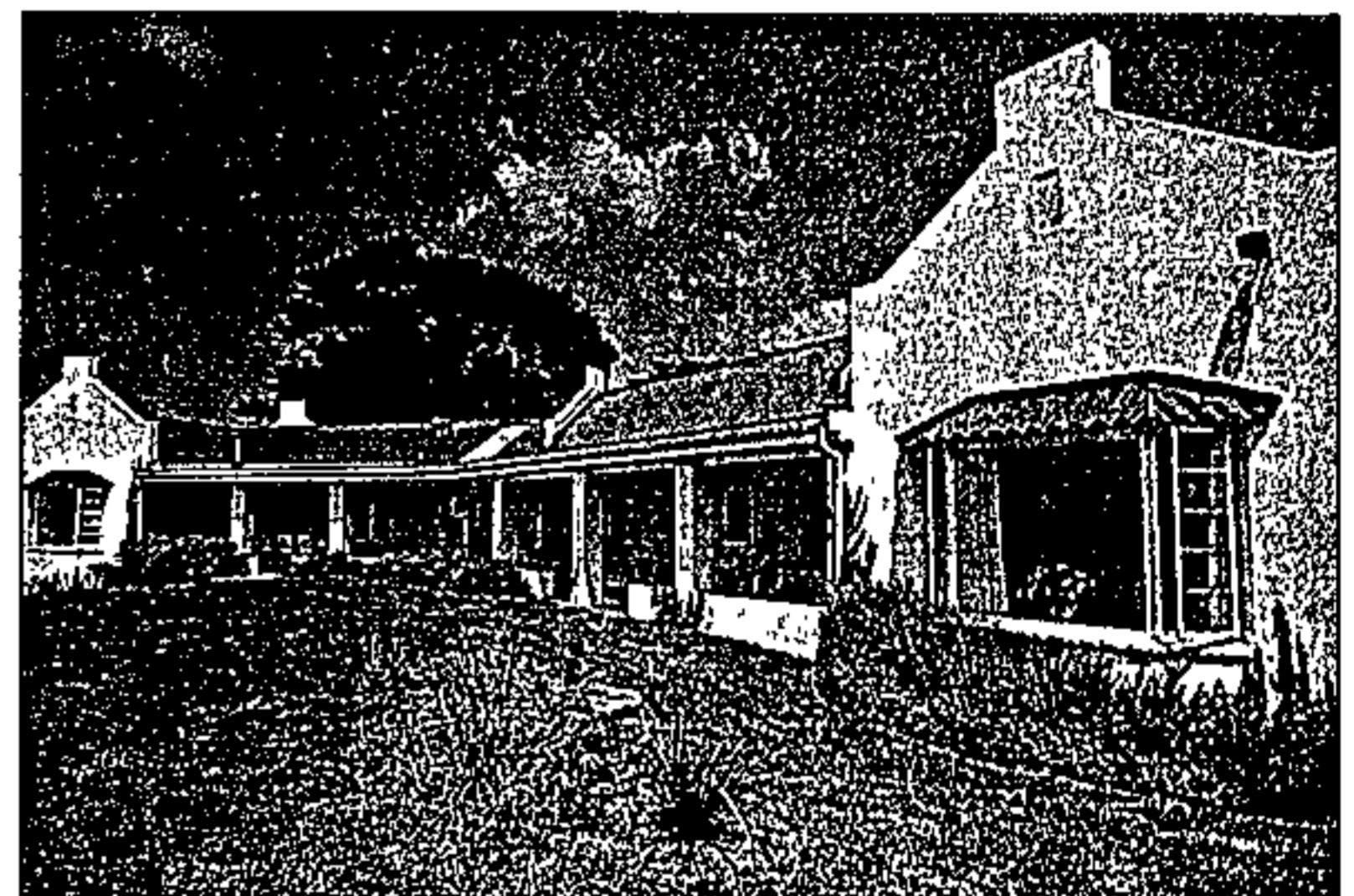
get busier, Coulson's already casting his eye around Knysna for business opportunities.

Back in eGoli, where mine dumps make a poor substitute for mountain ranges, some people actually make a holiday of it. Ampros MD **Gerald Leissner** and wife **Shirley** spend a few days between Christmas and New Year annually in the Carlton Court. From there, Leissner travels to Glenhazel synagogue every day. He reads for pure entertainment, he says, and is particularly fond of Stephen King and Robin Cook thrillers.

Of course, there's also the Vaal and that's where **Professor Andy Andrews**, director of the Graduate Institute of Management & Technology, plans to spend some time this year in his house. He's also a Stephen King fan.

ANC national spokesman **Carl Niehaus** likes to spend Christmas in Krugersdorp with his family — yes, his parents are still speaking to him.

If he can manage to include an almost



Gary Player's estate ... rooms with views

annual trip to Holland to be with very close friends, he'll do that too. Niehaus wants to read a biography of Gorbachev and reread Russian classics by Dostoevsky, and maybe even Tolstoy's *Anna Karenina* again.

ANC leader **Nelson Mandela** will most likely spend his holiday in his new home-away-from-home in the Transkei, his birthplace. Construction of the house should now be completed.

Reading about the rich and famous isn't mere wish fulfilment for we less fortunate souls: in most cases they have worked hard for their money and do not just spend it on indulgences. One small example: a very rich and very famous businessman, who wishes to remain unnamed, has donated R500 000 for a clinic at Plettenberg Bay. ■

Eskom moots new power structure

Bloom 28/12/92
ESKOM favours the establishment of five to 15 utilities, devoted solely to power distribution, taking over from the more than 500 suppliers currently operating.

GM Jan de Beer said SA could no longer afford duplication of distributors. Eskom would press this viewpoint at the national electricity forum which it is hoped would be established in the new year.

De Beer, who is also an Eskom delegate to the forum, said the body's interim management committee was continuing to meet and would do so again this week.

Eskom is a major player in the multi-party forum which will probe the future of the country's electricity supply industry.

De Beer said Eskom believed the supply of electricity should be regionalised. This could be affected by some of the larger municipalities getting together.

At the beginning of the year, Eskom had about 200 000 customers, fewer than the municipalities of Durban and Johannesburg. By taking over supply to households in Soweto and other black municipalities, Eskom now had about 500 000 customers, making it the largest single distributor.

(123)
~~26/12/92~~
PETER DELMAR

De Beer said it was not true that Eskom was eager to get rid of its distribution role. It was likely that it would at least continue to play an important role in rural areas. The ideal would be for the electricity distributors to be dedicated energy suppliers and not to be involved in other services.

But it was unlikely that a single model would fit all situations in the country. A mix of business and domestic consumers and for some measure of cross-subsidisation to occur between these groups was likely.

The future structure of the distribution industry would evolve and be the result of negotiations, he said.

Successfully restructuring distribution would probably help rationalise the household electrification drive, which De Beer said was not happening fast enough, despite Eskom having electrified a record 30 000 houses last month. Eskom estimates there are some 2.4-million households without power, but it has access to only 900 000 of these.

House prices stay immune to rate cuts

Bloom 3/1/92 (123)

A CUT in interest rates would have little effect on house prices, which would wait on a political solution before improving, estate agents said yesterday.

Pam Golding Properties (Tvl) MD Ronald Ennik said: "We have seen interest rates come down a lot over the past year, but this has had little impact on the market."

Confidence in the political situation had everything to do with house prices, Ennik said, but added falling interest rates in 1992 probably buoyed residential property prices, preventing them from plummeting.

"It seems everything these days is based on levels of confidence. House prices are no different and the market is showing its uncertainty. If interest rates came down another notch, this would still not override the uncertainty, and the need for a political solution."

However, Seeff Properties manager Barbara Jacobs was not as bearish about the effects of an interest rate cut on low and reasonably priced housing.

"Another cut in rates will probably spur the lower end of the market. But, if people are to invest in property

ANDREW KRUMM

worth R500 000 and over, there has to be a political settlement."

Echoing Ennik's sentiments, AIDA Real Estate manager Gary Jayes said residential properties were presently undervalued by between 10% and 15%.

"Prices are shocking at the moment. Our December sales were better than we had anticipated, but not in line with sales of two years ago."

Ennik said although December sales were usually slow, this did not mean it was not a good time to sell.

"It comes down to the simple business of supply and demand. In December the supply of property shrinks to about one-sixth of its usual size, while demand contracts by about half."

This meant properties on the market had a greater chance of being sold to more serious buyers, and sellers could realise better prices.

Both Ennik and Jayes said residential property prices in 1993 would not be any better than in 1992. The turn would come only in 1994, provided there was some form of political settlement.